



Department for
Communities and
Local Government

Martin Davenport MRICS
President,
Rating Surveyors Association

By Email:
president@ratingsurveyorsassociation.org

Dear Mr Davenport,

LOCAL GOVERNMENT FINANCE BILL

I am writing to highlight that today the Government has introduced into Parliament the Local Government Finance Bill. All relevant material for the Bill can be found here: <http://services.parliament.uk/bills/2016-17/localgovernmentfinance.html>. The Bill will provide for a series of historic reforms to the local government finance system that will move local authorities away from dependency on central government grant and towards greater self-sufficiency. The reformed system will also provide local authorities with strengthened incentives for growing their business rates income.

This Bill will provide the framework to allow the Government to deliver its commitment to allow local government to retain 100 per cent of the taxes it collects – including around £12.5 billion of additional revenue from business rates – to fund local services. To ensure that the reforms are fiscally neutral some existing central government grants will be phased out. Local government will continue to deliver these existing responsibilities through retained business rates or they will take on new responsibilities to reflect additional tax income.

Through this Bill the Government will also provide flexibilities to local authorities over the operation of business rates in their areas, in particular to reduce the national business rate multiplier. In addition, Mayoral Combined Authority areas have the power to increase business rates to fund major local infrastructure projects, following a proper process of engagement with local businesses.

I would like to thank you for your significant contribution to the development of these reforms, in particular through your organisation's participation on the jointly chaired Local Government Association / Department for Communities and Local Government Business Rates Retention [Steering/Business Interest] Group. We are keen for this engagement to continue during the passage of the Bill and beyond, in the lead up to implementation of the reforms.

As with previous local government finance legislation, this Bill will provide the necessary framework to implement the new finance system, with much of the detail following in regulation. Taking such an approach will allow us to continue to work closely with interested parties over the coming months on the more detailed aspects of reforms. In addition, the

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Government intends to publish further consultations on 100% Business Rates Retention and the Fair Funding Review shortly, which I would encourage you to read.

The Bill also includes additional local government finance measures that support local businesses and premises owners, reforms to business rates announced at Budget 2016 and Autumn Statement 2016, and measures to improve business rate billing arrangements for businesses.

The Bill will:

- Move towards greater self-sufficiency and the phasing out of the majority of central government grant;
- Amend the current local government finance settlement process and the related approach to the setting of council tax referendum principles reflecting the move away from grant funding;
- Allow areas outside London to establish property owner Business Improvement Districts (BIDs);
- Allow for a change to the main measure of inflation rate for business rates, which will deliver a reduction for businesses;
- Ensure small businesses in rural areas have access to the same level of business rate reliefs as those in urban areas;
- Provide a new relief for five years for the installation of new optical fibre;
- Provide a new discretionary relief for public toilets to reduce the costs on local authorities of maintaining these facilities;
- Require local authorities to offer online billing for business rates;
- Provide statutory guidance to make business rates bills more consistent;
- Allow Her Majesty's Revenue and Customs to develop digital services for business rates Billing Authorities.

We want to continue to work closely with local government and businesses throughout the passage of the Bill. Of course, we would be happy to discuss the Bill in greater detail with you or your officers if you would find that helpful.

Yours sincerely,



MARCUS JONES MP