DISTRICT COUNCILS' NETWORK
Innovative and collaborative solutions for people and places

Self-sufficient local government: 100% Business Rates Retention

The District Councils' Network (DCN) is a cross-party member led network of all 201 district councils. We are a Special Interest Group of the Local Government Association (LGA), and provide a single voice for district councils within the LGA.

The District Council Network welcomes the opportunity to comment on the consultation document 'Self-sufficient local government: 100% Business Rates Retention'.

We would also commend the manner in which the Department for Communities and Local Government (DCLG) and the Local Government Association are working together (and with the wider local government sector) through the working groups that have been established to discuss the salient issues.

The DCN response considers a number of key issues that we believe must be addressed through the wider consultation process prior to commenting on the specific questions that have been asked in the consultation. Wherever possible, the DCN has sought to provide an answer to the specific questions, however there are some questions where a response is more appropriate directly from local authorities rather than through the DCN response.

Summary

Through our participation on the Steering Group and various working groups, representatives from the DCN have consistently emphasised that given the likely scale of the reform, it is vital that those implementing 100% retention of business rates frame the review work within very clear parameters and constantly refer back to these. This will ensure that this work does not go into the detail of delivery before the overall objectives are sufficiently robust. To that end, the DCN welcomes that the majority of the consultation is of a general nature. Much detailed work is and will be required through the working groups which will feed into the more detailed technical consultation that is expected later in the year. The DCN agrees that this is a sensible approach to take at this stage, especially given the considered attention that will be required on such things as;

- Needs – identifying an appropriate and sufficiently robust measure of 'needs' will be one of the critical success factors of any new system.

- Growth – DCLG has been very clear that there must be a 'powerful incentive' for the delivery of growth. The DCN could not agree more. To do this, the system must be strong enough both to influence behaviour and reward the delivery of growth – both in terms of business and household (population) growth.

- Protections – The DCN is clear that something akin to the current system for tariff's, top-ups and safety nets will still be required.

- New Responsibilities – Any new responsibilities that are transferred to local government must be fiscally neutral for local government in the short, medium and long-term.

DCN has been working jointly with the County Councils Network (CCN) and the Rural Services Network (RSN) in relation to the wider principles that should exist in relation to local government finance in its totality and in relation to the new system of business rates retention. A joint statement and a set of principles document was published on 8th September, a copy of which is attached as an Annex to this submission. We will continue to work collaboratively with CCN and RSN on issues arising from this consultation.

In addition to that document, the DCN would like to emphasise the following issues that, from a district council perspective, must be kept upper most in mind during the whole process of designing the new system. These issues are relevant to both this consultation and future consultations.

a. People, place and outcomes not institutions

Local government has always been about serving our citizens and communities in the best way that we can. Discussions about funding should not divert the sector away from this; what really matters is that the new system operates in a way that allows citizens to continue to receive the best local services possible, in a way that is best suited for that locality.

The DCN would encourage DCLG to think 'outside the box' in relation to the review, as the impact of it will have wider repercussion beyond local government and will directly impact on a number of other public sector bodies. For example, the pressures that the NHS are currently experiencing will not be adequately addressed by simply allocating more resources to acute care alone, consideration should be given to how public sector bodies can work to reduce the acute and social care burden through the delivery of preventative services and services that encourage healthy lifestyles. For example recent analysis commissioned by the DCN from the King's Fund illustrated how through innovative reduced-cost schemes and free access to leisure services created up to £23 in value for every £1 invested.

There is a wider need to find ways to reduce demand for services, which will require working across organisations. Consideration should therefore be given to what other incentives can be given to Councils and the wider public sector to promote demand reduction across public services

b. New Responsibilities & Funding

Whilst work is ongoing about which new responsibilities should be transferred to local government as part of the new system, DCLG has been very clear that the impact of the new system overall must be fiscally neutral for the Government. The DCN together with the rest of the local government community would like to make the point in the strongest possible terms that **the transfer of any new responsibilities must not only be fiscally neutral to each local authority at the point of transfer, it must remain fiscally neutral in the medium to long term.**

It is also important that the funding for new responsibilities over the medium to long term is not confused with any growth incentive and the retention of business rates growth proceeds.

c. Incentivising Growth

If the new system is to have a 'powerful incentive' for delivering growth, then it is important that the system recognises those local authorities that actually influence and deliver growth and rewards them appropriately through the incentive.

