

From: The Rt. Hon. Sir John Stanley, M.P.



HOUSE OF COMMONS

LONDON SW1A 0AA

19 December 2012

Councillor Nicolas Heslop  
Leader of the Council  
Tonbridge and Malling Borough Council  
Gibson Building, Gibson Drive  
Kings Hill, West Malling  
Kent, ME19 4LZ

*Nicolas Heslop*

Following my letter to you of November 30, I now attach this reply of December 13 that I have received from the Secretary of State for Communities and Local Government, Eric Pickles, in response to the Tonbridge and Malling Borough Council's concerns about the Business Rates Retention scheme.

The Secretary of State clearly believes that the further strengthening of the incentive effect of the levy mechanism will be beneficial to the Tonbridge and Malling Borough Council. If you consider that this is not the case, I am sure you will let me know and I will be glad to go back to the Secretary of State.

I have written in the same terms to Martin Coffin.

*With best wishes*  
*Yours sincerely*  
*John*



Department for  
Communities and  
Local Government

The Rt Hon Sir John Stanley MP  
House of Commons  
London  
SW1A 0AA

*Dear John*

**BUSINESS RATES RETENTION SCHEME**

Thank you for your letter of 30 November enclosing the letter of 13 November from Nicholas Heslop Leader of Tonbridge and Malling Council and the Council's Cabinet Member for Finance, Councillor Martin Coffin, about the business rates retention scheme.

Over the course of the summer, we consulted on the technical details of the business rates retention scheme and received representations from some councils, including Tonbridge and Malling, who expressed concern that, in some situations, the proposals did not necessarily strike the right balance between risk and reward. We reflected very carefully on those concerns and have now concluded that it is right to further strengthen the incentive effect of the levy mechanism. We have therefore confirmed that we will keep the proportionate levy, but there will be a limit on the maximum levy rate that will be imposed, at 50p in the pound. This will provide a significant benefit for councils such as Tonbridge and Malling who may have been subject to a relatively high levy rate as a result of their high business rates baseline.

The details of the Government's decisions on some of the key scheme parameters, including the new levy arrangements, are set out in the Policy Statement published on 21 November. The Statement is available at:  
<https://www.gov.uk/government/publications/business-rates-retention-policy-statement>.

*Yours ever*  
*Eric*

**THE RT HON ERIC PICKLES MP**

The Rt Hon Eric Pickles MP  
Secretary of State for Communities and Local  
Government

Department for Communities and Local  
Government  
Eland House  
Bressenden Place  
London SW1E 5DU

Tel: 0303 444 3450  
Fax: 0303 444 3289  
E-Mail: [eric.pickles@communities.gsi.gov.uk](mailto:eric.pickles@communities.gsi.gov.uk)

[www.communities.gov.uk](http://www.communities.gov.uk)

Our Ref: ER/ER/34705/12

13 DEC 2012



HOUSE OF COMMONS

LONDON SW1A 0AA

Clr Nicolas Heslop  
Leader of the Council  
Tonbridge & Malling Borough Council  
Gibson Building  
Gibson Drive  
West Malling  
Kent ME19 4LZ

19 December 2012

Dear Nicolas

Further to my letter to HM Treasury and the Department for Communities & Local Government regarding the Business Rates Retention Scheme, please find enclosed a copy of the response I have now received.

Having read through the response, the Minister explains that during the consultation period a number of representations were received from local authorities, including Tonbridge & Malling Borough Council regarding the balance between risk and reward of the new proposed scheme.

As a result, the Government considered the representations made to them and confirmed that they will keep the proportionate levy, but will place a limit on the maximum levy rate that will be imposed, at approximately 50p in the pound. Details of the key aspects of the Scheme were announced on the 21 November, as I mentioned in my previous letter.

I hope you find this of use and should you feel I can be of any further assistance, please do not hesitate to contact me again.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Tracey'.

TRACEY CROUCH MP

Enc



Department for  
Communities and  
Local Government

Tracey Crouch MP  
House of Commons  
London  
SW1A 0AA

**Brandon Lewis MP**  
*Parliamentary Under Secretary of State*

**Department for Communities and Local  
Government**  
Eland House  
Bressenden Place  
London SW1E 5DU

Tel: 0303 444 3430  
Fax: 0303 444 3986  
E-Mail: [brandon.lewis@communities.gsi.gov.uk](mailto:brandon.lewis@communities.gsi.gov.uk)

[www.gov.uk/dclg](http://www.gov.uk/dclg)

Our Ref: BL/BL/034775/12

18 December 2012

Dear Tracey,

**BUSINESS RATES RETENTION**

Thank you for your letter of 21 November to Sajid Javid MP, enclosing the letter of 13 November from the Leader of Tonbridge and Malling Council, Councillor Nicholas Heslop, and the Council's Cabinet Member for Finance, Councillor Martin Coffin, about the business rates retention scheme. I have been asked to reply as the appropriate Minister.

Over the course of the summer, we consulted on the technical details of the business rates retention scheme and received representations from some councils, including Tonbridge and Malling, who expressed concern that, in some situations, the proposals did not necessarily strike the right balance between risk and reward. We reflected very carefully on those concerns and have now concluded that it is right to further strengthen the incentive effect of the levy mechanism. We have therefore confirmed that we will keep the proportionate levy, but we will place a limit on the maximum levy rate that will be imposed, at 50p in the pound.

