**Note of Business Rates Retention Steering Group meeting**

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| **Title:** | Business Rates Retention Steering Group |
| **Date:** | Tuesday 3 October 2017 |
| **Venue:** | Rooms D&E, Layden House, 76-86 Turnmill Street London EC1M 5LG |
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**Attendance**

An attendance list is attached as **Appendix A** to this note.

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| **Item** | **Decisions and actions** |  |

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|  **1** | **Welcome**Alex Skinner welcomed Steering Group members to the meeting. He thanked those members who have left the group for their contribution and welcomed new members representing DCN, SLT, SUT and SDCT. |  |
| **2** | **Minutes of the previous meeting**The Steering Group approved the minutes of the previous meeting.  |  |

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| **3** | **Next steps on 100% Business Rates Retention including proposed forward work plan**The paper was introduced by Sophie Broadfield (DCLG).  Following the election, the government did not continue with the Local Government Finance Bill and so they would not be able to move ahead with the infrastructure levy. There is a different focus on how local areas have control over the money they raise. Pilots will be a way to achieve this in some places. DCLG have taken legal advice and the assessment is that setting the central share to 0% would be a misuse of the provision. There may be opportunities to raise the local share above 50% but not to 100%. There is interest in developing a sensible set of principles going forward, continuing the plan for a reset and new baselines while learning from pilots and to look at what can be done immediately and in the longer term.The Steering Group discussed:* The links with Council Tax and other items on the government agenda.
* Timescales
* The future role of business rates and property based tax.
* The role of the steering group
* Joint work on business rates avoidance.

**Action**Work on further business rates retention is to be brought to this group, following one more meeting of the working group.  |  |

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| **4** | **Summary of Responses to DCLG Further Consultation on 100% Business Rates Retention**  |  |
|  | Sophie Broadfield (DCLG) introduced the item and provided detail of the consultation responses. The Steering Group noted the responses.  |  |

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| **5** | **Fair Funding Review update** |  |
|  | Charlie Coleman (DCLG) introduced the paper and confirmed there is no change of remit for the review. A timeline of 2020/21 implementation is being actively considered. The latter implementation date will allow for more consultation and collaboration with the sector and will allow for a new multi-level model on Children's Services to be commissioned, to allow a service specific option to be considered and to have a large data gathering model. DCLG have looked at options for single and service specific formulae, the design of the area cost adjustment including bringing costs other than staff and business rates, options for the deprivation indices including use of the IMD, a scoping paper on resources. The consultation document would be published alongside the call for evidence in the Autumn and will look at the options for different approaches - a single formula or a foundation formula plus specific formulae - cost drivers for a foundation formula and for service formulae. DCLG are keen to engage with local government colleagues in particular. They will also look at options for statistical techniques for weighting and will publish some technical papers next year having consulted with the sector. The Steering Group discussed:* The availability of IMD data in 2019
* A Department of Health formulae on adult social care
* Negative RSG in 2019/20
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| **6** | **Update on current pilots** |  |
|  | Anne Charlton (DCLG) provided a verbal update.16 authorities of the 30 within the pilots had given feedback. The initial overview is:* The key driver of involvement was to help shape the future of the programm
* Appetite for more grants to be rolled in
* Risks in the system - difficult to resist larger shocks if there was no no-detriment clause and authorities were more exposed to the general economy.
* Some have concrete plans to grow their BR base but they saw this as more long-term and not in 17-18. Areas saw wider benefits from economic growth but wanted to attract the 'right sort of businesses' for the general good of the area.
* Areas with large student populations were concerned about BR relief on university properties and the fact that students are exempt from CT as well as the more business focus of universities.
* Link with enterprise zones - some neighbouring authorities were concerned about cross-boundary competition and there was a concern about growth sustainability.
* Appeals - general agreement that the appeal system has too much risk. Concern about the time taken to process appeals. Small authorities are vulnerable to large ratepayers; larger authorities were concerned about volatility of income without entering the safety net.

The Steering Group discussed:* The no detriment clause
* The opportunity to learn from pilots
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| **7** | **Summary of key press lines** The following lines were agreed: * The Steering Group received an update on BRR and discussed options for the improvement of the system.
* They discussed the scope and practicality of retention and noted challenges and opportunities to come.
* There was a progress update on the Fair Funding Review and the group noted the next steps which included a detailed assessment of children’s services costs and the planned Autumn Consultation document.
* There was an update on the lessons learned from the first Business Rates pilots. The group noted the value in sharing this feedback as part of application process for the next pilots.
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| **8** | **AOB** |
|  | Check Challenge Appeal implementation was raised. The Steering Group agreed that the VOA would be asked to give an update.  |

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**Appendix A - Attendance**

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| **Nominee** | **Organisation** | **Signature** |
| Shelia Little | County Councils' Network (CCN) | Present |
| Graham Soulsby | District Councils' Network (DCN) | Present |
| Frances Foster | Special Interest Group of Municipal Authorities (SIGOMA) | Apologies |
| Paul Martin  | Society of Local Authority Chief Executives (SOLACE) | Apologies |
| Pat Ritchie | Society of Local Authority Chief Executives (SOLACE) | Apologies |
| Richard Flinton | Society of Local Authority Chief Executives (SOLACE) | Present |
| Mike Curtis | Society of London Treasurers (SLT) - ALATS | Apologies |
| Paul Wildsmith | Society of Municipal Treasurers (SMT) - ALATS  | Apologies |
| Pete Moore | Society of County Treasurers (SCT) - ALATS | Present |
| Jill Penn  | Society of District Council Treasurers (SDCT) - ALATS | Present |
| Joe Chesterton  | Society of Unitary Treasurers (SUT) - ALATS | Present |
| Richard Paver | Greater Manchester Combined Authority | Present |
| Guy Ware | London Councils | Present |
| David Magor  | Institute of Revenues Rating and Valuation (IRRV) | Apologies |
| Martin Mitchell (sub)  | Greater London Authority (GLA) | Present |
| Sean Nolan | CIPFA | Apologies  |
| Duncan Savage | Chief Fire Officers Association Finance Network | Apologies |
| Andrew Edwards | VOA | Apologies |
| Max Soule | HMT | Present |
| Pete Liliford | HMT | Present |
| **DCLG** |  |  |
| Alex Skinner | Department for Communities and Local Government (DCLG) | Present  |
| Stuart Hoggan | Department for Communities and Local Government (DCLG) | Present |
| Charlie Coleman | Department for Communities and Local Government (DCLG) | Present |
| Sophie Broadfield | Department for Communities and Local Government (DCLG) | Present |
| Anne Charlton | Department for Communities and Local Government (DCLG) | Present |
| Leon Clement | Department for Communities and Local Government (DCLG) | Present |
| Sanna Tuunanen | Department for Communities and Local Government (DCLG) | Present |
| Aimee Powell | Department for Communities and Local Government (DCLG) | Present |
| Anne Stuart | Department for Communities and Local Government (DCLG) | Present |
| **LGA** |  |  |
| Sarah Pickup  | Local Government Association (LGA) | Present |
| Nicola Morton | Local Government Association (LGA) | Present |
| Mike Heiser  | Local Government Association (LGA) | Present |
| Bevis Ingram | Local Government Association (LGA) | Present |
| Aivaras Statkeviciis | Local Government Association (LGA) | Present |

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