

ESSENTIAL REFERENCE PAPER G

Retention of business rates

The key features of the proposals on which the government is consulting are

- Setting a base line against which the position of each council would be measured so that no council sees a reduction in funding arising directly from relocalisation of business rates
- Calculation of initial tariffs and top ups
- Ensuring incentives are part of the system
- Treatment of disproportionate benefits
- Provision for future revaluations
- Resetting tariffs and top ups
- Pooling between groups of authorities
- How non billing authorities are to be treated
- Interaction with new homes bonus
- Business rate relief.

Note:

A series of technical paper are to be issued in August which may help better assess the impact of the change.

A current best estimate is that East Herts may be a tariff authority but that retained business rates may not be significantly above the expected formula grant. However, until the base line, basis of calculation of tariffs and top ups and sharing in two tier areas is determined any estimate is speculative.