Blaby District Council

Cabinet Executive

Date of Meeting	12 January 2026
Title of Report	**National Non-Domestic Rates Base 2026/27** This is a Key Decision and is on the Forward Plan.
Lead Member	**Cllr. Cheryl Cashmore - Finance, People and Transformation (Deputy Leader)**
Report Author	Finance Group Manager
Strategic Themes	All Themes: Enabling communities and supporting vulnerable residents; Enhancing and maintaining our natural and built environment; Growing and supporting our economy; Keeping you safe and healthy; Ambitious and well managed Council, valuing our people

1. What is this report about?

1.1 The Local Government Finance Act 2012 requires local authorities to set an annual National Non-Domestic Rate Base, otherwise known as the Business Rates Base. The Base must be set by 31st January ahead of the forthcoming financial year.

2. Recommendation(s) to Cabinet Executive

2.1 That the amount calculated by Blaby District Council as its National Non-Domestic Rate Base for the financial year 2026/27 shall be £53,963,339.

2.2 That delegated authority is given to the Executive Director (Section 151) in consultation with the Finance, People and Transformation Portfolio Holder to make amendments, if required, to the draft National Non-Domestic Rate Base prior to submission of the NNDR1 return by 31st January 2026.

3. Reason for Decisions Recommended

3.1 The Council has a statutory obligation to set its National Non-Domestic Rate (NNDR) Base for 2026/27 by 31st January 2026.

3.2 It is appropriate for the Executive Director (Section 151) to have authority to amend the National Non-Domestic Rate Base in line with the finalised NNDR1 submission, to ensure that all known factors are considered.

4. Matters to consider

4.1 Background

The Local Government Finance Act 2012 requires the Council to formally calculate and approve its NNDR Base for the forthcoming financial year. The NNDR Base represents the estimated level of Business Rates collectable in the year. It is the figure against which growth or reduced levels of business rates can be measured.

The Council must also complete an annual NNDR1 to the Ministry of Housing, Communities and Local Government (MHCLG) by 31st January ahead of the new financial year, and it is this return that is used to determine the NNDR Base. The Council is also required to submit a copy of the NNDR1 return to relevant authorities, in this case the Leicestershire County Council, and the Combined Fire Authority.

4.2 Proposal(s)

The NNDR1 return was released on 15th December, and at the time of writing this report, work on the NNDR1 was still in progress. Therefore, the base figure quoted in this report is that which has been used in the latest iteration of the Medium-Term Financial Strategy (MTFS). Gross rates payable are calculated by multiplying the current overall rateable value for the district (£118.089m) by the rate multipliers for 2026/27. This figure is then adjusted to consider forecast growth, various reliefs, empty properties, a provision for bad debts, and potential appeals.

There have been 3 key changes to Business Rates for 2026 -

The Government announced that from April 2026, new retail, hospitality and leisure (RHL) multipliers would be set 5p below the relevant national multipliers for qualifying properties with rateable values below £500k, funded by a high-value multiplier 2.8p above the national standard multiplier for properties with rateable values of £500,000 and above. The threshold between the standard and small multipliers (less than £51,000 RV) will not change.

The Non-Domestic Rating Multipliers for 2026/27 will be as follows:

- Small business RHL multiplier: 38.2p
- Small business non-domestic rating multiplier: 43.2p
- Standard RHL multiplier: 43.0p
- Standard non-domestic rating multiplier: 48.0p
- High-value non-domestic rating multiplier: 50.8p

The Business Rates Retention System (BRRS) is being reset from 1 April 2026. The reset allows government to redistribute retained rates income in line with relative need and resources.

All Local Authorities have been assigned new Business Rates Baselines, Baseline Funding Levels and top-up or tariffs.

Alongside the 2026 reset there is also a business rates revaluation. Revaluations reassess the valuation of non-domestic properties to reflect changes in the property market, resulting in increases or decreases to ratepayer bills. Assuming no other changes, at the local authority level overall bills will increase or fall depending upon whether RVs in that area have increased above or below the national average.

An adjustment is made to each local authority's top-up or tariff to ensure that, as far as practicable, a local authority's retained rates income is unaffected by the revaluation.

Using the forecast position in the MTFS, the Business Rates Base for 2026/27 has been estimated at £54.0m, a reduction of approximately £0.8m compared with the 2025/26 NNDR1 return. Blaby's share of this sum is 40% in 2026/27, approximately £21.6m, although from this sum Blaby must pay a tariff of around £21.1m.

The Council is expecting to receive Section 31 compensation for the cost of changes to the Business Rates system. Due to the significant changes in 2026/27 that have resulted from rebasing and revaluations, until the NNDR1 form is complete it is difficult to estimate the level of Section 31 grant to which the Council may be entitled. Any Section 31 grant we do receive will offset the estimated loss in Business Rates income highlighted above.

The deadline for the completion of the NNDR1 is the 31st January 2026, and at the time of writing this report work is still being undertaken to finalise the figures. As highlighted above it is likely that once the work is concluded the Business Rates Base may change, and therefore approval is requested for delegated authority to be given for the Executive Director (Section 151) to have authority to amend the National Non-Domestic Rate Base in line with the finalised NNDR1 submission.

4.4 Business Rates Pooling

The Council, along with other authorities in Leicestershire, is a member of the Leicestershire Business Rate Pool. Each year Pool members consider whether it is financially beneficial to continue the Pool for the forthcoming year.
Between 2013/14 and 2025/26, business rates pooling arrangements have delivered positive outcomes across England. Local authorities collectively retained a greater share of business rates growth by reducing the levy that would otherwise have been payable to central government. This approach enabled participating authorities to benefit from local economic growth and strengthen financial resilience.
However, the forthcoming reset of the Business Rates Retention Scheme in 2026/27 will introduce revised baseline targets for each authority. These targets will be uplifted to reflect actual collections, effectively removing any

growth from the system. As a result, there will be no levy payable and, consequently, no financial advantage from pooling arrangements.
It is therefore anticipated that business rates pools will not operate in England from 2026/27 onwards. This position is supported by external advisors and aligns with expectations from MHCLG.

It is expected therefore that, under delegated authority the Executive Director (S151 Officer) will agree with the S151 officers across Leicestershire to dissolve the Business Rate Pool at a meeting held on the 8th January 2026.

4.5 Significant Issues

None

4.6 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities and there are no areas of concern.

5. Environmental impact

5.1 There is no direct environmental impact arising from this report. However, the Council continues to utilise sustainable investment opportunities in line with its approved investment criteria.

No Net Zero and Climate Impact Assessment (NZCIA) is required for this report.

6. What will it cost and are there opportunities for savings?

6.1 Not applicable

7. What are the risks and how can they be reduced?

7.1

Current Risk	Actions to reduce the risks
That the impact of valuation appeals on the NNDR Base is greater than expected.	This is out of the Council's control, but officers will continue to monitor the performance of business rates against the Base monthly. The provision of 2.9% of gross rates payable has been built into the NNDR Base.
That growth estimates are either understated or overstated.	Growth has been included based on known current developments, estimated completions and assumptions about the rateable value that may be determined by the VO. As above, this position will be monitored monthly, and any significant impact brought to members' attention at the earliest opportunity.

8. Other options considered

8.1 None. The setting of the NNDR Base is a statutory requirement.

9. Appendix

9.1 None.

10. Background paper(s)

10.1 None

11. Report author's contact details

Katie Hollis	Finance Group Manager
Katie.hollis@blaby.gov.uk	0116 272 7739