

**EXPLANATORY MEMORANDUM TO**

**THE CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY  
(BUSINESS RATE SUPPLEMENTS FUNCTIONS) ORDER 2018**

**2018 No. [XXXX]**

**AND**

**THE GREATER MANCHESTER COMBINED AUTHORITY (BUSINESS RATE  
SUPPLEMENTS FUNCTIONS) ORDER 2018**

**2018 No. [XXXX]**

**AND**

**THE LIVERPOOL CITY REGION COMBINED AUTHORITY (BUSINESS RATE  
SUPPLEMENTS FUNCTIONS) ORDER 2018**

**2018 No. [XXXX]**

**AND**

**THE WEST MIDLANDS COMBINED AUTHORITY (BUSINESS RATE  
SUPPLEMENTS FUNCTIONS AND AMENDMENTS) ORDER 2018**

**2018 No. [XXXX]**

**AND**

**THE WEST OF ENGLAND COMBINED AUTHORITY (BUSINESS RATE  
SUPPLEMENTS FUNCTIONS) ORDER 2018**

**2018 No. [XXXX]**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by the Ministry of Housing, Communities and Local Government and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

- 2.1 These Orders confer functions corresponding to the business rate supplements functions that the Greater London Authority has in relation to Greater London on five mayoral combined authorities – Cambridgeshire and Peterborough Combined Authority (“the CPCA”), Greater Manchester Combined Authority (“the GMCA”), Liverpool City Region Combined Authority (“the LCRCA”), West Midlands Combined Authority (“the WMCA”) and West of England Combined Authority (“the WECA”) – in relation to their respective areas. The Orders provide that the functions

are exercisable only by the Mayors of each Combined Authority. In addition, the West Midlands Combined Authority (Business Rate Supplements Functions and Amendments) Order amends the WMCA's list of combined authority roads which make up the statutorily defined West Midlands Key Route Network<sup>1</sup> over which the WMCA exercises functions relating to highways and traffic.

### **3. Matters of special interest to Parliament**

#### *Matters of special interest to the Joint Committee on Statutory Instruments*

- 3.1 The reports required by section 105B(9) of the Local Democracy, Economic Development and Construction Act 2009 ("the 2009 Act") have been combined into one report and are attached to this Explanatory Memorandum.

#### *Other matters of interest to the House of Commons*

- 3.2 Each entire instrument applies only to England.
- 3.3 Each instrument applies only to England as it is entirely concerned with local government areas in England. Section 103(2) of the 2009 Act provides that a combined authority may be established in relation to local government areas in England. Each instrument does not give rise to minor or consequential effects outside England.
- 3.4 In the view of the Department, for the purposes of House of Commons Standing Order 83P the subject-matter of each entire instrument would be within the devolved legislative competence of the Northern Ireland Assembly if equivalent provision in relation to Northern Ireland were included in an Act of the Northern Ireland Assembly as a transferred matter; or the Scottish Parliament if equivalent provision in relation to Scotland were included in an Act of the Scottish Parliament; or the National Assembly for Wales if equivalent provision in relation to Wales were included in an Act of the National Assembly for Wales.
- 3.5 The Department has reached this view because it considers that the primary purposes of the provisions in each instrument relate to local government which is within the devolved legislative competence of the Scottish Parliament, the Northern Ireland Assembly and the National Assembly for Wales.

### **4. Legislative Context**

- 4.1 Part 6 of the 2009 Act provides for the establishment of combined authorities for the areas of two or more local authorities in England. They are bodies corporate that may be given power to exercise specified functions of a local authority, and power to exercise specified functions of any other public authority. Mayoral combined authorities are chaired by a mayor for the area of the combined authority who is elected by the local government electors for the area of a combined authority.
- 4.2 There five combined authorities with elected mayors on whom powers are conferred are:
- The CPCA, which was established by the Cambridgeshire and Peterborough Combined Authority Order 2017 (S.I. 2017/251), which also included provisions

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<sup>1</sup> S.I. 2017/510

for the position of an elected mayor for the CPCA and the conferral of functions on the CPCA, some of which are exercisable individually by the Mayor;

