

# Agenda



**HYNDBURN**

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## Cabinet

**Wednesday, 12 October 2016 at 10.00 am,**  
Scaitcliffe House, Ormerod Street, Accrington

### Membership

Chair: Councillor Miles Parkinson (in the Chair)

Councillors Clare Cleary, Paul Cox, Munsif Dad, Gareth Molineux and Ken Moss

## AGENDA

### PART A: PROCEDURAL AND INFORMATION ITEMS

1. **Apologies for Absence**
2. **Declarations of Interest and Dispensations**
3. **Presentation - College Area Review**

to receive a joint presentation from Sue Taylor (Principal of Accrington and Rossendale College) and Hugh Bramwell (Principal of Burnley College) in regard to College Area Review.



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**4. Minutes of Cabinet - 31st August 2016 (Pages 3 - 8)**

To approve the Minutes of the last meeting of Cabinet held on 31<sup>st</sup> August 2016.

**5. Minutes of Boards, Panels and Working Groups (Pages 9 - 26)**

To receive the Minutes of the following meetings:-

- a) Local Plan Member Working Group - 25<sup>th</sup> January, 11<sup>th</sup> July and 10<sup>th</sup> August 2016
- b) Regeneration and Housing Panel - 18<sup>th</sup> July 2016
- c) Leader's Policy Development Board - 13<sup>th</sup> September 2016
- d) Learning and Development Panel - 13<sup>th</sup> September 2016

**6. Report of Urgent Cabinet Decision - Issue of Lease to Trustees of Hyndburn Green Spaces Forum for Milnshaw Park Play Area (Pages 27 - 44)**

Report attached.

**PART B: PORTFOLIO ITEMS**

**7. Reports of Cabinet Members**

To receive reports from Cabinet Members.

**Portfolio Holder for Resources (Councillor Gareth Molineux)**

**8. 100% Business Rates Retention (Pages 45 - 114)**

Report attached.

**9. Multi-Year Settlements and Efficiency Plan (Pages 115 - 122)**

Report attached.

**Overview and Scrutiny Topics**

**10. Report of Overview and Scrutiny - Integrated ICT Solutions (Pages 123 - 130)**

Report attached.

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## CABINET

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**Wednesday, 31st August, 2016**

**Present:** Councillor Miles Parkinson (in the Chair), Councillors Clare Cleary, Paul Cox, Munsif Dad and Ken Moss

**In Attendance:** Councillors Tony Dobson, Eamonn Higgins, Terry Hurn, Abdul Khan and Paul Thompson

**Apologies:** Councillor Gareth Molineux

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**128 Apology for Absence**

An apology for absence was submitted from Councillor Gareth Molineux.

**129 Declarations of Interest and Dispensations**

There were no declarations of interest or dispensations.

**130 Minutes of Cabinet - 20th July 2016**

The Minutes of the meeting of Cabinet held on 20<sup>th</sup> July 2016 were submitted for approval as a correct record.

**Resolved** - **That the Minutes be received and approved as a correct record.**

**131 Minutes of Boards, Panels and Working Groups**

The Minutes of the following meetings were submitted:-

- a) Regeneration and Housing Panel - 23<sup>rd</sup> May 2016
- b) Leader's Policy Development Board - 20<sup>th</sup> July 2016

**Resolved** - **That the Minutes of the above meetings be received and noted.**

**132 Reports of Cabinet Members**

There were no reports.

**133 Development Management DPD Publication (Reg 19)**

The Leader of the Council (Councillor Miles Parkinson) submitted a report seeking approval to allow the Development Management Development Plan Document Publication Version (Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012 - "the Regulations") to be publicised for a six week consultation period. The Draft Publication Document and a Customer First Analysis were appended to the report. The Publication Document superseded the previous "Consultation Draft" and was in effect the Council's final version of the Document, and a statement of intent that it now wished to

submit to the Secretary of State ready for examination. In accordance with “the Regulations”, a final six week statutory consultation period on the Document now had to take place. Reference was made to the night time economy of Accrington Town Centre. Approval of the report was not deemed a key decision.

#### *Reasons for Decision*

(1) The Development Management DPD formed an important part of the new Local Plan for Hyndburn and would set out the more detailed planning policies to be used in the determination of planning applications for the Borough. It would sit alongside the Core Strategy and Accrington Area Action Plans adopted by the Council in 2012 and would replace the majority of Local Plan (1996) Policies that remained extant.

(2) The Development Management Development Plan Document Publication Version contained 39 Policies organised into core Chapters, together with nine “Guidance Notes” and some “Policy Maps”. In addition to amendments which had arisen from representations to the Consultation Draft, the Publication Document also took into account relevant findings from new evidence base reports, changes to Government Policy and Law and refinements recommended by a Sustainability Appraisal.

#### *Alternative Options Considered and Reasons for Rejection*

The Development Management Development Plan Document had been prepared in accordance with “the Regulations” and there were no alternative options for its preparation.

#### **Resolved**

- (1) That the content of the Development Management Development Plan Document Publication Version be approved and the commencement of a statutory six week public consultation in the period September / October 2016 be agreed; and,**
- (2) That authority be delegated to the Council’s Executive Director (Legal and Democratic Services) and the Chief Planning and Transportation Officer, following consultation with the Portfolio Holder for Planning, to make further necessary changes to the Development Management Development Plan document as they considered necessary or appropriate, prior to commencing public consultation.**

#### **134 Declaration of Local Nature Reserves - Progress**

The Portfolio Holder for Education, Leisure and Arts (Councillor Ken Moss) submitted a report on progress with arrangements for the declaration and management of two significant new Local Nature Reserves in Hyndburn. The proposed new sites were:-

- a) Peel Park and the Coppice, including Arden Hall and Land at Plantation Road
- b) Woodnook Vale, including Land at King George V Playing Fields and some areas of Bullough Park and Rothwell Heights

The Portfolio for Education, Leisure and Arts made a presentation on local nature reserves in Hyndburn.

Approval of the report was not deemed a key decision.

### *Reasons for Decision*

(1) Hyndburn had some spectacular natural green spaces, which had significant habitat value and were highly valued by local people and were worthy of greater recognition. The intention to declare new local nature reserves was a long standing aspiration of the Council and had been reflected in the Corporate Strategy.

(2) If the proposed declarations were achieved, Hyndburn would be the first district in Lancashire to meet national targets for local nature reserves. Peel and Woodnook Reserves would be the largest in Lancashire. Significant improvement in the site conditions, habitat management and community activities, as analysed against the Local Nature Reserve Visitor Standards published by Natural England had been achieved and the Lead Adviser from Natural England who had visited the areas had stated "Both sites would be welcome additions to the Local Nature Reserves in England".

### *Alternative Options Considered and Reasons for Rejection*

The decision to simply allow the natural greenspaces to continue to support local recreation and enjoyment of nature without a formal declaration as local nature reserves could be taken. That option was not recommended as the opportunity of a nationally recognised designation would not be achieved and the high quality and diversity of the spaces would not be reflected, especially following recent major improvement programmes. Also since 2006 the Council had been committed to the declaration of new local nature reserves.

### **Resolved**

- (1) That progress be noted and arrangements for the declaration of new Local Nature Reserves at Peel Park and Woodnook Vale, Accrington be supported and the timeline shown in Appendix 2 of the report be aimed for;**
- (2) That all Members of the Council be invited to participate in an organised visit to the Local Nature Reserve areas, which included striking features of natural beauty, and to view the many recent improvements and activities;**
- (3) That continued joint working with Lancashire County Council to assist in their consideration of a Local Nature Reserve declaration in respect of the land in Lancashire Council Council ownership in Woodnook Vale, as referenced in Paragraph 6.5 of the report, be supported; and,**
- (4) That continued joint working with external parties, local organisations and community groups to maximise opportunities to bring in investment through various grant sources be supported.**

## **135 Overview and Scrutiny Work Programmes 2016/17**

The Chair of the Resources Overview and Scrutiny Committee (Councillor Abdul Khan) submitted a report seeking consideration of and comment on the draft 2016/17 Overview and Scrutiny Work Programmes. The Work Programmes and the Criteria for selecting items were appended to the report. As in previous years, additional items would be added to the Work Programmes as the Municipal Year progressed. Approval of the report was not deemed a key decision.

### *Reasons for Decision*

At the beginning of each Municipal Year, the Council's Overview and Scrutiny Committees agreed their respective Work Programmes for the Year, the process for which was set out in the Council's Overview and Scrutiny Procedure Rule C6(a).

### *Alternative Options Considered and Reasons for Rejection*

Cabinet was the relevant body to consider the Work Programmes, pursuant to the Council's Overview and Scrutiny Procedure Rule C6(a).

- Resolved**
- (1) That the Work Programmes for the Overview and Scrutiny Committees, as appended to the report, be noted; and,**
  - (2) That a joint meeting of the Overview and Scrutiny Committees be held in February 2017 to consider the topic of Combined Authorities.**

## **136 Outcome of the Call-In of the Cabinet Decision on Rhyddings Park Heritage Lottery Bid (Sequoia Tree)**

The Chair of the Resources Overview and Scrutiny Committee submitted a report on the outcome of the Extraordinary Meeting of the Resources Overview and Scrutiny Committee held on 11<sup>th</sup> August 2016 to consider the Call-In of the Cabinet decision on the Rhyddings Park Heritage Lottery Bid (Sequoia Tree). The Cabinet decision was released in full for implementation and the Committee had requested that consideration be given to the use of some of the wood from the Sequoia Tree for part of the improvement scheme in the Park. Approval of the report was not deemed a key decision.

### *Reasons for Decision*

In accordance with the Call-In Procedure for Cabinet decisions, the Procedure was activated on 1<sup>st</sup> August 2016 by two members of the Resources Overview and Scrutiny Committee. The Call-In was sponsored by Councillor Judith Addison.

### *Alternative Options Considered and Reasons for Rejection*

- (1) To release the Cabinet decision in part for implementation and refer the outstanding part of the decision back to the decision making body for reconsideration, setting out in writing the nature of the Committee's concerns. That option was rejected as the Call-In related to a very specific decision (the felling of the Sequoia Tree), which meant the decision could not be released in part.
- (2) To refer the decision back to the decision making person or body for reconsideration, setting out in writing the nature of the Committee's concerns. The decision maker should then reconsider amending the decision or not, before adopting a final decision. That option was rejected as the Committee was satisfied with the reasons for the original Cabinet decision.

- Resolved**
- That the release of the Cabinet decision in full for implementation be noted and consideration given at the appropriate time to the use of some of the wood from the Sequoia Tree for part of the Rhyddings Park Improvement Scheme.**

*The following item was submitted as urgent business with the Chair's agreement in accordance with Section 100B(4) of the Local Government Act 1972, the reason being to ensure the latest up to date information was included in the report.*

### **137 Financial Position 2016/17 - Report to End of July 2016**

The Leader of the Council submitted a report on the financial spending of the Council at the end of July 2016 and the prediction of the outturn position to the end of the financial year in March 2017. The financial detail of the report was appended to the report. The spend against Budget in the first four months of the year was £3,371,268 against a Budget of £3,543,881 leaving a positive variance of just over £172,000. The forecast spend for the year to 31<sup>st</sup> March 2017 was £10,919,000 against a budget of £11,283,000. A surplus of just under £363,000 by the end of the 2016/17 financial year was forecasted, making a Budget surplus of slightly more than 3.2% on the overall activities of the Council. Surpluses on Policy and Corporate Governance, Waste Services, Parks and Cemeteries, Culture and Leisure and Non Service Items currently outweighed the predicted adverse variances on Environmental Health, Regeneration and Property Service and Planning and Transportation. Approval of the report was not deemed a key decision.

#### *Reasons for Decision*

To inform Cabinet of the financial spending of the Council at the end of July 2016 and the prediction of the outturn position to the end of the financial year in March 2017.

*There were no alternative options for consideration or reasons for rejection.*

**Resolved** - **That the report be noted and Corporate Management Team be asked to continue to identify savings and generate a surplus on the 2016/17 Budget to assist with future potential financial pressures on the Council.**

### **138 Exclusion of Public**

**Resolved** - **That, in accordance with Section 100A(4) Local Government Act 1972, the public be excluded from the meeting during the following item, when it was likely, in view of the nature of the business to be transacted, or the nature of the proceedings, that there would otherwise be disclosure of exempt information within the Paragraphs at Schedule 12A of the Act specified at the item.**

### **139 Reports of Urgent Cabinet Decisions**

*Exempt Information under the Local Government Act 1972, Schedule 12A, Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information)*

The Portfolio Holder for Housing and Regeneration (Councillor Clare Cleary) submitted copies of two exempt signed Urgent Cabinet Decision forms and accompanying exempt reports relating to the use of the Urgent Cabinet Decision Procedure in respect of:-

- (a) Disposal of Priestley Nook Site for Public Open Space and Grant Agreement with Woodnook JVCO Limited.
- (b) Disposal of 2 – 34 Booth Street, 53 – 67 Royds Street and 5 Hudson Street for Public Open Space and Grant Agreement with Woodnook JVCO Limited.

Approval of the reports was not deemed a key decision.

*Reasons for Decision*

The reasons for the decisions were set out in the respective exempt decision forms and accompanying exempt reports.

*Alternative Options Considered and Reasons for Rejection*

The alternative options considered and reasons for rejection were set out in the respective exempt reports.

**Resolved** - **That the use of the Urgent Cabinet Decision Procedure be noted.**

Signed:.....

Date: .....

Chair of the meeting  
At which the minutes were confirmed

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## LOCAL PLAN MEMBER WORKING GROUP

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**Monday, 25th January, 2016**

**Present:** Councillor Melissa Fisher (in the Chair), Councillors Judith Addison, Loraine Cox, June Harrison, Eamonn Higgins, Joyce Plummer and Kath Pratt

**Apologies** Miles Parkinson

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### **1 Declarations of Interest and Dispensations**

There were no declarations of interest or dispensations declared at the meeting.

### **2 Apologies for Absence and Substitutions**

An apology for absence was submitted on behalf of Councillor Miles Parkinson.

### **3 Introduction and Welcome**

The Chief Planning and Transportation Officer introduced the inaugural meeting of the Local Plan Member Working Group. He referred to the planning documents required to deliver planning policy and informed the Panel that these would need to be updated to reflect Government policy as some dated back to 1996. He informed the Panel that the Development Plans were about project management.

Terms of Reference – Members were informed of the aims of the Working Group.

### **4 Member Training**

The Chief Planning and Transportation Officer reported that the objectives of the training session were:

- to introduce Councillors to their role on the Working Group
- to introduce the key components of plan making and the Local Plan for Hyndburn
- to introduce the big issues which need to be addressed in order for Hyndburn to produce a robust plan.

The Chief Planning and Transportation Officer advised that the role of the Members was to listen to all views and to balance the needs of the whole of the borough on the basis of fairness and equality in order to produce robust plans. He referred to the importance of providing plans to ensure that housing/building was viable and delivered.

He explained that planning in England was policy-led and reported that Development Plans comprised of the Hyndburn Local Plan and any neighbourhood plans in the area. In respect of National Policy he reported that this consisted of the National Planning Policy Framework, the National Policy Statement and Planning Practice Guidance.

National Planning Policy Framework & Planning – He reported that the National Planning Policy Framework explicitly stated the planning policy role as being able to help achieve sustainable development. He indicated that at the heart of the National Planning Policy

Framework was a presumption in favour of sustainable development which should be seen as a golden thread running through both plan making and decision taking.

The Chief Planning and Transportation Officer reported on the National Planning Policy Framework key principles and that the Local Plan should meet objectively assessed needs (OAN) with sufficient flexibility to adapt to rapid change. He explained that there was also a duty to co-operate with an introduction to the Localism Act which required Councils and public bodies to engage constructively, actively and on an ongoing basis in relation to planning for strategic issues and to work collaboratively.

Local Plan Key Content - He reported that a plan should include vision, strategic objective and a delivery strategy. He gave details of the documents included in the Hyndburn Local Plan including the Core Strategy, the Accrington Area Action Plan, the Development Management DPD and the Site Allocations DPD. Other policy documents included Neighbourhood Plans and Supplementary Planning Documents (SPDs). He also gave details of the processing and supporting documents.

Members expressed concern about:

- proposed developments being located on green belt and green field sites without sufficient encouragement of developers to use brownfield sites.
- the importance of rebuilding and regenerating the central urban areas
- the price of new builds being unaffordable for some residents of the borough.
- the proposal for increasing the number of new builds in the borough even though population figures had not increased in Hyndburn and there did not seem to be a need for additional housing.

Members were informed of the key stages of the different Local Plan documents; that the Core Strategy and Accrington Area Action Plan had both been adopted in 2012; that the Development Management DPD consultation draft would be complete in February 2016; that evidence gathering for the Site Allocations DPD would continue in 2016. He reported that some important parts of the Hyndburn Evidence Base had recently been completed. He referred to the importance of the Strategic Housing Need Assessment and the Strategic Housing Land Availability Assessment to the process of plan making.

The Chief Planning and Transportation Officer reported that it was their aim to retain the population of Hyndburn and prevent migration to other neighbouring areas and consequently there was a need to provide a choice of housing so that people would be more likely to remain in the borough. He referred to the expenses associated with developers building on brownfield sites.

## **5 Development Management DPD**

The Principal Planning Officer referred to stage 1 (consultation draft) of the Development Management DPD and that the purpose was to set a detailed policy framework that would be used to determine planning applications and which would benefit decision makers. He gave details of the content of the Development Management DPD and the policies it included.

## **6 Objectively Assessed Need (OAN) for development and Plan Targets**

The Chief Planning and Transportation Officer reported that the objectively assessed need (OAN) for development and plan targets was part of the evidence based work. Hyndburn evidence on the OAN included:

- The Strategic Housing Market Assessment completed in 2014 and partially updated in 2015.
- Employment land study completed in January 2016.
- Retail study currently underway with the anticipated completion by April 2016.
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He indicated that a new plan target for the OAN would be likely to be a major issue on future agendas.

Signed:.....

Date: .....

Chair of the meeting  
At which the minutes were confirmed

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# LOCAL PLAN MEMBER WORKING GROUP

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**Monday, 11th July, 2016**

**Present:** Councillor Loraine Cox (in the Chair), Councillors Melissa Fisher, Stewart Eaves, Eamonn Higgins, Kath Pratt and Paddy Short

**Apologies** Councillor Judith Addison

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## **1 Apologies for Absence and Substitutions**

An apology for absence was submitted on behalf of Councillor Judith Addison.

## **2 Declarations of Interest and Dispensations**

There were no declarations of interest submitted at the meeting.

## **3 Minutes of the Last Meeting held on 25th January 2016**

The Minutes of the last meeting of the Local Plan Member Working Group held on 25<sup>th</sup> January 2016 were submitted for approval as a correct record.

**Agreed** - **That the Minutes be received and approved as a correct record.**

## **4 Introduction & Welcome**

The Principal Planning Officer welcomed Members to the first meeting of the Local Plan Member Working Group in the municipal year of 2016/17. He referred to the documents that the Members would need to give consideration to and outlined the reason for each document. He explained that the terms of reference for the Working Group were for Members to advise and comment on the Local Plan documents including:

- The Core Strategy
- Accrington Area Action Plan
- Development Management DPD
- Site Allocation DPD

Other policy documents included the Neighbourhood Plans and Supplementary Planning Documents (SPDs). The supporting documents included the Sustainability Appraisal and Evidence Base documents. The Process Documents included the LDS, Annual Monitoring Report and the Statement of Community Involvement.

## **5 Local Development Scheme/Programme of Work 2016-2017**

The Principal Planning Officer referred to the Local Development Scheme Programme of Work 2016/17 and reported that the work had been completed in accordance with the timetable. In respect of the timetable for 2016/17 he reported that there had been a slight slippage but that the final adoption date would remain for the Development Management DPD.

The Chief Planning and Transportation Officer reported on the importance of being able to demonstrate to the Inspector that all documents had been completed correctly.

The Principal Planning Officer advised on the following key matters for 2016/17:

- DM DPD publication 'consultation and subsequent, submission to Planning Inspector.
- A possible examination in public
- Variety of evidence base work to complete (including green belt assessment)
- Commencement of internal discussions on issues of OAN and site allocations

## **6 Development Management DPD Update**

The Principal Planning Officer reported on the Development Management DPD and explained that this document set out work statements in more detail and was split into two stages. He reported on the purpose of the document and how it would be used for the determination of planning applications. He indicated that the Supplementary Planning documents would be adopted by the Council in the future. He explained how amendments had been made to the document and referred Members to the track changes which were evident to show how this had been done. He reported that the document had eight chapters and contained 3 policies which were cross cutting throughout the whole of the document. He referred to the need for careful town centre planning and the types of issues to be considered whilst doing this and the need for a policy on community infrastructure including schools and public houses. Consideration should also be given to matters such as telecommunication masts, housing policies, heritage assets, design policy, greenbelt policy.

Members made the following suggestions:

- That there be a choice of housing new build types.
- That consideration be given to concerns about properties which become empty as a result of people moving into the newly built properties.
- That consideration be given to demolishing a proportion of old terraced housing no longer used as a result of people moving to new builds and that policies incorporate regulations on how to deal with environment affected in this way.

The Chief Planning and Transportation Officer reported that guidance notes on the current policy had been compiled a long time ago and were in need of modernisation. He reported a Plan Viability Study was already underway. He advised members that the screening of Development Management policies would need to be completed, a consultation statement produced and that a report on the document would be submitted to the August Cabinet and September Council meetings.

