Government Response to the Housing, Communities and Local Government Committee's Fifth Report of Session 2017-19 on Business Rates Retention

Presented to Parliament
by the Secretary of State for Housing, Communities and Local Government
by Command of Her Majesty

August 2018

CM 9686

Government Response to the Housing, Communities and Local Government Committee's Fifth Report of Session 2017-19 on Business Rates Retention

Presented to Parliament
by the Secretary of State for Housing, Communities and Local Government
by Command of Her Majesty

August 2018

CM 9686

This publication is available at www.gov.uk/government/publications

Any enquiries regarding this publication should be sent to us at

Ministry of Housing, Communities and Local Government
Fry Building, 2 Marsham Street
London SW1P 4DF
Tel: 0303 444 0000

ISBN 978-1-5286-0760-5
CCS 0718212534 08/18

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

Contents

Introduction

Executive Summary

1. On 2 November 2017 the Housing, Communities and Local Government Select Committee published an inquiry to assess the implications of the extended implementation period of 100% business rates retention and how it is affecting councils' financial planning. It also examined the consequences of implementing the Fair Funding Review in 2020-21.

2. The Government is grateful to the Select Committee members for their thorough consideration of the issues and for their report and recommendations. We have considered carefully the points made and themes raised.

Background

3. Before 2013 all locally raised business rates income was passed to Central Government and reallocated to councils as part of their "formula grant" and consequently councils had no direct financial relationship to businesses.

4. Reforms in 2013 enabled local government to retain 50% of local business rate income. This enabled individual authorities to hold onto growth in their rates revenue but they would also have to manage losses above the safety net threshold.

5. On 5 July 2016, the Department for Communities and Local Government (DCLG), published a consultation paper; **Self Sufficient Local Government: 100% Business Rates Retention**. Following this, on the 15 February 2017, DCLG, published a further consultation paper, **100% Business Rates Retention: Further Consultation on the Design of the Reformed System**.

   - These set out proposals for a rates retention scheme to replace the current local government finance system, under which local authorities pay a central share of 50% of their business rates income centrally to be redistributed as grants.

   - The consultation papers outlined the principal features of the proposed greater rates retention scheme. A summary of responses received to the Further Consultation was published alongside the 2018/19 Provisional Settlement on 19 December 2017.

6. On the 13 January 2017 the Local Government Finance Bill was introduced to the House of Commons. The Bill was to provide the framework for the implementation of 100% business rates retention. At the dissolution of parliament in 2017 this bill fell and, due to pressures in the legislative timetable, the decision was taken that a new LGF bill would not be introduced within this parliament.

7. At the provisional Local Government Settlement, the commitment to 100% business rates retention was reconfirmed. In the absence of primary legislation, a more measured approach was taken. The Government aims to roll existing grants to local government into business rates retention to achieve 75% retention by 2020/21, based on the current 19/20 values of these grants (referred to below as "75% business rates retention"). The actual value of these

grants, and so the level of business rate retention that can be achieved, will be determined in the Spending Review.

8. In the context of this commitment the Department is working towards increasing rates retention via two reform packages:

   i. Reform without primary legislation, both to deliver further business rates retention and to improve the current system as soon as possible;
   ii. A longer-term reform programme, including 100% rates retention and items which might require primary legislation.

Recommendations and the Government’s Response

Uncertainty of the timings for implementation of further business rates retention

Recommendation 1: We believe that uncertainty about whether 100 per cent retention would proceed following the 2017 general election and the lapse of the Local Government Finance Bill has negatively affected councils’ financial planning. Councils have been either unable to make financial plans for 2020–21 or have understandably made pessimistic budget assumptions that could unnecessarily impact on service levels. They have also taken a cautious approach to investment decisions which potentially has implications for their ability to generate additional business growth and make gains under further business rates retention. Pilot areas also face continued uncertainty over whether they would continue to pilot 100 per cent retention in 2019–20, which has had an impact on their financial planning. (Paragraph 14)

