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South East England Councils' response to: Self-Sufficient Local Government: 100% Business Rates Retention

Introduction / Summary

A. Introduction

A.1 South East England Councils (SEEC) is the cross-tier voice of local authorities in the South East of England. We are a voluntary membership body, bringing together county, unitary and district councils to promote the views and interests of all tiers of local government across the South East. The SEEC area is primarily comprised of two-tier local government and has 9 million residents – the largest population in the UK.

A.2 As a successful economic area, the South East is keen to see a new funding system that provides SEEC member authorities with the powers and investment they need to maximise the area's potential for economic growth.

A.3 Given the South East's role as the engine room of UK PLC and in providing taxes that support public spending in other parts of the country, it is vital that the new business rate system does not act as a disincentive for South East economic growth. Figures show the South East as:

- Generating £240bn GVA in 2014, more than the combined GVA from all 8 English core cities.
- Generating 15% of England's gross business rate yield in 2014-15, raising £3.995bn. This is second only to London's £7.582bn.
- This performance places the South East as the UK's most profitable economy. Lower levels of public funding for the South East mean that the area makes a greater net contribution to the Treasury. From 2002-12 this profit was £80bn. London made a smaller net profit (some £74bn over the same period) as it receives more public funding than the South East.

A.4 Under current local government funding, SEEC authorities feel there are insufficient rewards available for areas such as theirs that deliver economic growth, a lack of control over local fund-raising powers and an infrastructure funding deficit. A new system should aim to address all three factors.

A.5 SEEC members appreciate the early opportunity to comment on developing a new business rate retention system but found it difficult to give definite views on some of the complex inter-relationships between elements of system without detail of likely models. There are also some inherent tensions in the consultation document that will need detailed political input from all tiers of local government to ensure a new system gains cross-party and cross-tier support.

A.6 Where it is not possible to provide detail, this response focuses on principles that should underpin the next stages of work. Member local authorities will also submit their own responses.

B. Principles for a new funding system:

B.1 SEEC member discussion has identified five principles that should underpin a new system:

- **Transparency** – There is a need for clarity on decisions made about baseline funding assumptions and any top ups or levies applied to achieve a more equal distribution of funding nationally. Clarity on the baseline is needed to explain what is covered and what is not – this will avoid the current situation where cuts in local funding can be disguised in the complexities of the system.

- **Accountability** – to ensure local accountability on funding and spending decisions it is important that complexity in the system is minimised to allow a level of understanding by residents and businesses. The complexities of the current system mean it is understood by only a handful of finance experts, which obscures accountability and democracy. Accountability would be boosted further by also granting greater local control of fund raising – for example in council tax, local fees or charges, and giving councils access to a share of stamp duty income to support infrastructure.
- **Reward for all tiers** – there should be a financial reward for all tiers of councils who deliver growth. The need for all tiers to benefit must be reflected in the choice of any new responsibilities devolved to local government and in the allocation of income between the two tiers. There is a view that the term 'reward' is better than incentive. It is unfair to assume that councils only support economic growth if they are incentivised, as many areas are already committed to boosting job creation as a way to improve local prospects and quality of life. A reward, however, gives councils the opportunity to link growth that has happened to benefits for local people and businesses and provide the additional services that growth requires.
- **Redistribution** – SEEC members recognise the need for some form of national redistribution to ensure a system that provides adequate baseline funding for all types of local authority and all parts of the UK.
- **Stability and certainty**: the new system should support medium term financial planning for local authorities by delivering a stable, predictable source of income. It should not be a mechanism to cut council funding further. Ring-fencing should be minimised.

