

## Bath & North East Somerset Council

MEETING:	Resources PDS
MEETING DATE:	14 May 2012
TITLE:	Retention of Business Rates
WARD:	ALL
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b>	
Presentation (to follow)	

### **1 THE ISSUE**

1.1 This report and main presentation will provide a background to the Local Government Resource Review including the Retention of Business Rates which will significantly change the way in which local government is funded from 1 April 2013.

### **2 RECOMMENDATION**

2.1 The Resources PDS is asked to note the report and accompanying presentation, including the current level of uncertainty surrounding the Local Government Resource Review and the impact on future funding for the Council.

### **3 FINANCIAL IMPLICATIONS**

3.1 The Local Government Resource Review including the retention of business rates will have potentially significant implications for the Council. The system will incorporate the savings required as part of the Comprehensive Spending Review but will also provide a financial incentive to councils generating business growth.

3.2 As part of this arrangement it is expected that many of the financial risks associated with collection of business rates will also be transferred to councils, although some form of safety net is likely to be put in place to deal with significant shocks.

3.3 The details of the review are still being worked up by the Government, but based upon the broad outline of the proposals, the presentation to support this report will provide further details on the potential financial issues for the Council.

## **4 THE REPORT**

4.1 The Local Government Resource Review is considering ways to give councils greater financial autonomy and provide stronger incentives to support economic growth. The Government is committed to implementing the reforms suggested in the review by 2013/14.

4.2 The first phase of the LGRR focuses on the proposed re-localisation of business rates. This inevitably requires major changes to the existing formula grant system. In considering re-localisation, the review is primarily concerned with how authorities can be incentivised to promote local economic growth through retention of business rate revenue.

4.3 Key issues for the review include:

- Whether a reformed local government finance system should continue to assess needs and resources in order to ensure some degree of resource equalisation?
- Who should manage a needs / resource assessment and equalisation process if these elements are retained?
- How a relocalised model should incorporate incentives?

4.4 A presentation will be provided to the Resources PDS providing an overview of the review and the potential implications for the Council, although it should be noted that at this stage the details of how the system will actually operate and the financial implications have not been published or agreed.

4.5 Further consultation and more detailed technical papers are expected to be provided by the Department for Communities and Local Government (DCLG) during the summer.

## **5 RISK MANAGEMENT**

5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

## **6 EQUALITIES**

6.1 There are no direct equalities impact as a result of this paper although the implications of the review will need to be considered within the Council budget process for 2013/2014 with relevant equalities impact assessments produced as part of this.

## **7 CONSULTATION**

7.1 Any required consultation will be undertaken in accordance with guidance from DCLG once this is available.

## 8 ADVICE SOUGHT

8.1 The Council's Section 151 Officer (Divisional Director - Finance) has produced this report and the supporting presentation based upon information currently available from the DCLG and the Local Government Association.

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<b>Background papers</b>	None
<b>Please contact the report author if you need to access this report in an alternative format</b>	