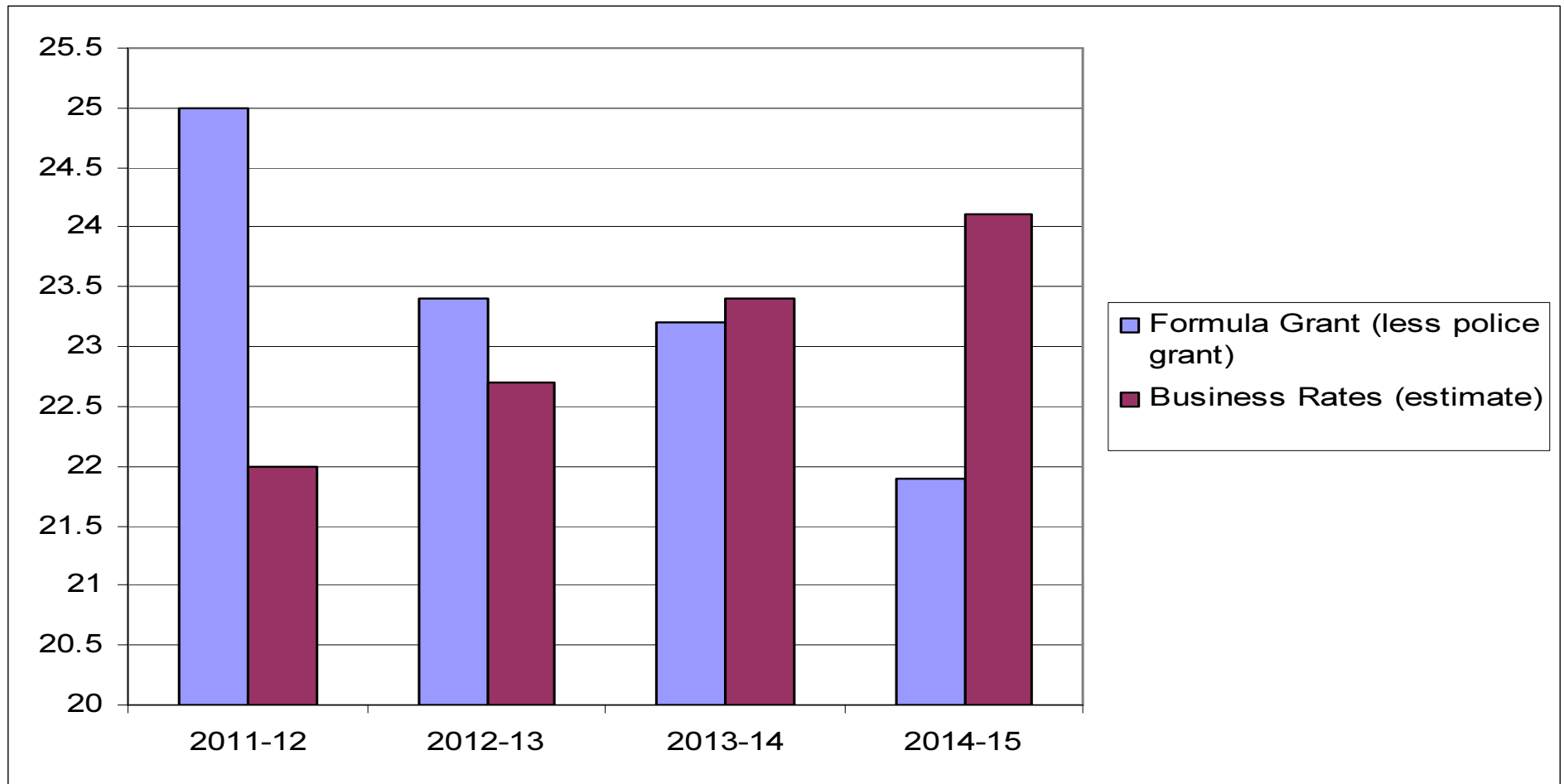


Local Government Resource Review

16 June 2011

www.local.gov.uk

The outlook under the status quo



What's at stake

“It is not acceptable for the government to reduce formula grant, made up largely of NDR, while the yield from business rates continues to grow in line with RPI. Effectively...the government will be holding back billions of pounds of business rates collected by councils.”

