Business Rates Retention

Executive Summary

The 100% retention of business rates by local government is a reform that local authorities have long campaigned for – and which central government is now committed to. Under the devolution agenda, two of the newly-established Combined Authorities, Greater Manchester and Liverpool City Region, are to pilot the retention of business rates from next year.

The purpose of fiscal devolution is to provide communities with the financial independence, stability and incentives to push for local growth and pioneer new models of public service delivery. The Government has already taken several important steps in that direction and full business rate retention will maintain that forward momentum. This a huge opportunity for local authorities of all kinds to take control as never before, which is why the Government have engaged in an open consultation – an invitation to councils, businesses and local people to have a say on how their new business rate system should operate.

Context

DCLG announced in February, 2016 that it would conduct a review of what the needs assessment formula should be in a world in which all local government spending is funded by local resources not central grant, and use it to determine the transition to 100% business rates retention. DCLG wants councils to help shape this work and is now inviting local government and others to have their say on the questions at the heart of the review. Together, these changes are building the fiscal foundation for a new era of devolution. There has never been a better time for communities to shape their own future.

That said, it needs to be understood that most areas of the country (including Manchester and Liverpool) will be worse off because they receive more income from the revenue support grant, which they would lose. Currently all business rates go into HM Treasury and are shared out around the country which, effectively, means that Greater London and a few better off areas subsidise the rest of the country. In future, the mayor-led Combined Authorities would be allowed to raise business rates by up to 2% to support local infrastructure projects but only if their Local Enterprise Partnerships agree.

Provisional Response Position Of NALC

The National Association will be responding to this consultation and arguing that parishes should be exempted from payment of National Non Domestic Rates on buildings they **own** or manage including public conveniences. We will also be arguing that Government and the LGA need to at

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this time of onward devolution strongly **encourage** principal authorities to engage in formal agency and service level agreements and contracts with parishes in their areas so that parishes too can derive some of the windfall from this 100% local retention of the business rate – to plough back into their communities.

This consultation closes on 26 September, 2016.

Please send comments you may have to inform NALC's own response - to chris.borg@nalc.gov.uk by at the latest 09:00 a.m. on Wednesday, 21 September, 2016.

Recommended Circulation:	**County Associations**
	All Member Councils

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