

Business Rates Retention Reform

<https://www.gov.uk/government/consultations/business-rates-retention-reform>

Question 1: Do you prefer a partial reset, a phased reset or a combination of the two?

We would prefer both a partial and a phased reset. We have been successful in supporting businesses within the Winchester district since the introduction of business rates retention. The additional funding has helped us to support the economic development of the district and well as to support the commencement of the design and consultation stages of two major projects within the city centre. If funding were withdrawn, or withdrawn too quickly, this could have an impact on these schemes and the overall support the Council can provide to businesses. A full and non phased reset would severely reduce the incentive to undertake development schemes and impact on the business case for encouraging local growth.

Question 2: Please comment on why you think a partial/ phased reset is more desirable.

As explained in question one it would allow for some long term incentive to remain which is essential for long term planning. The full or immediate withdrawal of funding could jeopardise regeneration schemes and overall support for businesses at a time where great uncertainty already exists.

Question 3: What is the optimal time period for your preferred reset type?

We believe that the reset should take place over as long a period as possible in order to give reassurance to local authorities that growth in funding will continue to be available to support long term planning. The most beneficial support for business growth takes significant planning and without confidence over long term funding the risks to a local authority may mean that larger schemes are not able to commence or proceed to conclusion.

Question 4: Do you have any comment on the proposed approach to the safety net?

Even though we have not required it to date, we support the continuation of the safety net in order to provide assurance to local authorities that their funding will not fall below a set level. We would support a safety net of around 95% in order to protect authorities for reductions in business rates which are beyond their control.

Question 5: Do you agree with this approach to the reform of the levy?

Yes. Our current levy of 50% is such a high level that it is a barrier to long term planning. The basis of localism and retention of business rates is that as much growth as possible is retained locally, in line with decision making.

Question 6: If so, what do you consider to be an appropriate level at which to classify growth as 'extraordinary'?

It is true that certain areas have such significant hereditaments (such as airports) that a cap at some level is required. We would suggest that the level is set at a sufficiently high level to ensure that authorities are rewarded for all other growth within their area.

Question 7: What should the fall-back position be for the national tier split between counties and districts, should these authorities be unable to reach an agreement?

All tiers of authorities should benefit from the increase in retention from 50% to 75%. We believe that a fair fall back position would be to share the additional 25% growth on a 50:50 basis, so the total share for district councils would increase from 40% to 52% (52:21:2).

Question 8: Should a two-tier area be able to set their tier splits locally?

Whilst there is no reason why this should not be the case, the reality is that agreement is very difficult to achieve in most two-tier areas. We would suggest that a banding may be something that could be considered in order to provide more defined boundaries so that agreement is easier to reach.

Question 9: What fiscally neutral measures could be used to incentivise pooling within the reformed system?

None

Question 10: On applying the criteria outlined in Annex A, are there any hereditaments which you believe should be listed in the central list? Please identify these hereditaments by name and location.

None

Question 11: On applying the criteria outlined in Annex A, are there any listed in the central list which you believe should be listed in a local list? Please identify these hereditaments by name and location.

None

Question 12: Do you agree that the use of a proxy provides an appropriate mechanism to calculate the compensation due to local authorities to losses resulting from valuation change?

In its simplest form this seems like a good idea. However, we do have concerns about what the implications are on changes not backdated to the start of the list and whether this means we would ultimately be under compensated.

Question 13: Do you believe that the Government should implement the proposed reform to the administration of the business rates retention system?

We support the proposed plans, which would we hope would continue to reward growth but also reduce the current volatility caused by appeals and changes to valuations.

Question 14: What are your views on the approach to resetting Business Rates Baselines?

We believe that baselines could be reset using option a (4.10 (a)). This would be the most accurate method as local authorities themselves are best placed to measure the required level of provisions for their local area.