C. Concerns and tensions in the new proposals

C.1 SEEC members have raised concerns about the consultation proposals in a number of areas:

- **Balance**: There is an inherent difficulty in establishing a balance between reward & redistribution that will be able to gain support from the very wide range of local authorities. These include urban, shire, rural, richer and poorer areas and those areas with multiple tiers of governance, whether it is traditional counties, districts and parishes or newer structures in cities with unitaries and mayors.
- **Fund existing responsibilities first:** Many local authorities have concerns about taking on additional funding responsibilities under a new business rate retention scheme while there are financial gaps that need to be bridged to allow councils to meet existing responsibilities.
- **Complexity and unfairness:** Unnecessary complexity and unfairness in proposals to restrict some powers only to areas with elected mayors.
- **Future changes**: The need for commitments from central government that Ministers will work with local authorities to agree any future changes that would affect local income streams. For example, further changes to reliefs would erode the tax base and reduce councils' income, or changes to statutory responsibilities without relevant funding would make local government funding unviable. In the case of new duties there will be a need to maintain funding for new burdens.
- **Demand led needs**: Business rate retention is unlikely to fund all local authority needs – for example the South East's expected dramatic increase in demand for social care from the UK's largest and fastest growing population of over 75s. There are significant pressures on adult and children's social care costs as outlined in our linked response on needs and distribution. These are driven, in part, by increasing numbers of looked-after children and young adults with complex needs. However, perhaps the most significant factor is the expected increase in elderly South East residents, with over 75s expected to increase from 790,000 in 2016 to 1.5 million in 2039. It seems unlikely that locally raised taxes such as business rates and council tax could bear the burden of funding the resulting social care demands.
- **Public misconceptions**: The widespread misconception by many businesses & public that their council will be allowed to keep 100% of business rate income locally. This is already leading to high expectations that councils will have significant extra funding to address long standing problems such as major transport bottlenecks.
- **Little benefit**: There is also a concern among some finance officers that, despite considerable upheaval and change, the new system may not offer significant change from the

current position, for example in complexity, funding levels or volatility of income for councils. Some South East councils have reported that the current system of 50% retention does not work well, and the proposed system is likely to be more complex and unstable than the system it replaces.

- **Volatility:** For small to medium sized billing authorities, business rates have become a volatile income stream, over which they have little or no control. This is a serous issue when taken alongside increased volatility and loss of local control over recent years in other major funding streams – for example exposure to employment rates via the Council Tax Reduction Scheme, impact of Universal Credit and the loss of rental income that is expected to follow implementation of the Planning and Housing Bill. The new system needs to find a way to reduce the volatility of council incomes. Options to do this include greater local control of fund raising – for example full local control of fees, charges and council tax, and access to new streams of funding, such as a share of stamp duty.

C.2 SEEC members are also aware that successful operation of a new system does not lie with councils alone. CLG and the Valuation Office Agency (VOA) will both also need to change their working practices, accuracy and speed to be able to support an effective new system. For example:

- Basic data collection via NDR1 and NDR3 needs to be redesigned to ensure accurate, timely pro forma are issued to authorities. The current system often sees late circulation of forms, errors and corrections, which all create uncertainty and delays for councils.
- While reform of business rate appeals is welcome, there also needs to be action to address the backlog of appeals and volatility of outcomes. Once again these are factors that cause delays and uncertainty for councils. VOA could help improve the process by developing strategic information and approach to appeals as at present valuations are not robust. This makes the system vulnerable to tax avoidance strategies and the level of successful appeals more than offsets major growth achieved by councils.

C.3 Some of the inherent tensions in the system have also been highlighted by SEEC members. These include:

- The widespread desire for a simple system is at odds with pressures to create a system that is capable of addressing multiple factors that affect a council's need for funding. SEEC members favour a relatively simple system – for example one that focuses on per capita funding across a range of services and needs. They see a focus on absolute/total numbers as a fairer and simpler way to explain funding to local residents and businesses than the current system, which centres on more complex percentages. This approach would also support a move towards demographic change and demand rather than the current focus on past spending trends, which may no longer be relevant.
- The desire from strong economic areas for rewards or incentives will create a tension with the need to ensure that all local authorities have an adequate level of funding to deliver their basic needs.
- System resets after a period of time could wipe out the reward or incentive that an area has generated by delivering growth. A midway stage should be considered to ensure local authorities are allowed to keep a portion of growth permanently.

Responses to consultation questions

Question 1: Which of these identified grants / responsibilities do you think are the best candidates to be funded from retained business rates?

1.1 SEEC members see agreement on the new baseline funding as the first priority to ensure councils are adequately funded for current duties and expected demand for these services. Only once this and existing gaps in funding have been addressed should consideration be given to whether new responsibilities can be funded by any additional business rate income.

1.2 A major SEEC concern about the consultation proposals is that they risk linking demand-led services – such as attendance allowances to a volatile income stream from business rates. This will not deliver a sustainable funding system. If the principle is that council actions can manage economic growth, then the resulting income should be used for a service where councils can likewise manage the results. The new system should not be a route to passing risk – for example around massive growth in attendance allowances or social care – to local authorities.

1.3 Any new funding responsibilities should have a clear link to services which councils can control and which can contribute to local economic growth. Demand-led services such as attendance allowances are not suitable for inclusion.

1.4 There must also be a commitment from central government that they will not increase council statutory duties or reduce the value of the taxbase without addressing the funding implications for councils.

1.5 Examples of direct transfer of grants and funding such as revenue support grant, rural services delivery grant, public health grant and subsidies for administration of systems would generally gain support for funding via business rate income on condition that funding is not reduced as a result of the changes.

1.6 Areas such as Better Care Fund and attendance allowances are not suitable for funding via business rates as they are demand-led and outside councils' ability to manage demand.

1.7 The question of transport grants for the GLA is interesting. A similar opportunity for the South East could be of interest if it provided a route for SEEC member councils to retain a greater share of locally collected business rates to enable them to contribute to major capital funding projects. Emerging work shows the South East has an infrastructure funding gap of some £15bn over the next 15 years, so our member authorities would welcome the ability to discuss options for a South East transport grant.

Question 2: Are there other grants / responsibilities that you consider should be devolved instead of or alongside those identified above?

2.1 As outlined in Q1 above, SEEC authorities do not support funding demand-led services through business rates. Instead of the options set out in consultation, SEEC members want to direct any increased business rate income towards local infrastructure projects or services that will support and enhance business growth. Examples of this could include local housing, transport, skills or communication projects.

2.2 Members are clear that all tiers of councils in the South East should benefit from rewards under a new system. This will ensure all types of local authority are able to show tangible benefits for residents so they can see the benefits of investing in growth.

2.3 A whole system redesign has potential to provide a clearer link between local services and funding. By increasing voter awareness, such an approach will help revitalise local democracy – but to achieve this more fund-raising and spending decisions need to be made by local elected councillors. Councils should therefore also be given full powers to set council tax levels, bands and local discounts as well as any local fees and charges. This will help address some of SEEC members' concerns about the volatility and lack of local control in the current funding system. SEEC members have also consistently called for access to a share of stamp duty as a route to funding infrastructure that is essential for both business and housing growth.

2.4 These additions to a local government funding review will also help businesses feel that they do not bear an undue burden in funding local services.

2.5 A number of member councils are also keen to explore options for local authority involvement in directing spending by government departments. At present this is frequently not aligned across government departments or co-ordinated with council plans. Channelling more of this expenditure through local authorities would ensure it is more effectively spent for the benefit of local communities. Examples suggested include the Homes & Communities Agency, who can be slow to develop sites for housing, and the Environment Agency's coastal and flood protection funds.

Question 3: Do you have any views on the range of associated budgets that could be pooled at the Combined Authority level?

3.1 Given the current lack of combined authorities in the South East, SEEC has no agreed position on pooling at this level. Many members see the focus on combined authorities and elected mayors as a model designed primarily for urban, unitary, areas that it is unsuited to the largely two-tier South East. Members would prefer to see a system designed which offers equal benefits and opportunities to all areas, regardless of combined authority status.

Question 4: Do you have views on whether some or all of the commitments in existing and future deals could be funded through retained business rates?

4.1 The South East has no agreed devolution deals to date, so again many members feel it is wrong to design a system that treats some city areas differently from their two-tier counterparts. Many in the South East feel the current devolution deals were not designed to be easily applicable to two-tier areas and that this creates an unfair playing field.

4.2 This proposal raises the question about whether areas with existing devolution deals would therefore retain more business rates income than counterparts without deals. Many in the South East would see this as an unfair advantage for areas with deals. With infrastructure a key part of many deals, the South East would be disadvantaged if some areas received preferential treatment under business rate retention but SEEC member councils could not access funds to help meet their own significant service needs and infrastructure deficit.

4.3 In order to distribute business rate income fairly, there needs to be clarity on a national set of responsibilities that will be devolved to councils. It would, therefore, seem more appropriate to fund any existing devolution deal commitments through separate grants.

Question 5: Do you agree that we should continue with the new burdens doctrine post- 2020?

5.1 Yes. This is essential for new, additional responsibilities as councils must be fully funded to avoid making councils and the local services they provide unsustainable.

Question 6: Do you agree that we should fix reset periods for the system?

6.1 There is a fundamental tension between the aim of making communities financially independent and rewarding them for growth and the desire to redistribute funds to support poorer areas.

6.2 Resets will undermine local authorities' ability to benefit from the growth that they have delivered in their areas – particularly if the growth is only achieved in the year before the reset. Frequent resets will undermine the principle of longer term settlements and reduce the period that councils benefit financially from increased business rate growth.

6.3 SEEC members support the idea of partial resets as a way to allow them to keep a proportion of local business rate growth permanently.

6.4 As business rate income is volatile, on balance, fixed reset periods are preferable as they will bring greater certainty about the timing of change.

Question 7: What is the right balance in the system between rewarding growth and redistributing to meet changing need?

7.1 This is a further area of fundamental tension. SEEC members believe there is a need to maintain redistribution – operated at national level – but in a way that does not make the financial rewards for growing areas so small as to be negligible. At present SEEC members feel there is not enough detail on a proposed system to inform a clear view on the balance required.

7.2 Failure to adequately address the reward element of the new system will create a significant disincentive for councils in the South East if they do not see sufficient new income to support the needs of their expanded economies. The potential for partial system resets needs to be considered as a way of allowing councils to see some permanent benefit from local growth.

7.3 There should also be a mechanism for handling short term, predictable changes in circumstances. An example of this would be a major, planned town centre regeneration, where it is known that business rate income will fall for a period before increasing once the project is completed. If this is not put in place, councils will require additional reserves to cope with changes in income streams but councils have previously been criticised for increasing reserves to cope with such variations.

Question 8: Having regard to the balance between rewarding growth and protecting authorities with declining resources, how would you like to see a partial reset work?

8.1 A partial reset appears attractive in that it could allow councils to keep 50% of the growth achieved permanently.

8.2 One downside of partial resets is that growth achieved in the year before a reset will be reduced by 50% almost immediately. Perhaps a simpler approach could be that 50% of growth is retained from the moment it is achieved, but there is no reset. However, this seems similar to the current system so the potential for major upheaval to achieve a similar aim needs to be reviewed.

8.3 Some SEEC members see partial resets as a ‘least worst’ option in a system where business rate income does not provide stability for small local authorities. The income stream from business rates is often volatile and unstable, due to the potential impacts of large business closures, unpredictable and backdated appeals and complex administration required by CLG. Some view the current proposals as overly complex and therefore unlikely to address councils’ need for stable, predictable funding streams.

Question 9: Is the current system of tariffs and top-ups the right one for redistribution between local authorities?

9.1 A version of tariffs and top ups will be required in the new system but should operate in a more transparent way so it is clear to local businesses how their rates are being used. It is vital that they understand 100% retention is not 100% **local** retention. Businesses expectations are that they will see better services and increased infrastructure investment from local authorities under the new system so, again, a clear method of increasing the reward element for growing areas to invest in business-friendly services is important.

9.2 The complexity of tariffs and top ups leaves the current system lacking in transparency and accountability both to local voters and the businesses who provide the funding.

9.3 The complexity and uncertainty of the current tariff and top up system also causes uncertainty for SEEC member authorities as illustrated by this example. A district council’s share of collected business rates retained is 40%. After tariffs this can be reduced to less than 10%. However, the impact of losses due to reductions in the taxbase from appeals, demolitions etc is still the full 40%. A new system should work to smooth out the inconsistent application of such rules to ensure councils are able to plan medium term spending on the basis of a stable, predictable system.

Question 10: Should we continue to adjust retained incomes for individual local authorities to cancel out the effect of future revaluations?

10.1 Yes, this is important. However, the Government needs to address working practices and resources at the VOA to ensure they are able to cope with more frequent revaluations to ensure the new system does not further increase volatility and uncertainty for councils.

Question 11: Should Mayoral Combined Authority areas have the opportunity to be given additional powers and incentives, as set out above?

11.1 No. Any additional powers should be available to all local authorities and should not be restricted to areas that have chosen to elect mayors. The South East GVA at £240bn in 2014 was greater than the combined GVA of £161bn from all eight core cities. As we prepare to leave the EU it is highly risky to ignore the potential to further encourage growth in the South East.

Question 12: What has your experience been of the tier splits under the current 50% rates retention scheme? What changes would you want to see under 100% rates retention system?

12.1 The system can cause tension over income allocations in two-tier areas where both county and district need to work together to support growth. For example, counties manage transport investment covering a number of district areas (up to a dozen districts in some parts of the South East), but this sits alongside district regeneration projects and planning responsibilities. These tensions could increase, depending on the additional responsibilities devolved to different tiers of local government under a new system. SEEC members want to ensure that the new system includes devolved responsibilities for all tiers of councils but more detail is needed on a proposed system before defining a new approach to tier splits.

Question 13: Do you consider that fire funding should be removed from the business rates retention scheme and what might be the advantages and disadvantages of this approach?

13.1 SEEC members have not discussed this issue.

Question 14: What are your views on how we could further incentivise growth under a 100% retention scheme? Are there additional incentives for growth that we should consider?

14.1 SEEC supports 100% retention of business rates within all Enterprise Zones. This does not happen at the moment for all Enterprise Zones.

14.2 On wider measures to incentivise growth, South East authorities want to see greater local control and flexibility on business rate reliefs. This will enable them to set reliefs according to local circumstances as a way of helping to shape the type of businesses attracted to different council areas in line with their growth strategies.

Question 15: Would it be helpful to move some of the 'riskier' hereditaments off local lists? If so, what type of hereditaments should be moved?

15.1 This would help smooth volatility, but appears to be in conflict with the aims of 100% retention.

Question 16: Would you support the idea of introducing area level lists in Combined Authority areas? If so, what type of properties could sit on these lists, and how should income be used? Could this approach work for other authorities?

16.1 There are no combined authorities at present in the South East, but some authorities fear that area level lists could add a further level of complication to an already complex system.

Question 17: At what level should risk associated with successful business rates appeals be managed? Do you have a preference for local, area (including Combined Authority), or national level (across all local authorities) management as set out in the options above?

17.1 There is general support for risk being managed at a national level, for example by setting aside business rate income at national level – either from a central business rates list or from the total sum of business rates collected. However, some members noted that once that risk is spread across more than one area, the relationship between generating and protecting growth, and the rewards from the system, starts to fracture.

17.2 Councils should be fully compensated for all appeals due to valuation errors to make appeals fiscally neutral for councils.

