

Business Rates Revaluation 2017

Consultation on the transitional arrangements for the 2017 business rates revaluation



26 October 2016

1. The Local Government Association (LGA) welcomes the chance to comment on this consultation.
2. The LGA is here to support, promote and improve local government. We will fight local government's corner and support councils through challenging times by making the case for greater devolution, helping councils tackle their challenges and assisting them to deliver better value for money services.
3. This response has been agreed by lead members of the LGA Resources Board.

Introduction

4. The 2017 revaluation will come into force in April 2017. This consultation concerns the proposed arrangements to phase in changes to business rates bills resulting from this revaluation.
5. The LGA sees the need for a transition scheme, which in any case is in accordance with the law. We do not have a specific preference for either of the options consulted on.
6. We note that the 2017 revaluation will have an effect on the current 50 per cent business rates retention scheme and that the Government's policy intention is that there should be no gains or losses solely due to revaluation. We support this policy aim. We note that the issue is covered specifically in the technical consultation on the 2017-18 local government finance settlement.
7. We would however point to the continuing effect of business rates appeals. As we have said in replies to previous consultations, there are almost 300,000 appeals outstanding, the majority submitted at the end of the revaluation cycle. This is causing uncertainty for councils leading to the need for provisions, which DCLG estimates at £2.5 billion as at 31st March 2015. These affect council's financial position, lead to less grant for some authorities through the need to fund the business rates safety net through a top slice and therefore to more reductions in

Submission

expenditure than would otherwise be the case. The effect of providing for appeals locks up money in reserves which should be spent on other revenue or capital priorities. The LGA repeats its call for the Government to provide sufficient resources for the Valuation Office Agency for these to be resolved within 12 months of 1st April 2017. With the implementation of full business rates retention by the end of this parliament at the latest, resolving this issue is crucial.

8. Detailed answers to the questions asked in the consultation are:

Question 1: what are your views on option 1?

The LGA notes that the effect of option 1 would be to cap increases at a set amount, with smaller businesses having a more gradual transition. This would be paid for by a cap on the reductions of businesses which have gained from the revaluation.

Question 2: do you support option 1?

The LGA does not express a preference for either option.

Question 3: what are your views on option 2?

The LGA notes that the effects of option 2 would be similar to option 1. However the scheme provides less protection for larger ratepayers (above £100,000 rateable value) and more protection for medium size ratepayers when compared with option 1.

Question 4: do you support option 2?

As stated above, the LGA does not express a preference for either option.