



Ministry of Housing,
Communities &
Local Government

Draft local government finance report 2025-26



© Crown copyright 2024

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit <https://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents. Any enquiries regarding this publication should be sent to us at:

Ministry of Housing, Communities and Local Government
Fry Building, 2 Marsham
Street London SW1P 4DF
Tel: 0303 444 0000

Contents

1. Introduction	4
2. Central and local share	6
3. Revenue Support Grant	7
4. Distribution of Revenue Support Grant	9
Part A – Council of the Isles of Scilly	9
Part B – Main distribution	9
5. Distribution of Baseline Funding Level	12
Part A – Main distribution	12
Part B – Authorities with increased Business Rates Retention arrangements	13
6. Tariff and top-up amounts	16
Part A – Main distribution	16
Part B – Authorities with increased Business Rates Retention arrangements	17
7. Credit to the Levy Account	19
8. Pooling	20
9. Conclusion	21
Annex A – Local share of Business Rates	22
Annex B – Authorities with increased Business Rates Retention arrangements	23
Annex C – List of Business Rates Pools	24

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 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 (to be paid to central government) and the percentage that is to be that authority's local share for each billing authority in England for the financial year 2025/2026.
- 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 she proposes to pay to receiving authorities (“Receiving Authorities”)³, and the amount of the grant (if any) she proposes to pay to the specified body⁴, for the financial year 2025/2026 in accordance with section 78 of the 1988 Act.⁵
- 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 2025/2026 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 consent.⁶ Before making this Report the Secretary of State also notified such representatives of the general nature of the basis 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 each authority's Baseline Funding Level,⁹ as well as which authorities are to receive

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.

⁹ The amount of an individual local authority's 2013/14 Settlement Funding Assessment provided through the local share of retained business rates income.

payments (referred to in this Report as “top-up” payments) and which authorities are 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 2025/2026 in accordance with Part 9 of Schedule 7B of the 1988 Act.
- 1.8. The report references the Key Information Tables as published in 2024/2025. These were calculated in accordance with the Local Government Finance Report (England) 2024/2025.¹⁰ For an authority with increased Business Rates Retention arrangements in 2024/2025¹¹, their Baseline Funding Level or Revenue Support Grant under 50% Business Rates Retention is in the 2024/2025 Supplementary Table for authorities with increased business rates retention arrangements.¹² For all other authorities see the 2024/2025 Key Information for Local Authorities.¹³ Hard copies may be obtained on request by writing to:

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

¹⁰ https://assets.publishing.service.gov.uk/media/65bd0ddac4319100141a44cf/LGFR_2024-25.pdf

¹¹ See Annex B of the Local Government Finance Report (England) 2024/2025 for a list of authorities with increased Business Rates Retention arrangements for 2024/2025.

¹² <https://www.gov.uk/government/publications/supplementary-table-for-authorities-with-increased-business-rates-retention-arrangements-final-local-government-finance-settlement-2024-to-2025>

¹³ <https://www.gov.uk/government/publications/key-information-table-for-local-authorities-final-local-government-finance-settlement-2024-to-2025>

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, a London borough council or the Common Council of the City of London:
- its central share for 2025/2026 will be 50%;
 - its local share for 2025/2026 will be 50%.
- 2.2. For an authority with increased Business Rates Retention arrangements as part of a devolution deal (as referred to in **Annex B**) that is a billing authority:
- its central share for 2025/2026 will be 0%;
 - its local share for 2025/2026 will be 100%.
- 2.3. For a London borough council and the Common Council of the City of London:
- its central share for 2025/2026 will be 33%;
 - its local share for 2025/2026 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 2025/2026 is £2,217,355,187.¹⁴
- 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 £2,217,355,187. A Receiving Authority is any billing authority or major precepting authority.¹⁵
- 3.4. The amount of the Revenue Support Grant that is to be distributed to local policing bodies¹⁶ 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) 2025/2026.
- 3.5. The amount of the Revenue Support Grant that is to be distributed to Mayoral Combined Authorities¹⁷ 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 body¹⁸ 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 (as listed at **Annex B**) is zero.

