



Ministry of Housing,
Communities &
Local Government

Draft local government finance report 2020 to 2021

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1. Introduction

- 1.1. This Report is made by the Secretary of State for Housing, Communities and Local Government (“the Secretary of State”), and laid before the House of Commons, in accordance with paragraph 5 of Schedule 7B to the Local Government Finance Act 1988 (“the 1988 Act”)¹. It applies in relation to England only.
- 1.2. The Report sets out the Secretary of State's determination, made under paragraph 4 of Schedule 7B to the 1988 Act, of the percentage of a billing authority's² non-domestic rating income that is to be that authority's central share and the percentage that is to be that authority's local share for each billing authority in England for the financial year 2020/2021.
- 1.3. The Report sets out the Secretary of State's determination to pay revenue support grant (“Revenue Support Grant”), the total amount of the grant, the amount of the grant he proposes to pay to receiving authorities³, and the amount of the grant (if any) he proposes to pay to the specified body⁴, for the financial year 2020/2021 in accordance with section 78 of the 1988 Act⁵.
- 1.4. The Report specifies the basis on which the Secretary of State proposes to distribute the amount of Revenue Support Grant to be paid for the financial year 2020/2021 among receiving authorities under Part 5 of the 1988 Act.
- 1.5. Before making the determination under section 78 of the 1988 Act, the Secretary of State consulted representatives of local government and all local authorities and obtained the Treasury's consent⁶. Before making this Report the Secretary of State also notified such representatives of the general nature of the basis of calculation of the distribution of Revenue Support Grant⁷ and of the general nature of the basis of calculation of tariff and top-up payments⁸ (as referred to in paragraph 1.6).
- 1.6. The Report sets out the basis on which the Secretary of State proposes to calculate authorities' Baseline Funding Level as well as which authorities are to receive payments (referred to in this Report as “top-up” payments) and which authorities are

¹ Schedule 7B was inserted by Schedule 1 to the Local Government Finance Act 2012 (“the 2012 Act”).

² Each of the following is a billing authority pursuant to section 1(2) of the Local Government Finance Act 1992 (“the 1992 Act”):

- (i) A district council,
- (ii) A London borough council,
- (iii) The Common Council of the City of London,
- (iv) The Council of the Isles of Scilly

³ Receiving authorities are billing authorities and major precepting authorities (see section 76(2) of the 1988 Act). For the definition of “major precepting authority” see section 39(1) of the 1992 Act.

⁴ Defined in section 76(4) of the 1988 Act.

⁵ Section 78 was amended by paragraph 9 of Schedule 10 to the 1992 Act, by paragraph 15 of Schedule 7 to the Local Government Act 2003 and by paragraph 2 of Schedule 2 to the 2012 Act.

⁶ See section 78(5) of the 1988 Act.

⁷ See section 78A(3) of the 1988 Act. This section was inserted by paragraph 10 of Schedule 10 to the 1992 Act and amended by paragraph 15 of Schedule 7 to the Local Government Act 2003 and paragraph 3 of Schedule 2 to the 2012 Act.

⁸ Pursuant to paragraph 12(2) of Schedule 7B to the 1988 Act.

to make payments (referred to in this Report as “tariff” payments) and the amount of such payments, under Part 5 of Schedule 7B to the 1988 Act.

- 1.7. The report lists the pools of authorities that the Secretary of State has designated for the financial year 2020/2021 in accordance with Part 9 of Schedule 7B of the 1988 Act.
- 1.8. The report references the Key Information Tables as published in 2019/2020. These were calculated in accordance with the Local Government Finance Report (England) 2019/2020⁹. For a 75% or 100% Business Rates Retention authority in 2019/2020¹⁰, their Baseline Funding Level or Revenue Support Grant under 50% Business Rates Retention is in the 2019/2020 Supplementary table for pilots¹¹. For all other authorities see the 2019/2020 Key Information for local authorities¹². Hard copies may be obtained on request by writing to:

Local Government Finance Settlement Team
Ministry of Housing, Communities and Local Government
2nd floor, Fry Building
2 Marsham Street
London
SW1P 4DF

⁹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/773862/The_Local_Government_Finance_Report_England_2019_20.pdf

¹⁰ See Annex A and Annex B of the Local Government Finance Report (England) 2019/2020 for a list of 75% or 100% Business Rates Retention authorities in 2019/2020.

¹¹ <https://www.gov.uk/government/publications/key-information-for-pools-and-pilots-final-local-government-finance-settlement-2019-to-2020>

¹² <https://www.gov.uk/government/publications/key-information-for-local-authorities-final-local-government-finance-settlement-2019-to-2020>

2. Central and local share

- 2.1. Pursuant to paragraph 4 of Schedule 7B to the 1988 Act, the Secretary of State determines that in relation to each billing authority in England that is not an authority with increased Business Rates Retention arrangements as part of a devolution deal, a London borough council or the Common Council of the City of London:
- its central share for 2020/2021 will be 50%;
 - its local share for 2020/2021 will be 50%.
- 2.2. For authorities with increased Business Rates Retention arrangements as part of a devolution deal (as referred to in **Annex C**) that are billing authorities:
- its central share for 2020/2021 will be 0%;
 - its local share for 2020/2021 will be 100%.
- 2.3. For a London borough council and the Common Council of the City of London:
- its central share for 2020/2021 will be 33%;
 - its local share for 2020/2021 will be 67%.

