

**SOUTH EAST ENGLAND COUNCILS
EXECUTIVE COMMITTEE MEETING**

Date: 7 December 2010

Subject: **Consultation response on Tax Incremental Finance
& Business Rates**

Report by: Heather Bolton SEEC Head of Communications
& Public Affairs

Recommendation:

SEEC members are asked to note the response sent to Government consultation on business rate and TIF proposals.

1. Introduction

- 1.1 The Government's Local Growth White Paper launched on 28 October asked for consultation responses on the future of the business rates system and Tax Increment Financing.
- 1.2 Business rates and TIF were discussed at the SEEC All-member meeting on 19 November 2010. Following that discussion the attached submission was approved by the SEEC Chairman between meetings in order to meet the BIS response deadline of 1 December.
- 1.3 Separately from this consultation, CLG ministers have also announced that the Localism Bill will allow local authorities to offer discretionary business rate discounts – for example to local businesses important to a community – and will simplify the way businesses apply for small business rate relief. Other provisions in the Bill will ensure businesses are balloted on Business Rate Supplements and will allow cancellation of certain backdated business rates bills.

2. Background

- 2.1 Currently business rates collected by English councils are pooled for redistribution across the country. The Government wants to consider alternative systems for two primary reasons:
 - To give councils greater incentive to support economic and business rate growth in their area
 - To help set councils free from dependency on central funding.
- 2.2 The Government is considering two main proposals:
 - A Business Increase Bonus incentive scheme, which would reward councils where business rate growth exceeds a threshold, allowing them to keep the increase up to a certain level for six years.
 - A more radical approach allowing councils to retain locally raised business rates, reducing reliance on central funding.

3. SEEC response

3.1 A copy of the SEEC response on Business rates and TIF is attached for information. Key points in the response are:

- Support for the principle of localism, local determination and funding systems that provide real incentives for local authorities.
- The need for a fair, transparent approach to redistribution of business rate income within the South East and across the country. This is particularly important in the South East to ensure the principle of incentivisation is not undermined.
- The need to retain South East access to central government investment in the South East alongside TIF to help regenerate our deprived areas and maintain the global competitiveness of other areas.

1 December 2010