

Business Rates Retention - Pilot Scheme

The government announced its intention to introduce 100% Business Rates Retention (BRR) for all local authorities in 2015. This proposal is a fundamental change to the way local government is funded and has been supported by the Local Government Association and most local authorities.

The original plan was to introduce 100% BRR from April 2019 with an announcement in the Queens Speech in June 2017. No announcement was made in June 2017 and, at the time, no firm date set as to when the new system would be fully introduced but the government confirmed it intended to introduce 100% BRR.

As part of the Provisional Local Government Finance Settlement in December 2017, the government said its aim is for 75% of all business rates to be retained by local government from 2020/21.

In preparation for the introduction of BRR, in September 2017 the government invited all local authorities to submit an application to be a pilot scheme.

Plymouth is currently the lead authority for the Devon Business Rates Pool which consists of Devon County Council, Plymouth City Council, Torbay Council and the 8 District councils. As the lead authority Plymouth submitted a Pilot bid to the Department of Communities and Local Government on behalf of all Devon Authorities.

On 19 December 2017 the Devon bid was chosen as one of the 10 successful pilots in a competitive process. This reflected the quality of the bid submission and builds upon the excellent partnership working by all Devon local authorities.

The new system will encourage growth and economic development which is a key priority for Plymouth City Council. The main advantage of being successful and gaining pilot status is this will ensure additional resources will be retained within Devon. Plymouth has built in £1m of additional income within its 2018/19 budget.

An important part of the pilot scheme is there is a “no detriment clause” which means Plymouth and all other Devon authorities will be no worse off by being a pilot than if they were subject to the existing funding arrangements. This protects the council’s financial position in 2018/19.

In addition to the additional income received other benefits of being a pilot include:

- To help DCLG design 100% business rates retention (BRR) scheme;
- To help influence the design of 100% BRR;
- Continue to evolve integrated working on business rates across Devon.

A copy of the press release is attached to this paper.

Press Release

Devon councils to keep 100 per cent of growth in Business Rates

Devon has been selected as one of 10 areas to take part in a national pilot allowing councils to retain 100 per cent of growth in business rates.

Plymouth City Council will be the lead authority in the Devon Business Rate Pilot, which will encourage councils to work together to deliver growth in the region.

Taking part in the pilot will help provide stability for the 11 member councils by providing minimum funding levels and will mean more funding to invest in service areas at a time when local authority budgets are under intense pressure.

It should also increase the resources available for investment in economic regeneration schemes across the region.

The councils have a combined collectible rate income of more than £400 million.

Councillor Ian Darcy, Plymouth City Council's Cabinet Member for Finance said: "We have nothing to lose from being part of this initiative and so much to gain. We have set a course for growth and this pilot means our efforts to encourage more businesses, more jobs and more prosperity will pay dividends as we will all be able to share in the pooled rewards."

This pilot will run for one year from 1 April 2018 will test whether full retention of business rates can be rolled out nationally.

The Government's aim is for all local authorities to retain 75% of business rates from 2020 to 2021.

Note to editors

Business rates are charged on most non-domestic properties such as shops, offices, pubs, factories, holiday rental homes or guest houses.

Business rates are set by the Valuation Agency

The following authorities are in the Devon Pilot:

- Devon County Council
- East Devon District Council
- Exeter City Council
- Mid Devon District Council
- North Devon District Council

- Plymouth City Council
- South Hams District Council
- Teignbridge District Council
- Torbay District Council
- Torridge District Council
- West Devon Borough Council