3. Revenue Support Grant

- 3.1. Pursuant to section 78(3)(a) of the 1988 Act, the Secretary of State determines that the amount of Revenue Support Grant for the financial year 2020/2021 is £1,612,643,163¹³.
- 3.2. Pursuant to section 78(3)(aa) of the 1988 Act, the Secretary of State will pay grant to receiving authorities.
- 3.3. Pursuant to section 78(3)(b) of the 1988 Act, the Secretary of State determines that the amount of the grant to be paid to receiving authorities is £1,612,643,163. A receiving authority is any billing authority or major precepting authority¹⁴.
- 3.4. The amount of the Revenue Support Grant that is to be distributed to local policing bodies¹⁵ outside London for police services is zero. Funding with respect to policing will be provided to all local policing bodies under section 46(3) of the Police Act 1996 through the Police Grant Report (England and Wales) 2020/2021.
- 3.5. The amount of the Revenue Support Grant that is to be distributed to Mayoral Combined Authorities¹⁶ is zero.
- 3.6. Pursuant to section 78(3)(ba) of the 1988 Act, the Secretary of State will not pay any Revenue Support Grant to the specified body¹⁷ the Improvement and Development Agency for Local Government (IDeA).
- 3.7. The amount of the Revenue Support Grant that is to be distributed to authorities with increased Business Rates Retention arrangements is zero. The value of the Revenue Support Grant forgone will be taken into account in setting revised tariffs and top-ups.

¹³ This figure excludes any Revenue Support Grant forgone by authorities with increased Business Rates Retention arrangements for 2020/2021. The total amount of Revenue Support Grant for 2020/2021 that would have been determined under 50% Business Rates Retention is £2,321,193,231.

¹⁴ Each of the following is a major precepting authority as defined in section 39(1) of the 1992 Act:

- (i) a county council which does not have the functions of a district council;
- (ii) police and crime commissioners in England whose police area is listed in Schedule 1 to the Police Act 1996;
- (iii) a metropolitan county fire and rescue authority;
- (iv) a fire and rescue authority constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies (a “combined fire and rescue authority”);
- (v) a fire and rescue authority created by order under section 4A of the Fire and Rescue Services Act 2004 (a “Police and Crime Commissioner fire and rescue authority”);
- (vi) the Greater London Authority;
- (vii) a mayoral combined authority, as defined by section 107A(8) of the Local Democracy, Economic Development and Construction Act 2009.

¹⁵ Local policing bodies comprise the Mayor’s Office for Policing and Crime, police and crime commissioners and the Common Council of the City of London. The Mayor’s Office for Policing and Crime is a functional body of the Greater London Authority (see section 424(1) of the Greater London Authority Act 1999).

¹⁶ Mayoral combined authorities are combined authorities for which provision has been made for there to be a mayor by an Order made under section 107A of the Local Democracy, Economic Development and Construction Act 2009.

¹⁷ Specified bodies are bodies which provide services for local authorities and are specified in regulations made by the Secretary of State under section 76(4) of the 1988 Act. There is currently only one such body.

4. Distribution of Revenue Support Grant

- 4.1. This section specifies the basis on which the Secretary of State will distribute among receiving authorities the amount of Revenue Support Grant which will be paid for the year 2020/2021 under Part 5 of the 1988 Act.
- 4.2. The Secretary of State will first make a specific allocation for the Council of the Isles of Scilly (Part A).
- 4.3. The Secretary of State will secondly distribute the funding to all other receiving authorities apart from authorities with increased Business Rates Retention arrangements. This distribution will, except in the case of Boston Borough Council, ensure a percentage increase in Revenue Support Grant equal to the Small Business non-domestic Rating Multiplier at a service tier level (Part B).

Part A – Council of the Isles of Scilly

- 4.4. From the amount of Revenue Support Grant which the Secretary of State will pay to receiving authorities, the Secretary of State will pay £1,869,655 with respect to the Council of the Isles of Scilly¹⁸.

Part B – Main distribution

- 4.5. Services provided by local authorities are divided into five groups reflecting the division of responsibilities for providing services in some non-metropolitan areas: some services are provided predominantly by district councils ('lower-tier services'), others by county councils ('upper-tier services'), and others by fire and rescue authorities ('fire and rescue services'). The fourth group of services covers those services other than policing services and fire and rescue services provided by the Greater London Authority and its functional bodies. The fifth group of services covers the notional policing element of the council tax freeze grant legacy payments included within the Local Government Finance Settlement. The services included within each of the first four groups are set out in **Annex A**.
- 4.6. The upper-tier element of Revenue Support Grant for 2020/2021 is to support upper-tier services.
- 4.7. The upper-tier element is calculated for the following classes of authority:
 - Non-metropolitan district councils which have the functions of county councils,
 - County councils,
 - London borough councils,
 - Common Council of the City of London,
 - Metropolitan district councils.
- 4.8. The lower-tier element of Revenue Support Grant for 2020/2021 is to support lower-tier services.

¹⁸ The Council of the Isles of Scilly is treated as a special case due to the size and unique nature of the authority.