Appetite for reform

“Given the age of the current system, and the ongoing tinkering to it, the reason for it being established in the first place have been lost. Therefore, a fresh start, based on clear principles relevant to the current and future position for local government, is a helpful step.”

What are councils looking for?

- Stability and predictability
 - Resources to keep pace with need
 - Greater autonomy
 - Reward for successful performance
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The risks of reform

- Trading-off equalisation for autonomy
 - Exacerbating disparities
 - Loss of potential gains because of policy change
 - Downside risk devolved from central to local government
-

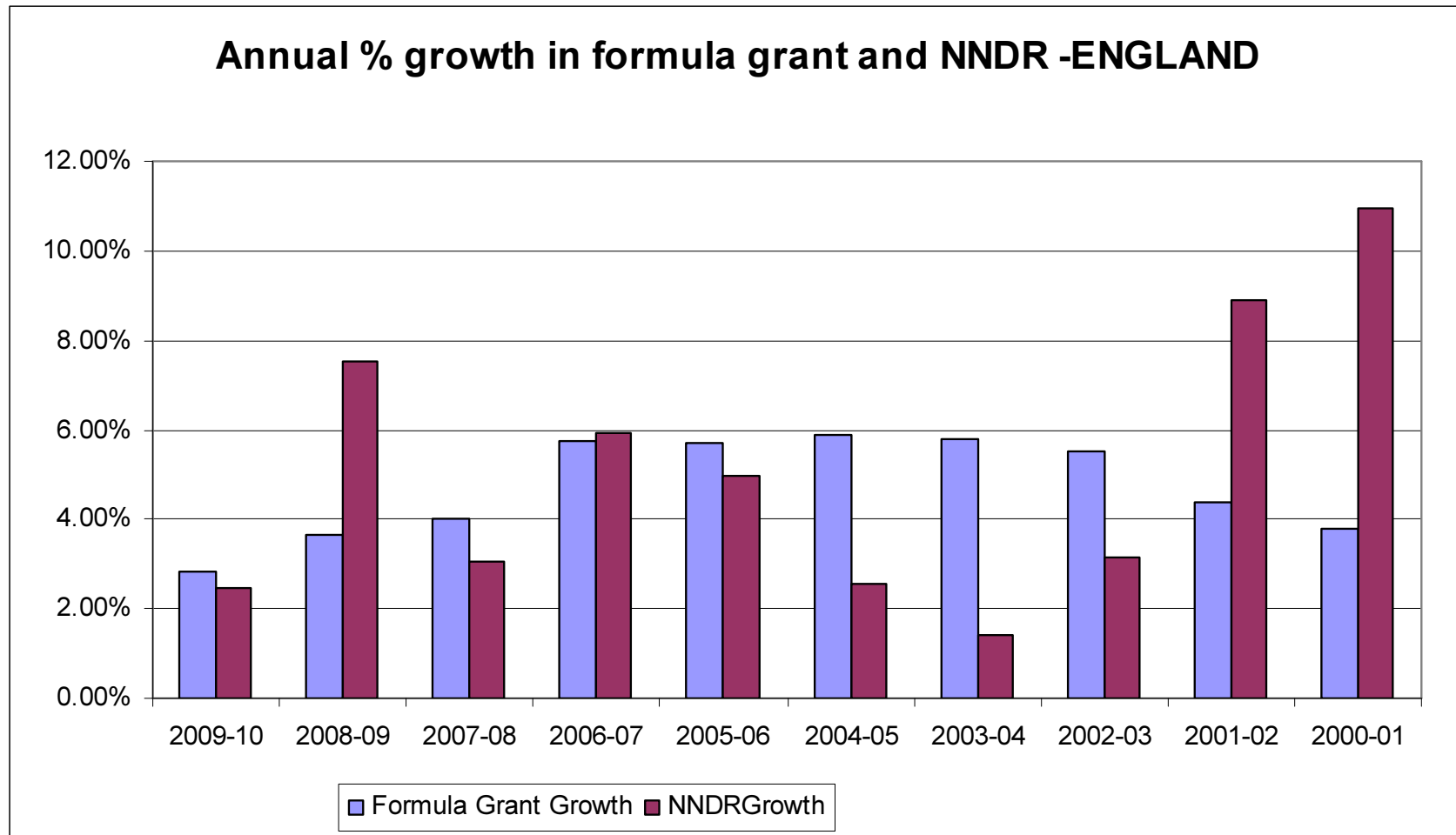
What are business interests saying?

