



Draft local government finance report 2026/2027



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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 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 2026/2027.
- 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 authorities (“Receiving Authorities”)³, and the amount of the grant (if any) he proposes to pay to the specified body,⁴ for the financial year 2026/2027 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 2026/2027 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

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 Specified under 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.

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 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 2026/2027 in accordance with Part 9 of Schedule 7B of the 1988 Act.
- 1.8. The Report describes the determinations made for financial year 2026/2027, which is the first year of a three-year funding Settlement for local government, covering financial years 2026/2027, 2027/2028 and 2028/2029.
- 1.9. The Report references the Key Information Tables as published in 2025/2026. These were calculated in accordance with the Local Government Finance Report (England) 2025/2026.¹⁰ For an authority with increased Business Rates Retention arrangements in 2025/2026,¹¹ their Baseline Funding Level or Revenue Support Grant under 50% Business Rates Retention is in the 2025/2026 Supplementary Table for authorities with increased business rates retention arrangements.¹² For all other authorities see the 2025/2026 Key Information for Local Authorities.¹³ Hard copies may be obtained on request by writing to:

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London

SW1P 4DF

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

⁹ The amount of an individual local authority's 2026/2027 Fair Funding Allocation provided through the local share of retained business rates income.

¹⁰ https://assets.publishing.service.gov.uk/media/679cac773f28b7444270a2f7/LGFR_2025-26.pdf

¹¹ See Annex B of the Local Government Finance Report (England) 2025/2026 for a list of authorities with increased Business Rates Retention arrangements for 2025/2026.

¹² [Supplementary table for authorities with increased business rates retention arrangements: final local government finance settlement 2025 to 2026 - GOV.UK](#)

¹³ [Key information table for local authorities: final local government finance settlement 2025 to 2026 - GOV.UK](#)

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 2026/2027 will be 50%;
 - its local share for 2026/2027 will be 50%.
- 2.2. For an authority with increased Business Rates Retention arrangements (as referred to in **Annex B**) that is a billing authority:
- its central share for 2026/2027 will be 0%;
 - its local share for 2026/2027 will be 100%.
- 2.3. For a London borough council and the Common Council of the City of London:
- its central share for 2026/2027 will be 33%;
 - its local share for 2026/2027 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 2026/2027 is £11,715,004,775.¹⁴
- 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 £11,715,004,775. A Receiving Authority is any billing authority or major precepting authority.¹⁵ This amount is not distributed to Mayoral Combined Authorities¹⁶ without Fire and Rescue responsibilities. The amount of Revenue Support Grant that is to be distributed to Mayoral Combined Authorities without Fire and Rescue responsibilities is zero.
- 3.4. The amount of the Revenue Support Grant that is to be distributed to local policing bodies¹⁷ 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) 2026/2027.
- 3.5. 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).

¹⁴ This figure excludes any Revenue Support Grant forgone by authorities with increased Business Rates Retention arrangements for 2026/2027. The total amount of Revenue Support Grant for 2026/2027 that would have been determined under 50% Business Rates Retention is £15,057,944,543.

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 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 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)

¹⁸ Specified under section 76(4) of the 1988 Act. See footnote 4.

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

4. Calculation of Fair Funding Allocation

- 4.1. This section specifies the basis on which the Secretary of State will calculate the Fair Funding Allocation for individual receiving authorities excluding the police and crime commissioners and the Mayor's Office for Policing and Crime for the year 2026/2027.
- 4.2. The Fair Funding Allocation is comprised of Revenue Support Grant and Baseline Funding Level. The amount of Revenue Support Grant available for all receiving authorities is defined in **Section 3** of this Report. The total Baseline Funding Level for all authorities is defined in paragraph **5.1.** of this Report.
- 4.3. The Secretary of State has decided that the Phased Share will be based on a combination of authorities' 2028/2029 Fair Funding Share¹⁹ and 2025/2026 Legacy Funding Share. For 2026/2027 this will be:

For the classes of authority listed in **Annex C**:

$$\text{Phased Share}_{26/27} = \frac{1}{3} \times \text{Fair Funding Share}_{28/29} + \frac{2}{3} \times \text{Legacy Funding Share}_{25/26}$$

Where an authority's 2025/2026 Funding Share is as follows:

$$\text{Legacy Funding Share}_{25/26} = \frac{\text{Business Rates Income Baseline}_{25/26} + \text{Consolidated Grants}_{25/26}}{(\text{Business Rates Income Baseline}_{25/26}^{\text{ENG}} + \text{Consolidated Grants}_{25/26}^{\text{ENG}})}$$

where:

Business Rates Income Baseline_{25/26} is the assessed business rates retention income in 2025/2026.²⁰

²¹

¹⁹ Fair Funding Share calculations are available here: [Fair Funding Share Calculator - GOV.UK](#)

²⁰ Figures for each local authority are published here: [2025-26 Business Rates Retention Income calculator - GOV.UK](#). For the 2025/2026 position, three business rates retention grants are included in the Business Rates Income Baseline rather than the Consolidated Grants covered in Annex D. From 2026/2027 these grants are rolled into Revenue Support Grant and are listed in Annex E.

