

## **Reports on Council Tax Support and Business Rates**

### **Purpose of report**

For information.

### **Summary**

The council tax support paper focussed on the scale of financial pressures being transferred from central to local government, with an estimated £1 billion taken out of the council tax support system by 2015/16. The business rate retention paper highlighted the scale of financial risk significantly outweighs the rewards available to local authorities, in particular due to the value of outstanding appeals.

### **Recommendation**

Members to note the reports.

### **Action**

Officers to act on any comments Members have.

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## **Reports on Council tax support and Business Rates**

### **Background**

1. At the LGA *Rewiring Local Government Finance* conference, we launched two papers under the banner of '*The story so far*', covering the experience of councils while implementing the localisation of council tax support and business rate retention reforms. This paper summarises the content of the reports, which are attached at **Appendix A** and **Appendix B** for information.

### **Publications**

2. *The story so far: council tax support* reported on various pieces of research conducted by us and by treasurer societies across England. The key findings were that the government will have effectively cut funding for council tax support schemes by £1 billion by 2015/16 and that about a third of billing authorities were considering a reduction in support in 2014/15.
3. We called for the government to consider making the funding arrangements more transparent, generous and supplemented by greater freedoms of council tax discounts in order to make sure localised council tax support schemes are financially sustainable.
4. *The story so far: business rate retention* was based on the results of our survey to which 31 councils across England responded. It asked questions about their experience of financial planning, financial risk, and the incentive effects in order to learn from emerging evidence.
5. The survey found that no councils had the same experience of the reforms, but there were emerging common problems.
6. The primary challenge was confirmed to be the extent of outstanding business rate appeals, which made financial planning difficult for most local authorities. Councils said that the current arrangements provided little scope to manage the risks that arise because of appeals and avoidance, outweighing the rewards available for growing business rate revenue.
7. We will continue to monitor both areas.

### **Media coverage**

8. Both reports received coverage in either national or trade press.
9. Findings of *The story so far: council tax support* were referred to by Channel 4 news, the BBC Radio 2 news bulletins and covered by the Local Government Chronicle, with most focus on future plans of councils and the £1 billion reduction in funding.

10. *The story so far: business rate retention* was most notably reviewed on the Municipal Journal, with a selection of our findings presented in the covering story of the magazine.

**Financial Implications**

11. The costs have been met within existing budgets.