

Report to: **Executive**
Date: **15 September 2016**
Title: **100% Business Rates Retention
Consultation response**
Portfolio Area: **Support Services – Cllr S Wright**
Wards Affected: **All**
Relevant Scrutiny Committee: **Internal**

Urgent Decision: **N** Approval and clearance obtained: **Y**

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Recommendations:

It is recommended that Members approve:

- 1) The content of the Authority's response to the Consultation document : Self-sufficient local government: 100% Business Rates Retention

1. Executive summary

1.1 The Government stated that they would consult on the introduction of 100% Business Rates Retention (100% BRR) and other reforms to the business rates regime. A consultation commenced in July 2016 and closes on the 26th September 2016.

1.2 The Key Points of the consultation are as below;

- Are there additional responsibilities that Local Government could take on alongside the additional funding retained?
- The appropriate timeframes for resets of the systems (adjustments to the local baselines).
- Retaining the top up and tariff system to aid redistribution across Local Government.
- The impact of revaluations and fluctuations in funding due to changes in rateable value of commercial properties.
- The impact to areas with Combined Authority & Elected Mayors (additional responsibilities and baseline funding).
- Relationships between Local Government Tiers and Fire Authorities (Fire Authorities receive a share of business rates income under current regime).
- Sharing the risks between Local and Central Government (such as risk of appeals etc. which are currently shared 50/50 with Central Government under the current regime).
- Retention of safety nets to give some protection to funding levels.
- Accountability and Accounting, achieving a balance between Local and Central Government accountability and the continuation of collection fund accounting.

1.3 It is not clear whether 100% Business Rates Retention will be introduced in 2019/20 or 2020/21.

2. Background

2.1 In the 2015 Spending Review, the Government announced a review of the business rates funding regime with the intention of Local Government being able to retain 100% of local collected business rates income by the end of the current parliament.

- 2.2 This change intends to facilitate the move towards Local Government becoming self-funded and the eventual cessation of Revenue Support Grant and associated grants whilst devolving more control to Local Government.
- 2.3 From April 2017, there will be pilots of 100% BRR in Greater Manchester and Liverpool City Region, with London also receiving an increase in the share of business rates retained.
- 2.4 The Council currently collects Business Rates of just under £32 million from businesses within South Hams. The Council retains in funding only £1.765 million of this (2016/17). So the District Council retains approximately 6 pence in every £1 to run our services.
- 2.5 ***The Government has previously announced that the move to 100% BRR will be fiscally neutral.*** Key to how this is achieved, will be how the Government estimates the future value of business rates and the new responsibilities transferred.
- 2.6 Under 100% Business Rates Retention, the Council is unlikely to receive significantly more in funding than the equivalent figure of £1.765 million and the risk is that as a rural authority, the Council could receive less funding.

3. Outcomes/outputs

- 3.1 A draft consultation response is attached in Appendix A.

4. Proposed Way Forward

- 4.1 It is recommended that Members approve the content of the Authority's response to the Consultation document : Self-sufficient local government:100% Business Rates Retention for submission to the Government.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Business Rates are an integral part of the current funding of Local Government. A consultation response is proposed for the 100% BRR consultation document.
Financial	Y	The financial implications of 100% BRR are set out in the proposed consultation response.
Risk	Y	The risks to the Council of 100% BRR are set out in the Authority's consultation response.
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendix A – Draft Consultation response to “Self-sufficient local government:100% Business Rates Retention”

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A