



Notes to the Summary of the Calculation of Distributable Amount for 2007-08 table

This calculation involves estimating several figures that are inherently difficult to forecast accurately, such as the gross rate yield and the prior year adjustments. The resulting figure of £18.467 billion has therefore been rounded to £18.500 billion to avoid spurious accuracy.

For 2002-03, 2003-04 and 2004-05, the amounts shown are generally those reported on the audited outturn (NNDR3) returns. Those for 2005-06 are regarded as provisional as they are based on a mix of both audited and unaudited outturn (NNDR3) returns. For 2006-07, the amounts shown are the provisional outturn for the year based upon authorities' provisional contributions to the non-domestic rating pool, largely as reported on NNDR1 and - where submitted - NNDR2 returns.

For 2007-08 figures, the estimates are based on:

1. Item 1: The notional yield in respect of the current year represents the estimated effective total rateable value of non-domestic hereditaments on local rating lists multiplied by the small business non-domestic rating multiplier of 44.1p. The supplement of 0.3p that is also applied to businesses paying for the small business rate relief is not included. (See below).
2. Item 1(i)(a): The net cost of the transitional relief in 2007-08 is estimated to be £97 million to reflect the fact that the increase in the multiplier for 2005-06 onwards to take account of expected losses from appeals has had an impact upon the revenue neutrality of the transitional arrangements. At least part of this cost will be recouped once the appeals take effect, and the power exists to adjust the multiplier in later years as necessary.
3. Item 1(i)(b): The cost of the small business rate relief in 2007-08 is estimated to be £170 million. This reflects the fact that the income from the supplement in 2005-06 & 2006-07 is predicted to exceed the cost of the relief nationally. The figure of £170 million is designed to redress this .
4. Item 1(i)(c): The empty property relief adjustments include voids and partially occupied hereditaments.
5. Item 1(i)(d): Charitable rate relief.
6. Item 1(i)(e): Rural Shops and Post Office relief. Figures include mandatory relief for general stores and post offices under the Local Government and Rating Act 1997.
7. Item 1(i)(f): Community Amateur Sports Clubs (CASCs). This is mandatory rate relief for sports clubs registered with the Inland Revenue as Community Amateur Sports Clubs under the Section 64 of the Local Government Act 2003, which came into effect on 1 April 2004.
8. Item 1(i)(h): Discretionary relief granted to charities, non-profit making organisations and for other reasons including discretionary relief for village shops and post offices under the Local Government and Rating Act 1997.

9. Item 1(ii)(a) and (b): The allowances for the costs and losses incurred by authorities in collecting non-domestic rates from ratepayers.
10. Item 1(ii)(c): City Offset – the amount which the City of London is not required to pay into the non-domestic rating pool. It has been set to zero for 2004-05 onwards.
11. Item 1(iii): net adjustment in respect of appeals and other amendments to the rating list affecting liability for previous years rates settled in that year: comprising repayments and associated interest payments.
12. Item 2: the rateable value of non-domestic hereditaments on the central rating list multiplied by the multiplier, less the net effect of transitional arrangements, and adjusted for appeals and other changes in respect of previous years.
13. Item 3: Almost all properties previously included in the Crown List are included in the local list figures at item 1.
14. Item 4: the contribution from central government to offset the amount of the Secretary of State's estimate of income foregone as a result of transitional arrangements is assumed to be zero for 2007-08.