## **7 Retail Evidence**

The Principal Planning Officer reported that Peter Brett Associates had been commissioned to carry out a retail study in December 2015 in order to update the previous Retail Study which had been undertaken in 2005. He referred to the key aims of the Study including health checks, household survey of local shopping patterns and completing a qualitative assessment of retail. He reported that they had found that there was more than enough retail floor space. The Qualitative Assessment found that there was a need to improve and expand consumer choice and a need for provision in Rishton and Clayton Le Moors for convenience retail facilities. Recommendations included: no need to identify sites for convenience goods/retailing and the best opportunity for meeting comparison goods

retailing requirement would be land to the north of the Arndale Shopping Centre. In addition the Retail Study included advice on managing threats/creating opportunities.

## **8 Housing Land Evidence**

The Principal Planning Officer reported on the Housing Land Evidence based document. He indicated that the Strategic Housing Market Assessment (SHMA) had been published in 2014 and a partial updated published in December 2015. He reported that a consultancy had completed a piece of work to produce evidence for the policy.

Members were also advised on the draft Strategic Housing Land Availability Assessment (SHLAA) which is a technical study and not representative of Council policy and is an assessment of what could be developed in the borough. He reported that 206 sites had been looked at with 146 sites part of the assessment. Each site had been listed under one of three categories:

Category 1 – potential first 5 years

Category 2 – 5 – 10 year period

Category 3 – Not currently developable but maybe within 15 years

Within Hyndburn only 10% were viable units within the first five years. The key message from the document was that there was a significant housing supply issue and consequently there was a need to look at using the greenbelt and therefore a Greenbelt assessment would have to be undertaken. The aim was to seek greater clarity on category 3 sites. The key items for the Working Group to consider therefore were:

- The land supply position
- Linkage of housing supply/demand
- Level of housing considered achievable

## **9 Huncoat Masterplanning**

The Chief Planning and Transportation Officer referred to the Huncoat Masterplan. He reported that in the Core Strategy were 3 policies one of which included the strategic employment site. The aim was to develop a large employment site but pointed out that development of this had been delayed. He explained that the site had originally been allocated on land on which the former Huncoat Power Station was located but due to concerns submitted by residents the site allocation had been changed to land on which the former colliery site was situated. In conjunction with the allocation of the site for housing, Lancashire County Council had proposed a new link road. Development of the site had been prevented due to problems with the land owner and pointed out that there was no policy in place to take the proposal forward. He informed Members of the strategic importance of creating a policy that would do this. He indicated that a brief would have to be prepared which would be a major piece of funding for this work. He indicated that he would keep Members informed.

## **10 Date of Next Meeting**

The Principal Policy Officer and Chief Planning and Transportation Officer referred to the importance of Member contributing to discussions and helping to create and define the policies and documents of the Local Plan. Members were informed that reports were due to be submitted to Cabinet in August and Full Council in September. Members requested an additional meeting to enable them to submit comments and discuss the various documents of the Local Plan.

Agreed

- That the next meeting of the Local Plan Member Working Group be held on Wednesday 10<sup>th</sup> August 2016.

Signed:.....

Date: .....

Chair of the meeting  
At which the minutes were confirmed

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# LOCAL PLAN MEMBER WORKING GROUP

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**Wednesday, 10th August, 2016**

**Present:** Councillor Loraine Cox (in the Chair), Councillors Judith Addison, Stewart Eaves and Kath Pratt

**Apologies** Councillors Melissa Fisher, Eamonn Higgins and Paddy Short

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**11 Apologies for Absence**

Apologies for absence were submitted on behalf of Councillors Short, Fisher and Higgins.

**12 Declarations of Interest and Dispensations**

There were no declarations of interest or dispensations.

**13 Minutes of the Last Meeting held on 11th July 2016**

The Minutes of the last meeting of the Local Plan Member Working Group held on 11<sup>th</sup> July 2016 were submitted for approval as a correct record.

The Chief Planning and Transportation Officer informed the Panel that he had met with representatives of Peel Holdings who had made recommendations on Retail policies in the Development Management DPD.

**Resolved** - **That the Minutes be received and approved as a correct record.**

**14 Development Management DPD**

The Chief Planning and Transportation Officer advised Members to raise any comments on the proposed Development Management DPD prior to the document being submitted to Cabinet scheduled for the end of August 2016. He explained how the document was made up and the policies and procedures it consisted of. He informed the Panel that it was the Council's aim to achieve quality developments by improving on current standards.

Members commented on the following issues:

- Section 106 Agreements and green space
- Ensuring that policies, as written down in the Development Management DPD were adhered to as much as possible.
- Concerns that the new bus station was not user friendly for the elderly or disabled users as access to the main shopping area was more convoluted.
- Concern that the parking policy in the Arndale car park was causing residents problems.
- Concern that the number of vacant properties in the borough was increasing.

The Chief Planning and Transportation Officer advised that there was a limit on how much funding from Section 106 agreements could be spent on open spaces and that an increase in the number of vacant properties was largely a problem created through ownership from

absentee landlords. In respect of consideration of planning applications and concern that the policies, as agreed and written down in the DPD, were not always fully adhered to, he explained that full weight would be applied to policies when determining planning applications but when policies contradicted each other priority would be given to the most important policies first, e.g. greenbelt.

The Principal Planning Officer reported that policies would be in place for the next 10 – 15 years and outlined the process for approval including that from the Secretary of State and the Planning Inspectorate. He advised that the document would be adopted before the end of 2017.

The Chief Planning and Transportation Officer reported that people could contribute to the consultation online.

**15 Date Of Next Meeting**

To be confirmed.

Signed:.....

Date: .....

Chair of the meeting  
At which the minutes were confirmed

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# REGENERATION AND HOUSING PANEL

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**Monday, 18th July, 2016**

**Present:** Councillor Clare Cleary (in the Chair), Councillors Mohammad Ayub, Tony Dobson, Stewart Eaves and June Harrison

**Apologies** Jean Battle, Joyce Plummer and Helen McCue Melling

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## **72 Apologies for Absence and Substitutions**

Apologies for absence were submitted from Councillor Plummer and Councillor Battle and Helen McCue-Melling. There were no substitutions.

## **73 Declarations of Interest**

There were no declarations of interest.

## **74 Minutes of Last Meeting held on 23rd May 2016**

The Minutes of the last meeting of the Regeneration and Housing Panel held on 23<sup>rd</sup> May 2016 were submitted for approval as a correct record.

**Resolved** - **That the Minutes be received and approved as a correct record.**

## **75 Housing Renewal Funding**

THE HMR Programme Monitoring Officer submitted a report on the progress of the Housing Renewal Programme for 2016/17. She provided the meeting with an update on the total spend on regeneration projects for 2016/17 to date and the total budget allocated for the year. She referred members to details of spending as set out on page 2 of the report. She provided information on spend and progress for the Spring Street facelifting scheme and pointed out that the report now contained information about the Pendle Street project.

Discussions were held on the schemes established for improvements to empty properties in the Woodnook area.

**Resolved** - **That the Panel note progress of the 2016/17 Housing Renewal Programme.**

## **76 Woodnook Update**

The HMR Programme Monitoring Officer submitted a report to update the Panel on progress with the Woodnook regeneration project. She reported that work had been completed on 38 dwellings and were very popular. She informed the meeting that one property was in the process of being acquired through compulsory purchase but the result of a Public Inquiry held on 11<sup>th</sup> May 2016 was still being awaited. She provided the meeting with details of the works on Phases I & II of the empty homes projects. She pointed out that Phase I facelifting had been completed with the exception of four properties on Nuttall

Street which were subject to legal action and final snagging work which was due to be undertaken. Phase II facelifting was behind schedule due to the weather. Sixty dwellings were being brought back into use with 10 having been completed and Phase II of the empty homes project involved a further two awaiting connection of services. She reported that a further 22 dwellings would be completed within the next 6 months. Planning applications had been submitted for Booth Street which would be considered by the Planning Committee on 21<sup>st</sup> July.

**Resolved** - **That the report be noted.**

## **77 West Accrington**

The Head of Regeneration and Housing reported on progress with new house building in West Accrington. He reported that Keepmoat had made good progress on Phase II having constructed 80 of 103 properties. He reported that 70 properties had already been sold and completed. He informed the meeting that Phoenix II was scheduled for completion in October 2016. In respect of Phoenix I he reported that a new planning application had been submitted for 56 new houses at the back of the site but there had been a delay in progress in the Phase because of the need to acquire one of the properties through compulsory purchase. He reported that subject to approval the development would start in Spring 2017. He pointed out that the development would not be prevented because the property will be acquired through compulsory purchase or development would take place with potential land excluded. He informed the Panel that there was an outline planning application for 31 properties on Steiner Street and explained that development was subject to Keepmoat getting gap funding. He pointed out that if funding was not secured then the site would be put on the open market and another house builder sought or gap funding would have to be found by another source.

**Resolved** - **That the report be noted.**

## **78 Housing and Environmental Standards**

The Environmental Protection Manager submitted a report to update the Panel on actions taken by the Environmental Protection Team in relation to land and buildings that were detrimental to the amenity of the area during period 2 May to 30 June 2016. He indicated that the report provided details of cases on 58 sites and informed the Panel of unusual cases of an unauthorised display structure for which they had used legal powers for the first time and of a property that had to be cleared of waste due to the occupants having mental health issues.

Members of the Panel thanked the team for their hard work and requested that the following properties be investigated or works chased up:

- Printer Public House
- Moscow Mill, shops on Spring Street
- 51 Willows Lane & 88 or 90 Richmond Street for water leaking from one property to the other,
- the Bridge Inn, Church Street
- Hyndburn Project shop across from Accrington Town Hall
- the space occupied by the former Conservative Club.

The Environmental Protection Manager indicated that he would chase up or investigate the concerns raised by the Members as listed above.

**Resolved** - That the report be noted.

## **79 Community Protection Orders**

The Environmental Protection Manager submitted a report to brief the Panel on the provisions available under Part 4, Chapter 1 of the Anti-Social Behaviour, Crime and Policing Act 2014 (the Act) and how these powers could be used to deal with environmental blight and low level nuisances. He advised the Panel that the new powers could be used on anti-social behaviour and nuisance and pointed out that the main benefits for the Council were that they could issue fixed penalty notices for untidy back yards which would have a greater impact than taking someone to court. In addition he reported that there had been an increase in the maximum amount that they could charge a person under these powers. He referred Members to 3.4 of the report which gave the definition of a person having a detrimental impact on the area.

**Resolved** - That the report be noted.

## **80 Accrington Town Centre and Market Hall**

The Town Centre Manager submitted a report to provide the Panel with an update of issues surrounding Accrington Town Centre and markets. She reported that monthly meetings with the Arndale Centre are being held and it had been reported that a major retailer would be taking over two units in the Arndale Centre. She pointed out that retail interest in the units had increased due to the completion of the new bus station and the new Police Station scheduled for opening in August. She reported that the Food & Drink Festival and the Beside the Sea Side event had both been good but pointed out that the Council's financial support for the Food & Drink festival would be withdrawn with it becoming a commercial event. With regards to the indoor and outdoor markets she pointed out that consideration was being given to ways of attracting new traders. She reported that traders had complained about a number of issues caused by the temporary car park on Peel Street but they were working to resolve these. She explained that a meeting with the traders had been very productive.

Members contributed to discussions about increasing trade within the town centre and the Market Hall. The Head of Regeneration and Housing pointed out that a firm of Architects (IBI Group) had been appointed for the town centre and would be looking at ways of improving the public realm. He reported that new town square plans would in be place for the start of next Summer.

**Resolved** - That the report be noted.

## **81 Increasing Housing Supply**

The Head of Regeneration and Housing reported on progress in increasing housing supply in the borough. He reported on the impact of the vote for Brexit and the effect of this on House Builders and consequent development in the borough. He pointed out that there was a potential, in the short term, for less interest in building in Pennine Lancashire. He referred to progress with sites currently ear marked for development in the borough including:

Lyndon Playing Fields – interest from housing developers had been placed on temporary hold whilst the market settled down.

Parker Street, Rishton – planning consent had been acquired for 75 homes and a Section 106 Agreement in place but issues had arisen relating to materials and landscaping proposals.

Clayton Triangle – a report had been submitted to Cabinet requesting that consideration be given to revoking the emergency decision to sell the land to one specific developer. He reported that should the decision be revoked then the site would be placed on the open market.

Steiner Street – the HCA had been requested to fund gap for development of the area.

Huncoat – The Council’s application for Housing Zone status was still awaited. In the meantime the Planning team were currently reviewing the land allocations within the Local Plan. A report would be brought to a future meeting to update Members on plans for the Huncoat area.

He informed the Panel that in May 2016 the Housing & Planning Act received Royal Consent. He pointed out that this was new legislation and an extension of ‘Right to Buy’ with provisions around the sale of higher value vacant housing. He also reported that major legislation had been introduced on starter homes with a new Government initiative to help affordability although full rules with regards to eligibility and repayment still had to be written. He also referred to changes around the provision of mandatory rents for high income social tenant and advised that there would be a lot of new regulations drawn up. Leaflets were circulated to Members to provide more details.

**Resolved** - **That the report be noted.**

**82 Urgent Business**

**Appointment of Solicitor**

The Head of Regeneration and Housing informed the Panel that the Council had agreed to appoint a Solicitor to work on properties being acquired under compulsory purchase to ensure that there was capacity to deal with the workload. Subject to appointment, this would accelerate the CPO’s for Pendle Street and West Accrington.

**83 The Time and Date of Future Meetings:**

**Resolved** - **That the next meeting of the Regeneration and Housing Panel be held on Monday, 19<sup>th</sup> September 2016.**

Signed:.....

Date: .....

Chair of the meeting  
At which the minutes were confirmed

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# LEADER'S POLICY DEVELOPMENT BOARD

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**Tuesday, 13th September, 2016**

**Present:** Councillors Miles Parkinson (in the Chair), Councillors Paul Cox, Tony Dobson, Terry Hurn and Paul Thompson

**Apologies** Councillors Clare Cleary

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**1 Apologies for Absence and Substitutions**

**2 Minutes of the last meeting**

**Agreed** - That the minutes of the last meeting, held on 20<sup>th</sup> July 2016, be received and agreed as a correct record.

**3 Matters arising - Website**

Councillor Dobson asked if there had been any developments in the suggestion he made at the last meeting, to provide signposting to local community groups on the Council's website. As no-one present had any further information, it was suggested that this be pursued with the Head of ICT and Cabinet Portfolio Holder, Councillor Gareth Molineux.

**4 Vehicle Insurance and Business Cover for Councillors**

Members were advised of the need to ensure that Councillors arrange for their vehicle to be insured for use by themselves for business purposes on the advice of the Council's insurance advisors and the Head of Internal Audit. Before giving all Councillors this advice, it was thought appropriate to raise the matter at Leader's Board, in case any Members had any questions or concerns.

**Agreed** - That the advice be noted and all Councillors be informed accordingly.

**5 Armistice Day, 11th November and Remembrance Sunday, 13th November 2016**

The Democratic Services Manager informed Members of arrangements for the commemorations on Armistice Day, 11<sup>th</sup> November (in front of the Town Hall) and the various services to take place throughout the borough on Remembrance Sunday, 13<sup>th</sup> November 2016.

It was pointed out that a formal road closure had been put in place and a traffic company engaged for Oswaldtwistle, due to police safety concerns. In addition, the route had been shortened, again due to safety concerns.

**Agreed** - That the Oswaldtwistle Councillors be informed of the changed route, if they had not been already.

**6 Appointment of Co-opted Members on Overview and Scrutiny Committees**

Council on 15<sup>th</sup> September, was being asked to approve the appointment of co-opted members to the overview and scrutiny committees. There was a discussion at this meeting about the criteria for selection and to what extent nominees should not be actively involved in local politics. The general conclusion was that the current criteria should remain and each nominee would be considered on its merits.

**7 Combined Authority for Lancashire**

The Leader informed Members of discussions across Lancashire regarding the proposed combined authority. It was envisaged that a model for devolution/a combined authority in Lancashire would be brought forward in the spring of 2017. The Leader was keen for scrutiny to be involved in examining the proposal and its implications in detail.

Some of the issues which would need to be addressed and clarified included:-

- the scope of devolution
- a “devolution levy” - the financial implications for local Council Tax payers
- an elected Mayor
- Management costs
- Timescale and costs

Members asked that they be briefed on developments at the appropriate time.

**8 Date and Time of Next Meeting**

The next meeting would be arranged when necessary.

Signed:.....

Date: .....

Chair of the meeting  
At which the minutes were confirmed

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# LEARNING AND DEVELOPMENT PANEL

---

**Tuesday, 13th September, 2016**

**Present:** Councillor Clare Cleary (in the Chair), Councillors Stephen Button, Terry Hurn and Paul Thompson

**Apologies:** Councillor Judith Addison

**In attendance:** Helen Gee (Democratic Services Manager); Claire Beattie (Principal ICT Officer)

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**1 Apologies for Absence**

Apologies were submitted on behalf of Councillor Judith Addison.

**2 Minutes of the last meeting**

**Agreed** - That the minutes of the last meeting, held on 28<sup>th</sup> June 2016, be approved as a correct record.

**3 CSE/Safeguarding Briefings for Elected Members on Licensing Committees**

The Democratic Services Manager reported that Lancashire Safeguarding Board and the Office of the Police and Crime Commissioner had offered Councillors who sat on licensing committees (i.e. taxi licensing) the opportunity to undertake child sexual exploitation and safeguarding briefings, to be funded by the Office of the Police and Crime Commissioner. A briefing session had been arranged in Hyndburn, not only for members of Judicial Committee (Private Hire and Hackney Carriage Licensing) but for any Councillor who was interested. This was to be held on Wednesday, 19<sup>th</sup> October at 5.30 p.m.

Panel members noted the arrangements.

**4 Member Development Review and Member Development Programme 2016/17**

The Democratic Services Manager reported on the results of an online survey of Councillors to identify their training needs. This was a different approach to previous years, when one-to-one interviews had been conducted. The results were set out in the report to Panel members, now submitted. This identified training topics by skills and knowledge, ranking them according to popularity. After discussion, Panel members agreed that the following should form part of the Member Development Programme for 2016/17:-

| <b>Skills</b>                          | <i>Comments</i>                         |
|--|---|
| Dealing with the media                 | Engage external trainer used previously |
| Questioning skills                     |   |
| Confident public speaking              |   |
| Chairing meetings                      | To be arranged annually                 |
| Effective use of social media          |   |
| Managing conflict                      |   |
| <b>Knowledge</b>                       |   |
| Reporting issues/signposting residents |   |
| Food hygiene ratings system            |   |

|  |  |
|--|--|
| Devolution - Combined authority for Lancashire and what it will mean |  |
| <b>Skills and Knowledge for Specific Roles</b>                       |  |
| Better understanding of Cabinet portfolios                           | Suggest repeat of Cabinet roadshow/Directors on Tour, for Councillors as well as staff |

**Agreed**

**- That the topic listed above would be included in the Member Development Programme for 2016/17.**

**5 Date of next meeting**

The next meeting would be on Tuesday, 6<sup>th</sup> December 2016 at 2 p.m.

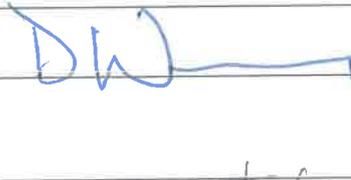
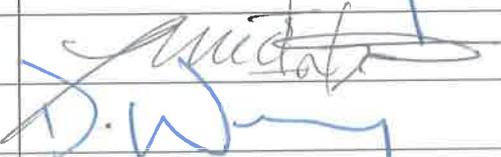
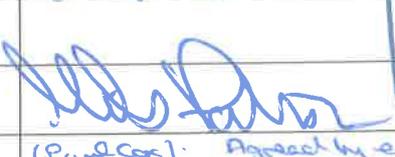
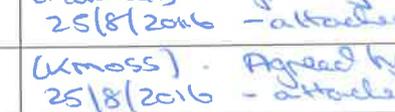
## HYNDBURN BOROUGH COUNCIL

### APPROVAL FOR URGENT CABINET DECISION

#### (Executive Procedure Rule B16)

#### Summary and Approvals

1. **Title of Report**  
Issue of lease to Trustees of Hyndburn Green Spaces Forum for Milnshaw Park Play Area
2. **Report Author: Andrew J Hayhurst**
3. **Purpose of Report: To seek approval to amend the Cabinet decision (recommendation 2.1 of Cabinet report attached) to grant a lease for 10 years to the Trustees of Hyndburn Green Spaces Forum of part of Milnshaw Park prior to the Trustees of Hyndburn Green Spaces Forum applying for funding from BIFFA Awards Scheme**
4. **Decision requested: To grant a lease to the Trustees of Hyndburn Green Spaces Forum of part of Milnshaw Park to enable a funding application to be taken forward for consideration by BIFFA.  
Tomake provision for Hyndburn Borough Council to bring the lease granted to an end in the event that funding is not secured through The BIFFA Award Scheme**
5. **Reason for Urgency: A funding application has been made by the Trustees of Hyndburn Green Spaces Forum to the BIFFA Awards Scheme and all supporting documentation must be received by BIFFA by the 1<sup>st</sup> of September 2016. BIFFA have confirmed that they require a lease to be in place between Hyndburn Borough Council and the Trustees of Hyndburn Green Spaces Forum for period of at least 10 years before the funding application made can be considered.**
6. **Approvals of Members and Officers**

| Designation  | Signature to give approval   |
|--|--|
| <u>Officers</u>                                    |  |
| Chief Executive *                                  |  |
| Executive Director (Legal and Democratic Services) |  |
| Deputy Chief Executive                             |  |
| Chief Officer/Head of Service                      |  |
| <u>Elected Members</u>                             |  |
| Leader   |  |
| Deputy Leader                                      | (Paul Cox) - Agreed by email 25/8/2016 - attached.                                   |
| Portfolio Holder                                   | (Kross) - Agreed by email 25/8/2016 - attached.                                      |
| Mayor (to agree to exempt from call-in)            | Tim O'Kare   |

*\* or Deputy Chief Executive in his absence, or if Chief Executive is the decision-taker*

7. **Date of Decision (when finally approved):** 25TH AUGUST 2016

|  |                |  |  |
|--|----------------|--|--|
| <b>REPORT TO:</b>  |                | Cabinet                                    |  |
| <b>DATE:</b>   |                | 22 August 2016                             |  |
| <b>PORTFOLIO:</b>  |                | Cllr Ken Moss - Education, Leisure & Arts  |  |
| <b>REPORT AUTHOR:</b>  |                | Andrew Hayhurst                            |  |
| <b>TITLE OF REPORT:</b>  |                | Issue of lease for Milnshaw Park Play Area |  |
| <b>EXEMPT REPORT<br/>(Local Government<br/>Act 1972, Schedule<br/>12A)</b> | <b>Options</b> | Not applicable                             |  |
| <b>KEY DECISION:</b>   | <b>Options</b> | If yes, date of publication:               |  |

## 1. Purpose of Report

- 1.1.1 To seek approval to amend the decision taken by Cabinet in respect of Milnshaw Park Play Area

## 2. Recommendations

- 2.1 That Cabinet amends the decision made on June 8<sup>th</sup> 2016 to reflect the requirement that a 10 year lease must be in place with the Trustees of Hyndburn Green Spaces Forum prior to submission of the completed funding application to BIFFA.

