REPORT FOR: **CABINET**

Date of Meeting:	22 January 2013
Subject:	Calculation of Business Rates Income for 2013 – 2014
Key Decision:	Yes
Responsible Officer:	Julie Alderson, Corporate Director of Resources
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance
Exempt:	No
Decision subject to Call-in:	No
Enclosures:	Appendix 1 – Glossary

Section 1 – Summary and Recommendations

The Local Government Finance Act makes changes to the way non domestic rates are distributed. This takes effect from 1 April 2013. Secondary regulations have not yet been passed, however draft regulations require billing authorities to formally calculate the estimated level of non domestic rates (NDR) it anticipates to collect for 2013-2014 and pass this information to the Secretary of State and precepting authorities by 31 January in the preceding year.

Recommendations:

That Cabinet considers the information given in this report and agrees that :

1. The non domestic rates estimates and calculations are calculated in accordance with the draft regulations as follows:

		£m
	Projected NDR Income 2013/14	49.083
Less	Payable to DCLG (50% Central Share)	(24.541)
Less	Payable to the Greater London Authority (20%)	(9.817)
Equals	Amount to be retained by Harrow (30%)	**14.725**

2. The above information is provided to the Secretary of State and GLA by 31 January 2013.

Reason:

To fulfil the Council's anticipated statutory obligation to provide estimates and calculations in relation to NDR for 2013-2014.

Section 2 – Report

1. Introduction

1.1 The LGFA 2012 amends the Local Government Finance Act 1988 in relation to distribution and retention of non domestic rates

1.2 Draft regulations contain detailed formulae for calculations, the starting point being the amount payable by businesses to the authority under s.43 and 45 of the 1988 Act in the year and estimates have to accord with proper accounting practices. Adjustments can be made for transitional protection payments, collection costs and disregarded amounts. At the end of each year the authority must arrange for calculations and amounts to be certified in accordance with arrangements set out by the Secretary of State.

1.3 The Business Rates Tax Base has therefore been calculated, according to the relevant formulae and guidance issued to date and is made up of the following;

- Estimated Gross Business Rate Yield less
- Adjustments for empty rate relief
- Adjustments for small business rate relief
- Adjustments for Mandatory Charity Relief
- Adjustments for Discretionary Rate Relief
- Adjustments for Transitional Relief
- Adjustments for enterprise zones, new builds, renewable energy schemes, new developments and other deductions
- Cost of collection
- Losses on collection
- Expected losses on appeals

1.4 The above net resultant figure will then be divided by two. This will identify 50% to be paid to the Central Pool (Government). The other 50% will then be split 60/40 with the GLA, the 60% retained by Harrow equating to 30% of the overall total net yield. However the exact treatment of the above items in the income definition is still being considered and Government will stipulate the precise definition of income for the purposes of calculating the local share in secondary legislation via statutory instruments. The calculations in this report therefore rely on guidance and draft regulations issued to support billing authorities with the process in advance of regulations being formally issued.

2. Background

2.1 The Local Government Finance Bill was introduced in December 2011 and set out the Government's intention to introduce a Business Rate Retention (BRR) scheme from 01 April 2013.

2.2 BRR forms part of a wider policy of decentralisation, aimed at giving councils increased financial autonomy and a greater stake in the economic future of their local area.

2.3 Details of the BRR scheme have been provided in a series of consultation documents and other government papers over the last 12 months. The most recent of these is the Technical Consultation published in July 2012 which builds on the proposals in the Government response to consultation published in December 2011, and on the statements of intent published in May 2012.

2.4 Whilst the government have provided some clarity on how the BRR scheme will work, there remains a great deal of uncertainty around the actual level of funding councils can expect to receive in 2013/14. This uncertainty was to a certain extent clarified by the Local Government Finance Settlement announced on the 19th December 2012, but uncertainty still remains due to the risk of yield fluctuation from successful appeals and retrospective refunds .

3 Business Rates Retention Scheme

Rationale behind changes to the current funding of local government

3.1 The UK local government finance system is one of the most centralised in the world, with councils getting more than half of their income from a central government grant. Under the current funding arrangements, Harrow collects business rates from all the business in its area and then pays it over to the Government into a central pool. This is then redistributed back to local authorities via a complex funding formula.

3.2 This means that councils are not rewarded and have no direct financial incentive to promote and facilitate business growth in their area, as any new business rates are paid over to the central pool.

3.3 The Government's proposals on BRR enable councils to keep a share of the business rate growth in their area promoting financial autonomy and giving councils a greater stake in the economic future of their local area.

3.4 The Government is not proposing to make any changes to the way in which business rates are calculated or paid, which will continue to be set nationally. There will also be no change to the existing mandatory and discretionary reliefs available to eligible ratepayers, however the funding of these reliefs have changed, albeit it needs further clarity on past and future commitments. For example the Government previously funded 80% of all mandatory relief (given to charities) but in their Business Rate Retention Policy Document (November 2012) they are now saying "any changes to reliefs will be shared between local and central government on a 50% / 50% basis".

3.5 The issue is further complicated with s69 of the Localism Act 2011amending s47 of the Local Government Finance Act 1988 to widen the power to award discretionary rate relief to businesses as it thinks fit , so long, as in the case of non charities or recreational not for profit organisations, it is reasonable to award relief taking regard of the interests of local council tax payers. It had been envisaged that this relief would have to be funded locally, however the policy document (mentioned in 3.4 above) may now suggest that the costs of any relief granted under the Localism Act may be shared 50 /50 with central government. The policy intention behind this new power was to allow local authorities to grant relief to particular businesses with a view to regenerating and stimulating the economy.

4 Operation of the BRR Scheme

4.1 The Government has made it clear from the outset that the BRR scheme must not put at risk the deficit reduction programme and should operate within existing spending control totals and be fiscally sustainable in future years. To ensure this, some business rates income would need to be retained by central government. It is proposed that councils can keep 60% of the business rates collected (the local share), with the remaining 50% (the central share) retained by government and paid into a central pool and redirected to local government through other grants.

4.2 A key element for individual authorities in determining their future resources under the business rates retention scheme is their starting point regarding NDR income. The NDR baseline for each local authority is determined by DCLG, based upon historic data regarding NDR income.

4.1 Whilst, at a national level, DCLG's NDR baseline is comparable to forecast NDR income, this is not the case locally. For individual authorities, the forecast level of NDR income for 2013/14 could be higher or lower than DCLG's estimate. However, Authorities are not able to influence this baseline figure and once determined it is likely to be in place until the next Reset period which is likely to be in 2020.

4.2 Some local authorities collect more business rates than they currently receive in formula grant (which is based on relative need and resources), while the business rates collected by other authorities are lower than their current funding level. It is proposed to rebalance resources at the outset of the scheme through a system of tariffs and top ups.

4.3 An authority which collected more business rates than its baseline funding level would pay the difference to central government as a tariff. An authority which collected less business rates than its baseline funding level would receive the difference from central government as a top-up. These will remain fixed in future years to ensure that changes in budgets reflect business rates growth.

Levy & Safety Net, Losses on Appeal

4.4 The BRR scheme will protect local authorities from significant reductions in their income through a safety net payment. This will be funded by a levy on disproportionate growth that some authorities will achieve due to being able grow business rate income easily in relation to others.

4.5 The government proposes a proportional levy ratio at a 1:1 level. This means that for every 1% increase in the individual authority's business rates baseline the authority would see no more than a corresponding 1% increase against its baseline funding level. This means for that all tariff authorities (e.g. District councils) would pay a levy but under the Business Rates Retention Policy Statement (November 2012) this had been subsequently amended so they can retain approximately 25p in each extra pound generated.

However, for top-up authorities, like Harrow, using the 1:1 proportionate levy resultes in no levy payment being due on increases to NDR income and this remains unchanged. The real level of income generated in the year will still need to be shared with Central Pool (Government) 50% and the GLA 20%.

4.6 The government would pay a safety net to authorities who see their income from BR drop by a 7.5% percentage below their baseline funding level (previously it had given a range of -7.5% to -10.% but this was clarified in the Business Rate Retention Policy Statement (November 2012). In practice, this means that every local authority would be guaranteed to receive at least 92.5% of its baseline funding level.

4.7 In accordance with standard accounting conventions, local authorities will have to make a provision against future losses due to appeals and would have to recognise those losses when setting their budgets for 2013-14. This potential loss is difficult to quantify as reductions to rateable value due to appeals can be receiving by billing authorities 2, 3, or 4 years after an appeal has been made (in the form of schedule amendments to the valuation lists). The Tax base calculation includes an amount to cater for this risk but this will need to be revised yearly depending on the number of appeals outstanding and close analysis of likely outcomes.

