

Please find enclosed three tables showing:

- (i) **the amount of business rates contributed to the pool by each authority in each year from 2000-01 to 2009-10.** This information is derived from auditor certified national non-domestic rates (NNDR3) returns submitted on behalf of all billing authorities. Information on the 2010-11 contributions to the pool is still being collected. We expect to publish the data in September 2011
- (ii) **the amount of redistributed business rates provided to each local authority in each year from 2000-01 to 2011-12**
- (iii) **the amount of Revenue Support Grant provided to each local authority in each year from 2000-01 to 2011-12.**

Since 1 April 1990 non-domestic rates, also known as business rates have been set nationally, and paid into a central pool. Business rates are collected by Billing Authorities. Billing authorities comprise the Common Council of the City of London, London borough councils, metropolitan district councils, shire district councils, and shire unitary councils including the Council of the Isles of Scilly. This money is then redistributed to local government, alongside Revenue Support Grant. The redistributed money is provided to both billing authorities and precepting authorities, i.e. the major authorities that provide services to the local tax payer. Precepting authorities comprise shire county councils, police authorities and fire authorities.

Prior to 1995-96, redistributed business rates were given back to local authorities on a per head basis. The distributable amount is broadly the Secretary of State's estimate of the amount of business rates that will be collected by authorities in the financial year to which the Local Government Finance Report relates, adjusted for any under or over estimation of the distributable amount in previous years.

The distributable amount per head, for England, is first calculated. Because more than one authority provides services in an area, the national amount per head is divided between the groups of authorities supplying services in an area. Each authority's share of the distributable amount is then calculated by multiplying the appropriate share of the national amount per head by the resident population for the area of that authority. The shares for each class of authority for each year from 2000-01 to 2005-06 are given in Annex A to this letter.

From 2006-07 the distributable amount is distributed among local authorities on the same basis as Revenue Support Grant. The sum of Revenue Support Grant, redistributed business rates and, where appropriate, Police Grant, is known as formula grant. Formula grant is largely distributed on the basis of the socio-economic and demographic characteristics of authorities, together with a measure of their ability to raise council tax (the number of band-D equivalent properties in their area). We then ensure that every authority receives at least a minimum percentage change (the 'floor') in formula grant year on year on a like for like basis i.e. after adjusting for changes in funding

and function. In order to pay for the cost of the floor, the change above the floor is scaled back for other authorities.

The full distribution for both the distributable amount and Revenue Support Grant is set out in the Local Government Finance Report (LGFR) for each year.

A copy of:

- the 2006-07 LGFR can be found at <http://www.local.communities.gov.uk/finance/0607/lgfr067s/lgfr.pdf>;
- the 2007-08 LGFR can be found at <http://www.local.communities.gov.uk/finance/0708/lgfrs/lgfr.pdf>;
- the 2008-09 LGFR can be found at <http://www.local.communities.gov.uk/finance/0809/lgfr0809s/lgfr.pdf>;
- the 2009-10 LGFR can be found at <http://www.local.communities.gov.uk/finance/0910/lgfr0910s/lgfr.pdf>;
- the 2010-11 LGFR can be found at <http://www.local.communities.gov.uk/finance/1011/lgfrs/lgfr.pdf>; and
- the 2011-12 LGFR can be found at <http://www.local.communities.gov.uk/finance/1112/lgfr1112s/lgfr1112.pdf>

Annex A: Share of the Distributable Amount per Head

Class of Authority	2000-01	2001-12	2002-03	2003-04	2004-05	2005-06
Common Council of the City of London	0.9666	0.9665	0.9657	0.968	0.968	0.968
Inner London borough councils	0.8921	0.8910	0.8908	0.923	0.923	0.923
Receiver for the Metropolitan Police District	0.0001					
Outer London borough councils	0.8922	0.8910	0.8908	0.923	0.923	0.923
Greater London Authority						
Police services	0.0744	0.0755	0.0749	0.045	0.045	0.045
Non-police services	0.0334	0.0335	0.0343	0.032	0.032	0.032
Metropolitan district councils	0.8947	0.8934	0.8932	0.923	0.923	0.923
Metropolitan county fire & civil defence authorities	0.0309	0.0311	0.0319	0.032	0.032	0.032
County councils which do not have the functions of district councils	0.8032	0.8011	0.7987	0.845		
County councils which do not have the functions of district councils and which have responsibility for the provision of fire services					0.865	0.875
County councils which do not have the functions of district councils and which do not have responsibility for the provision of fire services					0.833	0.843
Combined fire authorities					0.032	0.032
Non-metropolitan district councils which do not have the functions of county councils	0.1224	0.1234	0.1264	0.110	0.090	0.080
County councils which have the functions of district councils	0.9256	0.9245	0.9251	0.955	0.955	0.955
Non-metropolitan district councils which have the functions of county councils	0.9256	0.9245	0.9251	0.955	0.955	0.955

Council of the Isles of Scilly	0.9256	0.9245	0.9251	0.955	0.923	0.923
Police authorities (excluding the Common Council of the City of London and the Metropolitan Police Authority)	0.0744	0.0755	0.0749	0.045	0.045	0.045