

## **Business Rates Retention Update**

### **Purpose of report**

For information and comments on future work of the Business Rates Retention Task and Finish Group.

### **Summary**

This paper is a progress update on the LGA's work on the business rates retention reform, including joint work with the Department for Communities and Local Government (DCLG) and the LGA's own policy work.

### **Recommendation**

That the LGA Executive note the update.

### **Action**

Officers to proceed as directed.

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## **Business Rate Retention Update**

### **Consultation responses**

1. In line with the Government's deadline of 26 September, the LGA has submitted responses to the summer consultation on business rates retention and the call for evidence on the Fair Funding Review.
2. The LGA Leadership Board and Executive provided final comments for clearance of the papers. The final versions of the submissions can be found on the website for information at: [Summer Consultation response](#) and [Fair Funding Review response](#).
3. The LGA shared these responses with local authority Leaders, Chief Executives and Chief Finance Officers.
4. The DCLG is currently analysing the consultation responses it has received; there were more than 450 submissions on the main Business Rates Retention consultation and 230 for the Call for Evidence on Needs and redistribution. Officers expect that a summary of relevant responses will be shared with the technical working groups and the Steering Group in due course.
5. The Government is planning further, more detailed consultations in the autumn and winter before the draft Bill is published in 2017.

### **Regional events**

6. As part of the process of gathering views on the Government's consultations on business rates retention, the LGA organised a series of regional workshops, delivered jointly with DCLG. The six sessions were held in York, Newcastle, London, Cambourne, Taunton and Birmingham.
7. Overall, more than 190 authorities were represented by 250 delegates across the six events.
8. While discussions were lively and wide-ranging, a number of common themes emerged. The feedback from events in summary form is attached as **Appendix A**; where possible the common themes were reflected in the LGA's consultation responses as above. In any case, they have been noted by the Government as part of its consultation process.

### **Business Rate Revaluation**

9. The Valuation Office Agency has published a draft refreshed list of rateable values for commercial properties in England. They will come into force from April 2017. As a result, the Government will change the business rates multiplier to reflect the revaluation and make it revenue-neutral at an England.

10. What this means in practice for local authorities is that local areas where rateable value of hereditaments has grown faster than the England average will collect more rates from April 2017, while other areas will collect less.
11. The Government has committed to revising the top-ups and tariffs to make sure this has no impact on business rates retained by individual councils before and after the revaluation, and has published a technical consultation which sets out the calculations and mechanism for this. The LGA will be submitting an official response, to be cleared by the LGA's Resources Board.
12. While this has no direct bearing on business rates retention reform, it is an important test of how the reaction of businesses to their new valuations affects appeals and the certainty of income for local authorities. The methodology used to adjust for the revaluation this year might be adopted for future revaluations as well.

#### **Next steps**

13. The Steering Group and Technical Working Groups are continuing to meet on a monthly, or more regular, basis. The LGA's Task and Finish Group will also continue to meet to develop the LGA's position in terms of the various features of the new system, for example:
  - 13.1 The arrangements for resets;
  - 13.2 Managing the risk of appeals;
  - 13.3 The safety net mechanism and how it is funded;
  - 13.4 Distribution of resources.

#### **Financial Implications**

14. This is core work for the LGA and is budgeted for within the 2016-17 LGA budget.