- The GMCA, which was established by the Greater Manchester Combined Authority Order 2011(S.I. 2011/908); the position of elected Mayor for the GMCA was established by the Greater Manchester Combined Authority (Election of Mayor with Police and Crime Commissioner Functions) Order 2016 (S.I. 2016/448); and the Greater Manchester Combined Authority (Functions and Amendment) Order 2016 (S.I. 2016/1267), Greater Manchester Combined Authority (Functions and Amendment) Order 2017 (S.I. 2017/612), Greater Manchester Combined Authority (Fire and Rescue Functions) Order (S.I. 2017/469), Greater Manchester Combined Authority (Transfer of Police and Crime Commissioner Functions to the Mayor) Order 2017 (S.I. 2017/470), and Greater Manchester Combined Authority (Public Health Functions) Order 2017 (S.I. 2017/1180) conferred further functions on the GMCA, some of which are exercisable individually by the Mayor.;<sup>2</sup>
- The LCRCA, which was established by the Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral Combined Authority Order 2014 (S.I. 2014/865); the position of elected Mayor for the LCRCA was established by the Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral Combined Authority (Election of Mayor) Order 2016 (S.I. 2016/782); and the Liverpool City Region Combined Authority (Functions and Amendment) Order 2017 (S.I. 2017/430) conferred further functions on the LCRCA, some of which are exercisable individually by the Mayor;
- The WMCA, which was established by the West Midlands Combined Authority Order 2016 (S.I. 2016/653); the position of elected Mayor for the WMCA was established by the West Midlands Combined Authority (Election of Mayor) Order 2016 (S.I. 2016/933); and the West Midlands Combined Authority (Functions and Amendment) Order 2017 (S.I. 2017/510) conferred further functions on the WMCA, some of which are exercisable individually by the Mayor. Certain highways and traffic functions were conferred on the Combined Authority in respect of the “combined authority roads” specified in Schedule 1 to that Order. These functions were conferred under section 105, 107D and 114 of the 2009 Act;
- The WECA, which was established by The West of England Combined Authority Order 2017 (S.I. 2017/126), which also included provisions for the position of an elected mayor for the WECA and the conferral of functions on the WECA, some of which are exercisable individually by the Mayor.

4.3 The Business Rate Supplements Act 2009 (“the BRS Act”) gives county councils, unitary district councils and the Greater London Authority (“levying authorities”) the power to levy a supplement on the national non-domestic rate, known as the business rate supplement (“BRS”). The BRS Act provides that the purpose of the supplement is to raise money for expenditure on a project that will promote economic development in an area and the supplement is limited to a maximum of two pence in the pound of the rateable value of a property. The Business Rate Supplements (Rateable Value Condition) (England) Regulations 2009 (S.I. 2009/2542) provide that the BRS can

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<sup>2</sup> Article 3 of S.I. 2017/470 provides that the mayor is to be treated as a PCC for the purposes of any enactment that has effect in relation to PCCs.

only be levied on properties with a rateable value of more than £50,000. The BRS Act was amended by section 68 of the Localism Act 2011 (c. 20) to provide that any BRS must be approved in a ballot of affected businesses before it can be imposed.

- 4.4 Section 105B of the 2009 Act provides that when laying before Parliament an order which confers public authority functions on a combined authority, the Secretary of State must also place a report before Parliament which sets out the effect of the order and why the Secretary of State considers it is appropriate to make it. The report must include any consultation and information which has been taken into account, as well as any other evidence or contextual information that the Secretary of State considers it appropriate to include.

## **5. Extent and Territorial Application**

- 5.1 This instrument extends to England and Wales as the relevant powers being exercised extend to England and Wales.
- 5.2 The territorial application of this instrument is set out in Section 3 under “Other matters of interest to the House of Commons”.

## **6. European Convention on Human Rights**

- 6.1 Jake Berry MP, Parliamentary Under Secretary of State at the Ministry for Housing, Communities and Local Government, has made the following statements regarding Human Rights:

“In my view the provisions of the Cambridgeshire and Peterborough Combined Authority (Business Rate Supplements Functions) Order 2018 are compatible with the Convention rights.”

“In my view the provisions of the Greater Manchester Combined Authority (Business Rate Supplements Functions) Order 2018 are compatible with the Convention rights.”

“In my view the provisions of the Liverpool City Region Combined Authority (Business Rate Supplements Functions) Order 2018 are compatible with the Convention rights.”

“In my view the provisions of the West Midlands Combined Authority (Business Rate Supplements Functions and Amendment) Order 2018 are compatible with the Convention rights.”

“In my view the provisions of the West of England Combined Authority (Business Rate Supplements Functions) Order 2018 are compatible with the Convention rights.”

## **7. Policy background**

### *What is being done and why*

- 7.1 The Government committed in its 2015 manifesto to “devolve powers and budgets to boost local growth in England...to large cities which choose to have elected mayors”. The Government considers such devolution will boost economic growth, increase public service efficiency, improve Britain’s productivity, and rebalance the economy, including contributing to the Midlands Engine and the Northern Powerhouse.
- 7.2 The Government, working with the WMCA and the councils for the local government areas of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton, which form the area of the WMCA, has made significant progress

with implementing the commitments in the first Devolution Deal, agreed with the West Midlands on 17 November 2015.<sup>3</sup> The WMCA was established on 15 June 2016,<sup>4</sup> additional functions were conferred on 30 March 2017<sup>5</sup> and then on 4 May 2017 the first Mayor of the WMCA was elected.

- 7.3 The West Midlands Combined Authority (Business Rate Supplements Functions and Amendments) Order 2018 is a step in the implementation of the second Devolution Deal<sup>6</sup> that the Government agreed with the West Midlands and announced at the Autumn Budget on 22 November 2017. This agreement committed that Government would “subject to the agreement of Parliament, provide for the Mayor of the WMCA to have the power to introduce a business rate supplement, which would be subject to a ballot of affected businesses.”
- 7.4 Devolution Deals made with Cambridgeshire and Peterborough, Greater Manchester, Liverpool City Region and West of England contained a mayoral infrastructure supplement, which has similar aims to the BRS. The Local Government Finance Bill that was lost with interruption of business, as a result of the 2017 election, included provisions for a mayoral infrastructure supplement and for mayoral combined authorities to levy a BRS. The Government subsequently offered the BRS power to those mayoral combined authorities, which they have accepted, with the consent of the relevant authorities in the area of their combined authority and subject to the agreement of Parliament.
- 7.5 Conferring the power to levy a BRS on to these combined authority mayors will ensure they have the appropriate powers to develop projects that promote economic growth and regeneration in their area, benefiting both business and the wider community. It is local areas that are often best placed to take decisions relating to the area about the use of public money and assets, support for business and infrastructure investment.
- 7.6 The Orders provide for the conferral of the Greater London Authority function under the 2009 Act to levy a supplement of up to two pence in the pound of a business property’s rateable value on business rates bills. The purpose of any such levy is to raise money for expenditure on a project that will promote economic development in the levying authority’s area, and which would not have happened without the supplement. The money raised cannot go towards day-to-day costs, defined in the 2009 Act as housing, social services, education services, services for children, health services and services that the authority provides in the discharge of functions imposed by or under the Planning Acts (as defined by the Town and Country Planning Act 1990 (c. 8)) – services that levying authorities have existing obligations to provide.
- 7.7 The process for introducing a BRS ensures that businesses have the opportunity to shape and ultimately approve any proposal. The levying authority is required to consult upon and publish a prospectus setting out the benefits of the proposed project, and this is then subject to a ballot of affected businesses. Both a majority of affected individual rate-payers must approve it and the aggregate rateable value of those businesses in favour must exceed those against. Smaller businesses are protected – and therefore not eligible to vote in a ballot – as the levy cannot be applied to business

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<sup>3</sup> <https://www.gov.uk/government/publications/west-midlands-devolution-deal>

<sup>4</sup> S.I. 2016/653

<sup>5</sup> S.I. 2017/510

<sup>6</sup> <https://www.gov.uk/government/publications/a-second-devolution-deal-for-the-west-midlands>

properties with a rateable value of less than £50,000. The combined authority mayors will also have the flexibility to increase this threshold, and to apply any other reliefs as they may set out in the prospectus describing the proposal.

