

# Business community consultation

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The Council will propose its 2018/19 budget through its Revenue Estimates and Council Tax report to be published on 12<sup>th</sup> February 2018. This report will be put to Council for consideration and approval on 26<sup>th</sup> February 2018. If any representative of non-domestic ratepayers would like to make any comments or request further information or a meeting to discuss the budget proposals before then, please contact **Adam Staines** on **020 7974 6014** or write to [adam.staines@camden.gov.uk](mailto:adam.staines@camden.gov.uk) by 8<sup>th</sup> February 2018.

## Financial Challenge

Since 2011 core government grant funding has been reducing each year. The decrease in government funding, which is set to reach 55% in like for like terms by 2019/20, combined with unavoidable cost increases due inflation and demographic changes such as an ageing population, has meant that the Council has needed to make significant budget reductions totalling £170m by 2018/19.

The *Review of Medium-term Financial Strategy* report to Cabinet in December 2017 set out the council's plans to address the medium term funding deficit and provided an update on the implementation of the current savings programme. The December report also provided detail on preparations towards setting the 2018/19 budget. A summary of the council's revenue and capital budget for 2017/18 (and previous years) is provided in the Budget Book which is available on the following website, along with the December report which sets out detail of the Council's financial strategy: [www.camden.gov.uk/mtfs](http://www.camden.gov.uk/mtfs).

## Supporting Business

Camden's aim is to be the best place to do business in London. Camden Business Board brings together representatives from our major businesses associations and key growth sectors to jointly lobby on big issues including broadband infrastructure, air quality and employment and skills. The Board also co-produces the Camden Business Charter, the Council's commitment to business.

We made significant enhancements to the customer experience for business and the online Business Account was relaunched in 2017 with many new features, making it easier than ever to run your business in Camden.

In line with Camden Plan objectives, we continue to harness the benefits of economic growth with new workspace provision secured through planning obligations and our own [Community Investment Programme](#) in Camley Street, Hatton Garden and Maiden Lane, with further workspace to be developed through the refurbishment of Camden Town Hall.

## Business Rate Changes

Businesses across the country will see the way increases in their rateable value change from April 2018. The Autumn Budget in November announced that from next year inflationary increases between revaluations will be based on Consumer Price Index rather than Retail Price Index. It is likely that this will result in smaller increases in bills for businesses. However, following the revaluation in April 2017 businesses may see increases greater than this should they have benefited from transitional relief which tapers increases in bills over a number of years.

The two main elements of a business rate bill - rateable value, which is based on the open market rental value of property, and the business rate multiplier, which is used to calculate bills - are determined by the Valuation Office Agency. This is a central government agency

and Camden Council has no control over rateable values nor the multiplier, statutory discounts or reliefs.

### **Business Rate Retention**

Prior to 2013/14, councils handed business rates they collected to the government and received a share back as part of overall government grant. In 2013/14, the government implemented reforms which allows councils to retain a proportion of the business rates they collect in exchange for a reduction in their grant funding. Camden currently retains about 14% of the business rates collected, with the rest going to central government for redistribution and the Greater London Authority.

In 2018/19 a London-wide 100% business rates retention pilot pool has been proposed that if approved by all parties will cover all 32 London Boroughs, the City of London Corporation and the GLA. While this would not mean that London would retain all of the business rates collected by the members, it does mean 100% of any growth in the business rates base would be retained and distributed within the pool. The system will redistribute the growth across all boroughs ensuring that no borough is worse off that it would have been under the current system, and that all boroughs will share some of the benefit. This will not affect the bills that businesses pay.

Camden welcomes the pilot pool as a first step towards wider devolution. We have strongly supported the principle that Councils should retain more funding generated locally as part of our advocacy of wider devolution as a means of improving outcomes by moving decisions closer to the residents and businesses they effect. We argue that services that have a direct relationship to business should be transferred to councils including services that can help tackle key infrastructure challenges, including housing, transport and digital connectivity.

It will be important that should the pilot evolve into a permanent pool or that 100% retention is rolled out nationally, that the revised system resolves the issues in the current system such as growth only being measured by increases in the base (rather than property values for example) and the ongoing unpredictability resulting for the large backlog in appeals. The Council also argues that the control over discounts, reliefs and multiplier should be devolved to support local economic growth and priorities.

Grant cuts and rising costs still mean that further savings will need to be achieved next year and the years beyond. The [Review of Medium-term Financial Strategy report to Camden's Cabinet in December 2017](#) set out an overview of the council's financial position, including our plans to address the medium term funding deficit and an update on preparations towards setting the 2018/19 budget. See the supporting documents below and have your say on proposals.

### **Supporting documents**

A number of additional supporting documents are also provided on this Council's financial strategy website: [www.camden.gov.uk/mtfs](http://www.camden.gov.uk/mtfs). The most recent documents provided for the December update are:

- [Financial Strategy Update – Dec 2017](#)  
This report provides an update on the implementation of the Council's 4-year £78m budget reduction programme.
- [Capital Projections 2017/18 to 2025/26](#)  
This report provides information on the Council's Capital Programme, how it is funded and the targets for capital receipts generation.

- [\*\*2017/18 Financial Outturn Forecast Update \(Month 6 - September\)\*\*](#)  
This report provides an update on the revenue and capital financial forecasts for 2017/18 as at quarter 2, and notes any significant risks that have been identified as having the potential to affect the outturn as currently projected.
- [\*\*Business Rates Consultation Response – LB Camden – May 2017 \(PDF\)\*\*](#) / [\*\*Business Rates Consultation Response – LB Camden – September 2016 \(PDF\)\*\*](#)  
These consultation responses to the government's plans for national 100% business rates retention include an overview of Camden's views on the issues with the current retention system. Following the general election in June 2017 it is unclear whether and when national 100% retention will take place, and the pilot discussed above is a way of accessing many of the benefits in the absence of a national approach.

The Council can provide further information on its revenue or capital estimates for next year on request.