The recommendation at 2.1 of the attached Report dated June 8<sup>th</sup> 2016 be amended to read:

2.1 That Cabinet agrees to lease an area of Milnshaw Park (shown edged black on attached plan) to the Trustees of Hyndburn Green Spaces Forum for the purposes of installing a new play area for local children subject to :-

- (i) The inclusion of a break clause in the lease to enable the Council to bring the lease to an end should grant funding from BIFFA not be secured by the Trustees of Hyndburn Green Spaces Forum.
- (ii) No objections being received to the proposed disposal of public open space

## 3. Reasons for Recommendations and Background

- 3.1 A copy of the Cabinet Report of June 8<sup>th</sup> 2016 is attached. The position remains as outlined in the attached report except that the lease for a minimum of 10 years with the Trustees of Hyndburn Green Spaces Forum must be in place prior to submission of the Grant Application by them to BIFFA by September 1<sup>st</sup> 2016. Previous advice from BIFFA was that a signed Draft Lease would suffice for purposes of considering the Funding Application, recent communication from BIFFA would indicate that this is no longer the case.

4. Alternative Options considered and Reasons for Rejection

- 4.1 Decline the offer of a lease option: this would result in the withdrawal of the BIFFA application and would require re design of the proposed facility within existing budget available through Area Council and Section 106 funding, this would provide limited play value within one of the borough's major facilities.

5. Consultations

- 5.1 Local Residents, Friends of Milnshaw Park, Accrington Academy, Local schools

6. Implications

|  |  |
|--|--|
| <b>Financial implications (including any future financial commitments for the Council)</b>   | Capital expenditure to be match funded through Section 106 for Hambledon Mill and area council. The site is currently on playground inspection route and would not incur any additional revenue funding. |
| <b>Legal and human rights implications</b>   | The Trustees of Hyndburn Green Spaces Forum will have the benefit of a lease of part of Milnshaw Park without the Grant Application having been determined for an unknown period of time                 |
| <b>Assessment of risk</b>  | Failure to obtain the inward investment would necessitate the construction of a play area which would not meet the needs of local children or the Fields In Trust guidelines                             |
| <b>Equality and diversity implications</b><br><i>A <u>Customer First Analysis</u> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i> | See attached 7.5   |

7. Local Government (Access to Information) Act 1985:  
List of Background Papers

- 7.1 Area of proposed lease  
7.2 Title plan  
7.3 Register of Title  
7.4 Cabinet report 8<sup>th</sup> June 2016  
7.5 Customer First Analysis



**These are the notes referred to on the following official copy**

The electronic official copy of the title plan follows this message.

Please note that this is the only official copy we will issue. We will not issue a paper official copy.

This official copy was delivered electronically and when printed will not be to scale. You can obtain a paper official copy by ordering one from Land Registry.

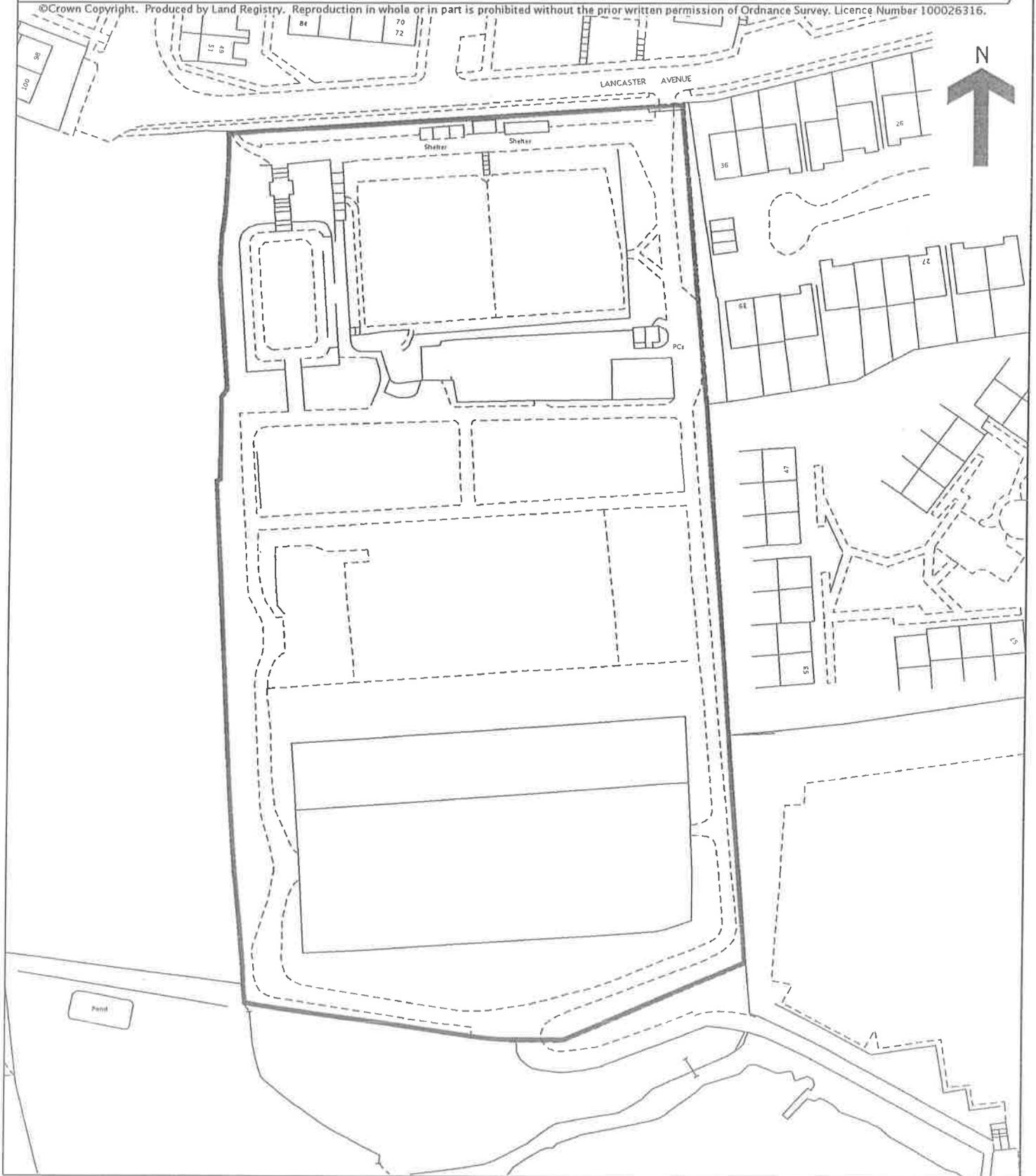
This official copy is issued on 17 June 2016 shows the state of this title plan on 17 June 2016 at 16:05:02. It is admissible in evidence to the same extent as the original (s.67 Land Registration Act 2002). This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground. This title is dealt with by the Land Registry, Fylde Office .

Land Registry  
Official copy of  
title plan

Title number **LAN81040**  
Ordnance Survey map reference **SD7529SW**  
Scale **1:1250**  
Administrative area **Lancashire : Hyndburn**



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Official copy  
of register of  
title

Title number LAN81040

Edition date 05.01.2009

- This official copy shows the entries on the register of title on 17 JUN 2016 at 16:05:02.
- This date must be quoted as the "search from date" in any official search application based on this copy.
- The date at the beginning of an entry is the date on which the entry was made in the register.
- Issued on 17 Jun 2016.
- Under s.67 of the Land Registration Act 2002, this copy is admissible in evidence to the same extent as the original.
- This title is dealt with by Land Registry, Fylde Office.

## A: Property Register

This register describes the land and estate comprised in the title. Except as mentioned below, the title includes any legal easements granted by the registered lease but is subject to any rights that it reserves, so far as those easements and rights exist and benefit or affect the registered land.

LANCASHIRE : HYNDBURN

- 1 (05.01.2009) The Leasehold land shown edged with red on the plan of the above title filed at the Registry and being Milnshaw Park Lancaster Avenue, Accrington.
- 2 (05.01.2009) Short particulars of the lease(s) (or under-lease(s)) under which the land is held:  
 Date : 12 April 1880  
 Term : 999 years from 12 April 1880  
 Parties : (1) Jonathan Peel  
 (2) Thomas Hindle and Williamson Lee  
 (3) The Mayor Aldermen and Burgesses of the Borough of Accrington
- 3 (05.01.2009) The land has the benefit of the rights granted by a Agreement dated 29 June 1896 made between (1) The Mayor Aldermen and Burgesses of the Borough of Accrington and (2) The Honourable Seymour John Fortescue .

*NOTE: Copy filed.*

## B: Proprietorship Register

This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.

### Title good leasehold

- 1 (05.01.2009) PROPRIETOR: HYNDBURN BOROUGH COUNCIL of Scaitcliffe House, Ormerod Street, Accrington, Lancashire BB5 0PF.

### End of register

|  |           |   |  |
|--|-----------|---|--|
| <b>REPORT TO:</b>  |           | Cabinet   |  |
| <b>DATE:</b>   |           | 08 June 2016                                      |  |
| <b>PORTFOLIO:</b>  |           | Cllr Ken Moss - Education, Leisure & Arts         |  |
| <b>REPORT AUTHOR:</b>  |           | Craig Haraben (Acting Head of Community Services) |  |
| <b>TITLE OF REPORT:</b>  |           | Milnshaw Park Play Area                           |  |
| <b>EXEMPT REPORT<br/>(Local Government<br/>Act 1972, Schedule<br/>12A)</b> | <b>No</b> | Not applicable                                    |  |
| <b>KEY DECISION:</b>   |           |   |  |
|  | <b>No</b> | If yes, date of publication:                      |  |

**1. Purpose of Report**

- 1.1 To seek Cabinet approval to lease an area of Milnshaw Park, Lancaster Avenue in Accrington to the trustees of Hyndburn Green Spaces Forum (HGSF) for the purpose of installing a new play area for local children.

**2. Recommendations**

- 2.1 That Cabinet agrees to lease an area of Milnshaw Park (shown edged black on the attached plan) to the trustees of Hyndburn Green Spaces Forum for the purpose of installing a new play area for local children subject to:-
- (i) Biffa Grant Funding being Awarded to HGSF
  - (ii) No objections being received to the proposed disposal of public open space
- 2.2 That Cabinet requests a further report be presented to it to consider whether to proceed with the proposed lease if objections are received in connection with the proposed disposal of public open space
- 2.3 That Cabinet delegates authority, subject to paragraph 2.1 above, to the Acting Head of Community Services, following consultation with the portfolio holder to agree the detailed terms of the lease.

**3. Reasons for Recommendations and Background**

- 3.1 The play equipment at Milnshaw Park is over twenty years old. There is only one piece of useable equipment left as the rest has been removed due to being beyond economical repair.

- 3.2 There has been a desire by local ward Councillors, local community and the Parks & Cemetery Service to refurbish this play area and provide play equipment of a modern day standard for local children and young people.
- 3.3 There is now an opportunity to undertake a play area refurbishment in Milnshaw Park because a number of streams of funding have become available that could be used to co-fund the project.
- 3.4 Funding has been secured in part through Section 106 funding from a housing development in the area, and in addition Church & Milnshaw Area Council have agreed to put some of their delegated funds towards the project. The remainder of the project funding is due to come from Biffa Award, the Landfill Tax funding element of their business. The estimated cost of the play area is £115,000 and the combined total of the different funding streams is £115,000, so the project is financially viable.
- 3.5 HGSF has submitted an application to Biffa Award for £50,000 and the application has been successful at Stage 1 and is now through to Stage 2 in the process.
- 3.6 A condition of the Biffa Award funding is for the applicant (should it not be the landowner) to have at least a 10 year lease of the area of land in question. In this case there is a need to lease the area of land for the new play equipment to the HGSF, in order to meet the Biffa Award funding requirements. Although detailed lease terms have yet to be agreed, it is proposed that the Council grant HGSF a 10 year lease of the land shown edged red on the attached plan at a peppercorn rent for use as a children's play area. The intention is that the Council will continue to maintain, repair and insure the play area under the terms of the lease.
- 3.7 Section 123 of the Local Government Act 1972 gives the Council power to dispose of its land which includes the granting of leases. As the proposed lease is for a term of over 7 years, section 123 requires for the disposal to be for market value, except where the Local Government Act 1972 General Disposal Consent (England) 2003 applies. The General Disposal Consent permits the Council to grant a lease at an undervalue where this promotes the social, economic or environmental wellbeing of the Borough or its residents. It is not yet possible to determine whether this will be a lease at market value, but, if it isn't, officers consider that the disposal can be justified on "wellbeing grounds". In this case, the installation of a new play area will bring social benefits for children, young people and their families from the surrounding area and improve environmental well-being by refurbishing a currently run down part of the park.
- 3.8 The proposed lease comprises land that is currently public open space. Section 123 Local Government Act requires the Council to advertise its intention to dispose of public space and to consider any representations received before making a final decision. Public notice has been given, but the final date for receipt of comments and objections has not yet passed.
- 3.9 Once constructed the play area will have free and open public access in exactly the same way as any other park play area, the lease would place no restriction on public use.

#### 4. Alternative Options considered and Reasons for Rejection

- 4.1 Do not lease the land to HGSF. This is not recommended because the external funding body contributing the refurbishment of the play area in Milnshaw Park would withdraw funding and therefore prevent the project from happening.

#### 5. Consultations

- 5.1 Hyndburn Green Spaces Forum, local residents, local councillors, Corporate Property, Legal Services and Parks & Cemetery service have been consulted in relation to this project.
- 5.2 The Council has given public notice of its intention to dispose of public open space pursuant to section 123 Local Government Act 1972. The closing date to get back to the Council with any comments or objections is 10 June 2016. All comments will be considered once the closing date has been reached and if any objections are received, a further report will be presented to Cabinet to enable a final decision to be taken on the disposal.

#### 6. Implications

|  |   |
|--|---|
| <b>Financial implications (including any future financial commitments for the Council)</b> | A new play area will be maintained by the Council but will have reduced maintenance costs compared with the current old play equipment. Biffa are prepared to allocate £50,000 to this project with Church & Milnshaw Area Council prepared to match fund to a value of £18,155, alongside a contribution from Hambledon Mill S106 of £46,875 |
| <b>Legal and human rights implications</b>   | The new play area will be constructed to meet the requirements set out in Fields in Trust guidelines and EU standards for play area construction.<br><br>Legal implications regarding the lease are set out in Section 3 of this report.  |
| <b>Assessment of risk</b>  | The play area has been designed using modern design principles. Failure to meet all grant conditions could result in the withdrawal of grant funding from Biffa.  |
| <b>Equality and diversity implications</b>   | A Customer First Analysis is attached to this report  |

7. **Local Government (Access to Information) Act 1985:**  
**List of Background Papers**

7.1 A copy of the expression of interest funding application sent to Biffa Award can be obtained by contacting the Council.

8. **Freedom of Information**

8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.



## Hyndburn Borough Council

### Customer First Analysis

#### What is it for?

Our corporate values include putting the customer first, providing opportunities for bright futures and narrowing inequality across the Borough.

From 1 April 2011, a new legal duty applies to all public authorities. It covers these protected characteristics:

- age;
- disability;
- gender reassignment;
- pregnancy and maternity;
- race;
- religion or belief;
- gender;
- sexual orientation; and, for some aspects, marriage and civil partnerships.

The duty means that – as previously - we should analyse the effect of existing and new policies and practices on equality. It does not specify how we should do this. However, legal cases on the meaning of the previous general equality duties make it clear that we must carry out the analysis **before making the relevant policy decision**, and include consideration as to whether we can reduce any detrimental impact.

The framework overleaf – our Customer First Analysis - is suggested when making a written record of the analysis. This replaces Equality Impact Assessments.

The Analysis should be **proportionate** to the policy decision being taken. In some cases the written record will be a quick set of bullet points or notes under each heading, to deal with any questions which are relevant (or briefly explain why if they aren't). Others will need to be much more detailed. A meaningful Analysis will help the Council make the best decision or formulate a policy which best meets our customers' needs.

Please return completed Customer First Analyses to Human Resources. I can guide you through the process if this would be helpful.

If you have any suggestions for improving this process, please let me know.

Kirsten Burnett  
Head of HR

## Customer First Analysis

### 1. Purpose

- What are you trying to achieve with the policy / service / function?  
To install a new play area in Milnshaw Park
- Who defines and manages it?  
The land for the new play area will be leased to HGSG but maintained by Hyndburn BC
- Who do you intend to benefit from it and how?  
Children young people and their wider families in the local area
- What could prevent people from getting the most out of the policy / service / function?  
Not securing the grant funding for this project
- How will you get your customers involved in the analysis and how will you tell people about it?  
Five local schools were consulted via questionnaire and local residents were consulted via park user survey

### 2. Evidence

- How will you know if the policy delivers its intended outcome / benefits?  
A new play area will have been constructed and is being used by local families
- How satisfied are your customers and how do you know?  
We will need to ask them once the play area is constructed
- What existing data do you have on the people that use the service and the wider population?  
We have data via parks user survey
- What other information would it be useful to have? How could you get this? N/A
- Are you breaking down data by equality groups where relevant (such as by gender, age, disability, ethnicity, sexual orientation, marital status, religion and belief, pregnancy and maternity)? The parks user survey does provide this information
- Are you using partners, stakeholders, and councillors to get information and feedback? Yes  
local schools, councillors and residents

### 3. Impact

- Are some people benefiting more – or less - than others? If so, why might this be?  
This playground is available for all members of the community

### 4. Actions

- If the evidence suggests that the policy / service / function benefits a particular group – or disadvantages another - is there a justifiable reason for this and if so, what is it? A lease agreement is with HGSG which has an open membership policy
- Is it discriminatory in any way? No
- Is there a possible impact in relationships or perceptions between different parts of the community? No the local community are members of HGSG
- What measures can you put in place to reduce disadvantages? N/A
- Do you need to consult further? N/A
- Have you identified any potential improvements to customer service?  
The playground will be new and a much better facility than the existing one
- Who should you tell about the outcomes of this analysis? N/A
- Have you built the actions into your Business Plan with a clear timescale?  
Yes the project has been built into the department work schedule
- When will this assessment need to be repeated? N/A

UNCLASSIFIED

**Name:** Craig Haraben

**Signed:** 

**Service Area:** Parks and Cemeteries

**Dated:** 20 May 2016

## Monica Bell

---

**From:** Ken Moss  
**Sent:** 25 August 2016 14:17  
**To:** Monica Bell; Paul Cox  
**Subject:** Re: Emergency Powers Form - Play Area, Milnshaw Park

Hi Monica,

My apologies. I've been on the mower all day. It's all approved.

Best wishes

Ken

Sent from my iPad

On 25 Aug 2016, at 09:10, Monica Bell <[Monica.Bell@hyndburnbc.gov.uk](mailto:Monica.Bell@hyndburnbc.gov.uk)> wrote:

Hi Ken,

Can you please look at the attached urgent Cabinet decision relating to "Issue of Lease to Trustees of Hyndburn Green Spaces Forum for Milnshaw Park Play Area" and let me know if you support and approve it. A reply this morning would be appreciated.