Recommendation 2: The confirmation by the Government in December 2017 of 75 per cent retention in 2020–21 was helpful but we believe that councils’ financial planning will continue to be affected until more information is made available. We recognise that the consultation process is ongoing and that there is still a significant amount of work ahead. However, given there has been a significant period of delay, the Government should take steps to reduce any further uncertainty to councils in the run up to implementation of 75 per cent retention and the outcome of the Fair Funding Review. This is particularly important in the context of the ongoing funding pressures that councils are experiencing. To this end, we recommend that the Government:

- **Immediately publishes a timeline for the forthcoming consultations and the key milestones to implementation of 75 per cent retention and the outcome of the Fair Funding Review;**
- **With reference to this timeline, provides quarterly progress updates to the sector through the Local Government Association-led Steering Group and in writing to all councils;**
- **Ensures that councils receive indicative figures for the impact of 75 per cent retention for their individual authority by spring 2019 and final figures by summer 2019 at the latest;**
- **Consults local authorities on the arrangements for transitional funding at the earliest opportunity; and**

- **Makes clear its intention as to whether it intends to reintroduce legislation for 100 per cent retention and, if it does, sets out a clear time frame for implementation of 100 per cent retention so councils can plan accordingly. (Paragraph 19)**

9. The intermediate milestones for implementation of our target of 75% business rates retention, reforms to the business rates retention system, and the fair funding review in 2020/21 are communicated through the Steering Group and System Design Working Group[1], whose papers and minutes are published on the LGA website. The latest forward plan is available here. These will be kept under review as work progresses and the Government will continue to work closely with the sector and explore ways in which it may be possible to provide further certainty about the likely outcome and transitional arrangements to prevent any shocks in local authority income.

10. The Government recognises that early notification of numbers is helpful to local authority planning and aims to publish indicative funding allocations in mid 2019 with final allocations being confirmed later that year, in time for the 2020-21 provisional local government finance settlement.

11. The Government has stated its clear ambition to further business rates retention beyond our current target of 75%. To advance this, the System Design Working Group is considering the restrictions of the current legislative framework as part of our work on 75% business rate retention. Once this is established, the work will contribute to finding the most suitable time scale for further reform of business rates retention.

Setting business rates retention at 75%

Recommendation 3: Given that the original intention of the reforms was for local government to retain 100 per cent of business rates, the Government should explain the reasons for its decision to allow councils to retain only 75 per cent of business rates in the short term, thereby limiting the potential gains available to them, rather than the maximum amount possible without primary legislation. (Paragraph 20)

12. The joint LGA/MHCLG Steering Group considered the appropriate level of business rates retention in the absence of primary legislation and concluded that 75% was appropriate. This was based on the grants that were agreed as suitable to be funded through retained business rates from 2020/21. The value of these grants is approximately equivalent to the value of 75% business rates, although the Spending Review process will determine the value of these grants from 2020/21. The Government is committed to working with the sector on increasing business rates retention beyond 75%, when it is right to do so.

Recommendation 4: We recommend that, prior to implementing 75 per cent business rates retention, the Government gives further consideration to each of these issues [referred to in paragraph 21] and takes specific action where we have identified that it is needed. (Paragraph 21)

1 The Steering group is a technical group established to provide information and expert advice to support the LGA and MHCLG in advising Ministers on the setting up and implementation of this new system for business rate retention and to review local authority funding needs. It is supported by a number of sub-groups such as the System Design Working Group which focuses on the system design elements of the reforms.

13. The Government agrees that the issues highlighted by the Committee require consideration. That is why officials are working closely with sector representatives to ensure policies are delivered in a coordinated manner.

14. Design options on how the final scheme might operate for 2020/21 are discussed in the System Design Working Group and Steering Group. This will ensure the issues relevant to the implementation of increased business rates retention are thoroughly considered with all relevant parties.

