



DRAFT PORTFOLIO HOLDER DECISION NOTICE

PROPOSED INDIVIDUAL DECISION BY THE PORTFOLIO HOLDER FOR FINANCE

TOPIC – BUSINESS RATES RETENTION CONSULTATION REPONSE

PROCEDURAL INFORMATION

The Access to Information Procedure Rules – Part 4, Section 22 of the Council's Constitution provides for a decision to be made by an individual member of Cabinet.

In accordance with the Procedure Rules, the Head of Legal and Democratic Services, the Chief Executive and the Head of Finance are consulted together with Chairman and Vice Chairman of The Overview and Scrutiny Committee and any other relevant overview and scrutiny committee. In addition, all Members are notified.

If five or more Members from those informed so request, the Leader may require the matter to be referred to Cabinet for determination.

If you wish to make representation on this proposed Decision please contact the relevant Portfolio Holder and the following Democratic Services Officer by 5.00pm on Wednesday 3 May 2017.

Contact Officers:

Case Officer: Darren Kennedy, dkennedy@winchester.gov.uk

Democratic Services Officer: Nancy Graham, ngraham@winchester.gov.uk

SUMMARY

The Government have been consulting on the full retention of business rates by the Local Government sector. The Government has put out a consultation document for "Further consultation on the design of the reformed system". This can be found on

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/592368/100_Business_Rates_Retention_-_Further_Consultation.pdf

The Council's proposed response to this consultation is in Appendix A.

PROPOSED DECISION

That the Portfolio Holder approve the consultation response as set out in Appendix A, following any further comments received by Members.

REASON FOR THE PROPOSED DECISION AND OTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

The Council does not have to respond to consultation documents, but by doing so, it enables the Council to have had a voice in the implementation of a fundamental reform to Local Government finance.

RESOURCE IMPLICATIONS:

None from this response. The full system redesign is likely to have significant financial implications for the Council.

CONSULTATION UNDERTAKEN ON THE PROPOSED DECISION

CMT and the Portfolio Holder for Finance.

FURTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED FOLLOWING PUBLICATION OF THE DRAFT PORTFOLIO HOLDER DECISION NOTICE

n/a

DECLARATION OF INTERESTS BY THE DECISION MAKER OR A MEMBER OR OFFICER CONSULTED

None.

DISPENSATION GRANTED BY THE STANDARDS COMMITTEE

n/a

Approved by: (signature)

Date of Decision

Councillor Stephen Godfrey – Portfolio Holder for Finance

APPENDICES: Appendix A – proposed response

Appendix A – proposed response to the further consultation on the retention of business rates

Fair Funding

- We agree that reviewing the fair funding formulae every 5 years is reasonable. We would strongly support the new formulae commencing no later than 2019/20.
- We strongly support the principle of damping unwinding within 5 years.

Question 1 – What are your views on the proposed approach to partial resets?

- We support a balanced system that provides incentives whilst also ensuring every authority is brought back up to baseline at each reset.
- We consider 50% to be the minimum retained growth at reset in order to provide the necessary incentive to invest in long term planning and strike a reasonable balance between strong incentives and protecting baselines. We need long term certainty over 10 + years within the financial system to make those long term growth and economic development decisions. This could have a real impact on driving growth in local areas which is one of the intentions of this scheme. This would also lead to longer decision making and enable the increased business rates to be used across the local government sector to support the schemes driving business rate growth and mitigate any impact from these.

Question 2 – What are your views on how we should measure growth in business rates income over a reset period?

- The Government must ensure it uses a methodology that addresses volatility, especially from accounting adjustments, to ensure that the new baselines are representative of ongoing growth. It is vital that the baseline starting point is fair.
- We would support measuring the growth over a longer period of time, such as an average over five years, to establish a baseline is sensible as makes it fairer for those who have experienced sudden increases or decreases.

Question 3 – What are your views on the Government’s plans for pooling and local growth zones under the 100% Business Rates Retention System

- We welcome the proposals for the protection of growth but we must ensure that the opportunities are open to all across the country and there are limits to the scale of protection (if too much is protected then there be insufficient resources available to distribute across the rest of the country).
- Strong controls are needed to ensure new local growth zones are not used in a way that damages the health of the national system.
- Pooling in an areas that have multiple LEPs need to be considered carefully to recompense reward appropriately.

Question 4 – How can we best approach moving to a centrally managed appeals risk system?

- The “top-slice” approach effectively means a redistribution of resources from those with low appeals to those with high appeals. There needs to be more data and transparency of the impact of this redistribution to understand the impact it will have on the system overall.
- The appeals process needs to improve to reach resolutions faster and give business certainty.

Question 5 – What should our approach be to tier splits?

- We believe that District Councils are in an ideal position to drive business growth and as such the tier split should take this into account. If the split is too high a County : District ratio then incentives to invest in long term planning will be lessened.

Question 6 – What are your views on proposals for a future safety net under the 100% Business Rates Retention system?

- We support a safety net @ 97%.

Question 7 – What are your views on our proposals for the central list?

- We broadly support the changes proposed to the “Central List”.
- We believe that the new scheme should take into account cases where local authorities are influencing areas which could potentially be identified for the central list. For example, if there was a large scale regeneration scheme and it improved access to a railway station which led to increased car parking, traffic and infrastructure pressures, then the BRates should come back to the Council through growth monies to help fund the impact of the scheme on the area.
- We believe that baselines should be adjusted where transfers are made to the central list between resets. Without this there remains significant risk in the scheme that administrative changes can result in significant financial impacts between reset periods.