¹⁴ This figure excludes any Revenue Support Grant forgone by authorities with increased Business Rates Retention arrangements for 2025/2026. The total amount of Revenue Support Grant for 2025/2026 that would have been determined under 50% Business Rates Retention is £3,144,952,968.

¹⁵ 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.

¹⁶ 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).

¹⁷ 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.

¹⁸ 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.

The value of the Revenue Support Grant forgone will be taken into account in setting revised tariffs and top-ups.

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 2025/2026 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 (as listed at **Annex B**). This distribution will ensure a percentage increase in Revenue Support Grant equal to the change in the Consumer Price Index between September 2023 and September 2024, before accounting for grants rolled in for the Revenue Support Grant (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 £2,293,117 with respect to the Council of the Isles of Scilly.¹⁹

Part B – Main distribution

Basis of calculation

- 4.5. The 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.

- 4.6. The Revenue Support Grant for 2025/2026 for each class of authority in paragraph **4.5**, except for the Council of the Isles of Scilly, is the sum of the uprated Revenue Support Grant for 2025/2026 for each authority and the grants rolled in for the Revenue Support Grant 2025/2026.

The uprated Revenue Support Grant

- 4.7. The uprated Revenue Support Grant for 2025/2026 is calculated for each authority as follows:

¹⁹ The Council of the Isles of Scilly is treated as a special case due to the size and unique nature of the authority. The amount of Revenue Support Grant for 2025/2026 includes grants rolled in.

$$RSG_{24/25} \times (CPI_{Sept\ 2024}/CPI_{Sept\ 2023})$$

where:

$RSG_{24/25}$ is the amount of Revenue Support Grant for the authority in 2024/2025 under 50% Business Rates Retention, as set out in the final Local Government Finance Settlement 2024/2025 Supplementary Information Tables;

$CPI_{Sept\ 2024}$ is the value of the Office of National Statistics Consumer Price Index in September 2024, which is 134.2;

$CPI_{Sept\ 2023}$ is the value of the Office of National Statistics Consumer Price Index in September 2023, which is 132.0.

Revenue Support Grant – Grants rolled in for 2025/2026

4.8. The grants rolled into the Revenue Support Grant for 2025/2026 are calculated for each authority²⁰ as follows:

$$\begin{aligned} \text{Rolled in Grant}_{25/26}^{LA} &= \text{Electoral Integrity}_{25/26} + \text{Extended Rights for HTST}_{25/26} \\ &+ \text{Island Grant Funding}_{25/26} + \text{Tenant Satisfaction}_{25/26} \\ &+ \text{Transparency Code}_{25/26} \end{aligned}$$

where:

$Rolled\ in\ Grant_{25/26}^{LA}$ is the total of grants rolled in into each authority's Revenue Support Grant for 2025/2026.

$Electoral\ Integrity_{25/26}$ is the 2025/2026 allocation of the Electoral Integrity Programme New Burdens grant given to local authorities to cover costs associated with the 2022 Elections Act.

$Extended\ Rights\ for\ HTST_{25/26}$ is the 2025/2026 allocation to local authorities to cover the costs of arranging extended rights home-to-school travel services.

$Island\ Grant\ Funding_{25/26}$ is the 2025/26 allocation of a grant paid to the Isles of Scilly and Isle of Wight in recognition of their island status.²¹

$Tenant\ Satisfaction_{25/26}$ is the 2025/2026 allocation of the Tenant Satisfaction Measures New Burdens grant given to local

²⁰ Allocations for grants rolled in can be found in the Key Information Tables 2025/2026, published alongside the Local Government Finance Report 2025/2026.

²¹ Island Grant Funding allocates £4 million to the Isle of Wight and £0.15 million to the Isles of Scilly.

authorities with social housing stock to fund the collection of Tenant Satisfaction Measures.

Transparency Code_{25/26} is the 2025/2026 allocation of the Transparency Code New Burdens grant given to local authorities to cover costs of complying with the transparency code.

Final distribution

4.9. The amount of Revenue Support Grant for 2025/2026 that is to be distributed to Receiving Authorities is as follows:

- For authorities with increased Business Rates Retention arrangements, in accordance with paragraph **3.7**, zero;
- For all other authorities, the amount calculated in accordance with paragraph **4.6**.