Government grants and responsibilities rolled into business rates income

Recommendation 5: Given the increasingly difficult financial position of many local authorities, we strongly recommend that, before Revenue Support Grant, Rural Services Delivery Grant, GLA Transport Grant and Public Health Grant are rolled in, local government should be allowed to use the additional revenue gained from 75 per cent retention to fund existing cost pressures. (Paragraph 22)

Recommendation 6: While the Minister told us that there was "widespread support" for the grants the Government had decided to transfer, the evidence we heard suggested that local government would prefer to take on new responsibilities which are more closely aligned with the criteria originally articulated by the Government in July 2016. As we recommended in paragraph 22, local government should first be allowed to use the additional revenue gained from 75 per retention to fund existing cost pressures. Beyond this point, the Government should ensure that further business rates retention is of net benefit to councils by ensuring that new responsibilities are linked to stimulating and promoting local economic growth, such as employment support and skills services. Responsibilities of this kind should be transferred first. (Paragraph 23)

15. Business rates retention is not an appropriate way to set funding for local government – it is designed to be a fiscally neutral policy that gives local government more control over the revenue they raise. The issue of which new responsibilities local government can most usefully take on with greater business rates retention are the subject of on-going discussions between the government and the sector.

16. The overall quantum of funding will of course be addressed in the Spending Review announced by the Chancellor of the Exchequer in his Spring Statement on 13 March 2018.

Balancing reward with funding needs in the system

Recommendation 7: We agree with the Minister that there is a "trade off" to be struck over the length of the reset, specifically balancing the need to allow councils to keep business rate growth for as long as possible, thereby preserving incentives, and dealing with divergence in need as frequently as possible. As it is a particularly critical feature of the system, we recommend that, at an appropriate point in the consultation process, the Government should publish detailed information for the sector on the design of the reset. It should specifically address how the reset will be designed to ensure that councils with less capacity to grow their business rate revenue and greater potential for growth in needs do not lose out and incentives to grow business rate revenue are preserved. (Paragraph 25)

17. The Government agrees that local authorities will need detailed information on resets, and will publish this at an appropriate time. At present, the Government is collaborating with the sector on the future approach to resets. Options will be discussed with the joint MHCLG and LGA steering and working groups over summer 2018 and there will be further consultation with the sector ahead of implementation. The Government recognises resets will continue to need to balance the redistribution of business rates income in order to meet need with providing a strong incentive for local authorities to grow their business rates bases and agrees with the Committee that this makes resets a critical element of the business rates retention system.

Sustainable funding for local authorities

Recommendation 8: We believe that similar measures may be required under 75 and 100 per cent retention in response to demand-led funding pressures. Our predecessor Committee recommended that the reformed system will need to be supported by a system of grants for councils affected by increases in need. We also believe that a system of grants will be needed and further recommend that such a system should also support councils which experience significant divergence between their business rate revenue and spending needs. The system may also need to provide grants to councils to take account of any new funding arrangements which result from the reforms to the long-term funding of social care (discussed in further detail in paragraph 44). (Paragraph 26)

18. The Government's planned reforms will allow local government to retain a greater percentage of the growth in business rates receipts, while the safety net provides protection from unexpected falls. The growth is additional money local authorities can use as they see best. However, as clarified in our response to recommendations 5 and 6, the overall quantum of funding is a matter for the Spending Review.

19. In order to get the right allocations to individual authorities, the review of local authorities' relative needs and resources is considering the drivers of local authorities' costs and the relative resources available to them to fund local services. It will also consider how we should account for these in a way that draws a more transparent and understandable link between local circumstances and resource allocations. The Government believes, in line with the principles of the review, that a new funding formula should focus on the most important cost drivers for delivering services today and in the future, with the aim of developing a more simple and up-to-date funding formula. However we have also been clear that the cost drivers included in the formula should reflect the on-going costs of providing services and therefore will not be one-off events.