- 4.9. The lower-tier element is calculated for the following classes of authority:
- County councils which have the functions of district councils,
Metropolitan and non-metropolitan district councils,
London borough councils,
Common Council of the City of London.
- 4.10. The fire and rescue element of Revenue Support Grant for 2020/2021 is to support fire and rescue services.
- 4.11. The fire and rescue element is calculated for the following classes of authority:
- County councils which have responsibility for the provision of fire and rescue services,
Greater London Authority,
Metropolitan county fire and rescue authorities,
Combined fire and rescue authorities,
Police and Crime Commissioner fire and rescue authorities.
- 4.12. The GLA other services element of Revenue Support Grant for 2020/2021 is to support services supplied by the Greater London Authority other than fire and rescue and policing services.
- 4.13. The London policing element of Revenue Support Grant for 2020/2021 is the notional share for policing services of council tax freeze grant legacy payments to the Common Council of the City of London and the Greater London Authority.
- 4.14. The Revenue Support Grant for 2020/21 for each class of authority in paragraphs **4.7, 4.9, 4.11, 4.12** and **4.13** other than the Council of the Isles of Scilly, Boston Borough Council and Buckinghamshire Council is calculated for each authority for each tier level as follows:

$$RSG_{19/20} \times (SBRM_{20/21}/SBRM_{19/20})$$

where:

$RSG_{19/20}$ is the amount of Revenue Support Grant for the authority in 2019/2020 for the tier under 50% Business Rates Retention, as set out in the final Local Government Finance Settlement 2019/2020 Key Information Tables;

$SBRM_{20/21}$ is the 2020/2021 Small Business Non-Domestic Rating Multiplier, which is 0.499¹⁹;

$SBRM_{19/20}$ is the 2019/2020 Small Business Non-Domestic Rating Multiplier, which is 0.491.

¹⁹ The assumed 2020/21 Small Business Non-Domestic Rating multiplier detailed in this report has yet to be confirmed, and will be updated at the Final Local Government Finance Settlement.

4.15. The total Revenue Support Grant is calculated for the following classes of authority:

Common Council of the City of London,
London borough councils,
District councils,
County councils,
Greater London Authority,
Metropolitan county fire and rescue authorities,
Combined fire and rescue authorities,
Police and Crime Commissioner fire and rescue authorities.

4.16. For each authority in paragraph **4.15** other than the Council of the Isles of Scilly, Boston Borough Council and Buckinghamshire Council, the amount of Revenue Support Grant for 2020/2021 is as follows:

$$UT RSG_{20/21} + LT RSG_{20/21} + FR RSG_{20/21} + GLA RSG_{20/21} + LP RSG_{20/21}$$

where:

UT RSG_{20/21} is the upper-tier element of Revenue Support Grant for 2020/2021, as set out in paragraph **4.14** above, if any;

LT RSG_{20/21} is the lower-tier element of Revenue Support Grant for 2020/2021, as set out in paragraph **4.14** above, if any;

FR RSG_{20/21} is the fire and rescue element of Revenue Support Grant for 2020/2021, as set out in paragraph **4.14** above, if any;

GLA RSG_{20/21} is the GLA other services element of Revenue Support Grant for 2020/2021, as set out in paragraph **4.14** above, if any;

LP RSG_{20/21} is the London policing element Revenue Support Grant for 2020/2021, as set out in paragraph **4.14** above, if any.

4.17. In 2020/2021 Buckinghamshire County Council, Aylesbury Vale District Council, Chiltern District Council, South Bucks District Council and Wycombe District Council are abolished and a single authority named Buckinghamshire Council is created.

4.18. For Buckinghamshire Council as set out in paragraph **4.17** the amount of Revenue Support Grant for 2020/2021 is calculated as the sum of predecessor authorities' Revenue Support Grant amounts as calculated in paragraph **4.16**.

4.19. The amount Revenue Support Grant for Boston Borough Council for 2020/21 is calculated as follows²⁰:

$$RSG_{20/21}^{BostonUn} - £37,226$$

²⁰ Boston Borough Council has identified historical errors in reporting their council tax levels. Their proposed RSG amount is reduced to avoid any resulting overpayment.

Where:

RSG^{*BostonUn*}_{*20/21*}

is Boston Borough Council's unadjusted Revenue Support Grant for 2020/21 as calculated in paragraph **4.16.**

- 4.20. The amount of the Revenue Support Grant for 2020/2021 that is to be distributed to authorities with increased Business Rates Retention arrangements is zero.

5. Distribution of Baseline Funding Level

- 5.1. The Secretary of State will uprate the 2019/2020 Baseline Funding Level for each local authority in every class of authority for each tier level, other than authorities with increased Business Rates Retention arrangements, by the increase in the Small Business Non-Domestic Rating Multiplier²¹.
- 5.2. Baseline Funding Level for each authority with increased Business Rates Retention arrangements (see **Annex C**), will consist of their 2019/2020 Baseline Funding Level calculated under 50% Business Rates Retention uprated for 2020/2021, plus the value of the grant(s) that the authority will forgo in 2020/2021.
- 5.3. Services will be divided into the same groups as set out in Section 4 of this document.

Part A – Main distribution

- 5.4. The Baseline Funding Level under 50% Business Rates Retention for each authority for 2020/21, other than Buckinghamshire Council, is calculated for each tier level as follows:

$$BFL_{19/20}^{50\%} \times (SBRM_{20/21}/SBRM_{19/20})$$

where:

$BFL_{19/20}^{50\%}$ is the amount of Baseline Funding Level for the authority in 2019/2020 for the tier under 50% Business Rates Retention, as set out in the final Local Government Finance Settlement 2019/2020 Key Information Tables;

$SBRM_{20/21}$ is the 2020/2021 Small Business Non-Domestic Rating Multiplier, which is 0.499²²;

$SBRM_{19/20}$ is the 2019/2020 Small Business Non-Domestic Rating Multiplier, which is 0.491.

