

Business Rates Reform – Fair funding review

Summary

To respond to the Government's consultation on Fair Funding review in respect of Business Rates

PORTFOLIO - Finance – Cllr Richard Brooks

Date Signed Off: 24 August 2016

Wards Affected

All

Recommendation

The Executive is asked to:

- a) ENDORSE and COMMENT on the response as attached; and**
- b) DELEGATE to the Portfolio Holder for Finance the completion and submission of the final response to Government**

1. Key Issues

- 1.1 Local Government has asked for many years to be allowed to keep 100% of Business rates income. This request was partially granted a number of years ago when 50% of business rates were transferred to Local Government and this proposal seeks views on how 100% retention can be achieved.
- 1.2 100% retention does not mean that each council will keep whatever it collects in business rates. There will still need to be a system of redistribution around the country to take account of varying needs and resources. How this is done could have a major impact on individual councils.
- 1.3 The Government has asked for comments on proposals to make changes to the way needs are assessed and the mechanism for redistribution.
- 1.4 The consultation is due to close on the 26th September and it is intended that the new scheme will be implemented before the next election.

2. Resource Implications

- 2.1 Business Rates will become the only funding, apart from Council tax, that the Council receives from tax payers in the future. How relative needs are calculated and its impact on setting the base line could make a significant difference to the level of funding the Council receives and hence its ability to deliver services.

- 2.2 It is the Government's intention that Business rates and council tax will be the only sources of public/Government funding for District Councils and it is likely that all other grants will be abolished.

3. Options

- 3.1 Members can accept, reject and/or make changes to the response.

4. Proposals

- 4.1 It is proposed that the Executive:

- a) ENDORSE and COMMENT on the response as attached;
- b) DELEGATE to the Portfolio Holder for Finance the completion and submission of the final response to Government

5. Supporting Information

- 5.1 None

6. Corporate Objectives and Key Priorities

- 6.1 This item addresses the Council's Objective of delivering services efficiently, effectively and economically

7. Sustainability

- 7.1 The final business rates retention scheme could have a significant impact on the financial sustainability of the Council.

8. Risk Management

- 8.1 None from the consultation itself

9. Officers Comments

- 9.1 None

Background papers	The consultation document
Author/contact details	Kelvin Menon - Executive Head of Finance Kelvin.menon@surreyheath.gov.uk
Head of service	Kelvin Menon Executive Head of Finance

Consultations, Implications and Issues Addressed

	Required	Consulted	Date
--	----------	-----------	------

Resources			
Revenue	✓		
Capital			
Human Resources			
Asset Management			
IT			
Other Issues			
Corporate Objectives & Key Priorities			
Policy Framework			
Legal			
Governance			
Sustainability			
Risk Management			
Equalities Impact Assessment			
Community Safety			
Human Rights			
Consultation			
P R & Marketing			

Review Date:

Version: