

Annex 9: Glossary of technical terms

Baseline Funding Level

The amount of an individual local authority's 2013-14 Settlement Funding Assessment provided through the local share of retained business rates income.

Business Rates Baseline (BRB)

An authority's BRB is an estimate of the authority's business rates income generating ability determined on an individual basis at the outset of the Business Rates Retention system.

Business Rates Retention (BRR)

Business rates are a tax on non-domestic properties. Billing authorities have a responsibility to issue bills and collect rates in their areas. Since 2013-14, local government has retained, as a whole, 50% of its business rates (excluding areas with increased Business Rates Retention arrangements). This income is subject to redistribution across local government via 'top-ups' and 'tariffs'.

Core Spending Power (CSP)

A measure of the revenue funding available for local authority services. This includes council tax; business rates; Revenue Support Grant; New Homes Bonus; Social Care grants; and other grants.

This includes grant included for under-indexation of the Multipliers. This is an indicative notional number and is not to be seen as a real 'grant' – it is dealt with within the BRR system and the number in CSP is for indicative purposes only.

Council tax referendum principles

These mark levels of council tax increases (either in percentage or cash terms) above which a local authority must hold a referendum, which allows residents to approve or veto the increase. The comparison is made between the authority's average Band D council tax level for the current financial year and the proposed average Band D for the next financial year.

New Homes Bonus

The New Homes Bonus acts as an incentive to increase housing supply and spur growth. The level of funding for an area reflects additional housing supply in that

area. Most authorities receive some form of New Homes Bonus funding from central government.

Precept

A council tax charge from local authorities which do not issue bills themselves. These include county councils, police and crime commissioners, fire and rescue authorities, the Greater London Authority, combined authority mayors, and town and parish councils. Billing authorities – usually shire district councils or unitary authorities – collect council tax on behalf of precepting authorities and pass the proceeds to them.

Revenue Support Grant

Revenue Support Grant is paid from central government to authorities as part of their allocation through the Settlement Funding Assessment (SFA). It is in addition to their local share of business rates, as long as their Revenue Support Grant allocation through the SFA methodology has not fallen to, or below, zero.

Rural Services Delivery Grant

Funding provided in recognition of the possible additional costs of delivering services in sparsely populated areas.

Safety Net

Mechanism to protect any authority which sees its business rates income drop, in any year, by more than 7.5% below their baseline funding level for that year.

Settlement Funding Assessment

A local authority's share of the local government spending control total comprising its Revenue Support Grant and its Baseline Funding Level for the year in question.

Small and Standard Business Non-Domestic Rating Multiplier

Properties in England will have their business rates bill calculated using a small or standard multiplier. The rateable value threshold for the standard multiplier will remain £51,000.

Tariffs and Top-Ups

Calculated by comparing at the outset of the business rate retention system an individual authority's business rates baseline against its baseline funding level. Tariffs and top-ups were fixed at the start of the system and have been indexed in line with the change in the small business rating multiplier up to and including 2023-24. From 2024-25 they will be adjusted in line with both the change of the small and the standard multiplier, accounting for the fact that authorities have different shares of properties subject to the small and standard multipliers. Tariffs and top-ups are

adjusted at revaluations to neutralise rises or falls in income resulting from changes in rateable value at local authority-level.

Tariff Authority

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