- 5.5. The Baseline Funding Level under 50% Business Rates Retention Scheme for 2020/2021 for each authority is calculated as follows:

$$UT BFL_{20/21}^{50\%} + LT BFL_{20/21}^{50\%} + FR BFL_{20/21}^{50\%} + GLA BFL_{20/21}^{50\%} + LP BFL_{20/21}^{50\%}$$

where:

²¹ The Small Business Non-Domestic Rating Multiplier for 2020/2021 has been calculated in accordance with paragraph 3 of Schedule 7 of the 1988 Act.

²² The assumed 2020/21 Small Business Non-Domestic Rating multiplier detailed in this report has yet to be confirmed, and will be updated at the Final Local Government Finance Settlement.

UT BFL^{50%}_{20/21} is the upper-tier element of Baseline Funding Level for 2020/2021, as set out in paragraph 5.4 above, if any;

LT BFL^{50%}_{20/21} is the lower-tier element of Baseline Funding Level for 2020/2021, as set out in paragraph 5.4 above, if any;

FR BFL^{50%}_{20/21} is the fire and rescue element of Baseline Funding Level for 2020/2021, as set out in paragraph 5.4 above, if any;

GLA BFL^{50%}_{20/21} is the GLA other services element of Baseline Funding Level for 2020/2021, as set out in paragraph 5.4 above, if any;

LP BFL^{50%}_{20/21} is the London policing element Baseline Funding Level for 2020/2021, as set out in paragraph 5.4 above, if any.

5.6. For Buckinghamshire Council as set out in paragraph 4.17 the amount of the Baseline Funding Level under 50% business rates retention for 2020/2021 is calculated as the sum of its predecessor authorities' Baseline Funding Levels as calculated in paragraph 5.5.

Part B – Authorities with increased Business Rates Retention

5.7. The authorities with increased Business Rates Retention arrangements for 2020/2021 are set out in Annex C.

5.8. For authorities with increased Business Rates Retention arrangements, the relevant grants forgone for 2020/2021 at each tier level are detailed in Table 1:

Table 1: Forgone grants for authorities with increased Business Rates Retention arrangements for each tier level for 2020/21

Authority	RSG	IBCF	PHG	HMCA	HMEA	ITBA	RSDG	TfLIG
Greater Manchester Combined Authority (GMCA)								
Upper-tier				X	X	X		
Fire and Rescue	X							
Greater Manchester Combined Authority Area, exc GMCA								
Upper-tier	X		X					
Lower-tier	X							
Liverpool City Region Combined Authority Area								
Upper-tier	X	X						

Authority	RSG	iBCF	PHG	HMCA	HMEA	ITBA	RSDG	TfLIG
Lower-tier	X							
West Midlands Combined Authority Area								
Upper-tier	X							
Lower-tier	X							
West of England Combined Authority (WoECA)				X	X	X		
West of England Combined Authority Area, exc WoECA								
Upper-tier	X							
Lower-tier	X							
Cornwall Council								
Upper-tier	X			X	X	X	X	
Lower-tier	X							
Fire and rescue	X							
Greater London Authority								
Fire and rescue	X							
Other services	X							X

where:

RSG is the *Revenue Support Grant* forgone for the tier for 2020/2021, as set out in paragraph 4.14 above, if any;

iBCF is the *Improved Better Care Fund* forgone for 2020/21²³;

PHG is the *Public Health Grant* forgone for 2020/21²⁴;

HMCA is the *Highways Maintenance Capital Allocation* forgone for 2020/21²⁵;

²³ <https://www.gov.uk/government/publications/core-spending-power-provisional-local-government-finance-settlement-2020-to-2021>

²⁴ Public Health Grant allocations for 2020/21 are assumed to be the final 2019/20 allocations as 2020/21 allocations have yet to be confirmed. This will be updated at the Final Local Government Finance Settlement.

²⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487482/indicative-allocations-incentive-fund.xlsx

- HMEA** is the *Highways Maintenance Efficiency Allocation* forgone for 2020/21²⁶;
- ITBA** is the *Integrated Transport Block Allocation* forgone for 2020/21²⁷;
- RSDG** is the *Rural Services Delivery Grant* forgone for 2020/21²⁸;
- TfLIG** is the *Transport for London Investment Grant* forgone for 2020/21²⁹.

