

Report to: **Executive**
Date: **20 April 2017**
Title: **100% Business Rates Retention
Consultation response**
Portfolio Area: **Cllr Wright - Support Services**

Wards Affected: **ALL**

Relevant Scrutiny Committee: Overview and Scrutiny Panel

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

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Recommendations:

It is RECOMMENDED that the Executive note the proposed response to the 100% Business Rates Retention consultation as attached in Appendix A (subject to any amendments by Members).

1. Executive summary

On 15 February 2017, the Department for Communities and Local Government (DCLG) published a consultation document, 100% Business Rates Retention: further consultation on the design of the reformed system. Appendix A sets out the Council's proposed response.

2. Background

A summary of the key issues that are (i) known about the new system and (ii) what is still to be decided, are set out below:

2.1 What is known about the new business rates system:

- The Government aims to introduce 100% BRR by 2019/20
- The system will not have a levy on growth;
- Top Ups and Tariffs will remain and there will be a Safety Net
- Government preference for partial resets of business rates and redetermination of need every five years
- Appeals following revaluation will be paid for centrally, using a top-slice of business rates income
- Business Rate Pools will continue but be determined by the Secretary of State and will not require local authority approval
- Revenue Support Grant, Rural Services Delivery Grant, Public Health Grant and the GLA Transport grant will all be funded through 100% BRR.
- The remaining grants and/or new responsibilities that will devolved will be determined by Spring 2018
- All authorities will be invited to participate as a business rates pilot for 2018/19

2.2 What is still to be decided on the new business rates system:

- Tier splits in two tier areas
- How NDR Baselines will be determined at the Reset
- The level of Safety Net support – but could be more generous (even in cash terms) than the current system
- The new nationalised system of appeals – what it will look like and how the transition to a nationalised system of appeals will take place
- The technical details e.g. – How a partial reset could work – Progressing future resets of Need – Which further grants or responsibilities could be devolved – How much growth could be retained

- 2.3 The timetable for 100% Business Rates Retention is set out below.

Timeframe	Event
Feb 2017	Publication of consultation on design of the 100% Business Rates Retention (BRR) system
Apr 2017	Piloting of the approach to 100% BRR begins in Cornwall and the combined authority areas of Greater Manchester, Liverpool City Region, West Midlands and West of England.
Autumn 2017	Planned publication of further detail on secondary legislation, including draft regulations where possible.
April 2018	Further piloting of the approach to 100% Business Rates Retention begins in areas not covered by devolution deals, including two tier areas.
Spring 2018	Aim to decide on package of responsibilities to be devolved for the commencement of new 100% Business Rates Retention system.
Summer 2018	Planned consultation on new relative needs baseline for new system.
April 2019	Expected implementation of 100% BRR across local government.

3. Outcomes/outputs

- 3.1 The proposed consultation response of the Council is set out in Appendix A for Members' consideration and views/amendments. The link to the consultation is below:

<https://www.gov.uk/government/consultations/100-business-rates-retention-further-consultation-on-the-design-of-the-reformed-system>

4. Options available and consideration of risk

- 4.1 All authorities will be invited to participate as a business rates pilot for 2018/19. There is a meeting in early June of the Devon Authority S151 officers where this item is being discussed and some initial modelling will be undertaken to assess the potential financial impact.

5. Proposed Way Forward

5.1 The closing date for consultation responses is 3 May. The proposed consultation response of the Council is set out in Appendix A for Members' consideration and views/amendments.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	N	There are no direct legal implications of the consultation response. The Local Government Finance Bill includes a new provision for "loss payments" for appeals.
Financial	Y	All authorities will be invited to participate as a business rates pilot for 2018/19. There is a meeting in early June of the Devon Authority S151 officers where this item is being discussed and some initial modelling will be undertaken to assess the potential financial impact.
Risk	Y	The Government indicates that it has introduced legislation that will allow it to help local authorities manage the risk and income volatility associated with appeals, but to better direct this support to where losses are experienced through making 'loss payments'. The Government recognises that there is a need to set out further information on the operation of the safety net.
Comprehensive Impact Assessment Implications		
Equality and Diversity		N/A
Safeguarding		N/A
Community Safety, Crime and Disorder		N/A
Health, Safety and Wellbeing		N/A
Other implications		N/A