

Summary of Consultation Responses

Introduction

1. The government received more than 450 responses to the business rates consultation. As well as responses from local authority representative groups about three quarters of principal local authorities responded in their own right.
2. DCLG has finished analysing the responses and the government currently aims to publish its formal response to the consultation before the end of the calendar year.
3. Somewhat surprisingly, the questions on accounting and accountability were the least responded to part of the consultation. About 60% of respondents provided a response to at least one of the questions in this area.
4. The remainder of this paper summarises responses to each question in the accounting and accountability section and highlights the likely government response.

Q32. Do you have any views on how to increase certainty and strengthen local accountability for councils in setting their budgets?

5. A majority of respondents highlighted multi-year settlements as a positive development. There was some commentary on the importance of aligning future multi-year settlements and reset periods to SR periods under the new system.
6. Other points brought up were the importance of keeping Section 31 Grants legislation in place so that government had a mechanism to top up the funding to local authorities in a scenario where demand pressures outstripped total resource available to local authorities from BR and Council Tax; the need for the VOA to provide better information on appeals and to process them more quickly; and requests to either remove mandatory reliefs or to keep them fixed for the duration of a reset period.
7. **Government response:** issues raised by respondents will be considered as part of the work on how the settlement process will work under the new BR system.

Q33. Do you have any views on where the balance between national and local accountability will fall and how best to minimise any overlaps in accountability?

8. There was no consensus of views in the responses provided to this question. About a third of respondents called for devolution of decisions on how much to spend for those services devolved to local authorities. The only other point mentioned by more than a handful of respondents was concern that soft ringfencing measures would be introduced for grants rolled into the retention system.

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9. **Government response:** works is ongoing with Treasury and other Government departments to identify which responsibilities should be rolled into the new system and how accountability for these responsibilities should work.

Q34. Do you have any views on whether the requirement to prepare a Collection Fund account should remain in the new system?

10. There was overwhelming support for keeping the requirement to prepare the Collection Fund account.
11. A number of respondents suggested reviewing the accounting treatment so that the timing of accounting for risk is aligned to the mitigating measures. Linked to this, some respondents suggested that moving tariffs, top-ups and BR related Section 31 Grants out of the General Fund and into the Collection Fund as a way of eliminating some of the timing issues.
12. **Government response:** Detailed proposals on how the accounting requirements can be modified to make the account more useful will be considered with the Systems Design and Accounting and Accountability working groups.

Q35. Do you have any views on how the calculation of the balanced budget requirement may be altered to be better aligned with the way that LAs run their business?

13. Respondents had mixed views on whether the current calculation should be changed. Those respondents that thought the calculation should be left as is pointed to the fact that it was a key element of the local authority fiscal control framework. Those that felt the presentation of the calculation should be changed pointed to the fact that under the new system, Council Tax would be only one of a number of 'balancing items' in the budget.
14. A few respondents called for local authorities to be able to balance their budget over a three year cycle. Some of those respondents called for local authorities to be given total flexibility in this area. Others only thought that the flexibility should trigger subject to specific conditions.
15. **Government response:** Work will continue to identify whether an appropriate calculation that retains the financial control elements of the current system can be designed.

Q36. Do you have any views on how BR data collection activities could be altered to collect and record information in a more timely and efficient manner?

16. Roughly half of respondents commented on the timing of data returns. Those respondents that commented agreed that the timing of the NNDR3 return should be aligned to the statutory accounts and audit timetable. There were more mixed views on the timing of the NNDR1 returns, with some authorities suggesting that the deadline for submission be brought forward and others asking for the time allowed for preparation and submission to be extended.

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17. Many respondents commented that until they had more information on the design of the new system it was difficult to comment on the content of data collection returns. Where specific suggestions were made these focused on taking the opportunity to simplify the forms or to request the information in the same format as would be required for Collection Fund Accounting.
18. **Government response:** We are aware of the need to align the timing of data collection activities with the local authority budgeting and accounting cycle. We will consider whether changes should be made to the information requested in light of systems design work.