- 7.8 The Secretary of State is satisfied that the statutory conditions for each Order, provided for in the 2009 Act, have been met. These conditions include that the appropriate consent – from the Mayor, the Combined Authority and its constituent councils – is given to the making of the Order, and the Secretary of State considers that the making of the Order is likely to improve the exercise of statutory functions in the area to which the Order relates.
- 7.9 The West Midlands Combined Authority (Business Rates Supplements Functions and Amendments) Order also amends the list of Combined Authority roads, known locally as the West Midlands Key Route Network. This is a strategic network of key local roads across the West Midlands, which the WMCA has identified as serving the strategic demands of the area for the movement of people, goods and services, with large traffic volumes, and providing connections to the national strategic road network.<sup>7</sup> The WMCA has certain highway and traffic functions that it exercises concurrently with the councils in the area of the WMCA to use on these roads in relation to: agreements with strategic highway companies; road traffic reduction; permit schemes; and apparatus affected by highway bridge or transport works. The amendments to the list of Combined Authority roads were sought by the WMCA so that the definition covers all roads that are part of the strategic network of key local roads.
- 7.10 The effect of amending the list is to extend the scope of the functions conferred on the WMCA in respect of certain roads and as such the Secretary of State is satisfied that the statutory conditions, provided for in the 2009 Act, have been met. These conditions include that no further consultation is required on the proposals; that the proposals are likely to improve the exercise of statutory functions in the WMCA area; and that they are appropriate, having regard to the need to reflect the identities and interests of local communities and to secure effective and convenient local government.

## **8. Consultation outcome**

- 8.1 Unlike the legislation surrounding the establishment of a combined authority, or the conferral of local authority functions on a combined authority, a consultation is not required to confer public authority functions, such as functions of the Mayor of London, on a combined authority.
- 8.2 An Order can be made to make provision for conferring on a combined authority in relation to its area a function corresponding to a function that a public authority has in relation to another area if the ‘appropriate’ consent is given and the Secretary of State considers that the making of the Order is likely to improve the exercise of statutory functions in the relevant area(s). The appropriate consent is that of the mayor, combined authority and constituent councils of each combined authority. Before laying these Orders, the Government sought and obtained the consent of each Mayor, Combined Authority and constituent council in relation to each Order, and considers

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<sup>7</sup> A map of the Key Route Network: <http://staging.tfwm.org.uk/strategy/key-route-network/>

that each Order is likely to improve the exercise of statutory functions in the area of each Combined Authority.

- 8.3 Further consultation at this time is not considered necessary. Should a combined authority mayor choose to exercise the BRS functions conferred, they would be required to conduct a statutory consultation on proposals and then secure agreement to a prospectus from a ballot of affected businesses, in accordance with section 4 of the BRS Act. However, as consultations have been undertaken in combined authority areas that have referred to proposals for supplements on business rates, they are described below.
- 8.4 In the area of the CPCA, a consultation was undertaken in relation to proposals contained in a scheme<sup>8</sup> prepared and published using provisions from the 2009 Act. This scheme was prepared in relation to the devolution agreement negotiated with the Government. The scheme proposed that “subject to the making of enabling legislation, the Mayor shall have power to place a supplement of 2p per pound of rateable value on business rates to fund infrastructure and Mayoral costs with the agreement of the local business community through the LEP [Local Enterprise Partnership]”.
- 8.5 The consultation ran for 6 weeks from 8 July to 23 August 2016. This consultation has already been the subject of the Explanatory Memorandum to S.I. 2017/251, as most of the proposals consulted on have already been provided for in legislation. That Explanatory Memorandum also set out that for proposals that required legislation including those related to business rates, the Government would seek Parliament’s approval to further legislation.
- 8.6 The consultation was undertaken via a survey, an Ipsos MORI telephone poll, and direct face-to-face sectoral and business engagement. The survey was run and analysed independently by Cambridgeshire County and Peterborough City Councils and could be responded to via an open online survey on the council websites, by paper survey, or by email. In total, the survey received over 1500 responses and Ipsos MORI’s telephone poll received 2280 responses. The Councils produced a summary of responses to the consultation<sup>9</sup> and published a separate annex relating to the telephone poll.<sup>10</sup>
- 8.7 The overwhelming response was that businesses strongly support the devolution proposals and are very keen that the opportunities these present are taken up. There was a consensus in favour of devolution with a strong Mayor and support for the additional powers and funding coming for much needed investment in areas like infrastructure. Concerns that were voiced about the devolution proposals covered the level of funding on offer, compared to the scale of investment required in both infrastructure and skills across the Cambridgeshire and Peterborough area. There was however, no specific reference to BRS proposals in the consultation summary.
- 8.8 The GMCA undertook a consultation in relation to proposals contained in a scheme that the GMCA prepared and published using provisions from the 2009 Act. The