4.8 The government have indicated the once the baseline funding levels have been set, they will only be amended when the spending needs of councils become out of balance with the resources they receive. At this point, the scheme would be reset, which would necessitate a review of baseline funding levels for each authority taking into account any changes to relative funding needs and resources.

4.9 It is the government's aim that they do not intend to reset the BRR scheme until 2020 at the earliest (except in exceptional circumstances).

5 Harrow's NDR 2013/14 Tax Base

5.1 The forecast in this report takes into account the latest data available including a list of all proposals outstanding (as provided by the Valuation Officer), an analysis of properties likely to be removed from the valuation list as well as an analysis of new potential properties coming into the list, an estimate of likely reliefs, reductions due to appeals and an estimate of likely losses due to some debts being uncollectable.

The forecast is required to be formally notified to DCLG and preceptors. To aid the process billing authorities have to complete a formal business rates return estimating the likely business rates. The return takes the form of a formal National Non-Domestic rates return 1 (NDR 1).

5.6 The calculation of Harrow's NDR income figure for 2013/14 is therefore based on the data compiled to complete the 2013/14 NNDR 1 form and is shown in the table below and calculated as follows;

Gross Rates Yield: Total Rateable value x NDR rate multiplier
Less Mandatory Reliefs
Less Discretionary Reliefs
Less estimated losses on Collection
Less Allowance for costs of collection (as set by DCLG formula)
Plus or Minus Rate Retention Adjustments for: Change in Rateable Value due to growth or reduction in property numbers Adjustment due to Appeals
Net Business Rates Yield and base of the calculation of central and local shares

Table 1: Projected NDR income calculation for 2013/14 – (using November 2012 data)

Local Authority	Harrow		
	£m		
Gross Rateable value November 2012	128.486	a	
Small Business Rate Multiplier	0.450	b	
Inflation Assumption	2.60%	c	
Business Rate Multiplier 2013/14	0.462	d	b x c(+b)
Notional gross yield figure	**59.360**	e	a x d
Losses due Small business rate relief 2012/13	1.705	r	
Change in notional gross yield 2012/13 to 2013/14	102.6%	g	
Projected small business rate relief 2013/14	1.750	h	f x g
Losses due to Empty property exemptions	1.705	i	
Change in notional gross yield 2012/13 to 2013/14	102.6%	j	
Projected Empty property exemptions 2013/14	1.750	k	i x j
Mandatory relief	4.089	l	
Change in notional gross yield 2012/13 to 2013/14	102.6%	m	
Projected Mandatory Relief 2013/14	4.196	n	l x m
Discretionary relief	0.100	o	
Change in notional gross yield 2012/13 to 2013/14	100.0%	p	
Projected Discretionary Relief 2013/14	0.095	q	o x p
Cost of collection	0.255	r	
Projected contribution to the pool	**51.314**	**s**	e-h-k-n-q-r
Losses in collection 2%	1.000	t	
Losses on appeal 2.4%	1.231	u	
Losses due to Enterprise Zones	0.000	v	
Losses on Transitional Relief (net) **(Ignore)**	**0.067**	w	
Gains due to Renewable Energy schemes	0.000	x	
Gains due to New Developments	0.000	y	
Net contribution to the pool	**49.083**	**z**	**s- t-u**
Contribution to pool	**49.083**		
Less Central Share (50% to Government)	-24.541		
Less Fire Authority share	-0.515		
Less GLA Transport	-9.302		
NDR Income retained	**14.725**		

6. Legal Implications

6.1 Schedule 7B of the Local Government Finance Act 1988, as amended, reserves the right for the Secretary of State to direct billing authorities to make calculations and supply information and in the absence of such a direction, regulations can be made imposing similar requirement. Draft regulations have been published requiring that on or before 31 January in the preceding year, billing authorities must estimate the amount of NDR income, calculate the amount of the central share, calculate the amount for each precepting authority's share, estimate the amount of qualifying relief and notify the Secretary of State and relevant precepting authority of these estimates or calculations.

6.2 The regulations contain detailed formulae for calculations, the starting point being the amount payable by businesses to the authority under s.43 and 45 of the 1988 Act in the year and estimates have to accord with proper accounting practices. Adjustments can be made for transitional protection payments, collection costs and disregarded amounts. At the end of each year the authority must arrange for calculations and amounts to be certified in accordance with arrangements set out by the Secretary of State.