20. Where new requirements on local government arise then mechanisms are in place to ensure that local authorities receive the funding they need. For example, the New Burdens Doctrine, which sets out a clear requirement on Government departments to ensure that any policies imposed on local government are properly assessed and, if appropriate, fully funded. Currently New Burdens payments are generally made through un-ringfenced grants

Local authority levers for economic growth

Recommendation 9: We agree that more work is needed to establish the links between local economic growth and growth in business rate revenue and recommend that, before

the end of 2018–19, the Government review the link between the incentives provided by further business rates retention and local economic growth and, as part of this, considers whether councils need to be provided with a wider range of levers and incentives to grow their local economies. (Paragraph 28)

21. Enabling local authorities to be drivers of growth is a long term commitment of this Government. That is why we have supported proposals from areas to increase local economic growth – notably, seven mayoral combined authorities have been established around the country with devolved powers and budgets to drive productivity across their regions. Financial incentives operate in the broader context of the Government's policies to support local economic growth, including the role of strong place-based institutions such as mayoral combined authorities and Local Enterprise Partnerships. The Government believes that we need to allow time for the full range of Government initiatives seeking to deliver our modern Industrial Strategy, including the review of Local Enterprise Partnerships, the development of Local Industrial Strategies and the design of the UK Shared Prosperity Fund, as well as the work of mayors and combined authorities, to become embedded in order for all the levers to be used to their full effect.

Stability of business rates reciepts

Recommendation 10: Under further business rates retention, the level and stability of the business rates tax base becomes increasingly important. Given this, we believe that actions by the Government which reduce the amount of business rates available should be limited. In the event that an intervention is necessary, the Government should compensate local government for any resultant loss of business rate revenue. Where an appeal made by a class of ratepayers results in a significant reduction to councils' business rate revenue, the Government should consider providing additional funding to compensate for this. (Paragraph 31)

22. The Government agrees that any action that could reduce the amount of business rates available should only be taken where necessary. Under the current system, where a loss in expected business rates income results from a centrally-imposed change to the tax framework, the Government compensates local authorities directly. For example, compensation is currently being provided in relation to the decision to bring forward the switch to CPI for the indexation of business rates and for the changes to small business rate relief introduced in April 2017.

23. At the outset of the current 50% business rates retention system it was centrally estimated that local government as a whole would require £1.9bn on an annual basis to compensate ratepayers for all successful appeals. In anticipation of appeals losses, this sum was uniformly distributed across local authorities as a percentage of their business rates income. However, the Government recognises the issues that remain for local authorities and MHCLG officials are also working closely with the sector on the management of appeals risk and the need to make provisions[2].

2 As discussed in our response to recommendation 16, a technical paper on mitigating the risk of appeals losses has been presented to the joint LGA/MHCLG Working Group.

24. In the instance that a particular authority encounters losses that take its income below its baseline funding level (BFL), these losses are capped at 92.5% of BFL to ensure the authority can continue to deliver local services. With the move to our objective of 75% business rates retention, the Government will review the level of safety net to ensure it is still appropriate in the light of the additional risks. However greater exposure to the risks and rewards of business rates receipt is part of the concept of business rates retention.

Business rates for online business

Recommendation 11: Given that business rate revenue will form an increasing share of councils' funding in the coming years, we recommend that the Government considers, without further delay, how to capture revenue from online businesses with a view to strengthening the business rates tax base prior to implementation of 75 per cent retention in 2020–21. The Government should announce how it intends to undertake this work, and the timescales for it, within the next three months. (Paragraph 32)

25. The Government undertook a fundamental review of business rates in 2016, including seeking views on alternatives to a property-based business tax. Local authorities were strongly in favour of retaining a property-based tax, given the clear link it provides between business activity and local authority funding and the fact that it provides a relatively stable and easy to collect tax. Equally, there was support for retaining property-based tax from the business community.