Thanks

Monica

<Urgent Cabinet Decision Form - Milnshaw Park.doc>

<Urgent Cabinet Decision Report - Milnshaw Park.docm>

<Urgent Cabinet Decision Title Plan - Milnshaw Park Appendix 2.pdf>

<Urgent Cabinet Decision June 2016 CFA - Milnshaw Park Appendix 5.doc>

<Urgent Cabinet Decision June 2016 Report - Milnshaw Park Appendix 4.docm>

<Urgent Cabinet Decision Plan - Milnshaw Park Appendix 1.jpg>

<Urgent Cabinet Decision Register - Milnshaw Park Appendix 3.pdf>

## Monica Bell

---

**From:** Paul Cox  
**Sent:** 25 August 2016 14:52  
**To:** Monica Bell  
**Subject:** Re: Urgent Cabinet Decision - Milnshaw Park Play Area

Monica

I agree

Thanks

Paul Cox

Milnshaw Ward  
01254726379  
07547532279

On 25 Aug 2016, at 13:24, Monica Bell <[Monica.Bell@hyndburnbc.gov.uk](mailto:Monica.Bell@hyndburnbc.gov.uk)> wrote:

Hi Paul,

Please see attached documents relating to an urgent cabinet decision regarding a Play Area at Milnshaw Park.

Can you please let me know by email if you approve the decision.

Thanks

Monica

<Urgent Cabinet Decision Form - Milnshaw Park.doc>

<Urgent Cabinet Decision Report - Milnshaw Park.docm>

<Urgent Cabinet Decision Plan - Milnshaw Park Appendix 1.jpg>

<Urgent Cabinet Decision Title Plan - Milnshaw Park Appendix 2.pdf>

<Urgent Cabinet Decision Register - Milnshaw Park Appendix 3.pdf>

<Urgent Cabinet Decision June 2016 Report - Milnshaw Park Appendix 4.docm>

<Urgent Cabinet Decision June 2016 CFA - Milnshaw Park Appendix 5.doc>

# Agenda Item 8.

|  |                                       |                              |  |
|--|---------------------------------------|------------------------------|--|
| <b>REPORT TO:</b>  | Cabinet                               |                              |  |
| <b>DATE:</b>   | 12 October 2016                       |                              |  |
| <b>PORTFOLIO:</b>  | Cllr Gareth Molineux - Resources      |                              |  |
| <b>REPORT AUTHOR:</b>  | Stephen Brindle – Head of Accountancy |                              |  |
| <b>TITLE OF REPORT:</b>  | 100% Business Rates Retention         |                              |  |
| <b>EXEMPT REPORT (Local Government Act 1972, Schedule 12A)</b> | <b>No</b>                             | Not applicable               |  |
| <b>KEY DECISION:</b>   | <b>No</b>                             | If yes, date of publication: |  |

## 1. Purpose of Report

- 1.1 To describe the proposed government changes and possible effects of the alteration in local government funding i.e. the 100% retention of business rates by local government.

## 2. Recommendations

- 2.1 To note the contents of the report which describes the current business rates system and then describes the issues surrounding the government's proposals.

## 3. Reasons for Recommendations and Background

- 3.1 The purpose of the policy is to stimulate economic growth at a local level.

- 3.2 Moving towards the new system the government has already announced:

- Local government will keep 100% of business rate revenue by the end of the current Parliament which from a financial perspective is assumed to mean 1<sup>st</sup> April 2020.
- By the start of the financial year, 1<sup>st</sup> April 2020, revenue support grant (RSG) will be phased out.
- In return for the extra revenue it receives local government will be expected to take on new responsibilities.
- The uniform business rate will be abolished.
- Directly elected mayors will be given the power to increase business rates for spending on local infrastructure projects provided they have the support of the Local Enterprise Partnership (LEP).

### 3.3 The Current System

The present system was introduced in April 2013. The rateable value of a business property is multiplied by the uniform business rate (the multiplier) and the resulting figure is the annual charge. The business rate income collected by the Council is split 50:50 the central share and the local share. The central share goes to government and is redistributed to local government in the form of RSG and other grants.

- 3.4 The local share, in the case of Hyndburn BC, is split: 80% stays with the Council, 18% goes to the County Council and 2% to the Fire and Rescue Service. The 80% is the Council's business rates baseline which is fixed subject to annual uprating in line with the retail prices index (RPI).
- 3.5 The funding needs of the Council are assessed centrally and a baseline funding level is calculated. It is a proxy for local need and its aim is to provide some fairness in the system. If the business rates baseline is greater than its baseline funding level, an authority pays a tariff which is what happens at Hyndburn Council. In the reverse position, an authority receives a top-up payment which is the case at the County Council.
- 3.6 Councils keep 50% of growth in their business rate receipts which arise from new or expanding businesses. Local authorities which pay tariffs are also liable to pay a levy of up to 50% on this type of growth.

### **Factors Affecting the Reformed System**

#### 3.7 Needs Assessment

As part of the 2016/17 Local Government Finance Settlement the government announced a Fair Funding Review of councils' relative needs and resources. The last needs assessment was done in 2013/14 and concentrated on updating the data rather than considering the method used.

- 3.8 At present the main idea is authorities with higher needs will receive a larger allocation of funds. The important question is how to measure relative need. The government consultation paper on business rates retention says,

*There is good reason to believe that the demographic pressures affecting particular areas, such as the growth in elderly population, have affected different areas in different ways, as has the cost of providing services.*

- 3.9 That is, relative needs have changed so how to account for the shift under a new funding regime? If money is to be reallocated through the system, the government does not want the redistribution to deinceivise authorities from pursuing effective growth policies. There is a maximum of 50% levy on growth at present which is to be

scrapped but there is a conflict between allowing all growth to be kept and to protect authorities which cannot grow as quickly as others.

### 3.10 Growth and Redistribution

To strike a balance in the new system between providing a growth incentive and the fair distribution of funding amongst authorities, the government expects to 'reset' the system on a fixed basis. It will reconsider relative need and recalculate the amounts to be redistributed. The method will probably be similar to the current top-up and tariff method which already exists.

- 3.11 The question is how often to reset the system? If the growth that local authorities achieve is included in the reset amount i.e. it is distributed away from the authority, then the incentive to growth is weakened. If, on the other hand, redistribution occurs infrequently, then there is the possibility that services would not be delivered when relative need grew faster than tax revenue. The government is consulting whether to reset infrequently e.g. every twenty years, frequently e.g. every five years or to have a partial reset of the system on a frequent basis. The trade-off is between allowing authorities to keep their growth and supporting authorities which have seen economic decline or a needs increase.

### 3.12 Business Rates in Two Tier Authorities

Para 3.4 mentions the business rate split between county and district authorities. Both groups would like a larger share. Counties argue they provide the infrastructure to support growth as well as the continuing costs of growth e.g. social care. Districts say that their council expenditure is linked geographically to the businesses that deliver growth.

- 3.13 The current straight percentage split may not properly reflect the responsibilities of counties and districts and if the shares are adjusted a needs based assessment might be fairer.
- 3.14 The other component of the split is the Fire and Rescue Service and given its possible separation, similar to the Police and Crime Commissioner, it might be better taken out of the system altogether.

### 3.15 Revaluations

General revaluations of all properties are currently scheduled to occur every five years; the next one takes effect from 1<sup>st</sup> April 2017. The revaluation is when economic changes in property values are reflected in rateable values. In the meantime, rateable values only change through appeals and physical changes to property or location.

- 3.16 Nationally the government resets the multiplier at the time of revaluation to ensure no more is raised in business rates, therefore, if rateable values increase overall at the revaluation the multiplier will fall. At a local level individual authorities will see their rates rise or fall at revaluation. It depends on whether the economic growth or decline in the individual local authority is above or below the national average. Consequently

some authorities can see their rates income fall at revaluation despite having seen increases in their rateable values. To compensate for this the government adjusts each authority's tariff or top-up to ensure their retained income is the same after revaluation as it was before.

3.17 If this adjustment continued after 100% business rates retention, then economic growth caused by a change to the multiplier will be cancelled out.

3.18 Appeals

The authority stands the cost of a successful appeal by a business over its rateable value. It is judged an unfair arrangement because the Valuation Office (VoA) sets the rateable value and also decides whether the appeal is allowed or not. To meet the cost of successful appeals local authorities have set up individual appeals provisions. They have in some cases been large because it is difficult to estimate the amount needed and because the larger the provision the easier it is to ride out volatility in the system.

3.19 With 100% rate retention all volatility will be borne by the local authorities and so they may increase their provisions, which are cash backed, in effect, funding is moved from services to provisions.

3.20 To combat the instability, the government has suggested more regular valuations of business property so there will not be large variations in the amount to pay and that claims will be settled more quickly. It is a solution which implies employing more staff and therefore increasing the cost; the payment would presumably be borne, to some extent, by the 100% rate retention scheme. There is no discussion about transferring responsibility from the VoA.

3.21 Encouraging Growth

As mentioned at the beginning of the report, the policy objective is to generate economic growth. However, growth resulting from improvements to existing buildings is, by and large, removed in the revaluation process i.e. it is not kept locally. The current system works by counting growth as the construction of new buildings or increasing net floor space; and they are determined by the availability of development land and whether there is finance to support viable economic development.

3.22 Such an arrangement works against a city centre with limited opportunity to increase space and so there is an argument that the incentive should focus on rateable value growth as well i.e. the improvements to existing buildings.

3.23 According to The New Local Government Network, linking business rates growth to floor space '*incentivises large developments in low wage sectors such as retail*' i.e. out of town development and does not encourage those businesses which '*occupy less floor space but create higher wage jobs and contribute to a dynamic and resilient local economy.*'

3.24 In effect, the current system simply encourages economic growth which increases floor space. It is a limited approach which may form only part of an authority's regeneration strategy.

### 3.25 Varying the Multiplier

The government announced it would abolish the uniform business rate and allow authorities to cut business rates in order to stimulate economic growth. It did not say it would allow authorities to raise rates.

3.26 It seems unlikely authorities would want to reduce the multiplier and reduce their income if they were already struggling to balance their books. Also it is not necessarily the amount of the business rate which is the main driver for encouraging economic growth. For example, infrastructure and suitable housing for people working in the new enterprises are factors.

3.27 There is the possibility of councils competing with one another by offering lower rates; it would create volatility rather than medium or long term growth. On the other hand, is it feasible that all the districts within Greater Manchester would be allowed to set their own level of multiplier? It may be that the rate was set at a geographical level or it could it could be set at different levels for different types of business.

### 3.28 The Central List

Rates for properties on the central ratings list are collected directly by government. The list contains the ratings assessments of networked properties including major transport, utility and telecommunications undertakings and cross country pipelines. The statutory obligation under the Local Government Finance Act 2012 is that an equivalent amount to that collected be redistributed to local government through grants.

3.29 How would the list and its income be treated under 100% rates retention and is the list large enough, that is, should it include infrastructure like nuclear power stations? A power station can contribute disproportionately to an authority's income and if it is successful in an appeal, there is significant volatility in the council's cash flow.

### 3.30 The Tax Base

The tax base can be affected by government policy, maybe unintentionally. Academies are encouraged by government but pay no business rates and, if made, the award of mandatory charitable relief to NHS trusts would mean they paid nothing too. With a 100% retention scheme authorities would have to accommodate the reduction in income.

### 3.31 The Small Business Rate Relief

The government announced that from 2020-21 the multiplier would be uprated by the consumer price index (CPI) which is on average lower than the retail prices index (RPI) which is currently used. The Treasury figure for the change in the use of index, for a single year, is £370 million. Over ten years it amounts to £3.7bn less collected by local

government in business rates. Does it mean with such a reduction that fewer responsibilities would be devolved to authorities?

### **Additional Responsibilities**

- 3.32 Local government will retain 100% of business rates and to ensure it is fiscally neutral it will take on new responsibilities. The government has said the increase is £13bn. however, that is the amount which will be devolved. In 2019-20, it is estimated that £2.5bn of RSG will be paid so in 2020, the new amount of funding will be £13bn less £2.5bn or approximately £10.5bn.
- 3.33 In its Spending Review the government also said that the new responsibilities should be linked to '*empowering local authorities to drive local economic growth and support their local community*' e.g. administration of Housing Benefit for Pensioners, Public Health Grant and Attendance Allowance.
- 3.34 In future, will councils be expected to take on further responsibilities without additional funding and if another round of cuts is required centrally will they be taken from the business rates? Local authority opinion is new responsibilities should be linked to economic growth, be aligned with any proposed devolution agreement and not be demand led.
- 3.35 The report has described the main aspects of the proposed reforms and their possible effects on Hyndburn BC. DCLG is carrying out a national consultation on the proposed reforms.

### **4. Alternative Options considered and Reasons for Rejection**

4.1 None

### **5. Consultations**

5.1 None

### **6. Implications**

|  |  |
|--|--|
| <b>Financial implications (including any future financial commitments for the Council)</b> | Not quantifiable until the details of the proposed change are known. |
| <b>Legal and human rights implications</b>   | None   |
| <b>Assessment of risk</b>  | As for financial implications.                                       |

|  |             |
|--|-------------|
| <p><b>Equality and diversity implications</b><br/> <i>A <a href="#">Customer First Analysis</a> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i></p> | <p>None</p> |
|--|-------------|

**7. Local Government (Access to Information) Act 1985:  
List of Background Papers**

**7.1 Self-sufficient local government: 100% Business Rates Retention**

**Fair Funding Review: Call for evidence on Needs and Redistribution**

**8. Freedom of Information**

8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

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Department for  
Communities and  
Local Government

# Self-sufficient local government: 100% Business Rates Retention

Consultation Document



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## Scope of the consultation

|                             |  |
|-----------------------------|--|
| Topic of this consultation: | This consultation seeks views on the implementation of the Government's commitment to allow local government to retain 100% of the business rates that they raise locally. Specifically this consultation seeks to identify some of the issues that should be kept in mind when designing the reforms. |
| Scope of this consultation: | This consultation seeks to identify some of the issues that should be kept in mind when designing the 100% business rate retention system and associated reforms.  |
| Geographical scope:         | These proposals relate to England only.  |
| Impact Assessment:          | An impact assessment will be developed in due course as proposals are finalised.   |

## Basic Information

|   |  |
|---|--|
| To:   | The consultation will be of interest to local authorities, businesses and the public.  |
| Body/bodies responsible for the consultation: | Department for Communities and Local Government.   |
| Duration:                                     | This consultation will last for 12 weeks from Tuesday 5 July 2016 to Monday 26 September 2016.   |
| Enquiries:                                    | For any enquiries about the consultation please email:<br><a href="mailto:BRRconsultation@communities.gsi.gov.uk">BRRconsultation@communities.gsi.gov.uk</a>   |
| How to respond:                               | By email to:<br><a href="mailto:BRRconsultation@communities.gsi.gov.uk">BRRconsultation@communities.gsi.gov.uk</a><br><br>Or by post to:<br>Business Rates Retention Consultation<br>Local Government Finance<br>Department for Communities and Local Government<br>2nd floor, Fry Building<br>2 Marsham Street<br>London SW1P 4DF<br><br>Please state whether you are responding as an individual or representing the views of a local council or other organisation. If responding on behalf of an organisation, please include a summary of the people and any other organisations it represents and, where relevant, who else you have consulted in reaching your conclusions. |

## Ministerial Foreword

The 100% retention of business rates by local government is a reform that councils have long campaigned for – and which central government is now committed to. Implementing this vitally important change will mean that 100% of all taxes raised locally are retained by local government.

The purpose of fiscal devolution is to provide communities with the financial independence, stability and incentives to push for local growth and pioneer new models of public service delivery. We've already taken several important steps in that direction and full business rate retention will maintain that forward momentum. This a huge opportunity for local authorities of all kinds to take control as never before, which is why this is an open consultation – an invitation to councils, businesses and local people to have their say on how the new business rates system should operate.

We have already worked closely with the Local Government Association and others to identify the key issues and options. For instance, in a devolved system, which grants and functions should be transferred to local control? How should the distribution of revenues between local authorities be decided? What are the best mechanisms for managing and sharing risk? And how should the new powers for councils to reduce the tax rate, and for elected mayors to raise extra revenue for infrastructure investments be implemented?

We will not impose a one-size-fits-all solution across the country. In fact, I would encourage you to consider how the system can be tailored to local needs and opportunities – especially in areas where communities are pressing forward with Devolution Deals, combined authorities and elected mayors.

Progress towards 100% retention of business rates is part of wider reform package – such as the option for local authorities to agree multi-year financial settlements and the abolition of the levy on revenue growth in the current business rates system.

I announced in February that we will conduct a review of what the needs assessment formula should be in a world in which all local government spending is funded by local resources not central grant, and use it to determine the transition to 100% business rates retention. We want councils to help shape this work and are today inviting local government and others to have their say on the questions at the heart of the review. Together, these changes are building the fiscal foundation for a new era of devolution. There has never been a better time for communities to shape their own future.



**Rt. Hon Greg Clark MP**

Secretary of State for Communities and Local Government

# 1. Introduction and overview

- 1.1. By the end of this Parliament, local government will retain 100% of taxes raised locally. This will give local councils in England control of around an additional £12.5 billion of revenue from business rates to spend on local services. In order to ensure that the reforms are fiscally neutral, councils will gain new responsibilities, and some Whitehall grants will be phased out.
- 1.2. This amounts to a fundamental reform to the financing of local government. This move towards self-sufficiency and away from dependence on central government is something that councils have called for over a number of decades. The historic 2016/17 local government finance settlement was a first step along this road. It gave those local authorities who are committed to reform far greater certainty over their future funding.
- 1.3. The move to 100% business rates retention marks an important milestone in the devolution of power and resources from Whitehall and will help shape the role of local government for decades to come. To achieve such radical reform, the Government wants councils, business and local people to take the initiative and shape the design of the new system. This consultation is therefore deliberately open and seeks views and ideas across all aspects of the reforms.
- 1.4. This is a major opportunity for all those involved in local government - and those interested in the future of their local areas - to come forward with proposals for how the reforms should work for them and should recognise their circumstances. Ahead of this consultation, the Government has been working closely with the Local Government Association (LGA), as well as other representatives of local government and business sector holding early discussions on the reforms. This consultation has been informed by these discussions, and reflects many of the points and questions raised. We would like now to invite others to join the conversation and help shape the debate.

## Designing the system

- 1.5. This consultation seeks to identify some of the issues that we think should be kept in mind in designing of the reforms. This includes how the reformed system recognises the diversity local areas and the changing pattern of local governance arrangements. The system may not have to work in the same way across the country. For example, as is explored in Chapter 3, there could be more ambitious devolution of responsibilities in areas which have already taken steps to reshape their governance and enter into Devolution Deals.
- 1.6. It is also important to consider how the design of the new system can provide the right level of incentive and reward to those councils – particularly those working closely with local businesses and together as Combined Authorities – that pursue policies that drive additional growth in their areas. For example, the Government has already announced that the levy on growth within the current 50% rates retention scheme will be abolished in the new system. In addition,

councils will have new powers to shape the operation of the business rates tax in their area. These issues are considered in more detail in Chapters 4 and 5.

1.7. This consultation also welcomes views on how business rates income might be shared across different tiers of local government, including how the system should recognise areas which have moved to reformed models of governance. There is a balance to be struck between providing a strong incentive for growth in local areas and considering the distribution of funding between local authorities. For example, there will still need to be some system of redistribution between councils so that areas do not lose out just because they currently collect less in local business rates. This consultation seeks views on how this should work, including the extent to which the design of the system should seek to enable places to retain the rates they collect. These issues are considered in Chapter 4.

1.8. The Government is clear that the reformed system should ensure that authorities are able to manage and share risk to an acceptable level, and that they are insulated from undue shocks or significant reductions in their income. The discussion in Chapter 4 highlights different ways that these issues could be managed, including how councils might be able to work together to do so.

1.9. Finally, as announced in the Budget 2016, the Government is taking the opportunity to pilot the approach to 100% business rates retention in Greater Manchester and Liverpool City Region, and will increase the share of business rates retained in London. The offer to pilot the approach to business rates retention is open to any area that has ratified its devolution deal.

#### Timetable for reform

|                          |  |
|--------------------------|--|
| Summer 2016              | Consultation on the approach to 100% business rates retention. We are inviting responses to this consultation by 26 September 2016. Those responses will help shape specific proposals across all aspects of the reforms.              |
| Autumn 2016              | We expect that Government will undertake a more technical consultation on specific workings of the reformed system   |
| Early 2017               | As announced in the Queen's Speech, the Government will introduce legislation in this Parliamentary session to provide the framework for these reforms. We expect the legislation to be introduced later in the Parliamentary session. |
| April 2017               | Piloting of the approach to 100% business rates retention to begin.  |
| By end of the Parliament | Implementation of 100% business rates retention across local government.   |

## 2. Background and context

### Summary

2.1. This chapter provides some information which will help provide background and context to the discussion of the design of the new system:

- It describes the current system of 50% business rates retention.
- It sets out the approach to the reforms to date.
- It provides further information about progress of the Fair Funding Review.
- It discusses how the value of business rates revenue is estimated, including how such estimates may change.
- It provides more information about the arrangements for piloting the approach to 100% business rates retention.

### Current system

2.2. The move to 100% business rates retention builds on the current system, in which local government as a whole retains 50% of locally collected business rates. That system was introduced in April 2013. Before then, all business rate income collected by councils formed a single, national pot, which was then distributed by government to councils in the form of formula grant. Through the Local Government Finance Act 2012, and regulations that followed, the Government gave local authorities the power to keep half of business rate income in their area by splitting business rate revenue into the 'local share' and the 'central share'.

2.3. The central share is redistributed to councils in the form of revenue support grant and in other grants. The local share is kept by local government, but is partly redistributed between local authorities through a system of tariffs and top-ups. This redistribution ensures that areas do not lose out just because their local business rates are low compared to their assessed needs.

2.4. Within the current system, councils keep up to 50% of growth in their business rate receipts arising from new or expanding businesses. Local authorities that pay tariffs are also liable to pay a levy of up to half of this type of growth. The money raised from this levy is then used to fund a safety net system. This system protects those councils which see their annual business rate income fall by more than 7.5% below their 'baseline funding level'.