6.3 The Business Rates Tax Base has therefore been calculated according to the relevant formulae and guidance issued to date and is made up of the following;

- Estimated Gross Business Rate Yield less
- Adjustments for empty rate relief
- Adjustments for small business rate relief
- Adjustments for Mandatory Charity Relief
- Adjustments for Discretionary Rate Relief
- Adjustments for Transitional Relief
- Adjustments for enterprise zones, new builds, renewable energy schemes, other deductions
- Cost of collection
- Losses on collection
- Expected losses on appeals

6.4 At present the regulations and legislation do not appear to require decisions to be taken at a particular level within the council. In the absence of any specific statutory requirement as to decision making, it is necessary to take account of the functions, responsibilities and regulations which set out decisions which can and cannot be taken by the Executive.

6.5 Under the Council's constitution, approving the budget (including setting the Council Tax) is reserved to full Council. Budget is defined as allocation of financial resources to different services and projects, proposed contingency funds, setting the council tax including decisions relating to the control of the Council's borrowing requirement, the determination and control of its capital expenditure and the setting of virement limits. Certain financial decisions are also reserved to the Executive, including fixing council tax base and level of council tax and the financial strategy of the Council. Making estimations and calculations in relation to NDR within prescribed formula is akin to setting the Council Tax Base. It is therefore appropriate and proper that the decision is taken by Cabinet under Harrow's existing constitution.

7 Financial Implications

This is a report of the Corporate Director of Resources and deals with financial matters throughout. The retained amount for Business Rates has been determined to be **£14.725m** is reflected in the Draft Revenue Budget for 2013-14.

8 Performance Issues

Although the likely NDR income figures above are being used to estimate actual NDR income for 2013/14 and, therefore, included as such in setting the 2013/14 budget, ultimately, it will be actual NDR income that will determine if an authority receives a safety net payment (and the total income received through the scheme). Local authorities' ability to both forecast NDR income for budgeting purposes and monitor actual NDR income during the year will be critical in setting robust budgets and managing potential income pressures during the year.

9 Environmental Impact

None

10 Risk Management Implications

The authority needs certainty regarding the volatility in the rating list, however this cannot be guaranteed

- As specific levels of Appeals cannot be anticipated,
- Property demolitions may occur which were not anticipated,
- There may be Valuation Officer review of assessments which give rise to reductions in rateable value,
- Substantial backdated RV reductions may occur which were not anticipated,
- Rating is "reactive"; appeals served now may not be considered and resolved for a number of years,
- Large hereditaments could have a disproportionate effect on Harrow, for example, heavy industrial plants etc, whose assessments may be challenged on multiple occasions through the life of the Rating List.

Apart from the above, other matters that may affect the bottom line business rates income are;

- Losses on collection
- Discretionary Rate Relief "top ups"
- Discretionary Section 44a relief
- Charitable Trusts
- Rate audit and appeals by Harrow against property in its own portfolio
- The issuing, or lack of issuing, completion notices.

It should also be noted that high in year collection of business rates now becomes much more important than in previous years as the local authority will now have a direct vested interest in collecting as much business rates as it can to ensure it meets its own forecast on which the budget is based. Robust collection processes will need to be applied but this may conflict with "supporting local businesses" in the current economic climate.

11 Equalities implications

None

12 Corporate Priorities

The Business Rates Baseline allows the Council to raise local funding which is fundamental in supporting all corporate priorities as Business Rates Retention is the key element of the Council's overall budget.

Section 3 - Statutory Officer Clearance

Name: Julie Alderson Date: 10 December 2012	x	Chief Financial Officer
Name: Sarah Wilson Date: 17 December 2012	x	on behalf of the Monitoring Officer

Section 4 – Performance Officer Clearance

Name: Martin Randall Date: 12 December 2012	x	on behalf of the Divisional Director Strategic Commissioning

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards Date: 10 December 2012	x	Divisional Director (Environmental Services)

Section 6 - Contact Details and Background Papers

Contact: Fern Silverio – (Divisional Director, Collections & Housing Benefits)
Tel: 020-8736-6818 / email: fern.silverio@Harrow.gov.uk

Background Papers:

- Government Guidance on Business Rates Retention
- The Local Finance Act 1988 as amended by the LGFA 2012
- Localism Act 2011
- Officers Working Papers

https://www.gov.uk/government/publications/business-rates-retention-policy-statement

https://www.gov.uk/government/publications/local-government-resource-review-technical-papers--2
Local Government Act 2012
http://www.legislation.gov.uk/ukpga/2012/17/pdfs/ukpga_20120017_en.pdf
Localism Act 2011
http://www.legislation.gov.uk/ukpga/2011/20/pdfs/ukpga_20110020_en.pdf

Call-In Waived by the Chairman of Overview and Scrutiny Committee	**YES** *[Call-in does not apply, as the decision is Urgent.]* *[Reports must be approved by Harrow in order for Harrow as the billing authority to inform the Preceptors (GLA, Fire, Police, etc) of the respective amounts by no later than the 30 January 2013.]*

Appendix A: Glossary

(General terms relating to the Business Rates Retention scheme)

Baseline funding level

For each authority, DCLG will calculate the baseline funding level for the purpose of the business rates retention scheme. The national business rates baseline represents the overall quantum available for distribution between individual authorities to establish their baseline funding levels, against which tariffs and top ups will be set.

Billing authority

A local authority which bills and collects business rates, for example a district council or unitary council.

Billing authority business rates baseline

Determined by dividing the *local share* of the estimated business rates aggregate (England) between billing authorities on the basis of their *proportionate shares*, before the payment of any *major precepting authority share*.

Central share

The percentage share of locally collected business rates that will be paid to central government by billing authorities. This will be set at 50%. The *central share* will be re-distributed to local government through grants including the *Revenue Support Grant*. This replaces the previous 'set-aside' policy.

Damping

Damping' is used to describe the way limits are applied to the effect on grant funding of changes to the distribution formulae or data used year-on-year.

DEL

(Government) Departmental Expenditure Limits

Estimated Business Rates Aggregate

The total business rates forecast to be collected by all billing authorities in England. This will include an adjustment for appeals losses.

Floor damping

A method by which stability in funding is protected through limiting the effect of wide variations in grant increase. A floor guarantees a lower limit to a year– on–year change in grant. The grant changes of authorities who receive more than the floor are scaled back by a fixed proportion to help pay for the floor.

Individual authority business rates baseline

Derived by apportioning the billing authority business rates baseline between billing and major precepting authorities on the basis of major precepting authority shares.

LACSEG

Local authority central spend equivalent grant (**LACSEG)** represents grant given directly to academies, based on pupil numbers. This grant was previously given to Local Authorities.

Levy

Mechanism to limit disproportionate benefit. This will be set on a proportionate basis so that an authority never sees more than a 1% increase in its *baseline funding level* for each 1% increase in its *individual authority business rates baseline*.

Local government spending control total

The total amount of expenditure allocated to the local government sector by HM Treasury for each year of a Spending Review.

Local share

The percentage share of locally collected business rates that will be retained by local government. This will be set at 50%. At the outset, the *local share* of the estimated business rates aggregate will be divided between billing authorities on the basis of their *proportionate shares*.

Lower tier share

The percentage of the *local share* that is retained by a billing authority in two tier areas. This will be set at 80%.

Major precepting authority

A local authority that does not collect business rates but is part of the business rates retention scheme. They are county councils in a two tier areas, single purpose fire and rescue authorities and the Greater London Authority.

Major precepting authority shares

Used to establish the proportion of the *local share* that is paid by a billing authority to its major precepting authorities. Also applied to *billing authority business rates baselines* to establish *individual authority business rates baselines* for both billing and major precepting authorities.

Multiplier

The business rates multiplier when multiplied by the rateable value of a property determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally and uprated annually by RPI. There will be no change to the way in which multipliers are set as a result of the introduction of the business rates retention scheme.

New Burdens

The Government uses the New Burdens Assessment to keep pressure on council tax bills to a minimum. It requires all government departments to justify why new duties, powers, targets and other bureaucratic burdens should be placed on local authorities, as well as how much these policies and initiatives will cost and where the money will come from to pay for them.

New Homes Bonus Adjustment

The amount removed from the total *Revenue Support Grant* to fund the New Homes Bonus over the whole *reset period* before individual allocations of *Revenue Support Grant* are calculated for local authorities.

National Non-Domestic Rates 1 Form (NNDR1)

The form submitted each January by a billing authority to its major precepting authority and central government to provide an estimate of its business rate income for the upcoming financial year.

