

Appendix H

The Business Rates Retention Scheme for Hammersmith and Fulham

		LBHF Figure for 2014/15 £'000
Step 1	Notification from the government of the Start-Up Funding Assessment (SUFA). This combines formula funding (effectively what formula grant would have been had it continued) and a number of rolled in grants.	121,126
Step 2	Split of the SUFA between Revenue Support Grant (54.5%) and a Business Rates Funding Baseline (45.5%). The % split is the same for all authorities.	
	- Revenue Support Grant payable by the government	66,038
	- Business Rates Funding Baseline	55,088
Step 3	Identification of an individual authority Business Rates Baseline. This is what the government effectively expect a local authority to collect based on the average sums collected in 2010/11 and 2011/12.	57,970
Step 4.	Payment of a tariff to the government. For LBHF because what the government expects this authority to collect in business rates (step 3) exceeds the funding identified through the SUFA (step 2) a tariff is payable to the government. The tariff is a charge to the revenue budget. Most authorities receive a top-up rather than pay a tariff.	2,882
Step 5	Agreement of the localised element of non-domestic rates. This is the amount of business rates income that LBHF actually expects to collect in 2014/15.	56,720
Step 6	Locally Retained Business rates (Step 5 less step 4)	53,838
Step 7	Identification of the budgeted shortfall in business rates income. This is the difference between what LBHF expects to retain in 2013/14 (step 6) and the government target (step 3)	4,132
Step 8	Identification of safety net grant. Under the business rates retention scheme the maximum loss a local authority can suffer is capped at 7.5% of the business rates funding baseline (step 3). This is £4.132m. As LBHF expects to lose £4.132m it qualifies for nil safety net grant.	0
Step 9	Net loss from the business rates retention scheme (step 7 less step 8)	4,132