26. Separately, the Government is reviewing the wider taxation of the digital economy. This includes ensuring international corporate tax rules deliver fair results across different businesses and that sellers operating through online marketplaces pay the right amount of VAT. The Government published a position paper on this work at Budget 2017.

Fair Funding Review formula

Recommendation 12: In the interests of increasing transparency, we support the Government's aim for a simpler formula. However, the Government, in consultation with the sector, must balance the competing aim of achieving fairness in the allocation of funding through a comprehensive and accurate assessment of needs and this may necessitate some complexity. We would welcome a full response from the Government in relation to the research undertaken by LG Futures. We believe that their method for reducing the formula's complexity offers the possibility of properly balancing the aims of simplicity and fairness. (Paragraph 34)

27. The current needs assessment approach has been in place for over a decade and there have been significant changes across the country and in local government since that time. It is therefore important that we determine a fair, robust and evidence-based funding allocation mechanism which is fit for the future, rather than simplifying the current approach.

28. The Government is considering a wide range of options for developing an updated funding formula by looking again at the factors that drive local authorities' costs and how we account for these in a way that draws a more transparent and understandable link between local circumstances and resource allocations. The Committee's research into reducing the levels

of complexity in the current formula will be helpful as we consider the extent to which we can practicably deliver an approach with enhanced levels of simplicity and transparency. However, we have been clear that the pursuit of simplicity and transparency should not come at the expense of accuracy and fairness.

29. There are several important aspects that we must look at thoroughly, such as the impact that geographical features including rurality or sparsity may have on the cost of delivering services around the country, considering the extent to which we can simplify or standardise deprivation measures across service areas, assessing which analytical techniques provide the most objective basis to determine the relative importance of cost drivers, reconsidering the treatment of authorities' relative resources, and looking at appropriate transitional arrangements as authorities move to their new funding baselines.

Recommendation 13: We recognise that there is a balance to be struck between the frequency with which the underlying data is updated and maintaining stability for councils' financial planning. However, we believe it is essential that the underlying data is reviewed and updated at reasonably regular intervals to ensure that changing needs are quickly captured and recommend the Government considers whether the beginning of each Spending Review period might be the appropriate point at which to do this. (Paragraph 35)

30. We are considering a range of options for developing an updated funding formula based on the best available evidence. At the point of implementation, we intend to use up-to-date data which as far as possible takes an evidence-based approach to both current and future demand.

31. We will need to consider the balance we wish to strike between implementing an approach which is more responsive to changing patterns of need, and the impact this may have on providing future funding certainty to authorities. The four-year Local Government Finance Settlement offer in 2016/17 was accepted by 97% of councils, providing them with certainty to support their medium-term financial planning. More frequent updates to the needs assessment may undermine the confidence of local authorities to build achieved growth into their base budgets, or to use that growth for long-term investment. A range of options exist in relation to this issue and we will seek views on this in due course.

Recommendation 14: To ensure the successful implementation of the Fair Funding Review, we urge the Government to consider, in consultation with the sector, how it will balance the competing demands of councils at this point and, at the earliest opportunity, consult on the mechanism it will use to support councils that see their funding decrease as a result. We note that reallocation of resources is, of course, easier when the overall quantum of funding available is increasing. (Paragraph 36)

32. The Government has been clear that this is a review of authorities' relative needs and resources and that the overall level of funding within the system will be a matter for the next Spending Review.

33. We recognise that introducing a new distribution methodology could result in changes to the funding baselines of some local authorities. We therefore intend to introduce transitional arrangements that are fair, transparent and easily understood so that budgetary impacts can be accommodated. We anticipate that any transitional arrangements will then unwind over

time. We intend to seek views on the potential approach to transitional arrangements in due course.