5. Distribution of Baseline Funding Level

- 5.1. The Secretary of State will uprate the 2024/2025 Baseline Funding Level for each relevant authority²² in every class of authority (other than authorities with increased Business Rates Retention arrangements), by the weighted change in the small business non-domestic rating multiplier and the standard non-domestic rating multiplier in each relevant authority, as set out in paragraph 5.3.
- 5.2. Baseline Funding Level for each authority with increased Business Rates Retention arrangements (see **Annex B**), will consist of their 2024/2025 Baseline Funding Level calculated under 50% Business Rates Retention uprated for 2025/2026, plus the value of the grant(s) that the authority will forgo in 2025/2026.

Part A – Main distribution

- 5.3. The Baseline Funding Level under 50% Business Rates Retention for each authority for 2025/2026, is calculated as follows:

$$BFL_{25/26}^{50\%} = BFL_{24/25}^{50\%} \times \frac{(RV_{2023}^{small} \times M_{25/26}^{small} + RV_{2023}^{standard} \times M_{25/26}^{standard})}{(RV_{2023}^{small} \times M_{24/25}^{small} + RV_{2023}^{standard} \times M_{24/25}^{standard})}$$

where:

$BFL_{24/25}^{50\%}$ is the Baseline Funding Level under 50% Business Rates Retention for each authority for 2024/2025, as set out in the final Local Government Finance Settlement 2024/2025 Supplementary Tables.²³

RV_{2023}^{small} is the sum of 2023 rateable value of hereditaments with a rateable value of less than £51,000 for each relevant authority²⁴ shown in the non-domestic rating list published on 1 April 2023.

$RV_{2023}^{standard}$ is the sum of 2023 rateable value of hereditaments with a rateable value of greater than or equal to £51,000 for each relevant authority²⁵ shown in the non-domestic rating list published on 1 April 2023.

$M_{24/25}^{small}$ is the small business non-domestic rating multiplier for 2024/2025, which is 0.499.

²² A 'relevant authority' is defined in paragraph 45 of Schedule 7B to the Local Government Finance Act 1988 as a billing authority or a major precepting authority in England.

²³ <https://www.gov.uk/government/publications/supplementary-table-for-authorities-with-increased-business-rates-retention-arrangements-final-local-government-finance-settlement-2024-to-2025>

²⁴ For major precepting authorities this is the sum of rateable value less than £51,000 for all billing authorities in the area of a major precepting authority.

²⁵ For major precepting authorities this is the sum of rateable value greater than or equal to £51,000 for all billing authorities in the area of a major precepting authority.

$M_{24/25}^{standard}$ is the non-domestic rating multiplier for 2024/2025, which is 0.546.

$M_{25/26}^{small}$ is the small business non-domestic rating multiplier for 2025/2026, which is 0.499.

$M_{25/26}^{standard}$ is the non-domestic rating multiplier for 2025/2026, which is 0.555.

Part B – Authorities with increased Business Rates Retention arrangements

5.4. The authorities with increased Business Rates Retention arrangements for 2025/2026 are set out in **Annex B**.

5.5. For authorities with increased Business Rates Retention arrangements, the relevant grants forgone for 2025/2026 are detailed in *Table 1*:

*Table 1: Forgone grants for authorities with increased Business Rates Retention arrangements for 2025/2026.*²⁶

Authority	RSG	LABCG	PHG	HMNB	HMIB	ITBA	TfLIG
Greater Manchester Combined Authority (GMCA)	X			X	X	X	
Greater Manchester Combined Authority Area, excluding GMCA	X		X				
Liverpool City Region Combined Authority Area	X	X					
West Midlands Combined Authority Area	X						
West of England Combined Authority (WoECA)				X	X	X	
West of England Combined Authority Area, excluding WoECA	X						
Cornwall Council	X			X	X	X	
Greater London Authority	X						X

where:

RSG is the *Revenue Support Grant* forgone, including grants rolled in, for 2025/2026, as set out in paragraph **4.6**, if any;

²⁶ Further information on forgone grants is available here:

<https://www.gov.uk/government/publications/explanatory-note-for-authorities-with-increased-business-rates-retention-arrangements-provisional-local-government-finance-settlement-2024-to-2025>

LABCG	is the <i>Local Authority Better Care Grant</i> forgone for 2025/2026; ²⁷
PHG	is the <i>Public Health Grant</i> forgone for 2025/2026; ²⁸
HMNB	is the <i>Highways Maintenance Block Needs Element Allocation</i> forgone for 2025/2026; ²⁹
HMIB	is the <i>Highways Maintenance Block Incentive Element Funding Allocation</i> forgone for 2025/2026; ³⁰
ITBA	is the <i>Integrated Transport Block Allocation</i> forgone for 2025/2026; ³¹
TfLIG	is the <i>Transport for London Investment Grant</i> forgone for 2025/2026. ³²

5.6. The Baseline Funding Level for 2025/2026 for each authority in **Annex B**, except for the West of England Combined Authority, is calculated as follows:

$$BFL_{25/26}^{50\%} + \textit{Sum of Grants Forgone}$$

where:

<i>BFL_{25/26}^{50%}</i>	is the amount of Baseline Funding Level for the authority in 2025/2026 under 50% Business Rates Retention, as set out in paragraph 5.3 , if any;
<i>Sum of Grants Forgone</i>	is the sum of grants forgone for each authority with increased Business Rates Retention arrangements in 2025/2026, as set out in paragraph 5.5 , if any.

²⁷ From 2025-26 the Discharge Fund allocations were rolled into the improved Better Care Fund (iBCF), with the iBCF renamed to the Local Authority Better Care Grant (LABCG). LABCG allocations for 2025/26 available here: [LINK TO BE UPDATED]. This will be updated ahead of the final Local Government Finance Settlement once final allocations are confirmed.

²⁸ Public Health Grant allocations for 2025/2026 are based on previous allocations published by the Department of Health and Social Care (DHSC) here: [Public health grants to local authorities: 2024 to 2025 - GOV.UK](#). This will be updated once final allocations are confirmed.

²⁹ Highways Maintenance Block (Needs and Incentive elements) and Integrated Transport Block allocations foregone are available here: [Highways maintenance and ITB funding formula allocations, 2022 to 2025 \(3 years\) - GOV.UK \(www.gov.uk\)](#). The City and Regional Sustainable Transport Settlements (CRSTS) now consolidate these grants for Mayoral Combined Authorities and allocations are available here: [City Region Sustainable Transport Settlements: confirmed delivery plans and funding allocations - GOV.UK \(www.gov.uk\)](#). Greater Manchester Combined Authority and West of England Combined Authority will continue to forgo from their CRSTSs sums equivalent to the current annual funding for the Highways Maintenance Block and Integrated Transport Bloc.

³⁰ *Ibid.*

³¹ *Ibid.*

³² <https://www.gov.uk/government/publications/explanatory-note-for-authorities-with-increased-business-rates-retention-arrangements-provisional-local-government-finance-settlement-2024-to-2025>

- 5.7. The amount of Baseline Funding Level for 2025/2026 for the West of England Combined Authority is equal to the sum of the grants forgone for 2025/2026 (*Sum of Grants Forgone*) as set out in paragraph **5.5**, if any, for Bath and North East Somerset, Bristol and South Gloucestershire.

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 relevant authority as set out below.

Part A – Main distribution

- 6.3. The tariff and top-up amounts under 50% Business Rates Retention for 2025/2026 will be equal to the tariff and top-up amounts under 50% Business Rates Retention for 2024/2025 for all local authorities uprated for 2025/26 according to the updated multipliers specified in paragraph 6.4 below.

