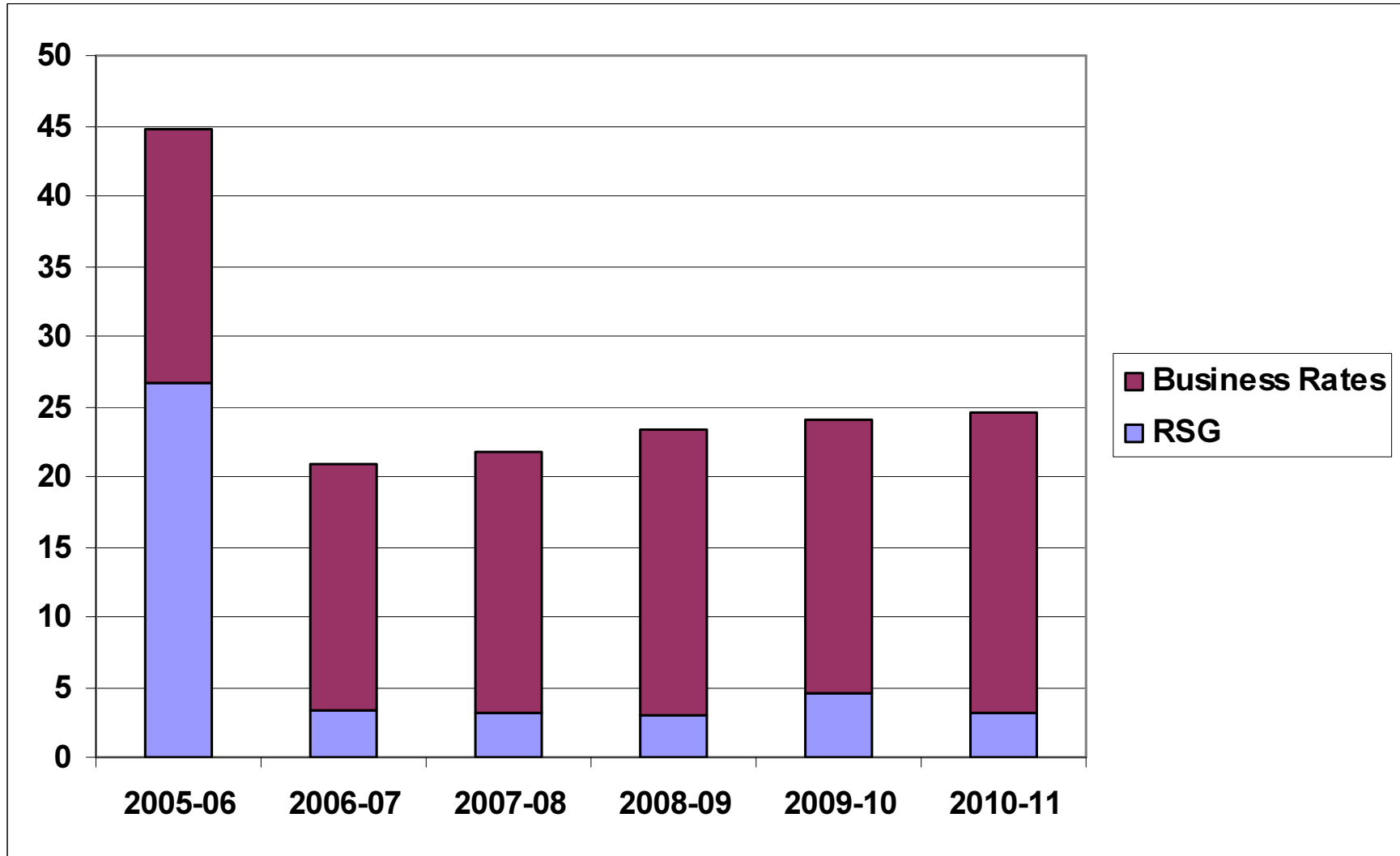


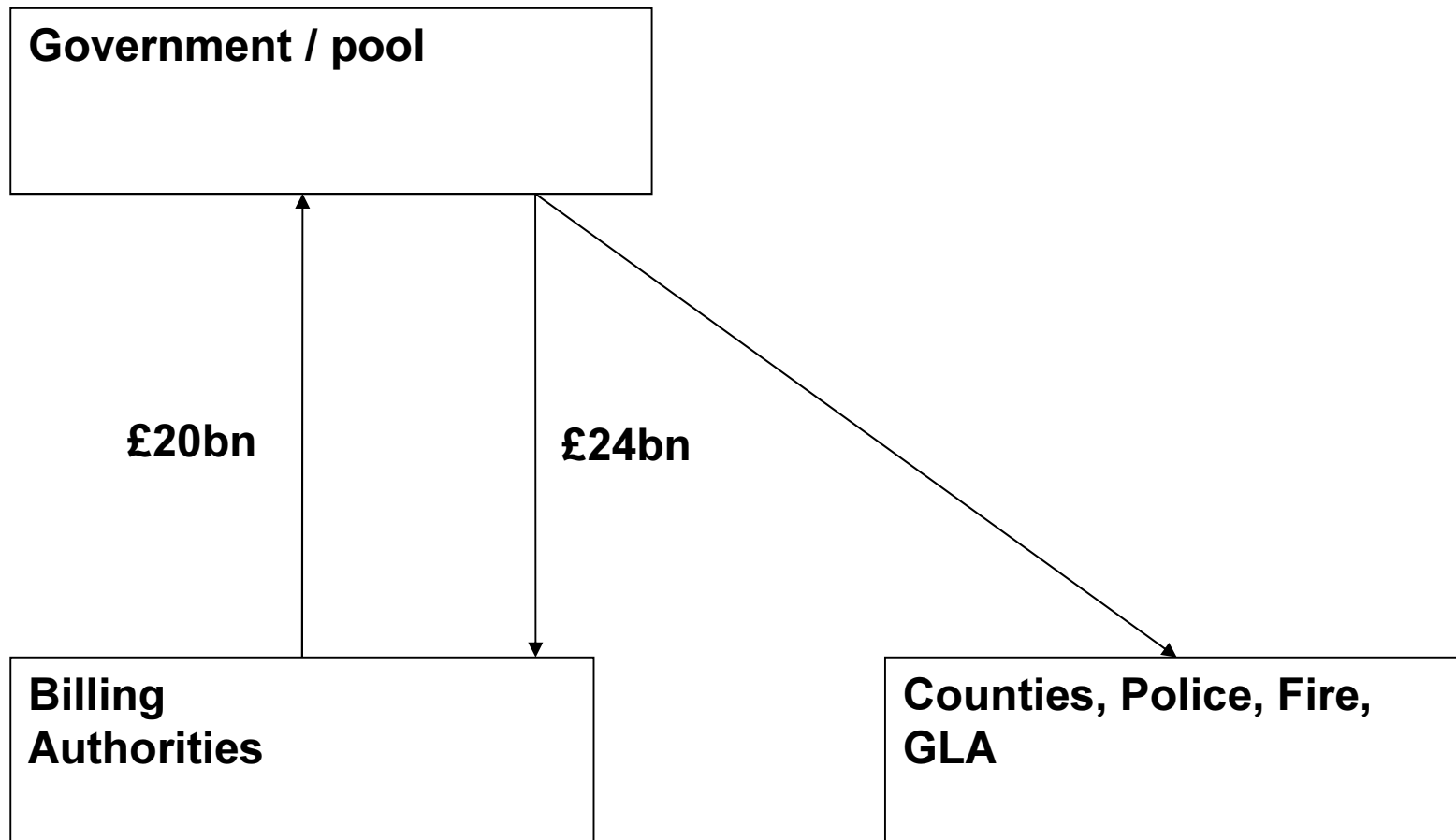