2.5. The Government thinks that 100% business rates retention will have some strong similarities with the existing system. For example, there will continue to be a level of redistribution between authorities similar to the current system of

tariffs and top-ups. In addition, there will continue to be protection in the system to insulate authorities from shocks or significant reductions in their income.

2.6. There will also be some important differences. The Government has already announced that the levy on growth will be scrapped under 100% business rates retention, and that authorities will have additional flexibilities around the operation of the multiplier. In addition, we expect that the design of the new system will take account of the changing shape of local government, including the role of Combined Authorities. These issues are considered in more detail in Chapters 4 and 5.

### Devolution and local growth

2.7. The Government is committed to devolving greater powers away from Whitehall to drive local and national growth. This recognises that no two places are the same and that people who live, work and run businesses in an area know best what their area needs to prosper and grow.

2.8. Since 2010 this has seen the agreement of two rounds of City Deals providing cities and regions with new powers in return for strong and accountable leadership. Since 2014 the Government has gone further by agreeing multiple ground-breaking devolution deals with areas all across the country: from Liverpool City Region in the Northern Powerhouse, to Cornwall in the rural South.

2.9. Devolution deals include the devolution of power from central government to local areas in England and provide an opportunity to stimulate economic growth and reform public services. These deals will introduce directly elected mayors and enable areas to deliver real improvements to local people and businesses. They include a wide range of new responsibilities on adult education and transport as well as specific funds for housing investment and direct incentives to enable local areas to realise their growth aspirations through the provision of distinct long term investment funds to Mayoral Combined Authorities.

2.10. The Government has invested significantly in local growth by agreeing a £12 billion Local Growth Fund. This provides the basis for the 39 Local Enterprise Partnerships to invest in local infrastructure, skills, housing, business and innovation. At a specific geographical scale, the Government has worked with local areas to establish 48 Enterprise Zones across the country. These provide distinct advantages to businesses and the retention of business rate growth free from reset in local areas. The Government has also provided substantial help to ensure our high streets and town centres thrive through a £6 billion plus support package of investment. This includes reductions in corporation tax and national insurance contributions and significant reductions in business rates for small businesses as announced at the Budget.

## Approach to reform

2.11. In advance of this consultation, the Government has been working closely with the LGA and other representatives of local government to develop the principles that the reform package will be based upon. This has included a joint LGA-DCLG chaired Steering Group and set of Technical Working Groups to look at every aspect of how the new system should work, alongside which responsibilities should be devolved.

2.12. To provide focus, the work has been considered in the following themes:

- the devolution of responsibilities.
- the operation of the system, including how growth is rewarded and risk is shared.
- local tax flexibilities.
- assessment of councils' needs and redistribution of resources.
- accountability and accounting in a reformed system.

2.13. Papers and records of the discussions in these Groups are available on the LGA's website: <http://www.local.gov.uk/business-rates>.

2.14. We have also been talking to representatives of business, via a Business Interests Group – again jointly chaired with LGA. This has helped ensure that business can contribute to the policy and technical debate from its early stages, ensuring that the views of the business community are taken into account when designing the system.

## Fair Funding Review

2.15. As part of the 2016/17 Local Government Finance Settlement, the Government announced a Fair Funding Review of councils' relative needs and resources.

2.16. A needs assessment was last carried out in 2013/14. However, this was largely focussed on updating the data used in the assessment. The needs formulae have not been thoroughly reviewed for over a decade, which many councils feel is far too long. There is good reason to believe that the demographic pressures affecting particular areas, such as the growth in the elderly population, have affected different areas in different ways, as has the cost of providing services. It is therefore only right that the way we assess relative need is reviewed. The Fair Funding Review will also establish what the needs assessment formula should be in a world where all local government spending is financed from locally raised resources.

2.17. The Fair Funding Review will address the following issues;

- what do we mean by relative 'need' and how should we measure it?
- what are the key factors that drive relative need?

- what should the approach be for doing needs assessments for different services?
- at what geographical level should we do a needs assessment?
- how should 'resets' of the needs assessment be done?
- how, and what, local government behaviours should be incentivised through the assessment of councils' relative needs?

2.18. For the services currently supported by the local government finance system, the outcomes of the Fair Funding Review will establish the funding baselines for the introduction of 100% business rates retention. The Fair Funding Review will consider the distribution of funding for new responsibilities on a case by case basis once these responsibilities are confirmed; they are likely to have bespoke distributions. Chapter 3 provides more detail about the issues related to the devolution of new duties. A balance must be struck in the new system between providing a strong incentive for growth in local areas, and considering how funding should be distributed between local authorities. Chapter 4 discusses this question in more detail.

2.19. The Government recognised in 2012 that there may be additional costs associated with service delivery in rural areas, introducing weighted sparsity adjustments to the relative needs formula in setting the baseline for the current system of business rates retention in 2013-14. Additional funding has also been provided since 2013-14 as a separate grant or through a transfer of funding into the settlement, and is now a candidate to be devolved as part of 100% business rate retention (see Chapter 3).

2.20. The Fair Funding Review will consider carefully how the different needs and costs of delivering services in urban and rural areas has changed over time, and how best to recognise these differences in the funding baselines for the introduction of 100% business rates retention. To support this, the Government has ensured rural and urban areas are appropriately represented on both the Steering Group for the 100% Business Rate Retention Programme and on the technical group working on the Fair Funding Review.

2.21. We want to give councils every opportunity to consider the best approach to measuring their needs. The needs assessment does not require legislative changes to implement. This means that we do not have to make decisions now, and allows us to progress this work with local government to a different timetable. For example, we are aiming to consult on the principles for the needs assessment in autumn 2016. We expect to have a final consultation on the formulae in summer 2018 in time for the introduction of 100% business rates retention across local government by the end of the Parliament.

2.22. To help shape the Fair Funding Review, we have been engaging with representatives from across local government through a Technical Working Group. Based on feedback from this Group, we have developed an initial call for evidence on Needs and Redistribution which is published alongside this consultation and can be found at:

<https://www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention>.

## Assessing the value of business rates income

- 2.23. The Government has announced that the move to 100% business rates retention will be fiscally neutral. To ensure this, the main local government grants will be phased out and additional responsibilities will be devolved to local authorities in order to match the additional funding from business rates. In considering the design of the new system, authorities will inevitably be interested in how the value of additional funding from business rates - known as 'the quantum' - will be estimated and how that will compare to estimates of the cost of additional responsibilities that may be devolved.
- 2.24. Overall, business rate receipts provide a stable source of tax revenue. Our current estimate – based on forecasts from the Office of Budget Responsibility – is that the value of additional business rates revenue available to local government from locally collected rates in 2019/20 will be around £12.5 billion. However, forecasts of business rates income can change and are subject to some sensitivity, which means that we will need to keep this quantum under review and make final decisions closer to the point of implementation.
- 2.25. While most business rates are collected locally, rates for properties on the 'central rating list' are collected directly by government. The central ratings list contains the rating assessments of networked properties including major transport, utility and telecommunications undertakings and cross-country pipelines. This income is paid into the Consolidated Fund, with the statutory obligation under the Local Government Finance Act 2012 that an equivalent amount be redistributed to local government through grants. Our current estimate is that the value of central list income in 2019/20 will be £1.5 billion.
- 2.26. We will continue to work with councils to refine estimates of the value of business rates income and are clear that the process for designing the new, reformed system has sufficient flexibility within it to allow for this. The timetable for implementing the reforms means that we are unlikely to need to reach final views on the quantum until 2018.
- 2.27. Importantly, as we move towards self-sufficiency for local government, we are clear that under 100% business rates retention all authorities will be funded for their existing responsibilities and for any new responsibilities devolved. Changes or refinements to the quantum will not undermine that.

## Piloting the approach to 100% business rates retention

- 2.28. As announced in the Budget 2016, the Government is taking the opportunity to pilot the approach to 100% business rates retention in Greater Manchester and Liverpool City Region, and will increase the share of business rates retained in London.
- 2.29. The pilots will provide an opportunity both to test elements of 100% rates retention before it is rolled out more widely, and to see how the system can take

account of the circumstances of different areas. They will enable us to learn from different approaches and to improve the design of the final scheme.

- 2.30. Discussions are underway with relevant authorities to determine what will be included in the pilots for 2017 and beyond. We expect that the pilots might look different in different places and in particular might help develop mechanisms that will be needed to manage risk and reward in a new system.
- 2.31. The offer to pilot the approach to business rates retention is open to any area that has ratified its devolution deal. Other groups of authorities, including those in Sheffield, have already come forward to explore what pilots could look like in their areas.
- 2.32. Piloting will allow places to benefit early from growth in their local tax base, and to see in full the impacts of local decisions that drive local business rates growth in their budgets from 2017 – up to three years ahead of schedule. Importantly, the pilots will not reduce the quantum of resource available for other parts of local government. They also do not impact on the assessment of relative needs which will be considered by the Fair Funding Review.

#### Business rates as a tax

- 2.33. This consultation considers the use of business rates income; it does not seek to cover issues related to the operation of business rates as a tax, outside of the additional flexibilities discussed in Chapter 5.
- 2.34. In Budget 2016, following the conclusion of the business rates review, the Government announced a range of measures to reduce the burden of business rates on ratepayers, and to modernise the system. These included;
- permanently doubling Small Business Rate Relief (SBRR) from 50% to 100% and increasing the thresholds to benefit a greater number of businesses
  - increasing the threshold for the standard business rates multiplier to a rateable value of £51,000, taking 250,000 smaller properties out of the higher rate
  - announcing that as of April 2020, taxes for all businesses paying rates will be cut through a switch in the annual indexation of business rates from RPI, to be consistent with the main measure of inflation, currently CPI.
- 2.35. In addition, the Government announced that it will modernise the administration of business rates, aiming to revalue properties more frequently and make it easier for businesses to pay the taxes that are due.

#### Appeals Reform

- 2.36. The Government is committed to delivering an efficient, modern and improved business rates appeals system. There is widespread agreement that the current

system is in need of reform. Too many rating appeals are made with little supporting evidence and are held up for too long, creating costs and uncertainties for businesses and local authorities.

2.37. In October 2015 the Government published a consultation paper which set out proposals for a three-stage approach to resolving appeals: 'Check, Challenge, Appeal', and sought views from businesses, local authorities and other interested parties. The reforms will introduce a more structured, rigorous and transparent system which will be easier for ratepayers to navigate. It will ensure that businesses can be confident that their valuations are correct and that they are paying the right amount of business rates with quicker refunds where appropriate. The Government is grateful for the views shared during the consultation process and has carefully considered all views. The summary of responses and the Government statement, which will set out the decisions the Government has taken in response to the consultation document, will be published shortly.

## 3. Devolution of responsibilities

### Summary

3.1. This chapter considers the issues related to the devolution of responsibilities to local government:

- It describes our approach and how we have identified the range of responsibilities that could be funded from retained business rates.
- It sets out the criteria and how we have assessed the proposed options.
- It sets out the indicative lists of responsibilities that could be funded through retained business rates.
- It discusses the interaction with devolution deals and pilot areas.
- It also considers the treatment of new burdens in the new system.

### Overview

3.2. Chapter 3 sets out the rationale and benefits for devolving responsibilities to local government. Alongside those direct benefits, the devolution of funding for new responsibilities will help set the shape and form of local government for the future. We want to make sure that these reforms help ensure that councils have the responsibilities they need to enhance their role as local leaders. We also want to make sure that the new system recognises the changing landscape across local government.

3.3. To ensure that the proposal for 100% business rates retention is fiscally neutral, local government will need to take on new responsibilities to match this increased income, and existing central government grants will need to be phased out. If the value of new responsibilities exceeds the increased retained rates receipts, Government would continue to make grant payments to fund the difference, although our expectation would be any grant payments would not replicate the current Revenue Support Grant.

3.4. We therefore want to hear from local authorities and others about what they think should be devolved as part of the reforms, and how this might work differently in areas with Combined Authorities and devolution deals. In line with this, this consultation takes an open approach – identifying a list of possible candidates for devolution.

3.5. Following responses to the consultation, the Government will make decisions on the responsibilities that will be funded from retained business rates. Where primary legislation is required to devolve the responsibilities, we expect to legislate as soon as Parliamentary time allows.

## Our approach

3.6. In reaching a view on a list of options for consultation, we have endeavoured to ensure that we produce a package of responsibilities for potential devolution that fits well with the local government system in England.

3.7. To inform the consultation the LGA and the DCLG have been working with representatives of local government. That work has informed the following criteria for possible candidates for devolution. It has not been assumed that each candidate or responsibility proposed for devolution must meet all of those criteria. Rather, they have been used by the Government as guiding principles to shape discussions on the range of responsibilities to be included in this consultation:

### **1) Devolution of a responsibility should build on the strengths of local government**

- a) It will provide opportunities for greater integration across local services, taking advantage of council expertise to provide user-centric, outcomes focussed approaches.
- b) Devolution would remove barriers to other innovative service delivery models, for example the commissioning of new multi-agency services that offer better value for the tax payer.
- c) There should be appetite from local government for the responsibility to be delivered at a local level.
- d) There should be capacity at a local level to deliver services, taking into account other local pressures.

### **2) Devolution of a responsibility should support the drive for economic growth**

- a) The responsibility will support local authorities' role in driving local growth, for example through a clear link to local employment, skills or infrastructure policy, and build on the ambition councils have demonstrated through Local Enterprise Partnerships and City Deals.

### **3) Devolution of a responsibility should support improved outcomes for service users or local people**

- a) Local authorities should have as much flexibility as possible to tailor local services, for example allowing user-centric, outcomes focused delivery.
- b) Service provision can reflect the distribution of need across the country. Consideration should be given to the effect of devolution on groups with protected characteristics under the Equality Act 2010

**4) Devolution of responsibilities should be made with consideration for the medium-term financial impact on local government.**

- a) The national cost and demand for any new responsibility should be relatively predictable and stable over time, relative to the business rates funding stream.
  - b) The relative demand for funding between local authorities should be relatively stable over time.
  - c) The timeline for devolution will allow sufficient time for preparations at a local level.
  - d) The responsibility is a sensible fit with a business rates funding stream, i.e. from a forward planning, governance and technical perspective.
- 3.8. We recognise that authorities will want to give particular consideration to the final criterion - the medium-term financial impact on local government of each candidate for devolution. Detailed consideration will need to be given to the demand profile for services beyond 2019/20 before final decisions can be made and spending pressures will continue to be assessed as part of future spending reviews.
- 3.9. To assist in supporting local government medium term financial sustainability, it is important that local authorities should have as much flexibility as possible to tailor local services. At the same time, the Government may want to ensure that certain outcomes are delivered with the funding devolved – for example through new statutory duties. These will be considered through later consultation.
- 3.10. This consultation makes no comment on the future distribution of the grants considered in this chapter. The allocation of any new grants rolled in will be considered on a case by case basis and are likely to have bespoke distributions. Further consideration will also be needed on the appropriate funding distribution for responsibilities devolved under retained business rates.

The range of responsibilities

- 3.11. This list of responsibilities or policies contains grants that have been identified as a possible fit against the criteria for being funded through retained business rates.
- 3.12. This list is not exhaustive and each option will not necessarily feature in the final package. The aim of the list is to enable a debate on the responsibilities to be devolved and funded from retained business rates. It remains open for respondents to come forward with their ideas for devolution of other responsibilities and budgets.
- 3.13. This could involve devolving functions and responsibilities to be delivered differently than now. However, to be fiscally neutral, central government

functions and associated budgets would need to cease and respondents are therefore invited to be clear where they would expect the funding to come from.

|  |  |
|--|--|
| Revenue Support Grant                    | Revenue Support Grant is a central government grant given to local authorities which can be used to finance revenue expenditure on any service and is established through the local government finance settlement.   |
| Rural Services Delivery Grant            | This grant is distributed through the local government finance settlement to the top-quartile of authorities ranked by super-sparsity, based on the distributional methodology for the Rural Services Delivery Grant in 2015-16.   |
| Greater London Authority Transport Grant | This grant is used for capital improvements to relieve congestion, improve reliability on key routes and provide a good fit with UK transport policies. The Chancellor announced in the Spending Review that the Greater London Authority Transport Grant would be devolved to be funded from retained business rates.   |
| Public Health Grant                      | Public Health Grant provides funding for the discharge of public health functions defined in section 73(B)(2) of the National Health Service Act 2006. The ring-fence on the public health grant will be maintained in 2016-17 and 2017-18.<br><br>Further consideration will be needed on how best to promote stability and improvements in public health from the proposed new funding arrangements. |
| Improved Better Care Fund                | The funding for the Improved Better Care Fund goes directly to local government to ensure that health and social care services work together to support older and vulnerable people.<br><br>It is our intention that any change to current funding arrangements ensures that the Improved Better Care Fund is used by local government to fund adult social care services.                             |
| Independent Living Fund                  | The grant for former recipients of the Independent Living Fund (ILF) compensates for the cost pressures caused by the closure of the ILF.<br><br>This followed the introduction of the Care Act 2014 which ensures that the key features of ILF support, namely personalisation, choice and control, are now part of mainstream adult social care system.  |
| Early Years                              | The grant is provided to English local authorities to fulfil their duties under sections 6, 7, 7A, 9A, 12 and 13 of the Childcare Act 2006 and under regulations that will be made pursuant to section 2(1) of the Childcare Act 2016.   |

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|   | <p>It is currently part of the Dedicated Schools Grant.</p> <p>Consideration of this grant for devolution would take place after successful delivery and establishment of the Manifesto commitment to 30 hours free childcare from September 2017.</p>  |
| Youth Justice   | <p>The funding provided by the Ministry of Justice to the Youth Justice Board is distributed as a grant to local authorities for the operation of the youth justice system and the provision of non-custodial youth justice services.</p> <p>The Ministry of Justice funding does not include funding from police, probation and health authorities who contribute at a local level to the costs incurred by local authorities in the provision of youth justice services.</p>  |
| Local Council Tax Support Administration Subsidy and Housing Benefit Pensioner Administration Subsidy | <p>Local Council Tax Support Administration Subsidy provides funding towards the administration of local council tax support claims where there is not also a housing benefit application.</p> <p>Housing Benefit Administration Subsidy contributes towards the cost of administering housing benefit on behalf of the DWP. A portion of this subsidy contributes to the administration costs of joint housing benefit and local council tax support claims.</p> <p>Housing Benefit will cease to be paid to working age customers, as Universal Credit, which includes housing costs is rolled out. Housing Benefit for pensioners will remain with Local Authorities for now, and the Government will consult ahead of any proposed changes to that position.</p> <p>Nonetheless, at that point increased support for the higher level of non-joint local council tax support claims will continue to be required and so Local Council Tax Support grant, including the element of Housing Benefit administrative grant for what are currently joint claims, could be considered for devolution.</p> |
| Attendance Allowance  | <p>As announced in December, the Government will also consider giving more responsibility to councils in England to support older people with care needs – including people who, under the current system, would be supported through Attendance Allowance. This will protect existing claimants, so there will be no cash losers, and new responsibilities will be matched by the transfer of equivalent spending power.</p>   |

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

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

### Devolution Deals

3.14. The Government has agreed multiple devolution deals with areas across the country. These deals include the devolution of power from central government to local areas in England and provide an opportunity to stimulate economic growth and reform public services.

3.15. These deals include the devolution of a range of functions and associated budgets, many of which are pooled at Combined Authority level within single investment funds.

### Grant funding for devolution deals

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|---------------------------------------|--|
| Investment funds for devolution deals | All mayoral devolution deal areas have an agreed Investment Fund, which is a grant-based fund specific to each deal, which is paid in annual instalments for 30 years. However, only the first five years' funding is confirmed with the remainder subject to five-year reviews.   |
| Adult Education Budgets               | At present, nine devolution deal areas have agreed the devolution of the Adult Education Budget from 2018/19. The devolution of this budget is subject to the satisfaction of a number of 'readiness' conditions set out in the deals.<br><br>The Adult Education Budget provides grant funding for learning up to Level 2 (up to Level 3 for young people aged 19-23 who do not yet have the equivalent of 2 A-levels). |
| Transport Capital Grants              | All devolution deal areas receive consolidated funding for Transport which is made up of a number of grant streams, for example highways maintenance funding and, in some areas where bus franchising is implemented, the associated commercial bus service operators grant.   |
| Local Growth Fund                     | All devolution deal areas have the flexibility to incorporate the Local Growth Fund awarded to Local Enterprise Partnerships in their area into their Combined Authority single investment funds.<br><br>The Local Growth Fund is awarded competitively to Local Enterprise Partnerships to spend on investment designed to drive and unlock economic growth in their local areas in line with local priorities.         |

- 3.16. There are a number of connections between devolution deals and the proposal for 100% retained business rates. The Government considers that the move to self-sufficiency under business rates retention could take account of the different governance arrangements across local government. The new pattern of Combined Authorities, Mayors, as well as the Greater London Authority provides an opportunity for specific devolution that may not be appropriate in other areas.
- 3.17. There is therefore an opportunity to consider funding some or all of the commitments in existing and future deals through retained business rates, i.e. transferring them from grant commitments to being paid for through retained rates. This would give these areas, Combined Authorities, Mayors and the Greater London Authority, the advantage of fiscal autonomy for these functions.
- 3.18. Doing so would establish different funding arrangements for Mayoral Combined Authorities and the Greater London Authority than in non-devolution areas, reflecting their different governance arrangements, alongside universal devolution to every local authority.
- 3.19. Funding devolution deals in this way would allow them to continue to be agreed on a bespoke basis. Future deals may contain different functions than those in the list above and we make no assumption that limits the scope of future deals or therefore what, in future deals, could be funded from retained business rates.
- 3.20. An important consideration for the funding of devolution deals through retained business rates will be the impact that increased funding to devolution deal areas would have upon the system design for 100% retained business rates, in particular, on the Government's interest in implementing a system that minimises the redistribution of business rates, as described in Chapter 4.
- 3.21. Finally, some commitments may be more suitable than others to fund through business rates. For example, the Investment Fund is subject to 5-year review points and the Local Growth Fund is subject to a competitive bidding process. Devolving these funds into retained business rates would effectively permanently embed that level of funding to those authorities in the retained business rates system.