Tariff and Top-ups for 2025/2026

- 6.4. The tariff and top-up amounts under 50% Business Rates Retention for 2025/2026 for all relevant authorities will be calculated as follows:

$$T_{25/26} = T_{24/25} \times \frac{(RV_{2023}^{small} \times M_{25/26}^{small} + RV_{2023}^{standard} \times M_{25/26}^{standard})}{(RV_{2023}^{small} \times M_{24/25}^{small} + RV_{2023}^{standard} \times M_{24/25}^{standard})}$$

where:

$T_{24/25}$ is the tariff or top-up amount, excluding any reconciliation factor, for the authority for 2024/2025 under 50% Business Rates Retention, as set out in the final Local Government Finance Settlement 2024/2025 Supplementary Tables.³³

³³ <https://www.gov.uk/government/publications/supplementary-table-for-authorities-with-increased-business-rates-retention-arrangements-final-local-government-finance-settlement-2024-to-2025>

RV_{2023}^{small}	is the sum of 2023 rateable value of hereditaments with a rateable value of less than £51,000 for each relevant authority ³⁴ shown in the non-domestic rating list published on 1 April 2023
$RV_{2023}^{standard}$	is the sum of 2023 rateable value of hereditaments with a rateable value of greater than or equal to £51,000 for each relevant authority ³⁵ shown in the non-domestic rating list published on 1 April 2023.
$M_{24/25}^{small}$	is the small business non-domestic rating multiplier for 2024/2025, which is 0.499.
$M_{24/25}^{standard}$	is the non-domestic rating multiplier for 2024/2025, which is 0.546
$M_{25/26}^{small}$	is the small business non-domestic rating multiplier for 2025/2026, which is 0.499.
$M_{25/26}^{standard}$	is the non-domestic rating multiplier for 2025/2026, which is 0.555

6.5. The notional local share of Business Rates Baselines under 50% Business Rates Retention for 2025/2026 is calculated as follows:

$$BFL_{25/26}^{50\%} - T_{25/26}^{50\%}$$

where:

$BFL_{25/26}^{50\%}$ is the Baseline Funding Level under 50% Business Rates Retention for 2025/2026, as set out in paragraph 5.3.

$T_{25/26}^{50\%}$ is the tariff or top-up amount under 50% Business Rates Retention for 2025/2026, as set out in paragraph 6.4.

Part B – Authorities with increased Business Rates Retention arrangements

6.6. The 2025/2026 tariff or top-up for each authority in **Annex B**, except the West of England Combined Authority, is calculated as follows:

$$BFL_{25/26}^{Increased} - BRB_{25/26}^{Increased}$$

where:

$BFL_{25/26}^{Increased}$ is the Baseline Funding Level for 2025/2026 as set out in paragraph 5.6;

³⁴ For major precepting authorities this is the sum of rateable value less than £51,000 for all billing authorities in the area of a major precepting authority.

³⁵ For major precepting authorities this is the sum of rateable value greater than or equal to £51,000 for all billing authorities in the area of a major precepting authority.

$BRB_{25/26}^{Increased}$ is the notional Business Rates Baseline for 2025/2026, which is calculated as follows:

$$BRB_{25/26}^{50\%}/Local\ Share_{25/26}^{50\%} \times Local\ Share_{25/26}^{Increased}$$

where:

$BRB_{25/26}^{50\%}$ is the Business Rates Baseline under 50% Business Rates Retention for 2025/2026, as set out in paragraph **6.5**;

$Local\ Share_{25/26}^{50\%}$ is the authority's local share under 50% Business Rates Retention for 2025/2026, as set out in **Annex A**.

$Local\ Share_{25/26}^{Increased}$ is the authority's local share under increased Business Rates Retention arrangements for 2025/2026, as set out in **Annex B**.

6.7. The 2025/2026 tariff or top-up for the West of England Combined Authority is calculated as follows:

$$BFL_{25/26}^{Increased} - WoECA\ BRB_{25/26}^{Increased}$$

where:

$BFL_{25/26}^{Increased}$ is the Baseline Funding Level for West of England Combined Authority for 2025/2026, as set out in paragraph **5.7**;

$WoECA\ BRB_{25/26}^{Increased}$ is the notional Business Rates Baseline for West of England Combined Authority under 100% Business Rates Retention for 2025/2026, which is calculated as follows:

$$WoECA\ BRB_{25/26}^{50\%}/WoECA\ Local\ Share_{25/26}^{50\%} \times Local\ Share_{25/26}^{Increased}$$

where:

$WoECA\ BRB_{25/26}^{50\%}$ is the sum of the notional Business Rates Baselines under 50% Business Rates Retention for 2025/2026 (**$BRB_{25/26}^{50\%}$**) for Bath and North East Somerset, Bristol and South Gloucestershire, as set out in paragraph **6.5**;

$WoECA\ Local\ Share_{25/26}^{50\%}$ is the local share for Bath and North East Somerset, Bristol and South Gloucestershire under 50% Business Rates Retention for 2025/2026, as set out in **Annex A**;

$Local\ Share_{25/26}^{Increased}$ is the West of England Combined Authority's local share under 100% Business Rates Retention for 2025/2026, as set out in **Annex B**.

7. Credit to the Levy Account

- 7.1. The Secretary of State has decided to credit the Levy Account in respect of the 2025/2026 financial year with £x million.³⁶

³⁶ The Secretary of State will decide the amount, if any, that will be credited to the Levy Account in respect to 2025/2026 when the necessary information becomes available. This will be confirmed at the final Local Government Finance Settlement.

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 2025/2026, and the pools are set out in **Annex C**. 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 paragraph.
- 9.2. The financial year to which this Report relates is that beginning on 1 April 2025. This Report may be amended by a report made under section 84A of the 1988 Act³⁷ or paragraph 15 of Schedule 7B to the 1988 Act.³⁸

Signed by authority of the Secretary of State.

Secretary of State for Housing, Communities and Local Government

The consent of the Treasury has been obtained to the making of the determinations specified in section 3 (Revenue Support Grant) of this Report.³⁹

[]
[]
*Two of the Lords Commissioners
of His Majesty's Treasury*

³⁷ 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.

³⁸ Schedule 7B was inserted by Schedule 1 to the 2012 Act.

³⁹ In accordance with section 78(5)(b) of the 1988 Act.

Annex A – Local Share of Business Rates

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

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 B – Authorities with increased Business Rates Retention arrangements

Authorities with increased Business Rates Retention arrangements for 2025/2026. The table below provides the local share for each authority.

Area	Local authorities	Local Share ⁴⁰
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	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

⁴⁰ 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 C – List of Business Rates Pools

The table below sets out the list of pools for the year of 2025/2026.

Designated Pool	Lead Authority	Local authorities within the pool
Cambridgeshire Business Rates Pool	South Cambridgeshire	<ul style="list-style-type: none"> • South Cambridgeshire • Cambridgeshire • Cambridgeshire Fire • East Cambridgeshire • Peterborough
Coventry and Warwickshire Business Rates Pool	Warwickshire	<ul style="list-style-type: none"> • Warwickshire • Coventry • North Warwickshire • Nuneaton and Bedworth • Rugby • Stratford-on-Avon • Warwick
Derbyshire Business Rates Pool	Derby	<ul style="list-style-type: none"> • Derby City • Amber Valley • Bolsover • Chesterfield • Derbyshire • Derbyshire Dales • Derbyshire Fire • Erewash • High Peak • North East Derbyshire • South Derbyshire
Devon Business Rates Pool	Plymouth	<ul style="list-style-type: none"> • Plymouth • Devon • Devon and Somerset Fire and Rescue Services • East Devon • Exeter • Mid Devon • North Devon • South Hams • Teignbridge • Torbay • Torridge • West Devon
East Sussex Business Rates Pool	Wealden	<ul style="list-style-type: none"> • Wealden • East Sussex

Designated Pool	Lead Authority	Local authorities within the pool
		<ul style="list-style-type: none"> • East Sussex Fire • Eastbourne • Hastings • Lewes • Rother
Eight Authority Business Rates Pool	City of London	<ul style="list-style-type: none"> • City of London • Barnet • Brent • Enfield • Hackney • Haringey • Tower Hamlets • Waltham Forest
Essex Business Rates Pool	Essex	<ul style="list-style-type: none"> • Essex • Basildon • Braintree • Castle Point • Chelmsford • Colchester • Epping Forest • Essex Fire • Harlow • Maldon • Rochford • Southend-on-Sea • Tendring • Uttlesford
Gloucestershire Business Rates Pool	Stroud	<ul style="list-style-type: none"> • Stroud • Cotswold • Forest of Dean • Gloucester • Gloucestershire • Tewkesbury
Hampshire Business Rates Pool	Havant	<ul style="list-style-type: none"> • Havant • Hampshire • Gosport • Test Valley • Winchester • East Hampshire
Herefordshire & Worcestershire Business Rates Pool	Worcestershire	<ul style="list-style-type: none"> • Worcestershire • Bromsgrove • Hereford and Worcester Fire

