

Local Government Business Rates Retention

Purpose

For discussion and approval.

Summary

This report seeks comments on, and approval, of the LGA's responses to two Department for Communities and Local Government (DCLG) documents: the consultation on 'Self Sufficient Local Government: 100% Business Rates Retention'; and the 'Fair Funding Review: Call for Evidence on Needs and Redistribution'. Both responses have been developed based on discussions with local government and reflect the views of the LGA's Task and Finish Group, and will be discussed by the LGA Leadership Board on 14 September. It also provides an update on the joint working between the LGA and the DCLG on business rates retention proposals.

Recommendation

That the LGA Executive comment on, and agree, the LGA's draft responses (which will follow on a supplemental agenda) to the DCLG's consultation document and call for evidence.

Action

LGA Officers to proceed as directed.

Contact officer:

Nicola Morton

Position:

Head of Programmes: Local Government Finance

Phone no:

020 7664 3197

Email:

nicola.morton@local.gov.uk

Local Government Business Rates Retention

Background to the consultation

1. As reported at the last LGA Executive, on 5 July 2016 the Department for Communities and Local Government (DCLG) published an initial consultation on proposals for increased retention of business rates by local government. At the same time the DCLG also published a call for evidence on needs and redistribution. The consultation period for both of these papers lasts twelve weeks and the deadline for responses is 26 September 2016.
2. The consultation on business rates retention is likely to be the first in a series of consultations on the reforms and seeks views on some of the main issues that will need to be resolved including: responsibilities to be funded through business rates retention; system design (such as including dealing with revaluation and appeals, resets, tier splits and the safety net); local tax flexibilities; and accounting and accountability.
3. The call for evidence on needs and redistribution follows on from the Government's announcement in early 2016 that it would undertake a fair funding review. The review will help shape the needs assessment formula that will be used at the start of the further retention system. As a first step, the call for evidence sets out the key questions that will need to be addressed as part of this review such as: how to measure relative need; how to take council tax into account; the geography for needs assessment; and transition to the new formulae.
4. The LGA published an on-the-day briefing, on 5 July, summarising the content of the consultation, and call for evidence, and providing early LGA views on some of the proposals and considerations.

Developing the consultation responses

5. The responses to the consultation paper and call for evidence have been developed based on previous discussions in:
 - 5.1. LGA Leadership Board;
 - 5.2. LGA Executive;
 - 5.3. the LGA's Task and Finish Group on Business Rates Retention;
 - 5.4. Resources Board;
 - 5.5. A Resources Board Forum for elected finance and resources portfolio holders;
 - 5.6. Joint DCLG and LGA regional events on the consultation and call for evidence during August and September 2016;
 - 5.7. Engagement with local authorities through the joint DCLG / LGA Steering and Working Groups;

- 5.8. Attending meetings of groups of Members, Chief Executives, Treasurers around the country; and
- 5.9. Feedback through the Business Rates email.
6. Having already provided comments on the key lines the LGA should take in response to the two DCLG documents, the LGA Task and Finish Group on Business Rates Retention is meeting on 8 September to discuss a fuller response. The responses will reflect the views of the Task and Finish Group expressed during that meeting. Due to the timing of the meetings, the two draft responses will be sent to the LGA Executive through a supplemental agenda.

Progress on joint working

7. Joint working between the LGA and DCLG on the development of the detailed aspects of the policy has continued since the publication of the consultation. The officer Steering and Working Groups have continued to meet over the summer. In addition, the LGA hosted a deep dive session on devolving responsibilities related to economic growth, and organised an away day for all local authority members of the Steering and Working Groups to discuss cross sector positions on key aspects of the reforms.
8. The LGA has also organised six DCLG / LGA regional events around the country to discuss the consultation proposals and gather feedback on the proposals as part of the consultation process. These have taken place over August and September with the last event scheduled for 9 September. Over 250 delegates will have attended these regional events.

Recommendations and next steps

9. Members of the LGA Executive are asked to note this update and comment on the draft consultation responses. Both responses will be considered by LGA Leadership Board on 14 September and the discussions at both meetings will be reflected in the final responses to be submitted to DCLG by 26 September 2016.

Financial Implications

10. None.