- Generally views are still relatively unformed
 - High degree of interest on how a new proposition could support councils and business interests to work together in support of local development
 - Notion of the “missing £2 billion” and what could be done with it in a new system providing a good hook for engagement
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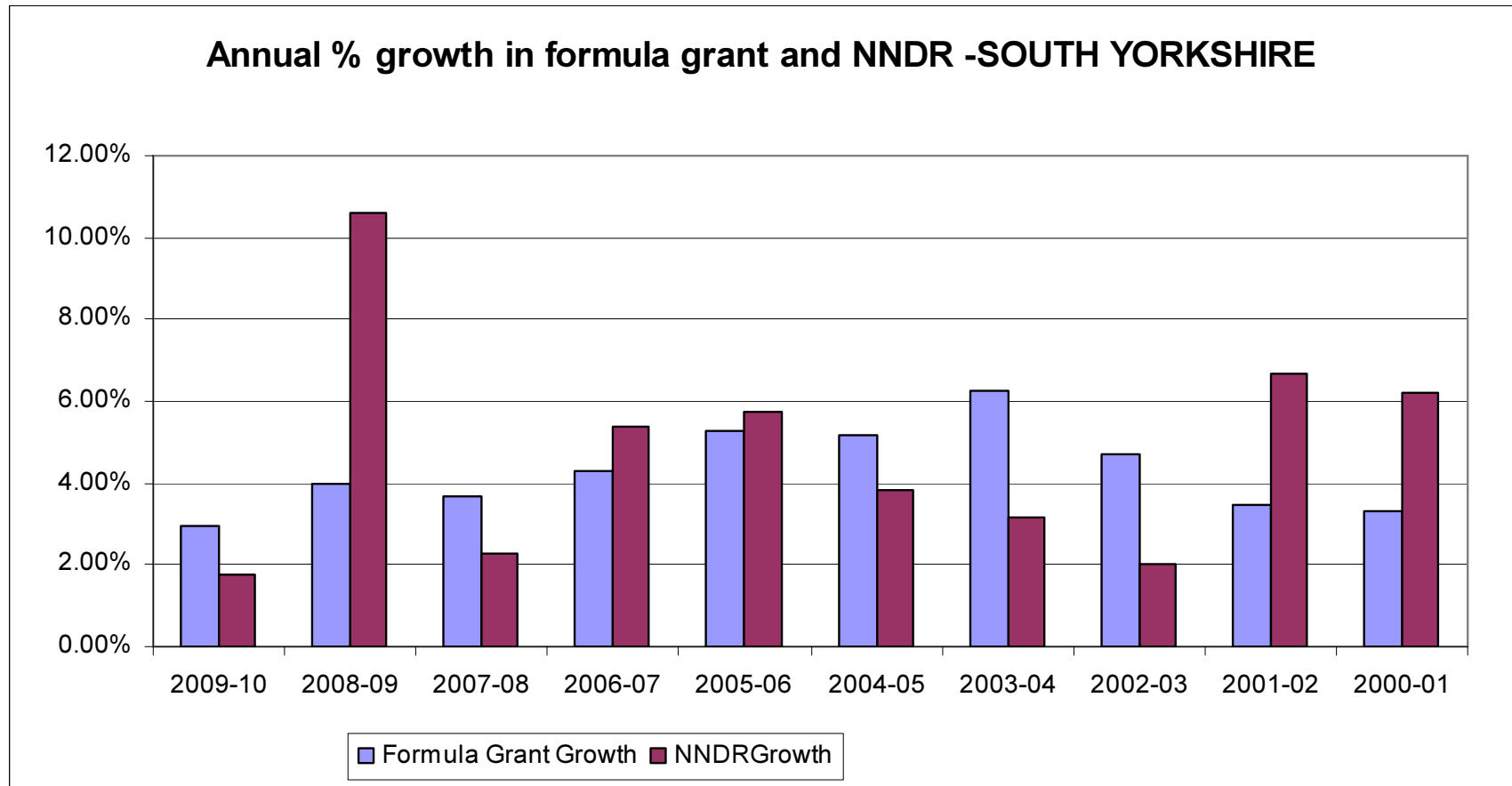
Building blocks of a model

- A fair baseline
 - Principles and mechanism for redistribution
 - Mechanism for managing risk
 - Needs assessment
 - Reward for growth
-