The details of the Government's decisions on some of the key scheme parameters, including the new levy arrangements, are set out in the Policy Statement published on 21 November. The Statement is available at:

<https://www.gov.uk/government/publications/business-rates-retention-policy-statement>.

**BRANDON LEWIS MP**



HOUSE OF COMMONS

LONDON SW1A 0AA

Cllr Nicolas Heslop  
Leader of the Council  
Tonbridge & Malling Borough Council  
Gibson Building  
Gibson Drive  
West Malling  
Kent ME19 4LZ

21 November 2012

Dear Nicolas

Thank you for your letter dated 13 November, co-signed by Cllr Coffin regarding the business rates retention scheme.

You raise a number of concerns which I have forwarded to both HM Treasury and to the Department for Communities and Local Government (DCLG), asking for their comments. Incidentally, you will no doubt be aware that today, in a Written Ministerial Statement, the Government has set out its policy decisions in a 'Policy Statement' following the technical consultation on the scheme.

I will write to you again as soon as I receive a response from either HM Treasury or DCLG

Yours sincerely

A handwritten signature in blue ink that reads "Tracey Crouch".

TRACEY CROUCH MP



HOUSE OF COMMONS

LONDON SW1A 0AA

30 November 2012

Councillor Nicolas Heslop  
Leader of the Council  
Councillor Martin Coffin  
Cabinet Member for Finance  
Tonbridge & Malling Borough Council  
Gibson Building, Gibson Drive  
Kings Hill, West Malling  
Kent ME19 4LZ

*Nicolas*

Thank you for your joint letter of November 13 on the Business Rates Retention Scheme together with the Report of the Director of Finance of September 26 incorporating the Borough Council's response to 'Business Rates Retention: Technical Consultation'.

I am grateful to you for letting me know of the Borough Council's concerns about these proposals representing a "significant financial risk" to the Borough Council and therefore to its council tax payers for the reasons you have set out in your letter.

I am taking up your concerns with the Secretary of State for Communities and Local Government and I shall be writing to you again when I receive the reply.

*I have written similarly to Martin.*

*With best wishes*

*Yours sincerely  
John*



Department for  
Communities and  
Local Government

**Brandon Lewis MP**  
*Parliamentary Under Secretary of State*

**Department for Communities and Local  
Government**  
Eland House  
Bressenden Place  
London SW1E 5DU

Tel: 0303 444 3430  
Fax: 0303 444 3986  
E-Mail: [brandon.lewis@communities.gsi.gov.uk](mailto:brandon.lewis@communities.gsi.gov.uk)

Councillor Nicolas Heslop  
Leader, Tonbridge and Malling Borough Council  
Gibson Building  
Gibson Drive  
Kings Hill  
West Malling  
Kent  
ME19 4LZ

[www.gov.uk/dclg](http://www.gov.uk/dclg)

Our Ref: BL/BL//033182/12

14 December 2012

Dear Cllr Heslop,

**BUSINESS RATES RETENTION SCHEME**

Thank you for your letter of 13 November to the Rt Hon Michael Fallon MP about business rates retention. I have been asked to reply as the Minister responsible.

We consulted on the technical details of the business rates retention scheme over the course of the summer. In response, we received representations from some councils who expressed concern that, in some situations, the proposals did not necessarily strike the right balance between risk and reward. We reflected very carefully on those concerns. We have now concluded that it is right to further strengthen the incentive effect of the levy mechanism. We have therefore confirmed that we will keep the proportionate levy, but we will place a limit on the maximum levy rate that will be imposed, at 50p in the pound.

The details of the Government's decisions on some of the key scheme parameters, including the new levy arrangements, are set out in the Policy Statement published on 21 November. The Statement is available at:  
<https://www.gov.uk/government/publications/business-rates-retention-policy-statement>.

**BRANDON LEWIS MP**

Dear ,

### **Business Rates Retention Scheme**

We are writing to express our very concerns about the potential financial consequences for the residents of Business Rates Retention scheme on our Council, and we approach the Autumn Statement on 5 December 2012 to seek your support for the representations we have made.

Our understanding of how Ministers had been describing the scheme was that it would bring significant changes in funding and provide an incentive for us to promote Tonbridge and Malling as a place to do business. It would '**provide a strong incentive to promote economic growth**'. Regrettably, in our case it does not do so.

What it does do is transfer **significant financial risk** to us, where the balance of risk versus reward is notably disproportionate. This surely was not, and should not be, the intention of this fundamental change to the funding arrangements for local authorities.

We forecast that a reduction in business rates income of £500,000 will be a cost of £200,000 to our residents. They will be financially disadvantaged to the extent that we would, if not able to recover the position, have little alternative than make regrettable cuts services. If this consequence was as a result of our decision making then this would be acceptable. However, in the majority of cases where a large rate paying company moves or closes there is little a local authority can do to prevent such an event.

Disproportionately, an increase in business rates income of £500,000 sees the authority retain a mere £20,000. This surely cannot be seen to provide a strong incentive for growth and we would point out this Council does not do anything to discourage growth. This equates to a tax of 96% placed on us for attracting new business.

Our concerns are such that we urgently seek your support to our response to the proposals, which we attach. We do ask that you support us with this extremely important and concerning issue. We are wishing to balance the risk and reward ratio; to remodel the scheme to actually offer a strong incentive to encourage business to the borough.

Yours Sincerely

Nicolas Heslop  
Leader of the Council

Martin Coffin  
Cabinet Member for Finance