Local retention of business rates

9 December 2010

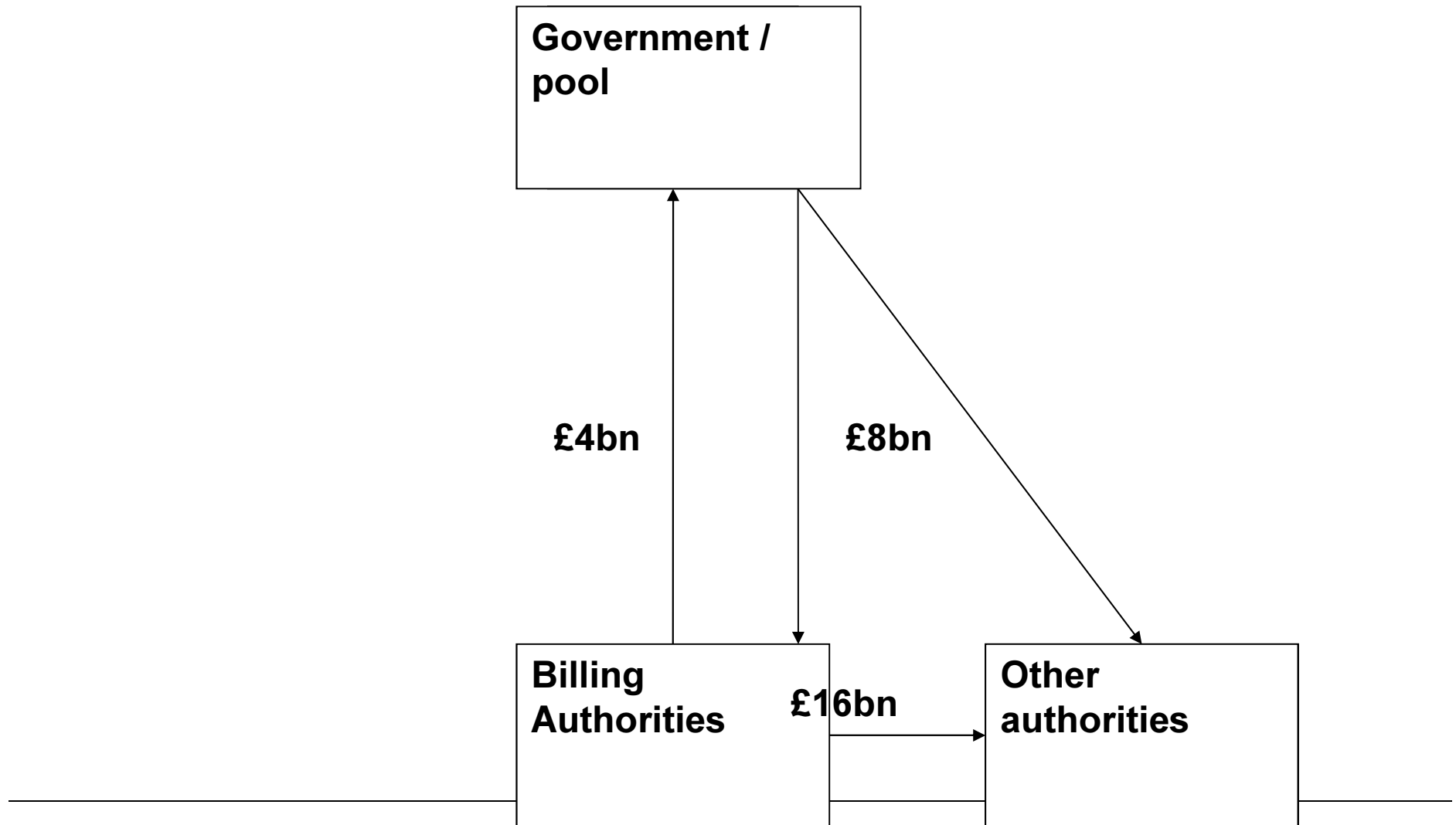
The current situation – most formula grant is redistributed business rates