Devolving additional tax raising powers to local government

Recommendation 15: We believe that the overall quantum of funding available to local government needs to increase to reflect changing demographic trends and ensure sufficient funding for demand-led services, in particular adult and children's social care, and councils' overall financial sustainability. We note that a greater level of overall funding may also be needed in the long term to take account of any extra funding sources which result from the forthcoming reforms to social care, and to establish a system of grants (referred to in paragraph 25) to support councils with divergent business rate revenue and spending needs, Furthermore, as further business rates retention is implemented, councils' main sources of funding will increasingly be business rates and council tax, which are unlikely to grow at the same rate as spending needs. To counter this, the Government should empower councils to raise funding in a wider range of ways. As recommended by our predecessor Committee, we recommend the Government considers devolving other property taxes to local government and larger-scale, more comprehensive fiscal powers to groups of local authorities, including borrowing powers and the future examination of the potential merits of the apportioning of taxes, such as income tax and VAT, set and collected at a national level. (Paragraph 39)

34. The Government notes the Committee's view that the quantum of funding available to local government needs to increase to reflect a range of pressures. The Government will carry out a detailed Spending Review in 2019 and will use that to make long term decisions on public spending. This will provide an opportunity to make an overall assessment of spending pressures, including those faced by Councils and will consider the quantum of funding available to local government in the round.

35. The extent to which that funding is through local taxes rather than central grants is a separate question. As we said in our response to your predecessor Committee's recommendations, the Government's commitment to the ongoing devolution of substantial powers, including where these touch on fiscal levers, is most notably demonstrated by the plans announced in October 2015 to move to 100% business rates retention within local government. The government continues to work towards implementing the next phase of our business rates retention reforms in 2020-21 to support the long held objective for local authorities of greater self-sufficiency and financial sustainability. We have announced our intention that local authorities will be able to keep more business rates, to the value of the revenue support grant, the Greater London Authority transport grant, the rural services delivery grant and the public health grant. Overall, this is equivalent to75% retention at 2019-20 levels. The government intends to use the intervening period to develop a set of measures that support a smooth transition of funding for public health services from a grant to retained business rates.

36. Furthermore the Government has extended a number of significant fiscal flexibilities to mayoral combined authorities, including precepting powers and the extension of borrowing powers. The Government is also legislating to confer powers on those mayoral combined authorities which want them to enable them to raise a supplement on business rates to promote economic development, subject to a ballot of affected businesses.

Appeals risk

Recommendation 16: We believe, as our predecessors did, that appeals pose a significant risk to councils' business rate revenue and a major challenge to further business rates retention. The Government should therefore provide immediate assurances to local government that the risk from appeals will be significantly reduced before further business rates retention is implemented. We welcomed the provisions in the original Bill which would have established a mechanism for dealing with appeals but appreciate that a different approach is now needed. Given the change of approach and in the interests of clarity and transparency, the Government should explain how the new mechanism for dealing with appeals will work, how it differs from the mechanism set out in the Bill and what the relative merits of each approach are. To reassure the sector, the Government should publish this information within the next three months. (Paragraph 42)

37. We are continuing our work with the sector to improve the way the local government finance system works. In particular, we are working collaboratively to tackle the impact of business rates appeals on local authorities.

38. The former Local Government Finance Bill had a clause to the effect of enabling the Secretary of State to make loss payments to any local authority. This would have provided ease of administration for any future system to manage appeals risks. However the fall of the bill has not prevented us taking the discussions forward.

39. In April 2018, the department presented a technical paper on mitigating the risk of appeals and valuation change to the joint LGA/MHCLG Working Group and this was further discussed at the Steering Group in May. This paper can be found here on the LGA website. Key concerns included how and to what extent the risk of valuation change could be spread across the local government sector, the implications of accounting provisions for appeals and other rating list alterations, and the complexity of the system. The Steering Group has commissioned MHCLG to carry out further work to establish the viability of this reform and this will be presented to them in Autumn 2018.

