Annex 4

Draft responses to questions asked in the Technical Papers giving further details of the proposed scheme

Technical paper 1: Establishing the baseline

TP1 Q1: Do you agree with the proposed approach to calculating the amount of business rates to be set aside to fund other grants to local government? If not, what alternative do you suggest and why?

Agree

TP1 Q2: Do you agree with the proposed approach for making an adjustment to fund New Homes Bonus payments, and for returning any surplus to local authorities in proportion to their *baseline funding* levels?

Agree

TP1 Q3: Do you agree with the proposed approach for making an adjustment in the event of any functions being transferred to or from local authorities?

Agree

TP1 Q4: Do you agree with the proposed approach for making an adjustment to fund police authorities, and potentially also single purpose fire and rescue authorities?

Agree

TP1 Q5: Do you agree with the proposed approach for ensuring that no authority loses out in 2013-14 as a result of managing the business rates retention system within the 2014-15 expenditure control total?

Agree

TP1 Q6: Do you agree that we should use 2012-13 formula grant after floor damping as the basis for establishing authorities' *baseline funding* levels? If not, why?

Agree

TP1 Q7: Do you agree that we should use 2012-13 allocations as the base position for floor damping in calculating the 2013-14 formula grant equivalent; and use the 2013-14 formula grant equivalent as the base position for floor damping in calculating individual authority's *baseline funding* levels?

Agree

TP1 Q8: If not, which years should be used as the base position for floor damping in each of these calculations, and why?

N/A

TP1 Q9: If option one is implemented, do you agree that we should reduce the formula grant for each tier of services according to its Spending Review profile?

Agree

TP1 Q10: If so, do you agree with the proposed methodology for splitting formula grant between the service tiers for those authorities that have responsibility for more than one tier of service, as described in annex B?

Agree

TP1 Q11: If option two is implemented, do you think we should update none, some or all of the data sets used in the formula grant calculations? If you think some should be updated, which ones, and why?

All. Option 1 preferred however.

TP1 Q12: If option two is implemented, do you think we should review the formulae for none, some or all of the grants rolled in using tailored distributions? If you think the formulae should be reviewed for some of these grants, which ones, and why?

Believe not to be a significant issue for district councils and on that basis have deemed to be N / A. Option 1 preferred however.

TP1 Q13: If option two is implemented, do you think we should review the relative needs formula for concessionary travel?

N / A. Option 1 preferred however.

TP1 Q14: Do you think we should review any of the other relative needs formulae? If so, which ones and why?

No.

TP1 Q15: If option two is implemented, do you think we should alter the balance between service demands and resources; and if so, how?

Not in a position to say. Option 1 preferred however.

TP1 Q16: Do you agree with the proposed approach for establishing guaranteed levels of funding for police authorities, and potentially also single purpose fire and rescue authorities, in 2013-14 and 2014-15?

Agree

TP1 Q17: Do you agree with the proposed approach for funding new burdens within the business rates retention scheme? If not, why?

Agree

TP1 Q18: Do you agree with the proposed approach for dealing with boundary changes and mergers? If not, what alternative would you propose, and why?

Agree

TP1 Q19: Do you agree with the proposals on the future of Revenue Support Grant?

Agree

Technical paper 2: Measuring business rates

TP2 Q1: In the absence of billing authority estimates for 2013-14 and 2014-15, do you agree with the Government's proposals for setting the *forecast national business rates*?

Agree

TP2 Q2: Do you agree with the proposed basis on which proportionate shares would be calculated?

Agree

TP2 Q3: Which of the options – "spot", or "average" – do you believe would be the fairest means of determining each billing authority's business rate yield, upon which proportionate shares would be based?

Average

TP2 Q4: Do you agree with the *allowable deductions* the Government proposes to make to each billing authority's business rates yield, to reflect differences in the local costs of items such as reliefs, in establishing *proportionate shares*?

Agree. However, this is dependent on the adjustment that will be used to reflect collection rates in the forecast of national business rates given that the Government does not propose, in future, to make an allowable deduction for losses in collection.

Technical paper 3: Non-billing authorities

TP3 Q1: Of the two options outlined for determining a county council's share of a *billing authority business rates baseline (pre-tier split)*, which do you prefer?

> **It is important that the district council that is encouraging growth in its rating list is rewarded for this through the model applied. It is important that the final model is formulated appropriately to ensure that this is achieved**.

TP3 Q2: Do you agree that police authorities should receive fixed funding allocations in 2013-14 and 2014-15 through an *adjustment* to the *forecast national business rates*?

> **Agree**

TP3 Q3: Do you agree that the services provided by county fire and rescue authorities should be funded through a percentage share of each district council's *billing authority business rates baselines (pre-tier split),* subject to any *tariff* or *top up* required to bring them to their *baseline funding* level?

> **Agree**

TP3 Q4: Do you think that single purpose fire and rescue authorities should be funded:
a. through a percentage share of each district council's *billing authority business rates baselines (pre-tier split),* subject to any *tariff* or *top up* required to bring them to their *baseline funding* level; or
b. through fixed funding allocations for 2013-14 and 2014-15, through an *adjustment* to the *forecast national business rates*?

> **b**.

Technical paper 4: Business rates administration

TP4 Q1: Do you agree with the proposed approach for administering billing authorities' payments to central government?

> **Agree**

TP4 Q2: Do you agree with the proposed approach for administering billing authorities' payments to non-billing authorities?

> **Disagree. Propose align with current council tax precept payment arrangements.**

TP4 Q3: Do you agree with the proposals for year end reconciliation?

> **Agree**

TP4 Q4: Do you agree with there should be a process for amending payments to non-billing authorities to reflect in-year changes, similar to the current NNDR2 returns?

