



**HOUSE OF COMMONS
LONDON SW1A 0AA**

9 March 2017

Dear Colleague,

Re: Adult Social Care and Business Rates

Local government is the frontline of our democracy, responsible for delivering a huge range of services that millions of us rely on every day. I'm very pleased to highlight measures laid out in this week's Budget that help with two of the most pressing issues within local government: adult social care and business rates.

Adult Social Care

Local authorities have a statutory duty to provide adult social care. The true measure of any society is how it cares for its most vulnerable citizens.

With advances in medical care and an ageing population, many councils have found it increasingly difficult to meet the costs of care in their communities. I've listened closely to their concerns, as have the Secretary of State for Health and the Chancellor of the Exchequer. As a result, over £2 billion additional new money has been committed to adult social care over the remainder of this Parliament, with over £1 billion extra to be spent in 2017-18. This will bring the total dedicated funding available for adult social care over this Parliament to £9.6 billion.

This action demonstrates clearly that the Government has listened to the representations that have been made by the social care sector. We also recognise the vital importance of finding a more sustainable way of paying for the increasing cost of social care over the long term. We will set out proposals in a green paper shortly.

Business Rates

I have always been vocal in my support for business, and small businesses in particular, which is why I am determined we do what we can to provide more support. The Chancellor and I have listened very closely to concerns raised over this year's business rate revaluation.

As a result, the Government has announced a number of business rate measures that will provide additional support for businesses from as soon as next month.

The first is a £110 million package of additional support aimed specifically at businesses that are losing some or all of their small business rate relief (SBRR) or rural rate relief and, as a result, are facing large percentage increases in their bills. This additional relief will limit the annual increase in the bill for an eligible business to the greater of £600 or to the cap in increases for small properties in the existing transitional relief scheme (5% in real terms for 17/18). This means that in 2017/18, no small business that is losing some or all of their small

business rate relief as a result of the revaluation will see their bills rise by more than £50 a month.

The second is the establishment of a £300 million discretionary fund for local authorities to use over the next four years. Each billing authority will receive a share of this funding, and will be able to use their share to deliver targeted support to the most hard-pressed ratepayers in their area. This funding will allow local authorities to more than double the amount they spend on discretionary relief in 2017/18. My Department has today launched a consultation on the allocation of this fund across authorities and the detailed operation of the scheme.

The third business rate measure announced is a new relief for pubs. This will provide a flat £1,000 discount in 2017/18 on bills for all pubs with a rateable value below £100,000. My Department will publish a consultation on the operation of the scheme shortly. Up to 36,000 pubs could benefit, which represents about 90% of pubs.

In all three cases the costs of granting these new reliefs will be met by central government. My Department is working closely with local areas to support the quick implementation of these reliefs, and has provided initial guidance through a Business Rates Information Letter, issued directly to all authorities. We have also asked authorities to work quickly to identify businesses in their area that may be eligible and to help communicate these new measures.

My Department has also confirmed plans to improve the process through which businesses may appeal the rateable value on which their business rates bill is based, speeding up the progress of appeals.

It is absolutely right that every business should have the right to appeal in relation to their business rates.

The reforms being introduced next month are intended to make it easier and more efficient for businesses to lodge and resolve appeals, by reducing the volume of speculative appeals and enabling the Valuation Office Agency and Valuation Tribunal for England to focus their resources on genuine cases.

The new system will not prevent anyone from appealing, nor does it contain any kind of arbitrary “margin of error”. We have made this explicitly clear in the document confirming the new framework, which was published alongside the Budget.

In terms of the wider business rates system, I have been clear that we ought to look at how we can make the system fairer and more sustainable. The Government, therefore, intends to carry out a review of the revaluation process, to see what further improvements can be made.

Conclusion

Both of these measures, on adult social care and on business rates, will make a significant difference to local councils. But, more importantly, they will make a real difference to the lives of millions of people, from vulnerable and elderly people in need of care and support, to hardworking small business owners.

The additional funding is available now thanks to this Conservative Government’s responsible stewardship of the public finances over the past seven years – something this week’s Budget will continue.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Javid', with a small comma at the end.

Rt Hon Sajid Javid MP
Secretary of State for Communities and Local Government