Any incentive must have longevity if it is to be effective. An incentive that only lasts for a few years is unlikely to influence behaviour sufficiently.

The allocation of growth monies must not be confused with the discussion about needs funding. If through the consideration of 'needs' it is decided that a new approach reflecting where the needs of local people are today (and in the future), then that is a different issue compared to how we should incentivise and reward for business rate growth.

d. Needs and Protections

The DCN supports the separate review that is being undertaken into 'needs' and fairer funding and has responded accordingly.

From the work that the needs working group are undertaking, it is clear that a new needs formula is required which properly identifies the current elements of major need , based upon the 'now' rather than the 'past'. Although historic spending information is always a useful reference point, it should not be taken as a reliable measure of current need – many local authority budgets have changed significantly in recent years as they match revised priorities to reduced resource levels (and no doubt this will continue into the future).

Although the current system of tariffs, top-ups and safety nets has its faults, it nevertheless works fairly well in practice. Clearly, the new system is going to need to have a degree of redistribution within it to make it fair. A model which is not dissimilar to the current mechanisms would be appropriate

The current allocation system no longer reflects current reality, especially in relation to changes in population. Any new system must have more direct regard to population numbers (and subsequent changes) as well as having appropriate adjustments for issues such as sparsity, deprivation and rural adjustments.

Specific Questions

Devolution of Responsibility

1. **Which of these identified grants / responsibilities do you think are the best candidates to be funded from retained business rates?**

2. **Are there other grants / responsibilities that you consider should be devolved instead of or alongside those identified above?**

Response – It is difficult to answer these questions without having more specific information about the overall quantum of business rates funding, particularly post Brexit. It is also unclear to what extent the Government already intend to reflect material changes in responsibilities and associated risk transfers. Whatever the quantum of funding ends up being, the DCN would request that the following 'asks' are addressed;

- Place Based – when deciding which services may be suitable, it should only be those that local government can positively influence and are closely linked to place based solutions.

- Fiscally Neutral – whatever new responsibilities are transferred, their impact should be fiscally neutral for each local government body over the short, medium and long term. DCN members feel very strongly that it would be unacceptable and grossly unfair to local councils if services where transferred that were fiscally neutral at the point of transfer but then incur additional cost liabilities due to divergence over time

- Economic and Housing Growth – it would make sense to consider any new responsibilities in the light of what incentive arrangements are introduced for the retention of business rates growth proceeds.

- Unfunded Pressures – Before any serious discussions take place on new responsibilities, the Government needs to be clear about which of the current unfunded pressures are to be addressed as the new system comes into being. This, alongside how any new 'needs' distribution may operate would be a sensible starting point to then consider 'new responsibilities' rather than responsibilities being the starting point.

In relation to the additional responsibilities / funding streams outlined in the consultation document the DCN would like to make the following comments;

- Attendance Allowance – The DCN is completely opposed to the idea of Attendance Allowance being funded from retained business rates. Any such move would be unwelcome, unfair, and could possibly unhinge the new system before it starts. The DCN makes these comments in the strongest possible terms.

- RSG and Rural Services Delivery Grant – The DCN believes that these should be funded from retained business rates in the future on the proviso that their funding is not reduced further.

- Local Council Tax Support Administration – Local Government already has responsibility for this and despite the fact that local authorities are effectively subsidising the delivery of the scheme it makes sense to fund this out of retained business rates so that the baseline funding level can be established.

- Economic Growth and Skills – New responsibilities that work sensibly with the promotion of economic and housing growth naturally align to incentivising growth. The DCN has suggested in the past that any new responsibilities that help local authorities become more directly involved in skills development and delivery would be welcomed as matching skills to local need has long been an important issue.
- As has been discussed in the working groups , local government already faces significant budgetary pressures over the coming years, therefore any new responsibilities must be adequately and properly funded. Indeed, any 'additional' funding that the new '100%' system may provide must be used to address existing service pressures and demands before new ones are introduced

3. Do you have any views on the range of associated budgets that could be pooled at the Combined Authority level?

Response – The DCN would urge the Government to reconsider whether pooled budgets should only be available for combined authorities. The DCN has already made the case that whatever pooled budget options are available, they should not only be available for combined authorities. If there are groups or clusters of District Councils that wish to come together for common purpose then they should also be allowed a similar mechanism in relation to pooled budgets. The opportunities that may exist for combined authorities should not be at the expense of funding or opportunities for areas that don't have combined authorities.