Designated Pool	Lead Authority	Local authorities within the pool
		<ul style="list-style-type: none"> • Herefordshire • Malvern Hills • Redditch • Worcester • Wychavon • Wyre Forest
Hertfordshire Business Rates Pool	Hertfordshire	<ul style="list-style-type: none"> • Hertfordshire • Hertsmere • Three Rivers • Welwyn Hatfield
Kent Business Rates Pool	Maidstone	<ul style="list-style-type: none"> • Maidstone • Ashford • Dartford • Folkestone Sand Hythe • Gravesham • Kent • Kent Fire • Swale • Thanet • Tonbridge and Malling • Dover
Lancashire Business Rates Pool	Ribble Valley	<ul style="list-style-type: none"> • Ribble Valley • Burnley • Chorley • Fylde • Hyndburn • Lancashire • Pendle • Rossendale • South Ribble • West Lancashire • Wyre
Leeds City Region Business Rates Pool	Leeds	<ul style="list-style-type: none"> • Leeds • Bradford • Calderdale • Kirklees • Wakefield • York
Leicester and Leicestershire Business Rates Pool	Leicestershire	<ul style="list-style-type: none"> • Leicestershire • Blaby • Charnwood • Harborough • Hinckley and Bosworth

Designated Pool	Lead Authority	Local authorities within the pool
		<ul style="list-style-type: none"> • Leicester • Leicestershire Fire • Melton • North West Leicestershire • Oadby and Wigston
Lincolnshire Business Rates Pool	Lincoln	<ul style="list-style-type: none"> • Lincoln • Boston • East Lindsey • Lincolnshire • North Kesteven • South Holland • South Kesteven • West Lindsey
Mid Mersey Business Rates Pool	Warrington	<ul style="list-style-type: none"> • Warrington • Halton • St. Helens
Norfolk Business Rates Pool	Norfolk	<ul style="list-style-type: none"> • Norfolk • Breckland • Broadland • Great Yarmouth • King's Lynn and West Norfolk • North Norfolk • Norwich • South Norfolk
North Oxfordshire Business Rates Pool	Cherwell	<ul style="list-style-type: none"> • Cherwell • Oxfordshire • West Oxfordshire
Nottinghamshire County Business Rates Pool	Nottinghamshire	<ul style="list-style-type: none"> • Nottinghamshire • Ashfield • Bassetlaw • Broxtowe • Gedling • Mansfield • Newark and Sherwood • Rushcliffe
Staffordshire and Stoke-on-Trent area Business Rates Pool	Cannock Chase	<ul style="list-style-type: none"> • Cannock Chase • East Staffordshire • Lichfield • Newcastle-under-Lyme • South Staffordshire • Stafford • Staffordshire

Designated Pool	Lead Authority	Local authorities within the pool
		<ul style="list-style-type: none"> • Staffordshire Police, Fire and Crime Commissioner (Fire and Rescue) • Staffordshire Moorlands • Stoke-on-Trent • Tamworth
Suffolk Business Rates Pool	Suffolk	<ul style="list-style-type: none"> • Suffolk • Babergh • East Suffolk • Ipswich • Mid Suffolk • West Suffolk
Surrey and Sutton Business Rates Pool	Surrey	<ul style="list-style-type: none"> • Surrey • Runnymede • Spelthorne • Surrey Heath • Sutton • Tandridge • Woking
Thurrock, Barking & Dagenham, and Havering Business Rates Pool	Thurrock	<ul style="list-style-type: none"> • Thurrock • Barking and Dagenham • Havering
West Sussex Business Rates Pool	West Sussex	<ul style="list-style-type: none"> • West Sussex • Adur • Arun • Horsham • Mid Sussex