5.9. The Baseline Funding Level for 2020/2021 for each authority in **Annex C**, except for West of England Combined Authority, for each tier level is calculated as follows:

$$BFL_{20/21}^{50\%} + \textit{Sum Grants for the tier}$$

where:

$BFL_{20/21}^{50\%}$ is the amount of Baseline Funding Level for the authority in 2020/2021 for the tier under 50% Business Rates Retention, as set out in paragraph **5.4** above, if any;

Sum Grants for the tier is the sum of grants forgone for each authority with increased Business Rates Retention arrangements in 2020/2021 for the tier, as set out in paragraph **5.8**, if any;

5.10. The amount of Baseline Funding Level for 2020/2021 for each authority in **Annex C**, except for West of England Combined Authority, is calculated as follows:

$$UT BFL_{20/21}^{Increased} + LT BFL_{20/21}^{Increased} + FR BFL_{20/21}^{Increased} + GLA BFL_{20/21}^{Increased} + LP BFL_{20/21}^{Increased}$$

where:

$UT BFL_{20/21}^{Increased}$ is the upper-tier element of Baseline Funding Level for 2020/21, as set out in paragraph **5.9** above, if any;

$LT BFL_{20/21}^{Increased}$ is the lower-tier element of Baseline Funding Level for 2020/21, as set out in paragraph **5.9** above, if any;

$FR BFL_{20/21}^{Increased}$ is the fire and rescue element of Baseline Funding Level for 2020/21, as set out in paragraph **5.9** above, if any;

²⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487482/indicative-allocations-incentive-fund.xlsx

²⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/347058/itb-allocations_april_2015.pdf

²⁸ <https://www.gov.uk/government/publications/core-spending-power-provisional-local-government-finance-settlement-2020-to-2021>

²⁹ <http://content.tfl.gov.uk/tfl-funding-agreement-letter-march-2017.pdf>

GLA BFL_{20/21}^{Increased} is the GLA other services element of Baseline Funding Level for 2020/21, as set out in paragraph **5.9** above, if any;

LP BFL_{20/21}^{Increased} is the London Policing element of Baseline Funding Level for 2020/21, as set out in paragraph **5.9** above, if any.

- 5.11. The amount of Baseline Funding Level for 2020/2021 for the West of England Combined Authority is the sum of the grants forgone for 2020/2021 (***Sum Grants for the tier***) as set out in paragraph **5.8**, if any, for Bath and North East Somerset Council, Bristol City Council and South Gloucestershire Council.

6. Tariff and top-up amounts

- 6.1. Pursuant to paragraph 12 of Schedule 7B to the 1988 Act, this section specifies the basis on which the Secretary of State intends to calculate –
- which relevant authorities are to make payments (“tariffs”) under Part 5 of Schedule 7B to the 1988 Act;
 - which relevant authorities are to receive payments (“top-ups”) under Part 5 of Schedule 7B to the 1988 Act; and
 - the amount of each such payment.
- 6.2. The Secretary of State intends to calculate the tariffs and top-ups for each local authority as set out below.

Part A – Main distribution

- 6.3. The tariff and top-up amounts under the 50% Business Rates Retention Scheme for 2020/2021 for all local authorities, other than Buckinghamshire Council, will be calculated as follows:

$$T_{19/20} \times (SBRM_{20/21}/SBRM_{19/20})$$

where:

$T_{19/20}$ is the tariff or top-up amount for the authority for 2019/2020 under 50% Business Rates Retention, as set out in the final Local Government Finance Settlement 2019/2020 Key Information Tables;

$SBRM_{20/21}$ is the 2020/2021 Small Business Non-Domestic Rating Multiplier, which is 0.499³⁰;

$SBRM_{19/20}$ is the 2019/2020 Small Business Non-Domestic Rating Multiplier, which is 0.491.

- 6.4. For Buckinghamshire Council, as set out in paragraph 4.17, the amount of tariff or top-up for 2020/2021 is calculated as the sum of its predecessor authorities’ tariff and top-up amounts as calculated in paragraph 6.3.

Part B – Authorities with increased Business Rates Retention

- 6.5. The 2020/2021 tariff or top-up for each authority in **Annex C**, except the West of England Combined Authority, is calculated as follows:

³⁰ The assumed 2020/21 Small Business Non-Domestic Rating multiplier detailed in this report has yet to be confirmed, and will be updated at the Final Local Government Finance Settlement.

$$BFL_{20/21}^{Increased} - BRB_{20/21}^{Increased}$$

where:

$BFL_{20/21}^{Increased}$ is the Baseline Funding Level for 2020/2021 as calculated in paragraph **5.10**;

$BRB_{20/21}^{Increased}$ is the notional Business Rates Baseline for 2020/2021, which is calculated as follows:

$$BRB_{20/21}^{50\%}/Local\ Share_{20/21}^{50\%} \times Local\ Share_{20/21}^{Increased}$$

where:

$Local\ Share_{20/21}^{50\%}$ is the authority's local share under 50% Business Rates Retention for 2020/2021, as set out in **Annex B**;

$Local\ Share_{20/21}^{Increased}$ is the authority's local share under increased Business Rates Retention arrangements for 2020/2021, as set out in **Annex C**;

$BRB_{20/21}^{50\%}$ is the notional Business Rates Baseline under 50% Business Rates retention for 2020/2021, is calculated as follows:

$$BFL_{20/21}^{50\%} - T_{20/21}^{50\%}$$

where:

$BFL_{20/21}^{50\%}$ is the Baseline Funding Level under 50% Business Rates Retention for 2020/2021, as calculated in paragraph **5.5**;

$T_{20/21}^{50\%}$ is the tariff or top-up amount under 50% Business Rates Retention for 2020/2021, as calculated in paragraph **6.3**.