4. Do you have any views on whether some or all of the commitments in existing and future deals could be funded through retained business rates?

Response – It is difficult to give an informed answer to this question without looking at the specifics of existing or future deals. The extent of those deals will determine the opportunities and risks associated with them and whether it is even possible for them to be funded nationally in this way.

The DCN does however have concerns that the deals that have been agreed in the earliest stages may leave some areas in a better position fiscally going forward. In effect, it is difficult to see how the system could work if some of the commitments are funded from retained business rates as this would start to eat into the quantum of funding that exists for everybody else. The issue is very closely linked to the new responsibilities and the comments that the DCN has made elsewhere in this paper about ensuring that such responsibilities are fiscally neutral into the medium and long term are equally relevant to this question.

5. Do you agree that we should continue with the new burdens doctrine post 2020?

Response – Absolutely, yes (and at a local level).

Rewarding Growth and Sharing Risk

6. Do you agree that we should fix reset periods for the system?

Response – It is difficult to see how a system could work without some sort of reset at pre-determined points. The key question is the frequency of any reset, whether it is a full or partial reset and most importantly what the primary purpose of any reset in relation to needs and ongoing incentives.

Irrespective of the type of reset, it is essential that reset periods are clearly defined and understood. In particular they should not be randomly determined by economic conditions of the time. The length of time between resets needs to give local authorities adequate opportunity to approve, deliver and invest the proceeds of growth and any ongoing ‘retained element’ of growth needs to be material enough to allow longer term financing decisions on, for example, infrastructure to be supported accordingly. The question of the retained elements of growth is a crucial one.

In relation to the frequency and depth of reset, the DCN is supportive of the principles of partial resets but the detail of what this covered would need to be explored further. It seems likely that it could be developed into a system that rewards growth better than the fixed-term full reset. The DCN would like to see different models developed so that the impact of different scenarios can be better understood – in particular models that have slightly longer time periods between partial re-sets and also which do not necessarily require a full reset built into it (or if it is required this should not be less than 20 years or more to incentivise growth).

7. What is the right balance in the system between rewarding growth and redistributing to meet changing need?

Response – As outlined at the beginning of this response, it is very important that the balance between incentivising growth and needs is determined properly. If the baselines are determined properly at the outset, then the system must be developed to reward properly local authorities that generate business growth. It must also ensure that those local authorities continue to benefit from an adequate proportion of the increase in business rates income into the medium term (ie, beyond partial resets) whilst facilitating the redistribution of some income to re-dress need. The Government should not confuse the two issues of 'need' and 'incentive' – whilst there will inevitably be an element of striking the right balance between the two, the principle of having a system that properly incentivises economic growth should do just that.

If the Government wants a 'powerful' incentive element for growth in the system, then the system, must have some kind of ongoing incentive built-in that deals with the issue of resets. If this is absent then the incentive will be ineffective and could run the risk of distorting economic growth at a local level. The incentive needs to be strong enough to influence behaviour positively and will therefore help increase the size of the business rates funding pot over time.

8. Having regard to the balance between rewarding growth and protecting authorities with declining resources, how would you like to see a partial reset work?

Response –As outlined above, in relation to the frequency and depth of reset, the DCN is supportive of the principles of partial resets but the detail of what this covered would need to be explored further. It seems likely that it could be developed into a system that rewards growth better than the fixed-term full reset. The DCN would like to see different models developed so that the impact of different scenarios can be better understood – in particular ones that had slightly longer time periods between partial re-sets and also did not necessarily need to still have a full reset into it (or if it does this should not be less than 20 years or more to incentivise growth).

A system should be developed that allows local authorities to have confidence in accessing longer term funding (on the back of being able to retain business rates growth for longer). It is highly likely that there would be positive knock on for capital investment etc across the country (with all of the associated economic activity benefits that this would bring). More modelling is required on the frequency of the partial reset and how much ongoing incentive funding should be obtained by local authorities – however it will be vital that <u>any ongoing growth incentive needs to be material in nature and quantum</u> if it is to influence behaviour in a positive way. This debate will also be greatly influenced by whatever the new 'needs formula' is going forward. Any system that results in a small proportion of growth being retained after a partial reset will simply not influence behaviour and will not stimulate economic growth, the incentive must be significant enough and therefore modelling of scenarios that ensure the incentivisation of growth must be undertaken.

