

Press release: New opportunities for councils to benefit from growth

Councils are being encouraged to join forces and put forward proposals to retain the growth in their business rates income as the Secretary for Communities and Local Government Sajid Javid announces new pilots today (1 September 2017).

From April 2018, pilots across economic areas will be able to retain 100% of the growth in income raised locally through business rates, responding to council calls to reduce local government's dependence on central government.

Findings from this tranche of pilots will then help develop options for local authorities to retain more of the money they raise in the future.

This move builds on previous pilots originally launched in Liverpool, Greater Manchester, West Midlands, West of England, Cornwall and Greater London in April 2017, which will also continue into next year.

Communities Secretary Sajid Javid said:

I am committed to helping local authorities control more of the money they raise locally,

By encouraging councils to work together, with the aim of sharing their business rates income, it enables them to take a much more strategic view on decisions that benefit the wider area.

Expanding the pilot programme is an opportunity to consider how rates retention could operate across the country and we will continue to work closely with local government to agree the best way forward.

Working together to boost growth

Proposals will need to promote sustainability and collaborative working to promote growth and councils working together to 'pool' their business rates, particularly groups of districts who are proposing to work with their county, will be viewed more favourably.

The government is also keen to spread the pilots across the country, with a focus on rural areas, to ensure that more can be learnt about the scheme in different places.

Alongside the 2018 to 2019 pilots, the government will continue to work with local authorities, the Local Government Association, and others on reform options that give local authorities more control over the money they raise and are sustainable in the long term.

Further information

The deadline for proposals is Friday 27 October – details can be found on [Gov.uk](https://www.gov.uk)

Successful pilots will be announced in December 2017 and the department will support authorities in preparing for implementation in April 2018.

Pilot local authorities will retain 100% of the growth in their business rates income in the year of the pilot (2018 to 2019), meaning that the central government share (usually 50% of the growth) will stay in the local area.

The pilot programme will not affect funding to other, non-pilot, local authorities. There is already a system of redistributing funding between councils to ensure that areas with lower business rates income do not lose out.