6.6. The 2020/2021 tariff/top-up for the West of England Combined Authority is calculated as follows:

$$BFL_{20/21}^{Increased} - WoECA\ BRB_{20/21}^{Increased}$$

where:

$BFL_{20/21}^{Increased}$ is the Baseline Funding Level for West of England Combined Authority for 2020/2021 as calculated in paragraph **5.11**;

$WoECA\ BRB_{20/21}^{Increased}$ is the notional Business Rates Baseline for West of England Combined Authority under 100% Business

Rates Retention for 2020/2021, which is calculated as follows:

$$WoECAA BRB_{20/21}^{50\%} / WoECAA Local Share_{20/21}^{50\%} \times Local Share_{20/21}^{Increased}$$

where:

$WoECAA BRB_{20/21}^{50\%}$ is the sum of the notional Business Rates Baselines under 50% retention for 2020/2021 (**$BRB_{20/21}^{50\%}$**) for Bath and North East Somerset Council, Bristol City Council and South Gloucestershire Council, as calculated in paragraph **6.5**;

$WoECAA Local Share_{20/21}^{50\%}$ is the local share for Bath and North East Somerset Council, Bristol City Council and South Gloucestershire Council under 50% Business Rates Retention for 2020/2021, as set out in **Annex B**;

$Local Share_{20/21}^{Increased}$ is the West of England Combined Authority's local share under 100% Business Rates Retention for 2020/2021, as set out in **Annex C**.

7. Credit to the Levy Account

- 7.1. The Secretary of State has decided not to credit any amount to the Levy Account in respect of the 2020/2021 financial year.

8. Pooling

- 8.1. Part 9 of Schedule 7B to the 1988 Act provides that authorities can come together to form pools for the purposes of certain provisions of the Schedule. The Secretary of State has designated the pools for 2020/2021, and the pools are set out in **Annex D**. These pools will be treated as a single authority for the purposes of Part 5 and Part 7 of Schedule 7B to the 1988 Act.

9. Conclusion

- 9.1. This Report is made by the Secretary of State under paragraph 5 of Schedule 7B to the Local Government Finance Act 1988. It is laid before the House of Commons in accordance with that section.
- 9.2. The financial year to which this Report relates is that beginning on 1 April 2020. This Report may be amended by a report made under section 84A of the 1988 Act³¹ or paragraph 15 of Schedule 7B to the 1988 Act³².

Signed by authority of the Secretary of State.

Luke Hall

Parliamentary Under Secretary of State

Ministry of Housing, Communities and Local Government

December 2019

The consent of the Treasury has been obtained to the making of the determinations specified in section 3 of this Report.

[[

[[

*Two of the Lords Commissioners
of Her Majesty's Treasury*

December 2019

³¹ Section 84A was inserted by paragraph 15 of Schedule 10 to the 1992 Act and was amended by paragraph 6 of Schedule 2 to the 2012 Act.

³² Schedule 7B was inserted by Schedule 1 to the 2012 Act.

Annex A

Examples of Services Included within Each Tier.

<i>Examples of services included in the Upper Tier</i>	
Adult social care	Local welfare provision
Children's social care	Public health
Highways maintenance	Refuse disposal
Lead local flood authority services	Supporting People services including housing strategy for older people
Libraries	Trading Standards
Local authority central education functions	Youth and Community Services
Local transport services	
<i>Examples of services included in the Lower Tier</i>	
Building regulations	Parking
Council Tax collection	Planning
Environmental health	Recreation
Homelessness prevention	Refuse Collection
Housing services	Registration of electors
Museums and galleries	
<i>Services included in Fire and Rescue</i>	
Fire and Rescue	
<i>Services included in Other GLA services</i>	
GLA general funding	London Bus Services Operators
GLA Transport funding ³³ for the Baseline Funding Level only	Funding for the Baseline Funding Level only

- A1. In addition funding is included within each tier for:
- (i) localised council tax support, including funding for parish councils; and
 - (ii) compensating authorities for the reduction in council tax income resulting from local authorities agreeing to freeze or reduce their council tax in 2011/2012.
- A2. Within Revenue Support Grant only, funding is also included within tier for:
- (i) compensating authorities for the reduction in council tax income resulting from local authorities agreeing to freeze or reduce their council tax in 2013/2014, 2014/2015 and 2015/2016 as applicable; and
 - (ii) supporting long-term changes to bring down costs for those authorities that received Efficiency Support Grant in 2014/2015.

³³ A Transport Grant payable directly to the Greater London Authority for the purposes of Transport for London, as provided for under Section 101 of the Greater London Authority Act 1999, will continue to be paid by the Department for Transport.

Annex B

The table below sets out the local share for each class of authority under the 50% Business Rates retention scheme.

Class of authority	Local Share
Non-metropolitan district councils which do not have the functions of county councils	0.40
London borough councils Common Council of the City of London	0.30
Metropolitan district councils Non-metropolitan district councils which have the functions of county councils County councils which have the functions of district councils but which do not have responsibility for the provision of fire and rescue services	0.49
County councils which have the functions of district councils and which have responsibility for the provision of fire and rescue services Council of the Isles of Scilly	0.50
County councils which do not have responsibility for the provision of fire and rescue services	0.09
County councils which have responsibility for the provision of fire and rescue services	0.10
Metropolitan county fire and rescue authorities, Combined fire and rescue authorities Police and Crime Commissioner fire and rescue authorities	0.01
Greater London Authority	0.20

Annex C

Authorities with increased Business Rates Retention arrangements for 2020/2021. The table below provides the local share for each authority.