9. Is the current system of tarrifs and top-ups the right one for redistribution between local authorities?

Response – Subject to some specific changes, the system is generally recognised as being appropriate.

10. Should we continue to adjust retained incomes for individual authorities to cancel out the effect of future revaluations?

Response – The DCN would want to discuss the detail of this further with Government in the future. Alongside this, the Government needs to be clear on its future policy of operating transitional relief schemes in the years that follow a revaluation.

11. Should mayoral combined authority areas have the opportunity to be given additional powers and incentives, as set out above?

Response – The DCN agrees that mayoral combined authorities should have additional powers and incentives. However the DCN does not agree that such powers and incentives should be exclusively for mayoral combined authorities – they should be available to others (as previously outlined in the answer in question 3).

12. What has your experience been of the tier splits under the current 50% rates retention scheme? What changes would you want to see under 100% rate retention system?

Response – The case for the current 80:20 tier split in two tier areas was to give more incentive to districts for the delivery of growth as planning authorities, taking into account that counties are responsible for social care funding which is more protected through the system of top-ups that operate. The DCN firmly believes that the split under the current 50% rates retention scheme has been fair and reflects both the intention and reality of the existing scheme and the delivery of growth.

The DCN is of the view that the current review needs to complete its analysis of needs and also move the work forward in relation to tariffs, top-ups and safety nets before a more informed discussion can take place about tier splits

It is therefore premature to discuss the merits of different tier split models in relation to 100% rate retention at the present time. However as stated elsewhere in this consultation response, the incentive reward should exist to reward growth to those that deliver it. This is an important principle.

DCN, CCN and RSN are actively engaged in a constructive dialogue about how the new system should operate and as outlined in the introduction to this response we have agreed shared principles on the wider business rates system. Although we have not collectively formed an opinion about the tier splits, it is something that we will continue to discuss.

13. Do you consider that fire funding should be removed from the business rates retention scheme and what might be the advantages and disadvantages of this approach?

Response – This is not an issue that the DCN wishes to comment upon in detail, however we would encourage the Government to listen to the views of those who have responsibility for fire services. The DCN would in particular be keen for an assurance from Government that any Home Office grant would not be top sliced from the business rates quantum – this should be established as a separate funding stream. As such, the Government would need to be transparent about any amounts removed from the local authority needs assessment in respect of fire funding.

14. What are your views on how we could further incentivise growth under a 100% retention scheme. Are there additional incentives for growth that we should consider?

Response – The DCN is very keen to discuss how growth can be further incentivised but before that can happen in detail, it will be important that the Government firms up its proposals about how the growth incentive is likely to operate as a ‘base’ before considering what other incentives or mechanisms may be appropriate. What matters is that the base incentive system is appropriate and effective before tackling the other issues that have previously been covered in this consultation ie: resets and tier splits obviously have a direct impact on this.

In the past, the DCN has flagged up issues where the current 50% scheme has not been conducive to promoting growth – these included issues around larger scale redevelopment schemes (eg, town centre redevelopment) where the short term business rate implications effectively stop development getting off the ground / and the issue of local discounts and reliefs. It will be important for these issues to be looked at again.

The DCN has previously made the point that we do not believe that the current system of reliefs incentivise growth. The reliefs should be reviewed so that local authorities can use them specifically to deal with local issues and therefore tailor local solutions for local economic situations. In addition to this, instances where money is simply passed from one public sector body to another in relation to business rates should be minimised or eradicated, with local government fully compensated for this. The recent example of the NHS Trusts looking for charitable status is a case in point.

Existing incentives for growth that are well established and working effectively need to be retained. For example, we are supportive of government continuing to fund relief for enterprise zones. The New Homes Bonus scheme has also acted as a powerful incentive to deliver increased housing growth across the country. Whilst the DCN recognises there is a balance to be made with regard to the reforms of the system we are keen to see the continuation of the scheme which shows communities the benefits of growth and is a well understood growth incentive by residents, elected members and local authorities.

15. Would it be helpful to move some of the ‘riskier’ hereditaments off local lists? If so what type of hereditament should be moved?