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

***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?***

### Devolution in pilot areas

- 3.22. As announced in the Budget<sup>1</sup>, the Government is taking the opportunity to pilot the approach to 100% business rates retention in Greater Manchester and Liverpool City Region and will increase the share of business rates retained in London.
- 3.23. Discussions are underway with Manchester, Liverpool and London to determine what will be included in the pilots for 2017 and beyond. Pilots might look different in different places and they provide an opportunity both to test elements of 100% rates retention before it is rolled out more widely and to reflect the different needs of different areas. This will include discussions on how the transfer of certain functions can complement the devolution arrangements in place and contribute to growing the economic base of the different places. This is seen by the areas as an opportunity to drive growth both through investment and the transfer of functions.
- 3.24. We are in discussion with pilot areas on approaches to data collection to allow monitoring, and how this data will inform the long term 100% business rates retention system.

### Assessing New Burdens costs post-2020

- 3.25. Successive Governments have sought to keep the pressure on local taxpayers to a minimum through a 'new burdens doctrine'<sup>2</sup>. This requires all Government departments to justify why new duties, powers, targets, responsibilities and other bureaucratic burdens are being placed on local authorities, how much these will cost and that they will allocate commensurate resources to pay for them.
- 3.26. In the current system, new burdens funding is either paid by incorporating funding into the Local Government Finance Settlement or by payment of section 31 grants. Our starting point is that the New Burdens doctrine should continue to apply after the introduction of the 100% retained business rates system, with funding to be paid through section 31 grants.

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

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<sup>1</sup> 'Budget 2016'

<sup>2</sup> <https://www.gov.uk/government/publications/new-burdens-doctrine-guidance-for-government-departments>

## 4. The business rates system: Rewarding growth and sharing risk

### Summary

4.1. This chapter considers the operation of the new system:

- It considers how the system should treat growth, including how and how often the system should be reset.
- It seeks views on the system of redistribution, including the treatment of Combined Authority and Mayoral areas.
- It discusses how risk within the system is managed, including whether there is opportunity to share risk at different levels.
- It seeks views on the operation of the safety net within the reformed system.

### Overview

4.2. The Government has been working closely with local government on the design of the 100% rates retention system. The System Design Technical Working Group – made up of representatives from across local government – has played a key role in helping to develop the design options set out here.

4.3. The Government wants to ensure that the reformed system provides stronger incentives to boost growth and rewards those authorities and areas that take bold decisions to further increase growth. This is why, in the reformed system, the levy on income from business rates growth will be abolished.

4.4. We also need to decide how business rates income is shared across different tiers of local government, recognising the new models and arrangements that exist and how the system rewards areas which have moved to reformed models of governance through devolution deals.

4.5. To ensure that authorities can make longer term plans, including plans that will support investment in growth, we need to look at how risk is shared across the system. In doing so, the system also needs to ensure that authorities are adequately protected from business rates volatility and shocks in business rates income.

4.6. Alongside all of these considerations, we should aim to make the system simple to operate and understand. A system that is too complicated may struggle to work in practice.

## Growth and redistribution

- 4.7. We want to make sure that local authorities have the right incentives to grow their income from business rates and that they can keep all the growth they generate. For this reason, the Government announced that the levy on growth that exists under the 50% scheme will be scrapped, to allow local authorities to keep 100% of growth.
- 4.8. We understand that there is a balance to be struck in the new system between providing a strong incentive for growth in local areas, and considering the distribution of funding between local authorities. We expect to find this balance is by 'resetting' the system on a fixed basis, to allow us to reconsider relative need and to recalculate the redistributable amounts (through a system similar to the current top-ups and tariffs arrangement).
- 4.9. The alternative to having fixed reset periods would be for Government to choose when to reset the system, possibly based on indicators such as the number of authorities requiring safety net payments. Our view is that this would be too uncertain for local authorities, who would not have the clarity of timings to utilise growth in the system on long term projects.
- 4.10. On the one hand, depending on the services devolved to local government as part of the new system, adjustments to redistributable amounts may need to be made frequently to reflect changes in relative needs. There is a risk that redistributing too infrequently could result in authorities not being able to deliver services where relative need grows faster than local tax resource. On the other hand, changes made too frequently weaken the incentive for growth, and may reduce the confidence of local authorities to build achieved growth into their base budgets, or use that growth for long-term investment. This is exacerbated if the growth that local authorities do achieve is included in the quantum of funding that is to be redistributed when the system is reset.
- 4.11. At the same time, as well as any growth, the system of resets must be able to take account of local authorities whose business rates income declines within a reset period. As local authorities under the new system will be heavily dependent on business rates income for delivery of core services, we think it is right to set fixed reset periods to give authorities certainty of income. But there is a wide spectrum of options for how frequently resets are carried out:

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|---|---|
| a) Full reset of the system, including all achieved growth, frequently (e.g. every 5 years).      | This would ensure that business rates income was frequently redistributed to meet changes in relative need, and that local authorities would retain a 'growth incentive' for the five years between resets. |
| b) Reset the system, including all achieved growth, infrequently (e.g. every 20 years), or never. | This would set a single baseline for local authorities based on their relative need at a fixed point in time. Any growth local authorities saw after this baseline was                                      |

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|--|--|
|  | <p>set could then be incorporated into budgets. However, any reduction in income would also need to be managed by a local authority, which could see reduced income affecting the delivery of local services. This approach could mean that some local authorities are heavily dependent on the safety net (see below) for an extended period.</p>   |
| <p>c) A partial reset of the system on a frequent basis.</p> | <p>We could operate a partial reset of the system every 5 years. Under a partial reset we would still adjust for changes in relative need and business rates income but to a lesser extent that under a full reset.</p> <p>This option could give authorities a greater incentive for growth than (a) but give greater protection for services than (b).</p> <p>This option would allow local government to carry some growth over the reset, but might also require them to retain some losses.</p> |

4.12. Under a partial reset a proportion of growth could be included as part of a regular reset, and a proportion would remain with the local authority on a longer term basis. As such it may be possible, under a partial reset, to allow authorities which have seen growth to retain some of that growth with the remaining part being available to support those authorities that have seen their income decline (or their needs increase). Any growth (or decline) at the partial reset could be shared based on overall baseline funding levels or by more precisely reflecting different types of services provided by the authorities. But how much growth is retained (and how much loss is carried) by individual authorities at a partial reset is a key question.

4.13. Therefore, in considering options for a partial reset, local government need to consider the degree of trade-off between allowing authorities to retain growth and supporting authorities which have seen decline (and/or seen needs increase).

4.14. Mechanisms for incentivising growth are being tested by the pilot areas. This may include abolishing the levy on growth in pilot areas before the new system is introduced across local government. This will help demonstrate the impact that this change will have.

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

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

**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?**

#### Redistribution between local authorities

4.15. The Government is clear that there will still need to be some system of redistribution between local authorities to balance revenue with relative needs. The Fair Funding Review will identify relative need for each local authority and we will need to find a way to redistribute business rates income according to that.

4.16. Under the 50% scheme, we have used a system of top-ups and tariffs to redistribute funding from those local authorities that collect more in business rates than their identified need, to those who do not collect enough for their needs.

4.17. We expect to continue to need a redistribution system of top-ups and tariffs, based on the current one. The top-ups and tariffs that each local authority could expect to see will be calculated before the new system is introduced, based on the Fair Funding Review and an assessment on their expected business rates income. More generally the Government is interested in exploring how we could set up a system that minimises the redistribution of rates, while ensuring that areas are not put at a significant disadvantage through collecting less business rates income.

4.18. Top-up and tariff payments will be fixed for the period between resets to give local authorities certainty about their baseline funding level. Having these baseline levels fixed provides a growth incentive for authorities, who will be able to retain growth gains within that reset period.

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

#### Impact of revaluations

4.19. General revaluations of all properties are currently scheduled to take place every 5 years (although the Government aims to reduce this period). The next revaluation takes effect from 1 April 2017. The revaluation is the point in the system at which economic changes in property values are reflected in rateable values. Between revaluations, rateable values only change through appeals and physical changes to the property or location.

- 4.20. However, the Government is required at the revaluation to reset the multiplier to ensure no more is raised in business rates. So if rateable values increase overall at the revaluation the multiplier will fall (and vice-versa). As a result, at the national level, any increase in the economic value of the tax base does not lead to any additional business rates income.
- 4.21. Within this national picture, individual local authorities will see their rates income rise or fall at revaluation. This will depend upon whether the economic growth (or decline) in the individual local authority area is above or below the national average. This means that many authorities are likely to see their rates income fall at revaluation despite having seen increases in their rateable values. For the current rates retention system, the Government concluded it would be unfair to allow this to feed through into retained incomes. To do so would penalise many authorities who had generated physical growth in their area between the revaluations but, had lagged behind on relative economic growth. Therefore, the Government currently adjusts each authority's tariff, or top-up, following a revaluation, to ensure that their retained income is the same after revaluation as immediately before.
- 4.22. We propose the same system of revenue neutral revaluations with economic growth cancelled out through a change to the multiplier will continue to apply for the 100% business rates retention scheme. Therefore, it may again be necessary to adjust retained incomes for individual local authorities to cancel out the effect of future revaluations.

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

- 4.23. We believe that Combined Authorities with a directly elected Mayor should have the opportunity for an enhanced role in achieving growth under the 100% rates retention system.
- 4.24. Directly elected Mayors have democratic accountability to their area, and we know that some have expressed a wish to be given greater responsibility for the distribution of resources within the Combined Authority area.
- 4.25. In some places, we know that there have been discussions about whether a Mayoral area (which covers multiple local authority areas) could be given a greater role in deciding how 'growth' is redistributed across the area. Other places have discussed whether the Mayor and local authorities could be given a single area-wide 'baseline' of relative need, and therefore a single tariff or top-up; and could develop appropriate governance arrangements for deciding how resources are distributed; or even whether they could assume greater responsibility for determining the relative needs baseline itself.
- 4.26. These, or similar ideas, could increase the autonomy of Mayoral areas and might help stimulate coherent decision making across local authority boundaries, with growth gains being owned and used at a strategic level.

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

- 4.27. In non-Mayoral areas, we would have to continue to set 'tier splits' – i.e. the percentage of business rates income that each tier of authority would get. There are a wide range of options for how these tier splits could be set.
- 4.28. Setting tier splits for the future 100% rates retention system will take some further consideration, and will need to take into account the services that are expected to be delivered at each tier of government. Further work on tier splits will need to consider the impact of different options on a local authority's exposure to risk and incentive to grow their business rates base.
- 4.29. At this point, the Government would welcome views from respondents on their experience of tier splits under the current 50% rates retention system, including any points for consideration in developing the system for the future.

**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?**

- 4.30. Through the Policing and Crime Bill, the Government is legislating to enable Police and Crime Commissioners (PCCs) to take on responsibility for fire where a local case is made. Whilst fire and rescue authorities are currently part of the business rates retention scheme, police funding is provided separately through the Police Funding Formula. In considering the future approach to business rates retention, it is therefore sensible to look at whether fire funding should remain part of the scheme and the local government finance system in future.
- 4.31. We could go further by removing fire from the business rates retention scheme, with fire funding provided through a separate grant administered by the Home Office.
- 4.32. In common with other local authorities, fire and rescue authorities have been offered firm four year funding allocations to 2019/20 in return for robust and transparent efficiency plans. If fire funding were to be removed from the business rates retention scheme, we would seek to replicate published allocations for 2019/20 through a separate fire grant for any authorities who take up that offer. The approach to allocating fire funding in future would be subject to consultation.

**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?**

Enterprise Zones

- 4.33. Under 100% rates retention, the Government intends that Enterprise Zones and other designated areas will continue to operate as now and, therefore, will be guaranteed 100% of business rates growth for 25 years.

4.34. This means that for the purposes of the scheme, the Government intends that any income above current baselines in Enterprise Zones and designated areas will be disregarded for the purposes of calculating “cost neutrality” when devolving new responsibilities to local government and for the purposes of working out tariffs and top-ups.

**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?**

### Sharing risk

4.35. The current system can lead to volatility in income for local authorities, and we recognise that some authorities believe that their exposure to risk may be greater under 100% business rates retention.

4.36. Our aim is to balance risk sustainably within the system. We believe the system should support and reward authorities who make bolder choices, including working with others to look more creatively at how to promote and shape growth across their areas. At the same time as rewarding local authorities for their growth gains, the system might allow for local government to hold an appropriate risk at an area level, while systemic risk could be borne across all local authorities.

4.37. We would welcome your views on how risk is best managed within the new system.

4.38. Income from business rates is at risk for broadly two reasons:

- changes to rateable values of hereditaments following successful appeals by ratepayers, and
- physical changes to property, including building closures as a result of business failure.

4.39. Under the current 50% rates retention scheme, these risks are managed in two ways:

- local authorities have to make financial provision against known liabilities – broadly, the potential impact of ‘appeal losses’, and
- additionally, the system provides a safety net against ‘physical losses’, as well as against loss on appeals in excess of provisions. The safety net is currently set to operate where authorities incur more than 7.5% loss as measured against baseline funding level.

4.40. Experience of the 50% rates retention system shows that the risk profile of authorities varies enormously and that some local ratings lists are inherently

more risky than others – either because a list is dominated by a single rateable property, or because certain types of property are inherently more difficult to value and therefore more liable to be reduced significantly on appeal.

4.41. Under 100% business rates retention, we could revisit how best to manage risk at different geographic levels using ratings lists, how we manage risk arising from successful business rate appeals, and the operation of a future safety net mechanism.

### Ratings lists

4.42. The set-up of the 100% rates retention system provides an opportunity to look again at the rating list system.

4.43. Currently, business ratepayers appear on either a central rating list (administered by DCLG) or one of 320 local rating lists (administered by lower tier and unitary authorities). Only business rates income from local lists is taken into account in determining: top-ups and tariffs; the business rates income receivable by different tiers of authority; and eligibility for the safety net. Under the current system, local authorities therefore only benefit from any growth in income from ratepayers on local lists.

4.44. Some local authorities tell us that the highest risk hereditaments should be removed from local lists. These might include power stations, oil refineries and national airports, which could be moved onto a refreshed national level list (i.e. the current central list).

4.45. Alternatively, some authorities have told us that they would welcome the opportunity to manage some of the riskier properties at a broader ‘area level’ – sharing the risk that these properties bring, but also receiving an element of reward from any growth. The Government would expect any changes to ratings lists to remain fiscally neutral. Some authorities have suggested a system along the following lines:

|              |  |
|--------------|--|
| Central list | The central list includes national network properties. The list would continue to be administered centrally.   |
| Local list   | Local lists would broadly comprise the same rateable properties as now, but we might remove ‘riskier’ classes of property and perhaps classes that were more in the nature of ‘national infrastructure’. Local list income would continue to be collected and retained at the local authority level. |
| Area list    | We could create new area lists for Combined Authorities which, could take risky or significant property from local lists, Area list income could be made available to the Combined Authority.  |

4.46. The Government might explore some of these options with the pilot areas, to test what changes to local lists would mean in practice.

**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?**

**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?**

#### Helping to manage ‘appeal risk’

- 4.47. Under the current 50% rates retention system, local authorities have had to deal with the impact of business rate appeals at a local level. Many local authorities tell us that the large volume of appeals, the time it takes to deal with them and the difficulties in predicting appeal outcomes has made it difficult for them to forecast their business rates income in any year.
- 4.48. This also makes it difficult for local authorities to forecast the appeal adjustment that they should make. As a result, local authorities are setting aside more for appeal ‘provisions’ than had been expected at the start of the 50% rates retention system. As a consequence, in each year since 2013-14, authorities have been budgeting to spend less than they might otherwise have spent as a result of provisions associated with appeals uncertainty. Under the 100% rates retention system, we are interested in exploring how we can help local authorities manage this risk.
- 4.49. As well as the options discussed in the previous section, we think that there are a number of ways to manage the remaining risk. One option would be for local authorities to continue managing the risk of successful business rate appeals as they do now, with increased support to improve local ability to set aside the right amount in provisions. This would be supported, as now, by a safety net to ensure no local authority is at risk of losing too much of their income (see below for further questions on the future safety net).
- 4.50. Alternatively, we could explore a system whereby local authorities pool their risk at a wider level, with other local authorities in the area, i.e. through a Combined Authority. Local authorities could be better off by pooling their risk, setting aside appropriate provisions at a wider geographical level to cover all authorities within the pool. This could be combined with ‘area lists’ for businesses as set out above, allowing a wider geographical area to share both risk and reward.
- 4.51. Alongside this, we continue to explore how some of the risk associated with successful appeals could be managed at a national level – i.e. funded by all authorities instead of being borne entirely by individual local authorities. Such an approach would necessitate identifying which losses were to be met by the system as a whole and how. Because of data limitations, and the timing of compensation and accounting rules, no approach is likely to be perfect, nor would it remove the need for authorities to make provision for losses.

4.52. Testing mechanisms to manage appeals could be a feature of the pilot areas. This may involve trialling options on a 'shadow' basis, and learning lessons to apply to the future system.

4.53. Any option to manage risk associated with successful appeals will need to be funded from within the overall business rates system, in line with the aim of increased local responsibility.

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

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

#### Insulating against shocks

4.54. Under the current 50% rates retention system, a safety net exists to support those local authorities who see a reduction in income greater than 7.5% of their business rates baseline income. The safety net provides funding to those authorities to bring them back up to 92.5% of their 'business rates baseline' (the level of funding set in 2013 to meet their relative need), and is funded by the current levy on growth.

4.55. We are clear that the new system will continue to need to help insulate authorities from shocks. As with other areas of managing risk, we would be interested in views on the right geographical level for managing risk and providing protection.

4.56. For local authorities pooling risk via an area-level ratings list, and pooled provisions for appeals, their collective ratings income could provide an area-level safety net. Combined, this would work to make the geographical area more self-sufficient, working together to manage risk and reward over a wider area. Authorities within that area could decide what proportion of business rates baseline an area-level system would protect.

4.57. Others may prefer the idea of something much closer to our current national level safety net, to provide protection of baseline funding at a defined level. This would need to be funded from within the 100% rates retention system. This would require local government collectively to pay for a safety net fund from their retained rates income.

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

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

## 5. Local tax flexibilities

### Summary

5.1. This chapter covers the design and operation of the new tax flexibilities that authorities will have under the new system:

- It considers the range of options for the design of the new power to reduce the business rates tax rate, including how decisions are made and at what level.
- It also seeks views on the design of the new ability for Combined Authority Mayors to raise an infrastructure levy.

### Overview

5.2. A key part of the reforms to make local authorities more self-sufficient and better able to drive local growth is the devolving of tax-setting powers. Under the new system, authorities will be able to tailor their own business rates regime to fit the local economic environment. The new powers that the Government is providing are:

- the ability to reduce the business rates tax rate (the multiplier), and
- the ability for Combined Authority Mayors to levy a supplement on business rates bills to fund new infrastructure projects, provided they have the support of the business community through the Local Enterprise Partnership.

5.3. We would welcome views on a number of key policy design decisions on both measures which will help ensure that the policies operate efficiently and have maximum impact.

5.4. Our work with local government and business sectors thus far has also produced a number of suggestions for how the announced policy could be amended or developed further. These are also reflected below for comments.

### Ability to reduce the business rates multiplier

5.5. Since the introduction of the existing business rates system in 1990, a uniform business rates tax rate – known as the multiplier – has applied across the country. Each business rates bill is calculated by multiplying the property's rateable value by the multiplier. Increases in the multiplier are capped by inflation. The Government has announced that authorities will have a new power to reduce the multiplier. We welcome views on all aspects of the design and operation of this new power.

## Decision making and costs of reducing the multiplier

- 5.6. In single tier areas, it is clear that the relevant authority would take the decision about whether to exercise the power. It is also clear that the relevant authority would meet the costs of doing so. As such, other components of the system for that local authority such as tariffs, top-ups and revaluation would continue to be based on the national multiplier.
- 5.7. However, there are options around how the power should operate in two tier or in Combined Authority areas alongside the infrastructure levy. For example, which tier should have the power to reduce the multiplier and should that tier bear all the costs of doing so, or should the costs be automatically shared (probably in line with tier splits)? An option may be to give the power to both tiers and whichever tier uses the powers meets the costs. The authorities in question could also agree to share the costs.
- 5.8. We would be grateful for views on how the power should operate in two tier or Combined Authority areas. In addition, we would be grateful for views on how the power should operate in London, and in areas with fire authorities.

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

## Scope of the power to reduce the multiplier

- 5.9. We expect that this power will provide authorities with the ability to make structural changes to their tax regimes – i.e. to provide an across the board reduction in the multiplier.
- 5.10. Local authorities already have the power to provide targeted local discounts at their discretion. The key difference between local discount powers and the new power is that the new power could be used to make structural changes to the multiplier. Also, local discounts under existing powers are applied to bills after transitional and mandatory reliefs.
- 5.11. We think that authorities should continue to use their existing local discount powers for targeted relief and that the new power should be used as a structural power across their areas.

