

Technical adjustment to the Business Rates Retention system in response to the 2023 Revaluation and central list transfers

September 2022

1. The Local Government Association (LGA) is here to support, promote and improve local government. We will fight local government's corner and support councils through challenging times by making the case for greater devolution, helping councils tackle their challenges and assisting them to deliver better value for money services.
2. This response has been agreed by the LGA Resources Board.

Introduction

Question 1: Do you consider that the 2017 technical adjustment to the business rates retention system for the Revaluation is the right place to start? If not, please give your reasoning.

3. We agree with the Government policy that retained business rates income from the BRR system should, as far as practicable, be unaffected by business rates revaluations. This is why an adjustment methodology was put in place for the 2017 revaluation. We agree that in considering the adjustment methodology to be used for the 2023 and subsequent revaluations that this is the place to start.

Question 2: Do you support the proposed change to the formula? If not, please give your reasoning.

4. The main change to the formula proposed is an adjustment to deal with provisions for unsolved appeals. We can see that an adjustment for revaluation should neither compensate nor penalise for such provisions and believe that, if the proposed DLUHC method is adopted, it should be kept under review.

Question 3: Do you agree that we should not further amend the adjustment to take into account changes in reliefs at this stage but rather keep this under review as changes in reliefs become clearer? If not, please give your reasoning.

5. The LGA heard from a number of authorities with large university properties at the time of the 2017 revaluation who felt that the 2017 methodology penalised them as it didn't take into account the fact that these properties receive 80% mandatory business rates relief. We consider that whether to make an adjustment for reliefs should be an issue for consideration for the third stage of the adjustment; by this time it should be clear how the first year of the 2023 list compares with the last year of the 2017 list as far as reliefs are concerned.

Question 4: If you disagreed with question 3, what are your suggestions for updating the technical adjustment to better take into account changes in reliefs?

6. Please see our reply to question 3,

Question 5: Do you agree that the standard technical adjustment should be adjusted to safeguard, as far as practicable, the financial position of those authorities who will see property transferred to the Central List at the Revaluation?

7. In the consultation on central and local list transfers DLUHC promised that any implications for business rates retention should be taken into account in central list transfers and we would expect an adjustment to be made in cases where there is a central list transfer.

Question 6: Do you agree that the proposed modification will adequately safeguard the position of local authorities who will see property transferred to the central list? If not, please give your reasoning and what you would do differently.

8. Yes, although as we said in our reply to the central list consultation, authorities with transferred properties such as networks will not gain from any future business rates retention on these properties and that there are wider questions about the central list transparency, for example the accounts for the central list are not published in the way they are for locally collected business rates.

Contact

Mike Heiser

Senior Policy Adviser

Phone: 020 7664 3265

Mobile: 07876 578189

Email: mike.heiser@local.gov.uk