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<sup>8</sup> [https://www.eastcambs.gov.uk/sites/default/files/agendas/fc280616\\_R39%20Ap4.pdf](https://www.eastcambs.gov.uk/sites/default/files/agendas/fc280616_R39%20Ap4.pdf)

<sup>9</sup> [https://www.cambridge.gov.uk/sites/default/files/devolution\\_consultation\\_summary.pdf](https://www.cambridge.gov.uk/sites/default/files/devolution_consultation_summary.pdf)

<sup>10</sup> [https://www.cambridge.gov.uk/sites/default/files/devolution\\_consultation\\_online\\_survey\\_results.pdf](https://www.cambridge.gov.uk/sites/default/files/devolution_consultation_online_survey_results.pdf)

GMCA prepared this scheme<sup>11</sup> following negotiation of devolution agreements with the Government. The scheme stated that “giving the Mayor the power to levy a business rate supplement will require primary legislation.”

- 8.9 The consultation ran for 8 weeks from 21 March to 18 May 2016. It has already been the subject of the Explanatory Memorandums to S.I. 2017/612, S.I. 2017/1180 and S.I. 2016/1267, as most of the proposals consulted on have already been provided for in legislation. That Explanatory Memorandum also set out that for proposals that required legislation including those related to business rates, the Government would seek Parliament’s approval to further legislation.
- 8.10 For this consultation, the GMCA provided each local authority and partner organisation with a toolkit to aid local engagement, in line with their individual communication strategies. The consultation received 237 responses, with 169 from members of the public, 19 from public bodies, 7 from businesses, 14 from representative bodies, 4 who were classified as other and 24 who provided no details. The GMCA’s summary of responses to the consultation<sup>12</sup> includes a demographic analysis of respondents and analysis of responses together with the GMCA’s response to the consultation.
- 8.11 The consultation asked respondents to “Give [their] comments on finance and borrowing” in free text format. Of the 100 responses to the finance borrowing part of the consultation, 43 were supportive, 13 were non-supportive, and 44 were out of the scope of the consultation.<sup>12</sup> (12%) responses were from key stakeholders. Of these 8 (67%) were supportive of proposals, no one was unsupportive and 4 (33%) were not in connection to the specific issues raised through the governance review and Scheme that were the subject of this consultation. Supportive comments included views such as ‘Budgets will not get bigger and alternate finance for projects will become increasingly competitive. An open and honest approach to borrowing with realistic projections of intended benefit should be a priority.’ Concerns expressed in relation to this policy area included views such as ‘We should always aim to live within our means. Councils should be transparent and not make any large financial commitments without public consultation.’ Although the consultation was not directly in relation to BRS powers, Oldham Council highlighted a pan-GM Business Rate supplement is likely to have differential impacts across GM. As such, they suggest consideration of such impact should be required as part of any decision making process. Oldham would support this requiring a unanimous decision by the Mayor and Cabinet.
- 8.12 The LCRCA undertook a consultation in relation to proposals contained in a scheme<sup>13</sup> that the LCRCA prepared and published using provisions from the 2009 Act. The LCRCA prepared this scheme following negotiation of devolution agreements with the Government. The scheme proposed “that the LCRCA Mayor will have the power to place a supplement on business rates to fund infrastructure. This power will be subject to the approval of the LCR LEP and will be subject to an upper limit of