Recommendation 17: However, we emphasise that the Valuation Office Agency must be able to meet the demands of the reformed system. We recommend that the Government should work with the Valuation Office Agency to ensure that the backlog of appeals is eliminated by April 2020 and consider whether it is sufficiently resourced to cope with the demands to be placed upon it. The Government should also monitor the extent to which Check, Challenge, Appeal is reducing the volume of appeals, and by May 2018 provide the Committee with an evaluation of its performance over its first 12 months. (Paragraph 43)

40. The Valuation Office Agency has made good progress in dealing with remaining appeals from the 2010 rating list, and cleared 142,340 in England in 2017/18. As at 31 March 2018, this means that there were 133,060 unresolved challenges in relation to the 2010 ratings list. It is important to note that this includes a significant number of appeals that are stayed pending wider legal action (for example on 'lead cases'), and which will be able to be cleared once that has been resolved. However, clearing remaining appeals from the previous list remains an important priority for the Government and the VOA. Melissa Tatton, VOA Chief Executive Officer, reported to the Treasury Select Committee on 11 June that the VOA are on track to clear the balance of appeals not held up in litigation by September 2019.

41. In part, the challenges in clearing the large volume of appeals against the 2010 ratings list demonstrate why the previous system was in need of reform – with large numbers of speculative appeals causing delays and inefficient use of Government and ratepayers' resources. The changes introduced through Check, Challenge, Appeal (CCA) are designed to provide a more structured appeals process and help reduce the incentives for speculative appeals unsupported by any evidence.

42. CCA has been in operation for 12 months, following the introduction of the new system in April 2017. As set out in the Committee report, there have been some operational challenges in the transition to the new system, particularly in relation to the introduction of the VOA's new online portal. The VOA has recognised these issues and is working closely with stakeholders to design and deliver some key improvements to the system. An updated delivery plan for these changes was published by the VOA in May and shared with the Committee.

43. The VOA and VTS have recently released statistics for the first year of the CCA system. These show that in 2017/18:

- 53,440 users had registered with the system and 'claimed' 133,530 non-domestic properties;
- 23,770 'checks' were made and that 18,400 of these have been resolved;
- 2620 'challenges' were made and that 630 of these have been resolved;
- 5 appeals to the Valuation Tribunal for England were made.

44. The Government is committed to a fair and effective appeals system for business rates that provides an efficient means for ratepayers to challenge the valuation of non-domestic properties. The Government therefore welcomes the ongoing work by the VOA to improve the online system and to respond to concerns raised by stakeholders during the first year of operation. Given the new system has only been operational for a year, and the fundamental difference between CCA and the previous framework, it is difficult to robustly assess the overall impact of the reforms at this stage. For example, while appeal numbers are low, it would be misleading to make any comparison with data on previous lists, given that under the old system any proposal from a ratepayer to challenge their valuation would automatically turn into an appeal after three months. The Government previously committed to reviewing the implementation of Check, Challenge and Appeal in 2019 and will continue to work with the VOA to monitor both improvements to the system and available evidence on the impact of reforms on delivering a more effective system and fewer speculative appeals.

Health and Social Care Green Paper

Recommendation 18: We believe that there are important and very clear links between the reforms to local government funding and the reforms to the funding of social care. The Government should therefore ensure that, in preparing the social care Green Paper, proper consideration is given to how the ongoing reforms to local government funding will affect the funding available for social care, as well as to how the funding reforms to social care will impact on local government funding. This should be reflected in the contents of the Green Paper itself. (Paragraph 44)

45. MHCLG Ministers and officials have close working relationships with DHSC Ministers and officials who have been leading on the social care Green Paper. We agree that there are

important links between local government funding reforms and social care funding reforms and these are areas of active discussion. We recognise the need to consider these in alignment so that any decisions are informed by a clear understanding of the inter-dependencies that exist, and this will be recognised in the Green Paper and accompanying impact assessment.

CCS CCS0718212534
978-1-5286-0760-5