Area	Local authorities	Local Share ³⁴
Cornwall Council	Cornwall Council	1.00
Greater Manchester Combined Authority Area	Greater Manchester Combined Authority	0.01
	Bolton Council	0.99
	Bury Council	0.99
	Manchester City Council	0.99
	Oldham Council	0.99
	Rochdale Borough Council	0.99
	Salford City Council	0.99
	Stockport Council	0.99
	Tameside Metropolitan Borough Council	0.99
	Trafford Council	0.99
Wigan Council	0.99	
Greater London Authority	Greater London Authority	0.37
Liverpool City Region Combined Authority Area ³⁵	Liverpool City Council	0.99
	St Helens Council	0.99
	Sefton Council	0.99
	Wirral Council	0.99
	Knowsley Council	0.99
	Halton Borough Council	0.99
West Midlands Combined Authority Area	Birmingham City Council	0.99
	City of Wolverhampton Council	0.99
	Coventry City Council	0.99
	Dudley Metropolitan Borough Council	0.99
	Sandwell Metropolitan Borough Council	0.99
	Solihull Metropolitan Borough Council	0.99
	Walsall Council	0.99
West of England Combined Authority Area	West of England Combined Authority	0.05
	Bath and North East Somerset Council	0.94
	Bristol City Council	0.94
	South Gloucestershire Council	0.94

³⁴ For billing authorities in the Liverpool City Region Combined Authority Area, West Midlands Combined Authority Area, and West of England Combined Authority Area, the remaining 0.01 local share is for precepting fire and rescue authorities.

Annex D

The table below sets out the list of pools for the year of 2020/2021.

Designated pool	Lead Local Authority	Local authorities within the pool
Cambridgeshire Business Rates Pool	South Cambridgeshire District Council	<ul style="list-style-type: none"> • Peterborough City Council • Cambridgeshire County Council • East Cambridgeshire District Council • Fenland District Council • South Cambridgeshire District Council • Cambridgeshire Fire Authority
Coventry & Warwickshire Business Rates Pool	Warwickshire County Council	<ul style="list-style-type: none"> • Coventry City Council • North Warwickshire Borough Council • Nuneaton and Bedworth Borough Council • Rugby Borough Council • Stratford-on-Avon District Council • Warwickshire County Council • Warwick District Council
Cumbria Business Rates Pool	Cumbria County Council	<ul style="list-style-type: none"> • Cumbria County Council • Allerdale Borough Council • Barrow Borough Council • Carlisle City Council • Copeland Borough Council • Eden District Council • South Lakeland District Council

Designated pool	Lead Local Authority	Local authorities within the pool
Derbyshire Business Rates Pool	Derby City Council	<ul style="list-style-type: none"> • Derby City Council • Amber Valley Borough Council • Bolsover District Council • North East Derbyshire District Council • Chesterfield Borough Council • Derbyshire County Council • Derbyshire Dales District Council • Derbyshire Fire and Rescue Service • Erewash Borough Council • High Peak Borough Council • South Derbyshire District Council
Devon Business Rates Pool	Plymouth City Council	<ul style="list-style-type: none"> • Plymouth City Council • Devon County Council • East Devon District Council • Exeter City Council • Mid Devon District Council • North Devon District Council • South Hams District Council • Teignbridge District Council • Torbay Council • Torridge District Council • West Devon Borough Council
East Sussex Business Rates Pool	Wealden District Council	<ul style="list-style-type: none"> • Wealden District Council • East Sussex County Council • East Sussex Fire Authority • Eastbourne Borough Council • Hastings Borough Council • Lewes District Council • Rother District Council

Designated pool	Lead Local Authority	Local authorities within the pool
Essex Business Rates Pool	Essex County Council	<ul style="list-style-type: none"> • Essex County Council • Braintree Council • Brentwood Council • Castle Point Council • Colchester Borough Council • Epping Forest Council • Rochford Council • Tendring Council • Essex Fire Authority • Uttlesford Council • Maldon Council • Basildon Council • Chelmsford Council • Harlow Council • Southend-on-sea Council
Gloucestershire Business Rates Pool	Stroud District Council	<ul style="list-style-type: none"> • Stroud District Council • Cheltenham Borough Council • Cotswold District Council • Forest of Dean District Council • Gloucester City Council • Tewkesbury Borough Council • Gloucestershire County Council
Greater Manchester and Cheshire Business Rates Pool	Manchester City Council	<ul style="list-style-type: none"> • Manchester City Council • Bolton Council • Bury Council • Oldham Council • Rochdale Council • Salford Council • Stockport Council • Tameside Council • Trafford Council • Wigan Council • Cheshire East Council • Cheshire West and Chester Council
Hertfordshire Business Rates Pool	Hertfordshire County Council	<ul style="list-style-type: none"> • Hertfordshire County Council • Hertsmere Borough Council • North Herts District Council • Stevenage Borough Council • Three Rivers District Council • Welwyn Hatfield Borough Council

