

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

19 November 2012

Report of the Director of Finance

Part 1- Public

Executive Non Key Decisions

1 **BUSINESS RATES RETENTION: DRAFT REGULATIONS**

In October 2012 the Department for Communities and Local Government published for consultation, drafts of the key regulations that will underpin the Business Rates Retention scheme.

1.1 Introduction

- 1.1.1 On 17 July 2012 the Department for Communities and Local Government published the paper, 'Business Rates Retention: Technical Consultation'. The paper sought views on a range of technical issues concerning the transition from the current formula grant system and the implementation of the Business Rates Retention scheme from April 2013. The return date for responses to the consultation was 24 September 2012. Our response to this consultation, owing to the timing of meetings, was approved by the Leader of the Council, the Cabinet Member for Finance and the Chairman of the Finance and Property Advisory Board and subsequently reported to the meeting of the Finance and Property Advisory Board on 26 September where it received retrospective approval.
- 1.1.2 On 25 October 2012 the Department for Communities and Local Government published the draft regulations for the Business Rates Retention scheme. The draft regulations have been published as a consultation document, although there are no specific consultation questions (general responses are therefore invited). The consultation and accompanying draft regulations can be found at <http://www.communities.gov.uk/documents/localgovernment/pdf/2243458.pdf>
- 1.1.3 The return date for responses to the consultation is 23 November.
- 1.1.4 This latest consultation sets out in the form of draft regulations the proposals set out in the technical consultation published on 17 July on which we responded and on which have nothing more to add.
- 1.1.5 It was agreed at the meeting of the Finance and Property Advisory Board on 26 September that we ask local Members of Parliament to support our response to

the proposals. To that end, a letter was sent, by the Leader and Cabinet Member for Finance, to local Members of Parliament asking for their support.

- 1.1.6 I do not believe that a further response is needed as we can point back to the earlier response and the letter from the Leader and Cabinet Member for Finance.

1.2 Legal Implications

- 1.2.1 The legislative framework for the billing, collection, recovery and administration of national non-domestic rates (business rates) is set out in the Local Government and Finance Act 1988. The legislative framework required to introduce the Business Rates Retention scheme forms part of the Local Government Finance Bill, currently before Parliament.

1.3 Financial and Value for Money Considerations

- 1.3.1 The Business Rates Retention scheme replaces a known grant income with a much more volatile income stream dependent on growth and where a decline in business rates income up to the safety net threshold is borne by the local authority.

1.4 Risk Assessment

- 1.4.1 The Business Rates Retention scheme replaces known grant income with a much more volatile income stream dependent on growth which we will need to take due regard of in our financial planning and clearly makes predicting future funding levels that more difficult. There is also a transfer of risk for what appears to be very little reward.
- 1.4.2 Academies and free schools that have charitable status attract mandatory relief and as a result, as their numbers increase in line with other government policies, this will have an adverse impact on the Council's finances. In addition, business rates will continue to be a national scheme, but a district council has limited tools available to influence growth in the business rates base.

1.5 Equality Impact Assessment

- 1.5.1 See 'Screening for equality impacts' table at end of report

1.6 Recommendations

- 1.6.1 Cabinet are asked to **NOTE** the further consultation paper, and **ENDORSE** the view that no further response in respect of business rate retention is sent .

Background papers:

Nil

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Sharon Shelton
Director of Finance

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	The report alerts Members to the latest consultation on the proposed Business Rates Retention scheme.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	See above.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		Not applicable.

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.