Agree

TP4 Q5: If there is a process for amending payment schedules, do you think changes should be possible at fixed points throughout the year? How frequently should changes be possible?

See response to TP4 Q6

TP4 Q6: Alternatively, do you think changes should only be possible if triggered by significant changes in business rates forecasts? What do you think should constitute a significant change?

Agree. At the discretion of billing authority.

TP4 Q7: Do you agree with the proposed approach for administering payments to and from non-billing authorities?

Disagree. See response to TP4 Q2 and also assumes that single purpose fire and rescue authorities are treated in the same way as police authorities. Not to do so would place even more of an administrative burden on the billing authority.

TP4 Q8: Do you agree with the proposed approach for establishing liability for the levy on the basis of an authority's pre-levy business rates income and eligibility for support from the safety net on the basis of an authority's post levy income?

Agree

Technical paper 5: Tariff, top up and levy options

TP5 Q1: Should tariffs and top ups be index-linked, or should they be fixed in cash terms?

Fixed in cash terms

TP5 Q2: Do you agree that a pool's tariff, or top up, should be the aggregate of the tariffs and top ups of its members?

Agree

TP5 Q3: Do you agree that the levy should apply to change in *pre-levy income* measured against the authority's *baseline funding level*?

Agree

TP5 Q4: The main consultation document seeks views on which option for calculating the levy you prefer (flat rate, banded or proportional) and why. What are your views about the levy rate that should be applied if a flat rate levy is adopted?

At least sufficient to meet safety net obligations.

TP5 Q5: If a banded levy is adopted, should the bands be set on the basis of an authority's gearing, or on some other basis; how many bands should there be and what levy rates that should be applied to each band?

No comment, do not support this option.

TP5 Q6: Under a proportional scheme, what is your view of the levy ratio that should be applied?

Not able to answer from information provided.

TP5 Q7: Do you agree that pools of authority should be set a lower levy rate, or more favourable levy ratio than would have been the case if worked out on the aggregate of the pool members levy?

Disagree

TP5 Q8: Do you agree that safety net payments should be triggered by changes in an authority's *retained income*?

Agree

TP5 Q9: The main consultation document seeks views on whether there should be a *safety net* for annual changes in post-levy income. If so, what percentage change in annual income do you think that authorities could reasonably be expected to manage before the safety net kicked-in?

As the business rates income could be significant in cash terms, the percentage change in annual income would have to be set at a relatively low percentage, i.e. between 2% and 5%)

TP5 Q10: The main consultation document also seeks views on whether there should be a *safety net* against absolute falls in income below an authority's *baseline funding levels*. If so, at what percentage below baseline should the safety net kick- in?

Baseline funding levels should be the minimum an authority receives, therefore, falls in income below baseline should be covered by the safety net.

TP5 Q11: Do you think that for the purposes of the baseline safety net, the baseline should be annually uprated by RPI, or not?

Yes

TP5 Q12: Do you think that the safety nets should provide an absolute guarantee of support, or should financial assistance be scaled back if there is insufficient funding in the levy pot?

Scaled back

TP5 Q13: Should safety net support be paid in year, or after a year- end?

After year-end, other than in exceptional cases.

TP5 Q14: Do you agree that pools should be treated as single bodies?

Agree

Technical paper 6: Volatility

TP6 Q1: Do you agree that some financial assistance should be provided to authorities for the effects of volatility?

Agree

TP6 Q2: Of the options set out in the paper, which would you prefer? Do you agree with the Government's analysis that a safety net, instead of an events-based, or application-based approach offers the best way of managing volatility?

Agree

Technical paper 7: Revaluation and transition

TP7 Q1: Do you agree that *tariffs* and *top ups* should be adjusted at a Revaluation to ensure that authorities' *retained income* is, so far as possible, unaffected by the impact of the revaluation?

Agree

TP7 Q2: Do you agree that, having made an adjustment to *tariffs* and *top ups*, there should be no further adjustments to reflect subsequent appeals against the rating list?

Agree - it would make sense to have a 'cut off' for adjustments

TP7 Q3: Do you agree that transitional relief should be taken outside the main business rates retention scheme?

Agree

TP7 Q4: Do you agree with the Government's proposal for a system of *transitional adjustments*?

Agree

TP7 Q5: Do you agree that any deficit on *transitional adjustments* should be charged to the levy pot?

Agree

Technical paper 8: Renewable energy

TP8 Q1: Do you agree that the generation of power from the renewable energy technologies listed above should qualify as renewable energy projects for the purposes of the business rates retention scheme?

Agree

TP8 Q2: Do you agree that establishing a baseline of business rate income from existing renewable energy projects against which growth can be measured is the most effective mechanism for capturing growth. If not, what alternative approach would you recommend and why?

Agree

TP8 Q3: Do you agree with the proposal to define "renewable energy projects" using, as a basis, the definition in previous business rates statutory instruments?

Agree

TP8 Q4: Do you agree with the proposal for identifying qualifying business rates income from new renewable energy technologies installed on existing properties?

Agree

TP8 Q5: Do you agree with the proposal that the business rates income from Energy from Waste plants that qualify as being from a renewable energy project should be determined by the Valuation Office Agency apportioning the rateable value attributable to renewable energy generation? If not, what alternative would you propose, and why?

Agree

TP8 Q6: Do you agree with the proposal that the billing authority should be responsible for determining which properties qualify as a renewable energy project?

Agree

TP8 Q7: Do you agree that the revenues from renewable energy projects should be retained, in two tier areas, by the local planning authority, or do you consider that the lower tier authority should receive 80 per cent of the business rates revenue and the upper tier authority 20 per cent?

Lower tier 80 per cent and upper tier 20 per cent.