Designated pool	Lead Local Authority	Local authorities within the pool
Kent Business Rates Pool	Maidstone Borough Council	<ul style="list-style-type: none"> • Kent County Council • Maidstone Borough Council • Kent Fire and Rescue Service • Ashford Borough Council • Canterbury City Council • Gravesham Borough Council • Swale Borough Council • Thanet District Council • Tonbridge and Malling Borough Council • Tunbridge Wells Borough Council • Dartford Borough Council • Folkestone and Hythe
Lancashire Business Rates Pool	Ribble Valley Borough Council	<ul style="list-style-type: none"> • Ribble Valley Borough Council • Burnley Borough Council • Chorley Borough Council • Fylde Borough Council • Hyndburn Borough Council • Pendle Borough Council • Rossendale Borough Council • South Ribble Borough Council • West Lancashire Borough Council • Wyre Borough Council • Lancashire County Council
Leicester and Leicestershire Business Rates Pool	Leicester Council	<ul style="list-style-type: none"> • Leicestershire County Council • Blaby Council • Charnwood Council • Harborough Council • Hinckley & Bosworth Council • Melton Council • North West Leicestershire Council • Oadby & Wigston Council • Leicester Council • Leicestershire Fire Authority

Designated pool	Lead Local Authority	Local authorities within the pool
Lincolnshire Business Rates Pool	City of Lincoln Council	<ul style="list-style-type: none"> • City of Lincoln Council • Boston Borough Council • East Lindsey District Council • Lincolnshire County Council • North Kesteven District Council • South Holland District Council • South Kesteven District Council • West Lindsey District Council

Designated pool	Lead Local Authority	Local authorities within the pool
London Business Rates Pool	The Common Council of the City of London	<ul style="list-style-type: none"> • The Greater London Authority • The Common Council of the City of London; and The Councils of the London Boroughs of: <ul style="list-style-type: none"> • Barking and Dagenham • Barnet • Bexley • Brent • Bromley • Camden • Croydon • Ealing • Enfield • Greenwich • Hackney • Hammersmith and Fulham • Haringey • Harrow • Havering • Hillingdon • Hounslow • Islington • Kensington and Chelsea • Kingston upon Thames • Lambeth • Lewisham • Merton • Newham • Redbridge • Richmond upon Thames • Southwark • Sutton • Tower Hamlets • Waltham Forest • Wandsworth • Westminster
Mid Merseyside Business Rates Pool	Warrington Borough Council	<ul style="list-style-type: none"> • Halton Borough Council • Warrington Borough Council • St Helens Borough Council

Designated pool	Lead Local Authority	Local authorities within the pool
Norfolk Business Rates Pool	Norfolk County Council	<ul style="list-style-type: none"> • Norfolk County Council • Breckland District Council • Broadland District Council • Great Yarmouth Borough Council • Borough Council of King's Lynn and West Norfolk • North Norfolk District Council • Norwich City Council • South Norfolk District Council
North and West Yorkshire Business Rates Pool	Leeds City Council	<ul style="list-style-type: none"> • Leeds City Council • City of Bradford Metropolitan District Council • The Metropolitan Borough Council of Calderdale • Craven District Council • Hambleton District Council • Harrogate Borough Council • Kirklees Council • North Yorkshire County Council • Richmondshire Shire District • Ryedale Shire District • Scarborough Borough Council • The Council of the City of Wakefield • City of York Council
North Oxfordshire Business Rates Pool	Cherwell District Council	<ul style="list-style-type: none"> • Cherwell District Council • West Oxfordshire District Council • Oxfordshire County Council
Northamptonshire Business Rates Pool	Kettering Borough Council	<ul style="list-style-type: none"> • Kettering Borough Council • Corby Borough Council • Daventry District Council • East Northamptonshire Council • South Northamptonshire • Borough Council of Wellingborough • Northamptonshire County Council

Designated pool	Lead Local Authority	Local authorities within the pool
Nottinghamshire Business Rates Pool	Nottinghamshire County Council	<ul style="list-style-type: none"> • Nottinghamshire County Council • Ashfield District Council • Bassetlaw District Council • Broxtowe District Council • Gedling District Council • Mansfield District Council • Newark & Sherwood District Council • Rushcliffe District Council
Somerset Business Rates Pool	Mendip District Council	<ul style="list-style-type: none"> • Mendip District Council • Somerset County Council • Sedgemoor District Council • South Somerset District Council • Somerset West and Taunton Council
Staffordshire & Stoke on Trent Business Rates Pool	Cannock Chase District Council	<ul style="list-style-type: none"> • Cannock Chase District Council • Stafford Borough Council • Staffordshire County Council • Stoke-on-Trent City Council • Staffordshire Fire • East Staffordshire Borough Council • Lichfield District Council • Newcastle under Lyme Borough Council • South Staffordshire District Council • Staffordshire Moorlands District Council • Tamworth Borough Council
Suffolk Business Rates Pool	Suffolk County Council	<ul style="list-style-type: none"> • Suffolk County Council • Babergh District Council • Mid Suffolk District Council • Ipswich Borough Council • West Suffolk Council • East Suffolk Council
Surrey Business Rates Pool	Runnymede Borough Council	<ul style="list-style-type: none"> • Surrey County Council • Epsom & Ewell Borough Council • Runnymede Borough Council • Spelthorne Borough Council • Woking Borough Council

Designated pool	Lead Local Authority	Local authorities within the pool
West Sussex Business Rates Pool	West Sussex County Council	<ul style="list-style-type: none"> • West Sussex County Council • Adur District Council • Arun District Council • Horsham District Council
Worcestershire Business Rates Pool	Worcestershire County Council	<ul style="list-style-type: none"> • Worcestershire County Council • Bromsgrove District Council • Malvern Hills District Council • Redditch Borough Council • Worcester City Council • Wychavon District Council • Wyre Forest District Council • Hereford & Worcester Fire and Rescue Authority