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<sup>11</sup> [https://www.greatermanchester-ca.gov.uk/download/meetings/id/744/item\\_7\\_governance\\_review\\_and\\_sceheme](https://www.greatermanchester-ca.gov.uk/download/meetings/id/744/item_7_governance_review_and_sceheme)

<sup>12</sup> [https://www.greatermanchester-ca.gov.uk/download/meetings/id/999/16\\_gmca\\_consultation\\_-\\_governance\\_review\\_and\\_scheme\\_phase\\_1](https://www.greatermanchester-ca.gov.uk/download/meetings/id/999/16_gmca_consultation_-_governance_review_and_scheme_phase_1)

<sup>13</sup> <http://councillors.knowsley.gov.uk/documents/g6714/Public%20reports%20pack%2017th-Jun-2016%2013.00%20Liverpool%20City%20Region%20Combined%20Authority.pdf?T=10&StyleType=standard&StyleSize=none>



supplement. For this purpose, LCRCA will be included in the definition of levying authorised in Section 2 of the Business Rates Supplements Act 2009.”

- 8.13 This consultation ran for 6 weeks from 24 June to 5 August 2016. It has already been the subject of the Explanatory Memorandum to S.I. 2017/430, as most of the proposals consulted on have already been provided for in legislation. That Explanatory Memorandum also set out that for proposals that required legislation including those related to business rates, the Government would seek Parliament’s approval to further legislation
- 8.14 The LCRCA led the consultation, delivered in conjunction with all local authorities in the Liverpool City Region and the Local Enterprise Partnership. 930 responses were received, including 806 from members of the public, 24 from the business sector, 28 from the public sector, and 29 from the third sector. The LCRCA produced a summary of responses to the consultation<sup>14</sup> which included a statistical analysis of responses on each policy theme, pulling out key quotes from partners and stakeholders.
- 8.15 131 respondents left a comment under the finance part of the consultation. Of these comments, 76 (58 per cent) were positive, 22 (17 per cent) were negative, and 33 (25 per cent) comments raised issues that were not in connection to the proposals in the scheme that were the subject of the consultation. Of the 131 responses, 22 were from key stakeholders. 17 (77%) were positive and one (5%) was negative in relation to the specific issues raised through the governance review and scheme. Four comments were outside the scope of the consultation. There were 5 comments related to business rates proposals including business rates retention and BRS, 2 were found to be positive, 2 to be negative and 1 was out of scope of the consultation. Warrington Borough Council responded positively by saying that they particularly welcome “greater devolution of financial powers vital for further growth”. Halton Chamber of Commerce also suggested that greater devolution required significant control over resources and stated “We will only be devolved when we have the ability over finances.” Some concern was expressed over the potential ability to levy business rates or precepts from the private sector: “Any further supplements and levies on Business rates or local councils will undermine the opportunities to generate interest for new business development or expansion in the region and may disadvantage the LCRCA versus other regions in the UK.”
- 8.16 The WMCA undertook a consultation in relation to proposals contained in a scheme<sup>15</sup> that the WMCA prepared and published under provisions in the 2009 Act. The WMCA prepared this scheme following agreement of the first devolution deal with the Government.
- 8.17 The consultation ran for 7 weeks from 4 July to 21 August 2016. This consultation has already been the subject of the Explanatory Memorandum to S.I. 2017/510, as most of the proposals consulted on have already been provided for in legislation, including those related to the establishment and management of the West Midlands Key Route Network. That Explanatory Memorandum also set out that for proposals that required legislation including those related to business rates, the Government would seek Parliament’s approval to further legislation.