Question 15: Do you have any comments at this stage on the potential impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

None

A review of local authorities' relative needs and resources

<https://www.gov.uk/government/consultations/review-of-local-authorities-relative-needs-and-resources>

1) Do you have views at this stage, or evidence not previously shared with us, relating to the proposed structure of the relative needs assessment set out in this section?

We would favour a simple and transparent approach as suggested in the consultation. We do not believe that the inclusion of a large number of cost drivers would improve the overall funding distribution mechanism. We therefore support the removal of deprivation from assessed need.

2) What are your views on the best approach to a Fire and Rescue Services funding formula and why?

None

3) What are your views on the best approach to Home to School Transport and Concessionary Travel?

None

4) What are your views on the proposed approach to the Area Cost Adjustment?

We support the proposals laid out for the Area Cost Adjustment.

5) Do you agree that the Government should continue to take account of non-discretionary council tax discounts and exemptions (e.g. single person discount and student exemptions) and the income forgone due to the pensioner-age element of local council tax support, in the measure of the council tax base? If so, how should we do this?

Yes we agree with this as a fair approach.

6) Do you agree that an assumptions-based approach to measuring the impact of discretionary discounts and exemptions should be made when measuring the council tax base? If so, how should we do this?

Yes.

7) Do you agree that the Government should take account of the income forgone due to local council tax support for working age people? What are your views on how this should be determined?

Yes.

8) Do you agree that the Government should take a notional approach to council tax levels in the resources adjustment? What are your views on how this should be determined?

We believe that using each authorities actual council tax rate is a much fairer approach than using a national approach. Individual authorities should not be penalised for keeping council tax at the lowest possible rates for their residents.

9) What are your views on how the Government should determine the measure of council tax collection rate in the resources adjustment?

None

10) Do you have views on how the Government should determine the allocation of council tax between each tier and/or fire and rescue authorities in multi-tier areas?

We believe that using the actual split in tax revenue between district and county tiers is a much fairer approach than using a national average. There may be significant differences in approach between district and county councils and individual authorities should not be penalised by decisions made by authorities in the other tier.

11) Do you agree that the Government should apply a single measure of council tax resource fixed over the period between resets for the purposes of a resources adjustment in multi-year settlement funding allocations?

We would support the use of projected tax base rather than a fixed tax base, which would be a more representative calculation of the needs and resources of authorities over the multi-year settlement period.

12) Do you agree that surplus sales, fees and charges should not be taken into account when assessing local authorities' relative resources adjustment?

No, particularly in relation to car parking income – see response to question 13 below.

13) If the Government was minded to do so, do you have a view on the basis on which surplus parking income should be taken into account?

Significant investment in car parking infrastructure and facilities are required which is currently supported by car parking income. In Winchester we are currently, jointly with Hampshire County Council, investing heavily in a movement strategy which will result in further requirements to support transport flow, reduced congestion and pollution, and support greener travel (such as cycling). Penalising authorities, and in particular city centres, would appear to be perverse and the opposite of what government are looking to achieve in terms of reduced pollution and supporting city centre retail.

14) Do you agree with the proposed transition principles, and should any others be considered by the Government in designing of transitional arrangements?

We support the proposed transition principles and would emphasise the importance of stability and how important this is for sustainability and long-term planning.

15) Do you have views on how the baseline should be constructed for the purposes of transition?

The government has made significant changes to funding in order to bring greater localisation to local authorities, particularly through business rates retention and the new homes bonus. Long-term planning must be an intrinsic element of localisation to ensure that local authorities can make long-term strategic plans for their areas. Without this, and using a model of short-term planning, many of the benefits of localisation will be lost because authorities will never be able to plan for the significant changes which take time and investment to develop. This is because there will never be enough assurance over future funding to develop these plans.

We therefore believe that it is essential to include both business rates and the new homes bonus in the transition baseline. This will show that government supports long-term planning and ensure that the rewards from supporting business and the development of new homes are not just short term rewards which are received between resets and then immediately reset back to zero.

16) Do you have any comments at this stage on the potential impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

None