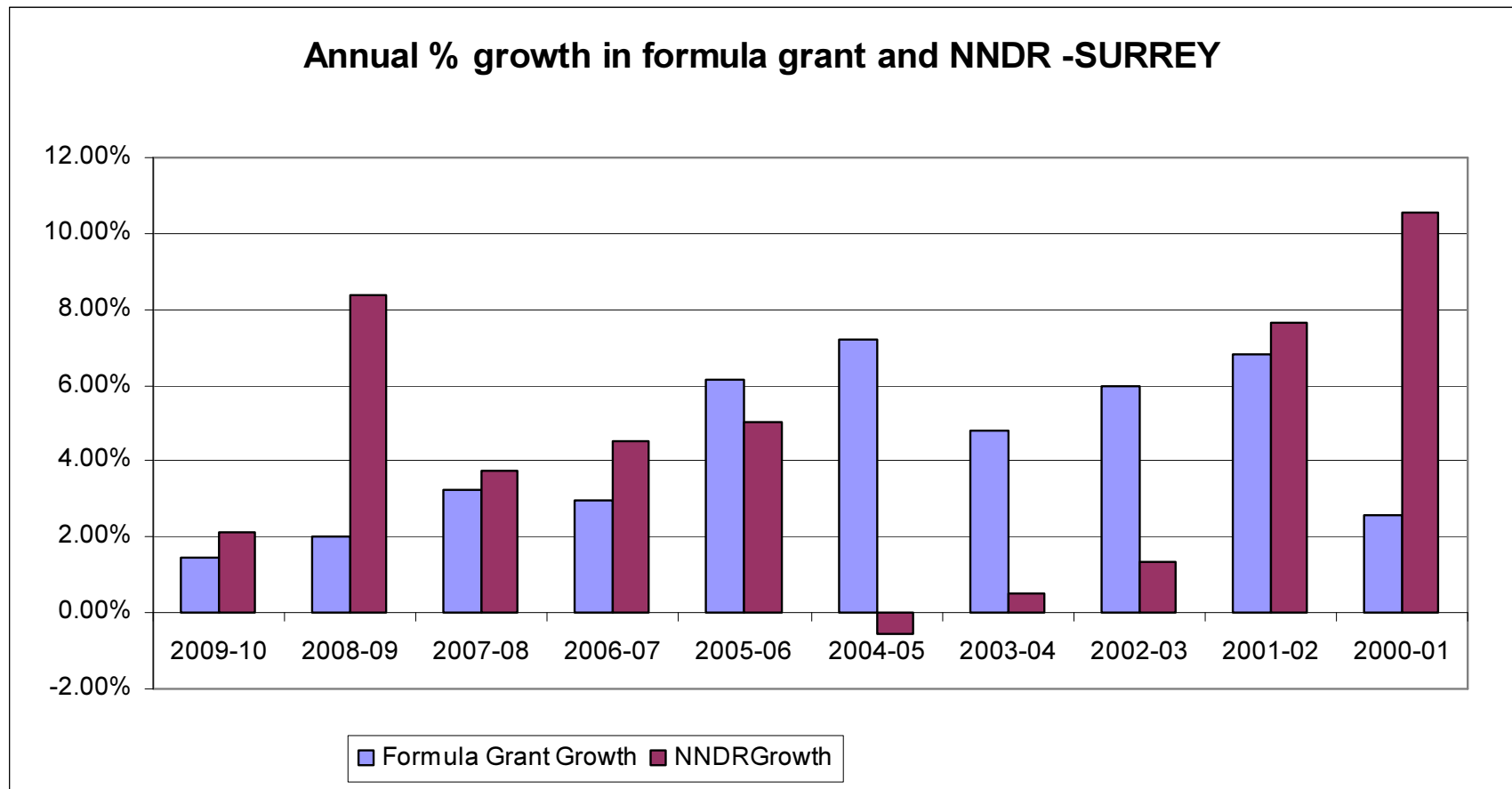
Would a reformed system be stable and sustainable?



What might this look like in a metropolitan area?



What might this look like in a shire county?



Key issues

- Will future growth in business rates keep up with council needs ?
 - Will the government allow us to keep increases in business rates yield without cutting other grants or shifting burdens ?
 - Sector led approaches for managing the system
 - Should revaluation be to a constant yield ?
 - Potential alliances with business interests
-