

<b>This report is public</b>	
<b>Business Rates Reset Consultation</b>	
<b>Committee</b>	Budget Planning Committee
<b>Date of Committee</b>	8 July 2025
<b>Portfolio Holder presenting the report</b>	Portfolio Holder for Finance, Regeneration and Property, Councillor McLean
<b>Date Portfolio Holder agreed report</b>	26 June 2025
<b>Report of</b>	Assistant Director of Finance (S151 Officer), Michael Furness

## **Purpose of report**

To update Budget Planning Committee (BPC) on the Business Rates Reset consultations; one of which took place in April and a follow up that was launched 20 June for responses in mid-August. These consultations relate directly to the Medium-Term Financial Strategy (MTFS) 2026/27 – 2030/31.

### **1. Recommendations**

The Budget Planning Committee resolves:

- 1.1 To note the council's response to the Business Rates Reset consultation which was open between 8 April and 2 June.
- 1.2 To note the Fair Funding 2.0 consultation that was launched on 20 June with a closing date of 15 August.

### **2. Executive Summary**

- 2.1 The government has committed to overhauling the way funding is allocated to local authorities, including the business rates retention scheme. The impact of these changes is expected to reduce the council's funding by up to 40%. It is therefore crucial that the council puts its views across to government via consultation responses and through direct lobbying.
- 2.2 The consultation in April focussed on the technical detail of particular aspects of how a full business rates reset could work. The government made it clear in the introduction to the consultation that they had already decided that a full reset was going to happen so no other options on whether it was full, or partial were up for discussion.
- 2.3 The Fair Funding Review 2.0 consultation focuses on the government's proposed approach to local authority funding reform through the Local Government Finance Settlement starting from 2026-27. It is another technical consultation focussing on the calculations required to redistribute funding to upper tier authorities with adult

and children's social care responsibilities. The consultation confirms that phasing the ultimate funding changes will happen over 3 years; over the committed 3-year settlement period.

- 2.4 The consultation has only just been issued and as such we are still digesting it. Officers will be working on a response but if BPC has any comments or concerns these will gladly be taken on board.

## Implications & Impact Assessments

Implications	Commentary			
<b>Finance</b>	There are no immediate financial implications associated with this report.  Joanne Kaye, Head of Finance, 26 June 2025			
<b>Legal</b>	There are no immediate legal implications associated with this report.  Shiraz Sheikh, Assistant Director of Law and Governance (Monitoring Officer) 26 June 2025			
<b>Risk Management</b>	There are no risk implications directly linked to this report; however consultations are the council's opportunity to have its views known on the topic of funding, which is the of vital importance and the highest scoring risk within our Strategic Risk register.  Celia Prado-Teeling, Performance Team Leader, 27 June 2025			
<b>Impact Assessments</b>	Positive	Neutral	Negative	Commentary

## Supporting Information

### 3. Background

- 3.1 The Business Rates Reset consultation sought views on the approach to delivering a business rates reset, updating government's assessment of how much business rates are available through updating business rates baselines. It followed on from the information set out in the December 2024 consultation on [Local authority funding reform: objectives and principles](#), and covered the approach to a reset, proposed methodology for calculating business rates baselines – including the use and availability of data – and invited views on the possible equalities impacts of these proposals.

3.2 The council's response is set out in Appendix 1.

## **4. Details**

4.1 The Fair Funding 2.0 consultation covers:

- determining local authority funding allocations
- approach to consolidating funding
- measuring differences in demand for services and the cost of delivering them
- measuring differences in locally available resources
- the New Homes Bonus
- transitional arrangements and keeping allocations up-to-date

4.2 It also covers:

- long-term approach to the business rates retention system
- devolution and wider reforms, including how we can bring Strategic Authorities closer to the Local Government Finance Settlement
- ways we can reduce demands on local government to empower them to deliver for communities; and sales, fees and charges reform.

4.3 Officers will draft the council's response to this consultation and report to the next meeting of this committee in September, along with any feedback that may have been received by that time.

## **5. Alternative Options and Reasons for Rejection**

5.1 No alternative options have been identified.

## **6 Conclusion and Reasons for Recommendations**

6.1 The council has the opportunity to put its views forward to government about the future of local government funding. Officers will take on board any comments the committee has when drafting a response in order to highlight to government the potential impact of the proposed funding changes.

## **Decision Information**

<b>Key Decision</b>	N/A
<b>Subject to Call in</b>	N/A
<b>If not, why not subject to call in</b>	N/A
<b>Ward(s) Affected</b>	N/A

## Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	Business Rates Reset Consultation April 2025 Response
<b>Appendix 2</b>	Fair Funding 2.0 Consultation
<b>Background Papers</b>	None
<b>Reference Papers</b>	None
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<b>Corporate Director Approval (unless Corporate Director or Statutory Officer report)</b>	N/A Statutory Officer Report