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<sup>14</sup> <http://councillors.knowsley.gov.uk/documents/s44315/Item%206%20-%20Appendix%20One.pdf>

<sup>15</sup> <https://www.wmca.org.uk/media/1367/mayoral-wmca-scheme.pdf>

- 8.18 The scheme proposed that the WMCA would be a levying authority for the purposes of the BRS Act and the constituent councils would be deemed to be acting jointly through the WMCA in accordance with Section 2(3) of the BRS Act. The scheme also proposed that the Mayor would have the ability, in consultation with businesses, and with agreement of the relevant Local Enterprise Partnership Board(s), and the Combined Authority, to raise a BRS, up to a specified cap for investment in specified projects, aiding the delivery of the investment programme driven by the Combined Authority Strategic Economic Plan.
- 8.19 The WMCA led the consultation, which was delivered in conjunction with the seven constituent councils. 1309 digital responses were received and 19 paper responses. Of the 1328 responses received, 63 per cent were from local residents and seven per cent from businesses; in addition 23 stakeholder representations were received. The WMCA's summary of responses<sup>16</sup> to the consultation includes analysis of two profile based questions, analysis of responses to each of the nine multiple choice questions and analysis of the additional free text responses.
- 8.20 In relation to the BRS proposals, the consultation asked "To what extent do you agree or disagree that [the Combined Authority] should get the functions highlighted above, and detailed in the 'finance section' of Mayoral WMCA Functions Scheme, to deliver these ambitions?", which included the two BRS proposals. Of the 1,302 responses to this section, 54 per cent agreed or strongly agreed, 35 per cent disagreed or strongly disagreed, and 11 per cent did not know. Of all functions consulted on, this was the area where fewest respondents agreed the functions should be granted. However, 68 per cent of businesses and 66 per cent of employees that responded to this question agreed the WMCA should have all finance functions in the scheme. Specifically, 55 free text responses (10 per cent) raised concerns relating to business rate increases, protection for smaller businesses, interference with businesses and discouraging businesses from operating in the West Midlands area.
- 8.21 In relation to the Key Route Network proposals, the consultation asked "To what extent do you agree or disagree that [the Combined Authority] should get the functions highlighted above, and detailed in the 'transport' section of the Mayoral WMCA Functions Scheme, to deliver these ambitions?", which included the creation of a Key Route Network and more effective and coordinated improvement and maintenance of the strategic road network. Of the 1305 responses to this section, 79 per cent agreed or strongly agreed, 18 per cent disagreed, and four per cent did not know. Of all functions consulted on, transport was the area receiving the greatest proportion of respondents agreeing that functions and funding should be transferred.
- 8.22 The most common theme in the free text responses to this question (27 per cent, 183 comments) was the need to work collaboratively or centrally plan policy or ensure strategic overview. Specifically in relation to the Key Route Network, 10 per cent of responses (68 comments) also cited that the transport network/transport links is a priority for the region and important for the economy. The consultation was about powers in relation to a strategic network of key local roads and the amendments in this Order ensure that the definition covers all roads which are part of that strategic network of key local roads.

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<sup>16</sup> <https://www.wmca.org.uk/media/1357/mayoral-wmca-consultation-report-for-upload.pdf>

