



Department for  
Communities and  
Local Government

Non-Domestic Rates Branch  
LGF – BRV  
Zone 5/D2  
Eland House  
Bressenden Place  
London SW1E 5DU

**22 November 2012**

Email: [ndr@communities.gov.uk](mailto:ndr@communities.gov.uk)

**Chief Finance Officers of English Billing Authorities**

**FOR THE ATTENTION OF THE BUSINESS RATES SECTION**

Dear Chief Finance Officer

**Business Rates Information Letter (10/2012): Business Rates Retention**

This is the tenth business rates information letter to be issued by the Department for Communities and Local Government this year. Previous letters are available on the internet at:

<https://www.gov.uk/business-rates-information-letters>.

**This letter covers:**

**Local Government Finance: Business Rate Retention Policy Statement**

1. Communities and Local Government have published a Business Rate Retention Policy Statement that provides early confirmation of the government's policy decisions in a number of key areas following this summer's technical consultation on the new business rate retention scheme. This policy statement will support local authorities, ahead of the provisional Local Government Finance Settlement, in their preparations for smooth implementation of the business rates retention scheme from April 2013.

2. The policy statement confirms Government's intention to proceed with the implementation of a range of proposals that were set out in the technical consultation. It also sets out a number of changes to those proposals, in response to comments received to the consultation, including the government's intention to maintain the 1:1 proportionate levy but with a limit of 50p in the pound. This will

translate into very real benefits for authorities, allowing at least 25p in each extra pound of business rates generated locally to be retained locally.

3. In addition, the policy statement sets out the Government's intention to fix the safety net at 7.5% - the most generous level within the range consulted upon. This guarantee will be maintained in real terms, since baseline funding levels will be uprated by RPI for the purpose of calculating eligibility for the safety net.

4. Overall, the Government considers that these policy decisions will result in a system that provides a strong growth incentive for authorities, while being underpinned by robust safety net protections.

5. The Policy Statement along with additional useful information can be found on the gov.uk website at the following links:

Policy statement

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

Plain English guide

<https://www.gov.uk/a-plain-english-guide-to-business-rates-retention>

Press notice

<https://www.gov.uk/government/news/greater-rewards-for-local-growth-under-new-scheme>

Written Ministerial Statement

<https://www.gov.uk/government/speeches/business-rates-retention>

6. The policy statement includes a Step by Step guide that sets out how the scheme will be set up and how it will operate. Accompanying the policy statement is a revised Plain English Guide to Business Rate Retention that sets out in general terms how the new scheme will work and who may be affected. Queries about this letter or the associated documents should be sent to:

[brrtechnicalconsultation@communities.gsi.gov.uk](mailto:brrtechnicalconsultation@communities.gsi.gov.uk)