Response – The DCN is of the view that the issue of “riskier” hereditaments is not the real issue in respect of the central list. It should be accepted that values can go both up and down and this can be based upon the strategic decisions of individual businesses. However where a hereditament is subject to fundamental Government policy change or a major economic “earth quake” e.g. Power Policy or Steel- then local councils should be engaged to understand the likely ramifications that will skew the local predictions or progression for growth. It cannot be right that local support and incentives could be wiped out by a single decision or event. Where a seismic event is anticipated the DCN proposes that a mechanism is put in place to measure the likely sensitivity, anticipated time lines and phasing required to prevent a major impact upon either the hosting Authority, Local Rates Pool or Combined Authority if applicable. The DCN would welcome further discussions regarding how this could be achieved.

However if decisions are taken by the VOA to move properties from local lists into the central list each affected local authority should have its business rates baseline adjusted downwards accordingly

16. Would you support the idea of introducing area-level lists in Combined Authority areas? If so, what type of properties could sit on these lists and how should income be used? Could this approach work for other authorities?

Response – The DCN does not support the introduction of area-level lists as this would appear to be introducing more bureaucratic measures to control empowerment and devolution to the local level. However the DCN fully supports localisation and freedom for Local Authorities within an agreed governance framework, for example the local rates pool, to have the ability to define and share income from specific hereditaments which benefit a wider area.

17. At what level should risk associated with successful business rates appeals be managed? Do you have a preference for local, area (including Combined Authority), or national level (across all local authorities) management as set out in the options?

Response – The DCN would not necessarily see the need for substantive change in the management of rates appeals. The issue of concern experienced by local authorities is the delay in appeals being assessed and concluded. This is not necessarily a structural issue but a resource and standards of performance issue within the valuation service. However if there are appeals where multiple properties are affected across a business sector or values for a locality are revised, then a more national approach may be required in these circumstances, to prevent the safety net being triggered. We would welcome further detail from Government as to how such an approach would work.

18. What would help your local authority better manage risks associated with successful business rates appeals?

Response – The better management of rating appeals would be best served by ensuring that timely and accountable decisions are achieved by the Valuation Office Agency, Valuation Tribunal for England and Upper Tribunal (Lands Division). Currently the backlog of appeals at a national level indicates that business and local government is being detrimentally affected by uncertainty in the absence of cut off points and confusion through the number and length of time to determine appeals. This results in an additional burden to business and cost to the local taxpayer.

19. Would pooling risk, including a pool-area safety net, be attractive to local authorities?

Response – The DCN believes that this would be attractive to local authorities but should not be imposed but instead agreed at the local level by the appropriate governance arrangements e.g. Pooling arrangements, Combined Authorities or other Local Economic committees.

20. What level of income protection should a system aim to provide? Should this be nationally set, or defined at area levels?

Response – Local area protection should be defined locally, accept where national policy decisions will have a major impact on specific hereditaments as identified within our response to question 15. In relation to income protection the DCN view is that this should aim to be at least the same as the present scheme, protecting councils whose income drops by more than 7.5% against their baseline income

Local Tax Flexibilities

21. What are your views on which authority should be able to reduce the multiplier and how the costs should be met?

Response – In relation to local tax flexibilities we do not agree with the policy position, which underpins all of this section of the consultation that the debate should just be about the power to 'reduce' the multiplier. The DCN has always made the case that all local authorities should have the power and the discretion to set the multiplier in the first place, not to mention its subsequent reduction or increase.

In terms of district/ county areas, the DCNs clear view is that this should ideally be a matter for billing authorities to decide - but through the effective collaboration with all partners, which district councils already demonstrate in their localities. District councils have extensive expertise and experience in making strategic and individual decisions about discounts and exemptions for local taxes. Those decisions include the introduction of business improvement districts and council tax reduction schemes.

22. What are your views on the interaction between the power to reduce the multiplier and the local discount powers?

Response – The DCN has always been of the view that local authorities should have the freedom to do either of these. Local authorities are democratically elected bodies and should be trusted to make informed decisions for their local area.

23. What are your views on increasing the multiplier after a reduction?

Response – There needs to be clear and transparent arrangement in place to oversee this process. It is important that local authorities are not unfairly penalised if they did decide to reduce the multiplier and then in subsequent years reverted back. In theory this should be fairly simple to oversee, but in practice it may not be and could be perceived negatively by local business or national government. It would be helpful in its response if the Government could confirm what notice period should be given to businesses where a multiplier is increased following a reduction

24. Do you have views on the above issues or on any other aspects of the power to reduce multiplier?

Response – It would seem inappropriate for a neighbouring authority to have the power to veto any reduction in the multiplier however there needs to be an appropriate process established to reflect their views and any consider economic impacts.