- 8.23 In accordance with the requirements at section 113(2) of the 2009 Act, the Secretary of State has reviewed the Combined Authority's consultation, and is of the view that no further consultation is necessary. The Secretary of State is satisfied that the consultation was sufficient in terms of its length (seven weeks); the mechanisms used (online and paper versions and responses); the promotional activity (press releases, features in Coventry and Warwickshire LEP newsletter, social media, posters in public buildings and significant stakeholders engagement); and the analysis undertaken.
- 8.24 In the area of WECA a consultation was undertaken in relation to proposals contained in a scheme<sup>17</sup> prepared and published using provisions from the 2009 Act. This scheme was prepared following negotiation of a devolution agreement<sup>18</sup> with the Government. The scheme proposed that the Mayor will have the ability, with agreement of the Mayoral Combined Authority and in consultation with the business community, to raise a Business Rate Supplement to fund infrastructure investment. The scheme also proposed WECA would be a levying authority for the purposes of the Business Rates Supplement Act 2009 and the Constituent Councils shall be deemed to be acting jointly through the Combined Authority in accordance with Section 2(3) of the Business Rates Supplement Act 2009.
- 8.25 The consultation ran for 6 weeks from 4 July to 15 August 2016. This consultation has already been the subject of the Explanatory Memorandum to S.I. 2017/126, as most of the proposals consulted on have already been provided for in legislation. That Explanatory Memorandum also set out that for proposals that required legislation including those related to business rates, the Government would seek Parliament's approval to further legislation.
- 8.26 The consultation was jointly led by the three councils that became the three constituent authorities of the WECA (Bath and North East Somerset, Bristol and South Gloucestershire). The councils invited residents and other stakeholders to participate in a survey. The survey received 2,011 responses and 14 organisations and individuals sent a response by email. The WECA's summary of responses to the consultation<sup>19</sup> includes a demographic analysis of respondents and analysis of responses.
- 8.27 In relation to the BRS proposals, the consultation asked whether the Mayoral Combined Authority would 'support innovation in key growth sectors' and whether 'it would boost productivity and growth through improved sharing of specialist knowledge and services'. Of the 389 respondents who made comments on business, 37% were 'on balance' in support of a Mayoral Combined Authority, 50% disagreed and 10% were unsure. The most frequent views on business proposals were around the proposals being achievable without a MCA, such as respondents suggesting that the proposals are being done already and that an additional layer of government would be irrelevant to business. There was however no mention of Business Rates in the responses.

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<sup>17</sup> <https://democracy.bristol.gov.uk/documents/s5644/Appendix%203%20-%20Governance%20Scheme.pdf>

<sup>18</sup> <https://www.gov.uk/government/publications/west-of-england-devolution-deal>

<sup>19</sup> [https://democracy.bristol.gov.uk/documents/s6630/Devolution%20Consultation%20Final%20Report\\_Aug%202016.pdf](https://democracy.bristol.gov.uk/documents/s6630/Devolution%20Consultation%20Final%20Report_Aug%202016.pdf)

## 9. Guidance

- 9.1 Guidance on the Business Rate Supplement is available at [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/8306/business\\_rate\\_supplements\\_localauthority\\_guidance.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8306/business_rate_supplements_localauthority_guidance.pdf). The Government continues to work with colleagues in the Combined Authority to support their implementation of the devolution deals.

## 10. Impact

- 10.1 An Impact Assessment has not been prepared for this instrument.
- 10.2 The purpose of any BRS would be to promote local economic growth, thus benefiting both business and the wider community. Any supplement would only be taken forward following consultation with and a successful double-lock ballot of affected businesses.
- 10.3 Any BRS would be an additional two pence in the pound of rateable value on the business rate bills of liable rate-payers.
- 10.4 The following table shows the number of properties above the rateable value threshold that would may be affected by any BRS and the number of properties that would not be affected and therefore exempt from any BRS.

Levying authority	Properties affected (000s)	Properties excluded (000s)	Properties affected (%)	Properties exempt (%)
D N PCA	3	22	14%	86%
GMCA	9	95	9%	91%
L CRCA	4	42	9%	91%
W MCA	9	89	9%	91%
WECA	4	25	13%	87%

## 11. Regulating small business

- 11.1 There will be no additional regulation of business arising from the supplement. The business rate supplements legislation ensures that a supplement can only be applied to properties with a rateable value of more than £50,000. The rateable value threshold for the BRS is also substantially higher than that for Small Business Rate Relief (available for business properties with a rateable value of up to £15,000), which provides protection for small businesses.

## 12. Monitoring & review

- 12.1 The Combined Authorities are required, under the devolution agreements reached with Government, to put in place an extensive programme of evaluation, agreed with HM Treasury, of the devolution agreements.

### 13. Contact

- 13.1 Anabel Inge, at the Ministry of Housing, Communities and Local Government, telephone: 030 3444 XXXX or email: [anabel.inge@communities.gsi.gov.uk](mailto:anabel.inge@communities.gsi.gov.uk) or Antonia Holdgate, also at the Ministry of Housing, Communities and Local Government, telephone: 030 3444 XXXX or email: [antonia.holdgate@communities.gsi.gov.uk](mailto:antonia.holdgate@communities.gsi.gov.uk), can answer any queries regarding each instrument.

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