***Question 22: What are your views on how decisions are taken to reduce the multiplier and the local discount powers?***

## Increasing the multiplier after a period of reduction

- 5.12. We need to consider how the multiplier could be increased after a period of reduction to catch-up with the 'normal' inflation-linked multiplier ("the national multiplier"). For example, an authority could be allowed to increase a previously reduced multiplier back up to the national multiplier in one step. Alternatively, the

system could allow for a maximum permitted increase in any year (an adjustment would need to be made in revaluation years to take account of the change in the multiplier).

5.13. Capping the rate of increase after a reduction will limit an authority's ability to balance their finances in future years which could influence an authority's decision to reduce the multiplier in the first place.

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

#### Further suggestions on reducing the multiplier

5.14. As mentioned above, a number of suggestions have also been made for how the announced policy could be amended or developed further.

- Role of Mayoral Combined Authorities – The appropriate scale for reducing the multiplier could be determined by Mayoral Combined Authorities, alongside decisions on an infrastructure levy.
- Providing safeguards for neighbouring authorities - The purpose of providing authorities with the power to reduce the multiplier is to provide opportunities to tailor tax regimes to the local trading environment. An authority or group of authorities may therefore decide to reduce the multiplier in order to encourage business in to the area. Some have asked whether arrangements should be put in place to limit the impact of such decisions on neighbouring areas. As all authorities would have similar powers to reduce their multiplier, the Government does not envisage introducing safeguards to mitigate against any potential impacts.

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

#### Ability to charge an infrastructure levy

5.15. We are seeking views on key policy decisions on the design of the power of Combined Authority Mayors to levy a 2p in the pound supplement on business rates bills to fund new infrastructure projects.

#### Rateable value thresholds

5.16. The system could set a minimum rateable value threshold for the application of the levy. This could guarantee protection for the occupiers of less expensive properties (as with the Business Rates Supplement Act 2009 which provides that no hereditament with a rateable value below £50,000 should pay a supplement).

5.17. On the other hand, a national threshold could mean that regional variations in property values may limit the amount that could be raised for infrastructure projects. Instead, the system could provide Combined Authority Mayors with the freedom to choose whether to set a minimum rateable value threshold above which to charge an Infrastructure Levy. Under that discretionary arrangement, a decision to apply a levy would still require the approval of the relevant Local Enterprise Partnership Board (LEP Board).

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

#### Interaction with Business Rates Supplement powers

5.18. The new levying powers will only be open to Combined Authority Mayors. The existing Business Rates Supplement powers, which allow authorities to levy a supplement on the national multiplier to fund additional investment aimed at promoting the economic development of local areas, approved by a ballot of ratepayers, will still be available outside of Combined Authority Mayoral Areas.

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

#### Local Enterprise Partnership (LEP) approval

5.19. The Government is clear that the approval of a majority of the business members of the LEP Board will be required in order for an Infrastructure Levy to be raised. This could be sought in the form of a prospectus from the Mayor, setting out the key parameters of the proposal.

5.20. One issue this presents is that whilst LEPs are often co-terminous with Combined Authority Mayoral Areas, this is not always the case. We should therefore consider whether the requirement for LEP approval should extend to all the LEPs within the proposed area of application of the levy.

5.21. We would also welcome views on how LEP approval should be sought, with a view to help ensure that the LEP role is clear, accountable, and representative of the business community.

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

#### Duration of the levy

5.22. Local ratepayers will of course be interested in the duration of a levy, and how decisions about its duration are made and reviewed.

5.23. We would expect that the proposed duration of a levy would be set out in an initial prospectus containing key parameters of the levy and plans for the project to be funded, submitted for approval from the LEP. We would expect the proposal to be for a period of whole years. Provision could also be made for the Mayor to submit a revised prospectus to the LEP for an extension of the levy for a period of whole years, or to adjust other parameters of a levy, for example following a revaluation.

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

#### Using revenues raised from the levy

5.24. The Government is clear that levy revenues must be used to fund infrastructure projects. Infrastructure could be defined in a similar way to how it is defined for the Community Infrastructure Levy - roads and transport, flood defences, educational facilities, medical facilities, sporting/ recreational facilities, and open spaces – or a different definition could be used to capture different uses.

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

#### Multiple levies/multiple projects

5.25. We wish to allow Mayors sufficient room for manoeuvre to fund the projects that would add most value. There is a further question of allowing authorities to charge a single levy for multiple infrastructure projects or multiple levies all at once. For instance, it could be provided that a single Combined Authority Mayoral Area may raise multiple levies all at once, providing that the sum of the infrastructure levies on any given ratepayer does not exceed 2p in the pound.

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

#### Further suggestions on infrastructure levy

5.26. Our engagement with the local government business sectors thus far has raised some further suggestions for the operation and scope of the ability to charge an infrastructure levy.

- Extend the power to raise an infrastructure levy beyond Combined Authority Mayors – Some have suggested that other areas, including other Combined Authority areas, should have a similar power to raise an infrastructure levy or that the power should replace existing Business Rates Supplement powers. The Government is clear that this new power will be for Combined Authority Mayors only who are directly elected and can be held accountable. Any

authorities not covered by the new power will retain the ability to fund infrastructure through existing Business Rates Supplement powers.

- Extend the business consultation requirements more widely – LEPs already play a strategic role in determining the priorities for infrastructure investment through the Strategic Economic Plan (SEP), and would act as representatives of local business communities to ensure that proposed infrastructure projects will benefit ratepayers. It has also been suggested though that there should be additional safeguards for ratepayers, for example consultation beyond the LEP.
- Include a discount power for Business Improvement Districts (BIDs) – The Business Rates Supplement Act 2009 makes provision for the levying authority to provide a discount to BIDs within the area of application of the supplement. It has been proposed that similar provision could be made for the levy, in view of the additional tax contributions which are made in BIDs.
- Amend the definition of infrastructure – These proposals differ from the existing Business Rates Supplement powers, which provide for a supplement to be raised for any project to promote economic development. It has been suggested the latter option may provide authorities with greater flexibility to use the power. Additionally, there is a question over whether the levy may be used for housing.

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

## 6. Accountability and accounting

### Summary

6.1. This chapter considers the consequences of a reformed local government finance system, particularly in terms of accountability and accounting:

- It considers how the reforms may change the balance of local and central accountability, including in relation to the additional responsibilities that councils will take on.
- It seeks views on the current method of accounting for business rates and - depending on the design of the scheme - whether this may need to change.
- It also considers how the information that Government needs to collect from councils to help the system function might change.

### Overview

6.2. The move to 100% business rates retention marks an important milestone in the devolution of power and resources from Whitehall. By 2020, councils will raise the great majority of their funding locally for the local services they provide. In addition, as part of these reforms, a new set of responsibilities will be devolved to local government. This move towards a more self-sufficient local government must be accompanied by a shift towards greater local accountability over funding and the way devolved responsibilities are delivered. There will also be implications for how income from local taxes is accounted for.

6.3. The Government, working with the LGA, CIPFA and other local government representatives, has sought to consider these issues. This Chapter sets out some of the thoughts and ideas raised during that engagement.

6.4. As policy development around system design continues, and decisions about which new responsibilities are devolved are made, the Government will continue to work with councils and others to explore the implications and consequences of the new system. This includes accountability and accounting terms, but also the type of information that government needs to collect from councils as part of the system. These issues may be subject to further consultation at a later date, in the lead up to implementation.

### The balance of local and central accountability

6.5. As local services are increasingly funded from locally raised resources, it will be important to ensure councils are accountable for deciding how to fund local services.

6.6. The current process for determining allocations of funds to authorities through a Local Government Finance Report and resolution by Parliament encourages accountability for funding decisions to remain with central government. The requirement for an annual process of distribution from central government also has the potential to undermine the funding certainty offered through multi-year settlements, and the announcement of final decisions relatively late in the year can make it difficult for local authorities to manage the process of local consultation in setting their budgets.

6.7. The Government is interested in exploring how to change the process for allocating funding to increase funding certainty for local government, providing councils with the flexibility to set budgets in good time and strengthening local accountability.

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

6.8. Where responsibilities are devolved from central to local government, it is important to consider how the balance of accountability between central and local government to Parliament for delivery of those services may change - for example, the relative roles and responsibilities of central government Accounting Officers and local government. The position may be different for different areas - for example, Mayoral Combined Authority areas may have more responsibilities, and we will therefore need to consider the implications for accountability for each of the candidates, and overall for devolution under these reforms on a case by case basis. The Government will continue to engage with local government on these issues, particularly as decisions are taken about what new responsibilities will be devolved as part of the reforms.

6.9. In setting out clearer accountability at the local level, the Government will need to continue to respect the rights of the UK Parliament to hold to account both Ministers and officials for the way that they use funding provided through the Parliamentary Vote. It is important that funding decisions made at the national level continue to be scrutinised by the national Parliament, while local decision making is scrutinised by local accountability structures.

***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?***

Accounting for income from local taxes

6.10. Local authorities are required by statute to account for Council Tax income and Business Rates income in what is known as the 'Collection Fund Account'. In effect this is an agent's statement, which shows the amount of council tax and business rates that each billing authority forecast it would collect and how that has been distributed between billing authorities, precepting authorities and central government. It is included in each council's annual accounts and is subject to audit.

6.11. Councils recognise in accounting and budgetary terms the amount of income that they forecast they would collect. Any surplus or deficit on collection is carried forward as an adjusting item to the following year's forecast Council Tax or Business Rates income.

6.12. The Government has been working with the LGA, CIPFA and other representatives of local government to consider how local authorities might be required to account for business rate collection in an updated reformed system, in a way that continues to comply with best practice for transparency and accountability.

6.13. In a reformed system, the central government share of local business rates income will no longer exist so will not need to be disclosed in the Collection Fund Account. However, billing and precepting authorities will continue, both for Business Rates and Council Tax. Therefore, both the Government and the Accountability and Accounting Technical Working Group consider that there would be no benefit in removing the requirement to prepare a Collection Fund Account. A number of the disclosures in the Collection Fund Account are required by statute and may need to be revised depending on detailed design choices made in the retained business rates system.

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

Balanced Budget Requirement

6.14. A requirement to produce a balanced budget is a key element of the local authority financial control framework. This requirement applies only to revenue and was introduced by section 32A of the Local Government Finance Act 1992.<sup>3</sup> The Act sets out a number of detailed items that must be included in the balanced budget calculation, but in summary, local authorities are required to perform the following sum:

|  |              |
|--|--------------|
| <b>Net service expenditure</b>             | <b>(x)</b>   |
| <b>Other expenditure</b>                   | <b>(x)</b>   |
| <b>RSG and other centrally held grants</b> | <b>x</b>     |
| <b>Forecast business rates income</b>      | <b>x</b>     |
| <b>Transfer to/from reserves</b>           | <b>x/(x)</b> |
| <b>Council tax requirement</b>             | <b>x</b>     |

6.15. Since this statutory requirement was introduced the way that local authorities manage their business has changed and the introduction of retained rates will give them further flexibilities in relation to setting their expected level of income.

<sup>3</sup> For councils – different statute applies to the GLA, PCCs, FRAs etc. but the format of the calculation is the same in each case.

6.16. Both the Government and the Accountability and Accounting Technical Working Group agree that there is no benefit in removing the requirement to prepare a balanced budget. However, the way that local authorities are required to calculate their balanced budget no longer aligns with the way they actually manage their finances. It is possible that if the way that councils are required to calculate their balanced budget was adjusted to better align with the way they run their business, both efficiency and transparency gains may be achieved.

***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?***

#### Other Reporting to Central Government

6.17. In addition to the statutory accounts local authorities are required to prepare and submit financial data returns to DCLG. These are the NNDR1 and NNDR3 forms. These forms serve a dual purpose.

6.18. For local government, the NNDR1 form allows authorities to estimate the amount to be retained by Billing Authorities, and the amount to be paid to central government and Major Precepting Authorities. This is fixed at the start of the financial year on the basis of the Billing Authority's estimate of its Non-Domestic Rating income for the year and is reflected in each authority's balanced budget calculation. The NNDR3 form provides authorities with a tool by which they can calculate their certified non-domestic rating income and calculate the final sums due by way of section 31 grants for certain government-funded rates relief measures.

6.19. The consolidated results of these forms feed into official statistics and the financial statements setting out the amount of business rates income collected in England. Under the current system, they allow central government to put sufficient budget aside to fund mandatory and discretionary reliefs and form the basis of the calculation of the safety net and the levy.

6.20. The Government has announced that following business rates reform, the levy will no longer exist. In addition the way that the safety net is funded may change. This means that some elements of the current NNDR1 and NNDR3 forms will no longer be relevant. Other data currently collected by central government may no longer be required, depending on detailed system design choices made.

6.21. The Government is clear that some form of reporting will still be required, both to allow local authorities to provide information to feed into the safety net and levy calculations and to allow central government to provide information to Parliament on the quantum of business rates collected. However, it may be possible to revise data collection activities to make the data more transparent.

***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?***

## Summary of Questions

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

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

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

**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?**

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

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

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

**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?**

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

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

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

**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?**

**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?**

**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?**

**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?**

**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?**

**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?**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***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?***

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

***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?***

***Question 36: Do you have views on how the Business Rates data collection activities may be altered to collect and record information in a more timely and transparent manner?***

# About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department for Communities and Local Government will process your personal data in accordance with DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact DCLG Consultation Co-ordinator.

Department for Communities and Local Government  
2 Marsham Street  
London  
SW1P 4DF  
or by e-mail to: [consultationcoordinator@communities.gsi.gov.uk](mailto:consultationcoordinator@communities.gsi.gov.uk)

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Department for  
Communities and  
Local Government

## Business Rates Reform

### **Fair Funding Review: Call for evidence on Needs and Redistribution**



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## 1. Introduction

- 1.1. In October 2015, the Government announced that, by the end of this Parliament, local government will keep 100% of the income raised through business rates, and will take on new responsibilities to be funded from this additional income as central government grants are phased out.
- 1.2. The design of a new finance system will shape the future of local government. This is an exciting opportunity for local government to put forward its own proposals and guide the reform process from the early stages of development.
- 1.3. The Department for Communities and Local Government (DCLG) has been working with the Local Government Association (LGA), local authorities and other interested parties to develop proposals. The Government's consultation, *Self-sufficient local government: 100% Business Rates Retention*, which is published alongside this document, and is available at:  
<https://www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention>
- 1.4. The Government has asked for responses to this consultation by 26 September 2016.
- 1.5. The assessment of the relative needs of local councils is a fundamental part of the reforms to business rates. Alongside the 2016/17 Local Government Finance Settlement, the Government announced the Fair Funding Review that will conduct a thorough review of what the needs assessment formula should be in a world in which local government spending is funded by local resources not central grant.
- 1.6. To help shape the Fair Funding Review, the Government has been engaging with representatives from across local government through a technical working group. Based on feedback from this group, we have developed this initial call for evidence on needs and redistribution. The Government wants to give local government every opportunity to consider the best approach to measuring their relative needs. The needs assessment does not require legislative changes to implement. This means that decisions do not have to be made now, and allows work to progress with local government to a different timetable. The Government is aiming to consult on the principles for the needs assessment in the autumn 2016, and expects to have a final consultation on the formulae in the summer of 2018. This will allow a new mechanism to be in place in time for the introduction of 100% business rates retention across local government by the end of the current Parliament.

*How you can respond*

1.7. The Government invites you to submit your views on the questions below, either in writing, or by attending a seminar. Your response to this discussion paper is invited by 5:00 pm on 26 September 2016, and can be provided to either:

- [NeedsAndResources@communities.gsi.gov.uk](mailto:NeedsAndResources@communities.gsi.gov.uk)
- Local Government Finance Reform (Fair Funding Review)  
Department for Communities and Local Government  
2<sup>nd</sup> floor SE, Fry Building  
2 Marsham Street  
London  
SW1P 4DF

## **2. Needs and Redistribution**

- 2.1. In 2013-14, the previous Government introduced the business rates retention scheme, under which local government retains 50% of the business rates income. To determine the starting position of funding for local authorities, the Government carried out an assessment of the relative level of needs and resources of councils across England.
- 2.2. Many councils now feel that too much time has passed since the last fundamental review of the approach to assessing a council's relative needs, and the costs it can be expected to incur in delivering services. The demographic pressures affecting particular areas – such as the growth in the elderly population, and the cost of providing services – may have affected different areas in different ways.
- 2.3. Therefore, the Government announced that it will undertake a Fair Funding Review of what the relative needs assessment formula should be following the implementation of 100% business rates retention.
- 2.4. The Fair Funding Review will deliver an assessment of relative needs within a fixed amount of business rates income. For the services currently supported by the local government finance system, the outcomes of the Fair Funding Review will establish the funding baselines for the introduction of 100% business rates retention. The distribution of funding for new responsibilities will be considered on a case by case basis once these responsibilities are confirmed; they are likely to have bespoke distributions.
- 2.5. The following sections set out the key questions that will need to be addressed as part of this review. A summary of the questions can be found at Annex A.

### *The approach to measuring relative need*

- 2.6. The use of formulae to distribute grant funding to local authorities can be traced as far back as the 19<sup>th</sup> century. However, until advancements in computing in the 1970s, the scope for basing grant formulae on detailed statistical analyses was very limited. Formulae necessarily relied on a substantial element of judgement, though they were generally based on objective data.
- 2.7. Since the 1970s, analysis has been carried out to try from time to time to ascertain which indicators should be used to distribute funding, and how much weight one indicator should be given compared to another. Over recent years, funding formulae have become increasingly complicated in attempting to capture as many possible factors that may have an influence on local government spending.
- 2.8. There is a balance to be struck in determining the approach to measuring councils' relative needs. Simple formulae may make it easier for councils to

explain to their local electorates why they have received particular amounts of funding and may also be simpler to update. However, simpler formulae may also lead to a less nuanced distribution between local authorities.

2.9. While more complex formulae may lead to a nuanced distribution of funding they may be less transparent and more difficult to update.

**Question 1: What is your view on the balance between simple and complex funding formulae?**

**Question 2: Are there particular services for which a more detailed formula approach is needed, and – if so – what are these services?**

2.10. The most recent needs assessment used a mixture of statistical techniques to arrive at the formulae for distributing funding, including:

- **Expenditure based regression** – This technique attempts to explain the variation in spending between local authorities by using the characteristics of areas and their populations. The most recent needs assessment makes use of this technique using expenditure data up to 2011-12 and population projection data up to 2013-14.
- **Non-expenditure based regression** – This is where indicators of need are calculated using data from key service statistics. The technique has previously been used to assess the funding needs for police authorities.
- **Multi-level modelling** – This technique is needed to take account of the nested sets of data available on local authority services. For example, data may often relate to the spending on an individual member of the public, in receipt of a particular service within a particular local authority. Multi-level modelling allows needs indices to be calculated based on how well they predict expenditure within a typical local authority, as opposed to between them. It has previously been used to create the Children's Social Services funding formula.

2.11. In the past, expenditure based regression has been the most widely used statistical technique for assessing councils' needs. This is because data on local authorities' spending on services is readily available and has often been the best available proxy of their need to spend on those services.

2.12. However, past expenditure has previously been criticised by some local authorities, including most recently in responses to the consultation on the provisional Local Government Finance Settlement 2016-17. These authorities argue that previous patterns in spending may not necessarily be representative of the actual need to spend of local authorities and that the technique leads to a self-fulfilling outcome, whereby the highest spending authorities are assumed to need the most income, which therefore allows them to remain the highest spending. Some authorities have also argued that it forces councils who have

relatively less grant compared to their other sources of income to look to other revenue streams to make up for shortfalls in grant funding.

2.13. To take into account the potential deficiencies in using data on past expenditure, previous governments have made adjustments to needs formulae by increasing/decreasing the weighting applied to certain factors, for example to take into account the additional costs of delivering services in rural areas. An approach to measuring councils' needs that does not use previous patterns of expenditure may lead to a more equitable distribution of funding for all councils, and make adjustments such as these less necessary.

**Question 3: Should expenditure based regression continue to be used to assess councils' funding needs?**

**Question 4: What other measures besides councils' spending on services should we consider as a measure of their need to spend?**

**Question 5: What other statistical techniques besides those mentioned above should be considered for arriving at the formulae for distributing funding?**

**Question 6: What other considerations should we keep in mind when measuring the relative need of authorities?**

#### *The treatment of growth in local taxes*

2.14. In determining a distribution of funding, it is inevitable that any assessment of councils' funding needs will also need to take into account some measure of their available resource. Since the introduction of the Business Rates Retention scheme in 2013-14, local authorities across the country have seen growth in their council tax and business rates bases. There is therefore a question of whether this growth in local resource should be taken into account as part of the resource available to councils, or treated as being 'outside' of the overall assessment.

2.15. Allowing councils to retain this growth would incentivise them to build the additional income into their budgets and enable them to use it for delivering vital local services. However, it would reduce the amount of funding available to be allocated according to the needs assessment and might disadvantage those authorities whose local tax growth has not kept up with their demand for services, with a knock on effect on local services.