17.3 Government could also consider whether income from a central list could also be used to help councils affected by other factors that significantly reduce business rate income – for example unexpected closure of large businesses and short term dips in income during major town centre renovations. However, greater clarity is needed on the criteria for admission to a central list. Businesses or sites that change from local to central lists can have significant impacts on individual councils' income, so local authorities would welcome consultation on the factors to be considered when determining whether businesses are admitted to a central list. Government should also avoid making decisions on central list admissions ahead of 2020 until there is greater clarity on how a new system will operate. If such decisions are made in the short term they could affect some councils' business rate income significantly, undermining four-year settlements that have been designed to give councils greater financial planning certainty.

Question 18: What would help your local authority better manage risks associated with successful business rates appeals?

18.1 Government action is needed to ensure the current reform of business rate appeals delivers much quicker appeal results. Alongside this, work is needed to ensure more robust valuations that are more likely to resist appeals, and more strategic information from the VOA so that their local authority partners have some chance of predicting the overall levels of loss to their tax base. This should include a database of appeals and decisions to help provide a standard basis for hearings and decisions where precedents will allow both councils and appellants to make more informed judgements on the likely outcome of appeals. Greater speed and predictability will help reduce the uncertainty and risk for local authorities.

18.2 SEEC members welcome Government's plans to reform business rate appeals as quicker results will reduce councils' uncertainty over income. Further ways to improve the speed and effectiveness of appeals include:

- Making the appeals process more transparent and facilitating representation by 3rd parties (such as local authorities) where they may want to support a valuation.
- Introducing a fee for appeals to minimise frivolous and time wasting appeals.
- Requiring appellants to clearly state the grounds of an appeal and the value of the area against which a reduction is sought.

Question 19: Would pooling risk, including a pool-area safety net, be attractive to local authorities?

19.1 This should be an option available to local authorities, although some members noted the current pooling arrangements are unduly complex.

Question 20: What level of income protection should a system aim to provide? Should this be nationally set, or defined at area levels?

20.1 More detail is needed before taking a clear view on this, although some members noted that the previous national system for pooling risk seemed to work adequately.

Question 21: What are your views on which authority should be able to reduce the multiplier and how the costs should be met?

21.1 If the aim of the new system is to increase councils' financial self sufficiency, local authorities should be able to increase **or** reduce the multiplier. In two-tier areas, the fairest way to do this would be to allow each local authority to set its own multiplier for its own share of the rates bill. The rateable value of each hereditament could be split into fixed percentage shares for both county and district. The multiplier set by each tier would then be applied to its share of the rateable value. This would allow each tier of local government to flex its multiplier without affecting the income of the other tier. Such a system has similarities to the precepts used in setting council tax in two-tier areas.

21.2 Greater local flexibility on reliefs and discounts could be one route to meeting the costs of a reduced multiplier.

Question 22: What are your views on the interaction between the power to reduce the multiplier and the local discount powers?

22.1 Councils should have the freedom to increase or decrease the multiplier as well as offer targeted discounts relevant to local circumstances or ambitions. For example, some councils may wish to offer discounts to attract businesses to regeneration areas or to encourage clusters of businesses in a particular sector to create centres of expertise. There was also a concern in some areas that lack of control in areas such as tapering for new businesses means that councils can subsidise some businesses indefinitely. In line with the aim of increasing local political accountability and transparency, councils should also have the ability to increase the multiplier.

Question 23: What are your views on increasing the multiplier after a reduction?

23.1 Councils should have the freedom to increase or decrease the multiplier as well as offer targeted discounts. This would include increasing the multiplier back to the "standard" rate in one step after a period of discount.

Question 24: Do you have views on the above issues or on any other aspects of the power to reduce the multiplier?

24.1 As highlighted above, local democratically-elected councillors should have the ability to increase or decrease the multiplier to give them greater powers to manage income and invest in local projects that will support growth.

Question 25: What are your views on what flexibility levying authorities should have to set a rateable value threshold for the levy?

25.1 SEEC members have not discussed this issue in detail.

Question 26: What are your views on how the infrastructure levy should interact with existing BRS powers?

