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Claire Griffiths  
Deputy Clerk to the Finance Committee  
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Cardiff Bay  
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Dear Claire,

## **Finance Committee: Best Practice Budget Processes Inquiry, Part II**

When I gave oral evidence to the Committee on 22 October, I offered to provide further information on a couple of points that arose during the session.

### **1. Administration of Landfill Tax collection**

Having checked the position I can confirm that Landfill Tax is indeed currently administered by HMRC rather than by local authorities.

### **2. Estimation and collection of Non-Domestic Rating receipts**

Non-Domestic Rating (NDR) is assessed and collected by each of the 22 Welsh local authorities from the ratepayers within their respective areas, and is paid into a pool administered by the Welsh Government. The sums collected are redistributed back to the local authorities on the basis of a fixed amount per head of population.

NDR is calculated by taking the Ratable Value (RV) of a business property and multiplying it by the NDR 'poundage' for the year in question. The Valuation Office Agency, which is independent of the Welsh Government, values each business property for the purpose of NDR charging and assigns the RV.

The annual accounts for NDR are subject to audit by the Auditor General, and are prepared by the Welsh Government on a receipts and payments basis (with the additional disclosure of NDR balances held at each year end). Estimates for amounts to be collected are not subject to audit, but both sets of figures are included in the table below.

**Table 1: Non-Domestic Rating: estimates v receipts: 2009-10 to 2013-14**

Financial Year	Estimate (£000)	Collected (£000)	Variance (£000)	Variance (%)
2009-10	831,475	772,678	(58,797)	(7.0)
2010-11	825,879	783,699	(42,180)	(5.1)
2011-12	896,645	844,737	(51,908)	(5.8)
2012-13	930,022	865,452	(64,570)	(6.9)
2013-14	942,608	879,410*	(63,198)	(6.7)

\* The final collection figures for the 2013-14 financial year are unaudited at present.

*Source: Welsh Government compilation of local authority NDR returns*

The above table shows that the total NDR revenues collected by the 22 local authorities in Wales have risen every year, and by 13.8 per cent overall in cash terms over the five-year period. In each year, the NDR collected was between 93.0 per cent and 94.9 per cent of the estimated figure, and the variance was therefore broadly consistent throughout the period.

In addition to the NDR that is assessed and collected by the local authorities and shown in the table above, a small number of very large companies (these are mainly utility companies) pay their NDR directly to the Welsh Government. Estimates are not produced for these payments, but for 2013-14 the Welsh Government collected £77.3 million from 23 companies.

### **Audit arrangements for devolved taxation in Scotland**

Finally, I mentioned during my oral evidence that the Public Audit Committee of the Scottish Parliament had issued a useful report earlier this year on the arrangements that are being put in place between Audit Scotland and the National Audit Office for the audit of devolved taxation in Scotland. I suggested to the Committee [see para 159 of the

transcript] that this would be a good starting point for consideration in Wales of the audit arrangements that should apply here from 2018.

A copy of that report (*Framework for auditing the Scottish rate of income tax*) can be found here: [http://www.scottish.parliament.uk/S4\\_PublicAuditCommittee/Reports/pauR-14-01w.pdf](http://www.scottish.parliament.uk/S4_PublicAuditCommittee/Reports/pauR-14-01w.pdf).

I do hope that this information is of assistance to the Committee.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mike Usher', written in a cursive style.

**MIKE USHER**  
**Sector Lead, Health & Central Government**