

Notes to the Summary of the Calculation of Distributable Amount for 2008-09 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 £20.633 billion has therefore been rounded to £20.5 billion to avoid spurious accuracy.

For 2003-04, 2004-05 and 2005-06, the amounts shown are generally those reported on the audited outturn (NNDR3) returns. Those for 2006-07 are regarded as provisional as they are based on a mix of both audited and unaudited outturn (NNDR3) returns. For 2007-08 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 2008-09 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 45.8p. The supplement of 0.4p 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 2008-09 is estimated to be £46 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 2008-09 is estimated to be £50 million. This reflects the fact that the income from the supplement in 2005-06 & 2006-07 exceed the cost of the relief nationally. The level of the supplement has been adjusted in both 2007-08 and 2008-09 in an effort to redress this imbalance.
4. Item 1(i)(c): The empty property relief adjustments include voids and partially occupied hereditaments. The introduction of the Rating (Empty Properties) Act 2007 has reduced the amount of relief allowable for empty properties. The figure of £400 million reflects the estimate of the amount of relief that will be given in 2008-09.
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)(g): Former Agricultural Premises. This is rate relief for former agricultural premises ceased in August 2006.
9. 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.
10. Item 1(ii)(a) and (b): The allowances for the costs and losses incurred by authorities in collecting non-domestic rates from ratepayers.
11. 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.

12. 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.
13. 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.
14. Item 3: Almost all properties previously included in the Crown List are included in the local list figures at item 1.
15. 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 2008-09.