National Non- Domestic Rates 3 Form (NNDR3)

The form submitted each June by billing authorities to its major precepting authority and central government to provide outturn data on its business rate income for that year.

Pre-levy income

An individual authority's business rates income minus/plus the *tariff* or *top-up*.

Pre-safety net income

An individual authority's business rates income minus/plus the *tariff* or *top-up*, minus any *levy*.

Proportionate Share

This is the percentage of the actual national business rates which it has collected - on the basis of the average rates collected by authorities over the five years to 2011-12. This percentage will be applied to the *local share* of the estimated business rates aggregate to determine the *billing authority business rates baseline*.

Rate reliefs

The rating system currently provides mandatory relief to charities and other categories of ratepayer (e.g. certain rural ratepayers) and permits authorities to grant discretionary relief to other rate payers. There will be no changes to mandatory and discretionary reliefs as a result of the introduction of the business rates retention scheme.

Relative Needs Formulae (RNFs)

These are the first stage in the calculation the Government used to distribute formula grant. The 2012-13 relative needs formula(e) for each service block are set out in Section 4 of the Local Government Finance Report (England) 2012/13.

Relevant shares

The percentage of the total business rates income of a billing authority that is paid to central government in respect of the *central share* and to major precepting authority in respect of *major precepting authority shares*.

Reset

New baseline funding levels, new individual authority business rates baselines (and therefore new tariffs or top-ups) are set for each authority to take account of changes in relative need and resource.

Reset period

The years between *resets* in which local authorities are able to retain (after taking into account the *levy* and payments owing to *relevant shares*) the growth in business rates income. It is the Government's ambition that the initial *reset period* will last between 2013 and 2020.

Revaluation

Business properties are re-valued every five years to reflect relative changes in rental valuations. There will be no change to the current revaluation process or timing as a result of the business rates retention scheme.

Revaluation adjustment

An adjustment to *tariffs* and *top ups* to ensure that authorities do not see their *retained rates income* change as a consequence of a *revaluation*.

Revenue Support Grant

All authorities will receive *Revenue Support Grant* from central government in addition to its *baseline funding level*. An authority's *Revenue Support Grant* amount plus its *baseline funding level* will together comprise its *start-up funding allocation*.

Safety net

Mechanism to protect any authority which sees its *retained rates income* drop, in any year, by more than a set percentage (final percentage will be set between 7.5% and 10%) below their *baseline funding level* (with baseline funding levels being uprated by RPI for the purposes of assessing eligibility for support).

Safety net payment

A payment made by central government to local authorities who are eligible for safety net support. These will be made at the end of the financial year.

Safety net payment on account

A safety net payment made to a local authority on the basis of forecast *retained rates income.* This means it will be made in advance of the formal calculation of *safety net payments* - which will be calculated on the basis of audited accounts data following the end of that financial year. Any difference between the two amounts will be reconciled.

Schedule of payments

The timings of payments across the financial year, for example in respect of the *central share*, *major precepting shares* etc.

Service tiers

There are four service tiers corresponding to the services supplied by the four types of authorities. These are upper-tier services – those services, other than fire, supplied by county councils in two-tier areas; police services; fire and rescue services; and lower-tier services – those services supplied by district councils in two-tier areas. Some authorities may provide more than one tier of service.

Start-up funding allocation

A local authority's share of the local government spending control total which will comprise its Revenue Support Grant for the year in question and its baseline funding level.

Tariffs and top-ups

Calculated by comparing an individual authority business rates baseline against its baseline funding level. Tariffs and top-ups will be self-funding, fixed at the start of the scheme and index linked to RPI in future years.

Tariff authority

An authority with a higher individual authority business rates baseline than its baseline funding level, and which therefore pays a tariff.

Tariff payment

The payment made from tariff authorities to central government over the course of the financial year.

Top-up authority

An authority with a lower individual authority business rates baseline than its baseline funding level, and which therefore receives a top-up.

Top-up payment

The payment made from central government to top-up authorities over the course of the financial year. It represents the difference between Baseline Funding level and the NDR baseline amount.

Transitional arrangements

A relief scheme helping ratepayers who faced large increases in business rates bills at the revaluation. The relief is funded by holding back rates retention from those ratepayers who benefited from revaluation.

Transitional protection payment

An adjustment to ensure that authorities do not experience gains or losses in rates income as a consequence of the transitional arrangements.