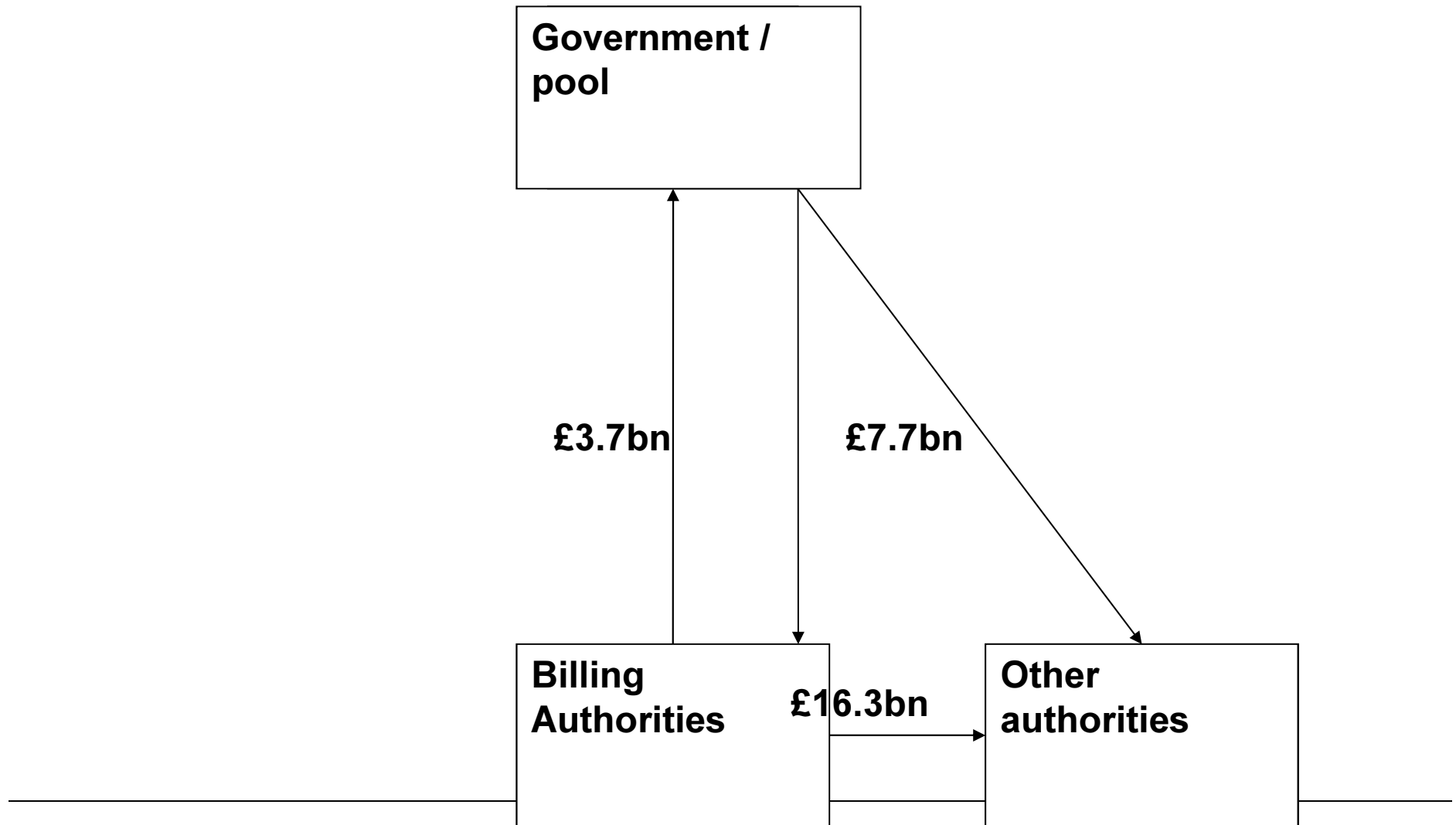
How it is done at the moment



How it might be done – without incentive



How it might be done – with incentive of £300m



Summary of the possible new system

- New needs assessment – replacing the ‘four block model’
 - Payment into/from pool
 - Needs *less* capacity to raise council tax *less* capacity to raise business rates (after local redistribution)
 - According to one model 77 authorities would pay into a pool and 343 would receive from it
 - There could be an incentive element – there would be losers as well as winners
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