**Question 7: What is your view on how we should take into account the growth in local taxes since 2013-14?**

### Transitioning to a new distribution of funding

- 2.16. It is inevitable that whatever method is used to arrive at new formulae, the resulting distribution of funding will be different to the existing one. In addition, this difference may be greater, and local authorities made aware of it later, due to the amount of additional technical work required, if a fundamental change is made to the approach to measuring authorities' relative needs, such as moving away from the use of expenditure based regression.
- 2.17. Recognising that councils require time to adjust to changes in their level of funding, previous governments have tended to limit the degree of change in local authorities' income through the use of damping mechanisms. For example, a system of floors and ceilings was introduced in 2001, which ensured that no local authority could see their funding increase or fall by more than a set percentage each year.
- 2.18. However, some councils have argued that the adjustments relating to these damping mechanisms have driven local authorities' income to a greater extent than the changes in their underlying needs assessment. Councils have also questioned the value of conducting detailed needs assessments when the end result is substantially adjusted to minimise the scale of discontinuity from the previous distribution of funding.
- 2.19. Therefore, in transitioning to a new funding distribution, it may be desirable to consider options such as phasing it in over a number of years or setting a fixed period over which the damping will be phased out. This may be particularly desirable if a fundamental change is made to measuring authorities' relative needs, where more time will be required before a distribution of funding is known.

**Question 8: Should we allow significant step-changes in local authorities' funding following the new needs assessment?**

**Question 9: If not, what are your views on how we should transition to a new distribution of funding?**

### The geographical level at which need is measured

- 2.20. The current local government finance system assesses authorities' funding needs at the individual local authority level. However, due to the large variations in need between authorities, this will often mean that neighbouring councils will receive very different levels of funding.
- 2.21. An alternative approach could be to distribute funding to larger geographical areas, as the variation in need between these larger areas is likely to be far less than the variation within them. It would then be the role of the councils within the area to manage the distribution of funding between them.

2.22. A model such as this may have other benefits, such as greater collaboration between councils and more efficient spending on services within an area<sup>1</sup>. This is because the councils within an area are likely to have a better understanding of their relative spending needs than central government. However, it would almost certainly require councils led by different political parties to work together to reach an agreed distribution of funding, which may be difficult to achieve.

2.23. In the devolution deals that have recently been negotiated with areas across the country, Combined Authorities have provided the means for the radical devolution of services and funding to local government. Allocating funding to Combined Authorities and allowing them to lead the distribution of funding to their constituent councils may therefore be one way of introducing this approach in areas where there is a complex political landscape.

**Question 10: What are your views on a local government finance system that assessed need and distributed funding at a larger geographical area than the current system – for example, at the Combined Authority level?**

**Question 11: How should we arrive at the composition of these areas if we were to introduce such a system?**

**Question 12: What other considerations would we need to keep in mind if we were to introduce such a system?**

#### 'Resetting' the needs assessment

2.24. The Government intends to have resets in some form. Further detail on the Government's thinking on resets is outlined in Chapter 4 of the consultation, *Self-sufficient local government: 100% Business Rates Retention*.

#### Incentives within the local government finance system

2.25. Since the introduction of the business rates retention system in 2013-14, the incentive for councils to grow their council tax and business rates tax bases has been a key feature of the local government finance system. This incentive will be strengthened with the introduction of 100% business rates retention.

2.26. These reforms provide an opportunity to consider whether new incentives should be introduced into the system, such as for efficiency or collaboration across authority boundaries or other organisations.

**Question 13: What behaviours should the reformed local government finance system incentivise?**

---

<sup>1</sup> Independent Commission on Local Government Finance (February 2015), *Financing English Devolution*

**Question 14: How can we build these incentives into the assessment of councils' funding needs?**

## **Annex A – Summary of key questions**

**Question 1:** What is your view on the balance between simple and complex funding formulae?

**Question 2:** Are there particular services for which a more detailed formula approach is needed, and – if so – what are these services?

**Question 3:** Should expenditure based regression continue to be used to assess councils' funding needs?

**Question 4:** What other measures besides councils' spending on services should we consider as a measure of their need to spend?

**Question 5:** What other statistical techniques besides those mentioned above should be considered for arriving at the formulae for distributing funding?

**Question 6:** What other considerations should we keep in mind when measuring the relative need of authorities?

**Question 7:** What is your view on how we should take into account the growth in local taxes since 2013-14?

**Question 8:** Should we allow step-changes in local authorities' funding following the new needs assessment?

**Question 9:** If not, what are your views on how we should transition to the new distribution of funding?

**Question 10:** What are your views on a local government finance system that assessed need and distributed funding at a larger geographical area than the current system – for example, at the Combined Authority level?

**Question 11:** How should we decide the composition of these areas if we were to introduce such a system?

**Question 12:** What other considerations would we need to keep in mind if we were to introduce such a system?

**Question 13:** What behaviours should the reformed local government finance system incentivise?

**Question 14:** How can we build these incentives in to the assessment of councils' funding needs?

## **About this discussion paper**

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# Agenda Item 9.

|  |   |                              |  |
|--|---|------------------------------|--|
| <b>REPORT TO:</b>  | Cabinet                                     |                              |  |
| <b>DATE:</b>   | 12 October 2016                             |                              |  |
| <b>PORTFOLIO:</b>  | Cllr Gareth Molineux - Resources            |                              |  |
| <b>REPORT AUTHOR:</b>  | Stephen Brindle – Head of Accountancy       |                              |  |
| <b>TITLE OF REPORT:</b>  | Multi-year Settlements and Efficiency Plans |                              |  |
| <b>EXEMPT REPORT (Local Government Act 1972, Schedule 12A)</b> | <b>No</b>                                   | Not applicable               |  |
| <b>KEY DECISION:</b>   | <b>No</b>                                   | If yes, date of publication: |  |

## 1. Purpose of Report

- 1.1 To set out and evaluate the details of the offer made by the DCLG to confirm central revenue funding levels for Hyndburn Council up to and including the financial year 2019/20.

## 2. Recommendations

- 2.1 It is recommended the offer is accepted.

## 3. Reasons for Recommendations and Background

- 3.1 On March 10<sup>th</sup> 2016 the Secretary of State for Communities and Local Government wrote to all authorities about multi-year settlements and efficiency plans. The letter offered a four year funding settlement up to and including 2019/20 provided the authority produced an efficiency plan which, '*should cover the full four year period and be open and transparent about the benefits this will bring to both your council and your community.*'
- 3.2 It is an optional offer and if the Council chooses instead to continue on a year by year basis, DCLG cannot '*guarantee future levels of funding for those who prefer not to have a four year settlement.*'
- 3.3 The figures for Hyndburn Council are in the table below. Acceptance of the offer has to be made by e-mail or letter before 5pm on Friday 14<sup>th</sup> October.

|            | 16/17   | 17/18   | 18/19   | 19/20   |
|------------|---------|---------|---------|---------|
|            | £k      | £k      | £k      | £k      |
| <b>RSG</b> | 3,194.7 | 2,481.1 | 2,034.1 | 1,534.7 |

- 3.4 It is expected this will be the only time during the current Parliament that a multi-year settlement will be offered. The offer covers revenue support grant (RSG), transitional grant (TG) and rural services delivery grant (RSDG); only the first affects Hyndburn BC.
- 3.5 In addition, protection will be provided to ensure that tariffs and top-ups for 2017/18 to 2019/20 will not be altered because of changes in the relative needs of the local authority.
- 3.6 The protection will not cover:
- a) Extra responsibilities and functions that might be devolved as part of the 100% business rates retention scheme.
  - b) Further transfer of functions to or between local authorities or the impact of mergers.
  - c) Any other unforeseen events.
- 3.7 With respect to item (c), there is no definition of unforeseen events and it is possible that public sector funding reductions in excess of those announced in the settlement following the 2015 spending review may be defined as 'unforeseen'.
- 3.8 If an authority asks for and is given a four year settlement, it is not clear whether it could subsequently withdraw because of a change in circumstances.
- 3.9 Finally, there are no published criteria for assessing the accompanying efficiency plan.
- 3.10 Overall, the offer gives an increased amount of certainty as well as guaranteeing RSG. In the current climate it is unlikely any additional money will be forthcoming. Financial planning over the next four years, with acceptance, will become more stable.

#### **4. Alternative Options considered and Reasons for Rejection**

- 4.1 The alternative is not to take up the offer and risk future changes in the level of RSG which could be either a reduction in the annual amounts or complete withdrawal. In the present economic climate it is extremely unlikely that more funding will become available to local government via central government.
- 4.2 Continued dependence on the *annual* funding model, in light of the government's assertion that it cannot guarantee these amounts, increases the risk of volatility in the Council's financial planning which could lead to shortfalls having to be met by savings over and above those planned in the medium term financial strategy.

**5. Consultations**

5.1 None

**6. Implications**

|   |  |
|---|--|
| <b>Financial implications (including any future financial commitments for the Council)</b>  | As described in the report.  |
| <b>Legal and human rights implications</b>  | None   |
| <b>Assessment of risk</b>   | <p>If the offer is accepted, there will be a decrease in risk related to the continuity of funding.</p> <p>If the offer is not taken up the volatility of funding will increase.</p> <p>In both cases risk will be monitored as part of the continuing financial planning, principally via the medium term financial strategy.</p> |
| <b>Equality and diversity implications</b><br><i>A <a href="#">Customer First Analysis</a> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i> | None   |

**7. Local Government (Access to Information) Act 1985: List of Background Papers**

7.1 **Multi Year Settlements and Efficiency Plans – Letter**

**Annex to Letter**

**8. Freedom of Information**

8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

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[www.gov.uk/dclg](http://www.gov.uk/dclg)

10 March 2016

*Dear Colleagues*

## **MULTI-YEAR SETTLEMENTS AND EFFICIENCY PLANS**

On 17 December I announced a historic opportunity for councils to achieve greater certainty and confidence from a 4-year budget. I see this as a key step to supporting you to strengthen your financial management, at the same time as working collaboratively with your local partners and reforming the way services are provided.

The settlement consultation process showed great support for this approach and identified a number of queries about what the offer includes and the requirements for applying to accept this offer. I have therefore set out some further details in the attached annex. But I want to reiterate that I want this offer, and the production of an efficiency plan, to be as simple and straightforward as possible, and reassure you that this is not about creating additional bureaucracy.

If you wish to apply to accept the offer you simply need to send an email or letter to [MultiYearSettlements@communities.gsi.gov.uk](mailto:MultiYearSettlements@communities.gsi.gov.uk) by **5pm on Friday 14<sup>th</sup> October** and include a link to your published efficiency plan.

I do not intend to provide further guidance on what efficiency plans should contain – they should be locally owned and locally driven. But it is important that they show how this greater certainty can bring about opportunities for further savings. They should cover the full 4-year period and be open and transparent about the benefits this will bring to both your council and your community. You should collaborate with your local neighbours and public sector partners and link into devolution deals where appropriate.

Of course this offer is entirely optional. It is open to any council to continue to work on a year-by-year basis, but I cannot guarantee future levels of funding to those who prefer not to have a four year settlement.

I have been delighted by the response of councils all over the country to the offer of four year budgets and I look forward to hearing from you if you would like to avail yourself of it.

For any further queries, please contact officials at the above address.

*Yours sincerely*

A handwritten signature in black ink, appearing to be 'G Clark', written in a cursive style.

**THE RT HON GREG CLARK MP**

## **Annex**

### **Conditions of the multi-year settlement**

The Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20. This includes:

- Common Council of the City of London
- London borough councils
- district councils
- county councils
- Council of the Isles of Scilly
- Greater London Authority
- metropolitan county fire and rescue authorities
- combined fire and rescue authorities.

The Government is making a clear commitment to provide minimum allocations for each year of the Spending Review period, should councils choose to accept the offer and if they have published an efficiency plan.

#### **What the offer includes**

On 9 February we provided summaries and breakdown figures for each year to your s151 Officer. From those figures the relevant lines that are included in the multi-year settlement offer, where appropriate, are:

- Revenue Support Grant;
- Transitional Grant; and
- Rural Services Delivery Grant allocations.

In addition, tariffs and top-ups in 2017-18, 2018-19 and 2019-20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention.

The Government is committed to local government retaining 100% of its business rate revenues by the end of this Parliament. This will give them control over an additional £13 billion of tax that they collect.

To ensure that the reforms are fiscally neutral local government will need to take on extra responsibilities and functions. DCLG and the Local Government Association will soon be publishing a series of discussion papers which will inform this and other areas of the reform debate.

The new burdens doctrine operates outside the settlement, so accepting this offer will not impact on any new burden payments agreed over the course of the four years.

The Government will also need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year.

## **Process for applying for the offer**

Interest in accepting this offer will only be considered if a link to a published efficiency plan is received by 5pm Friday 14<sup>th</sup> October. We will provide confirmation of the offer shortly after the deadline.

## **Efficiency Plans**

Efficiency plans do not need to be a separate document. They can be combined with Medium Term Financial Strategies or the strategy set out in the guidance (<https://www.gov.uk/government/publications/guidance-on-flexible-use-of-capital-receipts>) on how you intend to make the most of the capital receipt flexibilities if appropriate.

The Home Office will provide guidance on the criteria and sign off process for efficiency plans for single purpose Fire and Rescue authorities. All Fire and Rescue authorities, including those which are county councils, should set out clearly in their efficiency plans how they will collaborate with the police and other partners to improve their efficiency.

## **Process for those who do not take up the offer**

Those councils that chose not to accept the offer, or do not qualify, will be subject to the existing yearly process for determining the local government finance settlement.

Allocations could be subject to additional reductions dependant on the fiscal climate and the need to make further savings to reduce the deficit.

At present we do not expect any further multi-year settlements to be offered over the course of this parliament

# Agenda Item 10.

|  |                |   |  |
|--|----------------|---|--|
| <b>REPORT TO:</b>  |                | Cabinet   |  |
| <b>DATE:</b>   |                | 12 October 2016   |  |
| <b>REPORT OF:</b>  |                | <b>Cllr Abdul Khan – Chair of the Resources Overview and Scrutiny Committee</b> |  |
| <b>REPORT AUTHOR:</b>  |                | Overview and Scrutiny Officer   |  |
| <b>TITLE OF REPORT:</b>  |                | Report of Overview and Scrutiny – Integrated IT Service                         |  |
| <b>EXEMPT REPORT (Local Government Act 1972, Schedule 12A)</b> | <b>Options</b> | Not applicable  |  |
| <b>KEY DECISION:</b>   | <b>Options</b> | If yes, date of publication:  |  |

## 1. Purpose of Report

- 1.1 To inform Cabinet of a recent review conducted by the Resources Overview and Scrutiny Committee relating to IT.

## 2. Recommendations

- 2.1 **(1) That Cabinet be requested to ensure that the new website is user friendly for customers;**
- (2) That Cabinet be requested to investigate ways to make the online payment system simpler for customers to use;**
- (3) That Cabinet be requested to work with the Head of ICT to explore the possibility of the introduction of an integrated system for the website which would require only one simple login from a customer regardless of what service they required access to; and,**
- (4) That Cabinet be requested to ensure the new website and My Hyndburn app are compatible with assistive technologies in order to make them more accessible to residents who are visually impaired, elderly or those who have low literacy skills.**

## 3. Reasons for Recommendations and Background

- 3.1 At its meeting on 6<sup>th</sup> September 2016, the Resources Overview and Scrutiny Committee received a report from the Portfolio Holder for Resources and the Head of ICT. The Committee had requested to look at options for integrated ICT systems, particularly those which were customer facing.
- 3.2 A report was submitted relating to a proposal for the integration of Council web services including those currently available, those planned for the future, and those services which are available through the Council website via an external system (e.g. Council tax).
- 3.3 Recently there have been enormous developments in the range of technologies and digital tools and approaches available to both citizens and organisations. Smart phones and tablet computers are now everywhere; town centres and public buildings routinely offer wireless access; data and systems are increasingly stored in the 'cloud'. These advances have enabled citizens and public bodies to change the ways in which they interact, gain access to information and services, and organise their work. Many councils have been quick to recognise the opportunities offered by technology and digital tools including 'apps' to inform, alert or provide services to users. Central government has invested in essential infrastructure such as reliable and fast broadband connections and the Public Services Network (PSN). In 2016, the need to take advantage of such digital innovations has never been greater. Over the current spending review period, local government has suffered cuts to its budgets whilst, at the same time, demand on local services has been increasing inexorably.
- 3.4 The report informed the Committee of steps already taken to create online communication channels for residents. Since October 2015, the My Hyndburn app has been operational to request certain services, including:
- Information Request
  - Delivery Request (i.e. new bin)
  - Report dead animals and needles
  - Report fly tipping
  - Bulky Item collection
- Other services are also available, such as Council tax, but these require system specific usernames and passwords.
- 3.5 Although there have been step-changes and improvements made as above, and a new responsive web-site is being developed in-house and due to go-live by November 2016, it is apparent that the current situation is not particularly user-friendly when a citizen still has to remember multiple sign-on details to access the certain council services.
- 3.6 Councillors were concerned that the current website was difficult to navigate and that the search function did not work particularly well. Councillors were told that new technologies and the My Hyndburn app meant that many more Council services were available directly online, with more services to be added in the future. The report made reference to the cost to the Council of an online contact, which was significantly lower

than a face to face or even a telephone contact. Councillors were pleased with plans to introduce a new website, but wanted to ensure that this would be more user friendly.

- 3.7 Concerns were expressed that residents using the website encountered difficulties with having to log on multiple times and requiring different information dependant on the service they were trying to access, and confusion around this issue may be preventing more people from accessing online services. This was highlighted as an issue of concern in the report and Councillors indicated that it should be a priority to resolve this.
- 3.8 Councillors also discussed accessibility of the website and the app, and felt that it should be ensured that any future developments to online services are compatible with assistive technologies such as those that may be used by someone with a visual impairment.
- 3.9 The recommendations listed in paragraph 2.1 are a reflection of the discussions held on this topic.

**4. Alternative Options considered and Reasons for Rejection**

- 4.1 **Cabinet may accept or reject any number of the recommendations made by the Resources Overview and Scrutiny Committee.**

**5. Consultations**

- 5.1 None applicable to this report

**6. Implications**

|   |   |
|---|---|
| <b>Financial implications (including any future financial commitments for the Council)</b>  | It is likely that if accepted, some of the recommendations will have a financial implication which at this time have not been costed. |
| <b>Legal and human rights implications</b>  | Not applicable  |
| <b>Assessment of risk</b>   | Not applicable  |
| <b>Equality and diversity implications</b><br><i>A <a href="#">Customer First Analysis</a> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i> | Attached  |

|  |  |
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7. **Local Government (Access to Information) Act 1985:**  
**List of Background Papers**

- 7.1 *Agenda, reports and minutes of the Resources Overview and Scrutiny Committee on 6<sup>th</sup> September 2016*  
<https://democracy.hyndburnbc.gov.uk/ieListDocuments.aspx?CId=132&MId=1082&Ver=4>

## 1. Purpose

- What are you trying to achieve with the policy / service / function?

The scrutiny recommendations are trying to achieve an improved Council website with simplified access to services.

- Who defines and manages it?

If approved, it would be led by the Portfolio Holder for Resources and Head of ICT and monitored by the Resources Overview and Scrutiny Committee.

- Who do you intend to benefit from it and how?

All Hyndburn residents who currently access the Council's web services with easier to access services. Hyndburn residents who do not currently access the Council's web services as an easier to use system may encourage them to use the online services.

- What could prevent people from getting the most out of the policy / service / function?

If accepted, a lack of awareness of the improved online facilities could prevent people getting the most out of the service.

Lack of access to the internet.

- How will you get your customers involved in the analysis and how will you tell people about it?

Will explore ways to ensure residents are aware of the new website.

## 2. Evidence

- How will you know if the policy delivers its intended outcome / benefits?

Scrutiny will request that the Portfolio Holder and ICT Manager report back to the Resources Overview and Scrutiny Committee on key indicators.

- How satisfied are your customers and how do you know?

The current level of customer satisfaction is unknown.

- What existing data do you have on the people that use the service and the wider population?

Unknown

- What other information would it be useful to have? How could you get this?

It would be useful to collect additional data so that we know which specific groups are using the services and which are not. However, a balance must be achieved between collecting data and making the services as simple to use as possible.

- Are you breaking down data by equality groups where relevant (such as by gender, age, disability, ethnicity, sexual orientation, marital status, religion and belief, pregnancy and maternity)?  
No

- Are you using partners, stakeholders, and councillors to get information and feedback?

The Portfolio Holder for Resources and Head of ICT reported to the Resources Overview and Scrutiny Committee. Councillors provided feedback and submitted the recommendations in this report.

### **3. Impact**

- Are some people benefiting more – or less - than others? If so, why might this be?

Residents who have access to the internet will benefit more than those that don't. Hyndburn Borough Council provides digital champions who support residents to use the internet.

### **4. Actions**

- If the evidence suggests that the policy / service / function benefits a particular group – or disadvantages another - is there a justifiable reason for this and if so, what is it?

The recommendations relate to improvements to online services

- Is it discriminatory in any way?

No

- Is there a possible impact in relationships or perceptions between different parts of the community?

No

- What measures can you put in place to reduce disadvantages?

One of the recommendations is to ensure that the new website is compatible with software which supports the visually impaired.

- Do you need to consult further?

To be determined by Portfolio Holder and Head of ICT

- Have you identified any potential improvements to customer service?

Yes – improved access to online services

- Who should you tell about the outcomes of this analysis?

Cabinet

- Have you built the actions into your Business Plan with a clear timescale?

Scrutiny will monitor as part of work programme. If recommendations are accepted it is assumed that these will be incorporated into current ICT Service Plans.

- When will this assessment need to be repeated?

To be determined.

**Don't forget to return your written record to HR.**

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