26.1 All councils should have the option of raising extra business rate income to invest in local projects to support growth. As the aims of BRS and a levy seem similar it would make sense to establish a single mechanism rather than two parallel schemes. Any decisions on raising extra funds should be a local decision taken by democratically-elected councillors who will be accountable at the ballot box.

Question 27: What are your views on the process for obtaining approval for a levy from the LEP?

27.1 SEEC members feel approving infrastructure levies should be a decision made by elected local councillors. Consultation with LEPs should be a part of the process but involving appointed LEP members in the final decision would create a democratic deficit. It also needs to be noted that LEP areas are not always consistent with local authority boundaries, adding complexity. SEEC members do not support a ballot of all local businesses as councillors are already accountable for their decisions at the local elections.

Question 28: What are your views on arrangements for the duration and review of levies?

28.1 SEEC members believe decisions on the number of levies, the amount and their duration should be made by elected councillors who are accountable at the local ballot box. SEEC also believes the same should apply to decisions on council tax.

Question 29: What are your views on how infrastructure should be defined for the purposes of the levy?

29.1 The definition should be widely drawn to cover factors that will help support business growth – power, housing and communications could be added to the list but there needs to be an understanding that local business rates should not be used to fund projects of a national or strategic nature. A separate funding stream is likely to be needed for strategic, nationally-significant infrastructure. SEEC's Missing Links report sets out examples of strategic cross-boundary transport projects that offer national economic benefits and should therefore fall outside the remit of local business rate funding.

Question 30: What are your views on charging multiple levies, or using a single levy to fund multiple infrastructure projects?

30.1 SEEC members believe decisions on the number of levies, the amount and their duration should be made by elected councillors who are accountable at the local ballot box.

Question 31: Do you have views on the above issues or on any other aspects of the power to introduce an infrastructure levy?

31.1 The option to charge levies should be open to all local authorities, not just those in combined authorities. The new business rate and levy system should be as simple, transparent and democratically accountable as possible.

Question 32: Do you have any views on how to increase certainty and strengthen local accountability for councils in setting their budgets?

32.1 SEEC members have identified a number of key issues that would help give councils greater certainty over income. These include:

- Giving councils full control over setting council tax, business rates and any levies, discounts or reliefs, giving them full accountability at the local ballot box.

- Giving councils powers to set fees and charges for local services.
- Making any resource equalisation simple and transparent so that it can be explained to the public and allows councils to plan and predict medium term financial plans with confidence. Predictable income streams will also help councils borrow to support local infrastructure projects.
- Giving councils greater access to local property taxes – for example a share of stamp duty – to enable them to invest in larger infrastructure projects that will support both business and housing growth in their areas.
- Ensuring business rate appeals are fit for purpose, providing quick and robust decisions.

Question 33: Do you have views on where the balance between national and local accountability should fall, and how best to minimise any overlaps in accountability?

33.1 At present the accountability for local authorities is local, but resourcing is opaque and largely determined centrally. Financing and accountability must be more closely aligned, with clear distinctions between local and national responsibilities and the funding of priorities set by each.

Question 34: Do you have views on whether the requirement to prepare a Collection Fund Account should remain in the new system?

34.1 The system will continue to need a collection fund account. However, operation of the collection fund should be altered to avoid the current delays that prevent collection fund surpluses or deficits from being taken into the general fund until the following year.

Question 35: Do you have views on how the calculation of a balanced budget may be altered to be better aligned with the way local authorities run their business?

35.1 SEEC members felt this was not a major problem.

Question 36: Do you have views on how the business rates data collection activities could be altered to collect and record information in a more timely, efficient and transparent manner?

36.1 Equivalents to NDR1 and NDR3 will be required but need to be issued earlier, be more accurate and use a consistent format. The new system offers an opportunity to simplify format and overcome current problems that mean forms are frequently issued late, change every year and regularly need to be re-issued to address errors.