25. What are your views on the flexibility levying authorities should have to set a rateable value threshold for the levy?

Response – In line with previous responses, the flexibility to do this should be determined locally. In practice, many of the smaller businesses already have access to full or some form of business rate relief that will no doubt also apply to the supplement.

26. What are your views on how the infrastructure levy should interact with existing BRS powers?

Response – The infrastructure levy and the BRS should both be available to operate separately in local areas. It is not clear from the consultation documents how much if any issue this would pose in practice.

27. What are your views on the process for obtaining approval for a levy from the LEP?

Response – The Government has been clear for some time that they see the LEP as a legitimate route for making such decisions. The DCN has made the point in the past that most other funding decisions that involve raising additional income need to have a democratically backed mandate (either council meeting or referendum). The DCN would urge the Government to consider how to ensure the vital issue of democratic accountability when a non-democratically elected body may have the power to make such decisions.

28. What are your views on the arrangements for the duration and review of levies?

Response – This should be a matter of local determination. There should not be any statutory prescribed time frames introduced although billing authorities should not be required to get a fresh resolution each year to continue the infrastructure levy for another year.

29. What are your views on how infrastructure should be defined for the purpose of the levy?

Response Whatever definitions are decided upon, they must remain sufficiently flexible to be able to meet new needs and infrastructure requirements**.** The DCN's view is that something similar to the CIL definition may provide an appropriate definition. In addition, the levy should be capable of being 'flexed' to meet local circumstances. For example if everybody in the LEP agreed on a definition of infrastructure that that should suffice.

30. What are your views on charging multiple levies, or using a single levy to fund multiple infrastructure projects?

Response – The DCN sees more merit in a single levy, although multiple levies could also work (up to an agreed limit).

31. Do you have any other views on the infrastructure levy and on the powers to introduce one?

Response – The ability to introduce an Infrastructure Levy must be available to all local authorities not just combined authorities.

Accountability and Accounting

32. Do you have any views on how to increase certainty and strengthen local accountability for councils in setting their budgets?

Response – The key issues here include;

- Baseline Position – the new baseline figures need to be fair, robust and transparent. These need to be made available well in advance of the new system starting not just a few weeks before councils set their budgets.

- Needs Formula – this needs to be clear and easily capable to interpretation.

- Growth Incentive – the earlier that the Government can be clear about how this will work the better.

- Resets – determining the ‘type’ and ‘frequency’ of resets will help local authorities plan their medium term budgets. In addition, some early thoughts about how the revised quantum would be distributed (needs v growth) would be very useful.

- Appeals – clarity over who will be responsible for appeals is needed – especially backdated appeals.

- Multi-year – There would seem to be no reason why multi-year settlements cannot be used between resets, (depending upon the reset period)
- Fees and charges: Certainty and accountability would be improved if Councils were given complete flexibility to see fees and charges locally.

The process for setting local authority budgets must be one of the most accountable processes in the public sector, the issue is not simply about how it can be made more accountable, it is also about how the key elements that make up the budget can be known with more certainty over the medium term – including the risk associated with them.

33. Do you have views on where the balance between national and local accountability should fall, and how best to minimise any overlaps in accountability?

Response – Wherever possible, local accountability should follow local decision making and situations where national decisions are accounted for at a local level should be minimised. The accountability for maintaining the system should remain at national level whereas accountability for local decisions on how business rates income is spent should rest with local authorities.

34. Do you have views on whether the requirement to prepare a Collection Fund Account should remain in the new system?

Response – it is difficult to see how the system could be operated without a Collection Fund Account, although the collection fund should be as simple and transparent as possible.

35. Do you have views on how the calculation of a balanced budget may be altered to be better aligned with the way local authorities run their business?

Response – The regulations about the requirements to set a balanced budget are already robust and well adhered to. Setting a budget should be a local issue – if a local authority sets a ‘balanced budget’ annually or over a two or three year period that is a matter for them, their electorate and their auditors.

36. Do you have views on how the business rates data collection activities could be altered to collect and record information in a more timely, efficient and transparent manner?

Response – The main issue that impacts upon local government is the amount of appeals that are outstanding with the Valuation Office and their lack of capacity to deal effectively with them. This needs resolving in any new system. The new data collection approach should link to accounting arrangements, rather than requiring two different systems. Any changes must not impose additional burdens on councils.