²¹ For the 2025/2026 position, West of England Combined Authority's income baseline is treated as zero as they are a bespoke authority who benefit from the business rates retention system but do not provide services which are assessed as part of the Fair Funding Allocation. The Greater London Authority's position is also adjusted to account for only their portion of funding in scope of redistribution (£288,585,800).

Consolidated Grants_{25/26} is the sum of all grants in scope in 2025/2026 as described in **Annex D**.

- 4.4. The Secretary of State has decided to combine certain grants that were allocated to local authorities in 2025/2026 in order to assess their 2025/2026 Legacy Funding Shares. These grants are as included in **Annex D**.
- 4.5. Following calculation of the Phased Share, the Secretary of State has decided to calculate the Fair Funding Allocation as below:

For the classes of authority listed in **Annex C**:

The main distribution is calculated as follows.

$$\begin{aligned} \text{Fair Funding Allocation}_{26/27} = & \text{Phased Share}_{26/27} \times \\ & (\text{BFL Quantum}_{26/27} - \text{Non Redistributable BFL}_{26/27}^{\text{ENG}} + \\ & \text{Redistributed Grants}_{26/27}^{\text{ENG}} + \text{LABCG}_{26/27}^{\text{ENG}}) + \\ & \text{Funding via the Adult Social Care Relative Needs Formula}_{26/27} + \\ & \text{Bespoke Rolled in Grants}_{26/27} + \\ & \text{Additional Funding for Local Services}_{26/27} \\ & + \text{Non Redistributable BFL}_{26/27} \end{aligned}$$

Where:

BFL Quantum_{26/27} is equal to the total England Level Baseline Funding Level in 2026/2027. The total is £16,240,241,540. ²²

Non Redistributable BFL_{26/27} is equal to zero for all authorities except Greater London Authority (where it is equal to £1,196,931,276), Greater Manchester Combined Authority (where it is equal to £23,000,000) and West Midlands Combined Authority (where it is equal to £15,000,000). ²³

Redistributed Grants_{26/27} is the sum of grants in scope of redistribution in 2026/2027 as described in **Annex E**.

²² Baseline Funding Level calculations can be found here: [2026 Baseline Funding Level and Revenue Support Grant transfer - GOV.UK](#)

²³ Baseline Funding Level calculations can be found here: [2026 Baseline Funding Level and Revenue Support Grant transfer - GOV.UK](#)

| | |
|---|---|
| <i>LABCG</i> _{26/27} | is equal to authorities' 2025/2026 allocation of Local Authority Better Care Grant as described in paragraph 4.7 . |
| <i>Funding via the Adult Social Care Relative Needs Formula</i> _{26/27} | is equal to the Additional Funding allocated via the Adult Social Care Relative Needs Formula as described in Section 7 . |
| <i>Bespoke Rolled in Grants</i> _{26/27} | is equal to the sum of <i>War Pensions Disregard Grant</i> _{26/27} + <i>Social Care in Prisons Grant</i> _{26/27} , as described in paragraph 4.8 . |
| <i>Additional Funding for Local Services</i> _{26/27} | is equal to £90,000,000 distributed via authorities' <i>Fair Funding Share</i> _{28/29} |

- 4.6. The Secretary of State has decided to combine certain grants for each authority in 2026/2027. These redistributed grants are in **Annex E**.
- 4.7. Allocations of Local Authority Better Care Grant will be paid via 2025/2026 Local Authority Better Care Grant distribution as a standalone Section 31 Grant, included in the Fair Funding Allocation.
- 4.8. Allocations of the War Pensions Disregard Grant and Social Care in Prisons Grant will maintain their bespoke profile of allocations from 2025-26, included in Revenue Support Grant.

5. Distribution of Baseline Funding Level

Part A – Main distribution

- 5.1. Baseline Funding Level for 2026/2027 for each relevant authority²⁴ is calculated as follows:

$$\begin{aligned} BFL_{26/27}^{50\%} = & (BFL\ Quantum_{26/27} \\ & - Non\ Redistributable\ BFL_{26/27}^{ENG}) \\ & \times Fair\ Funding\ Share_{28/29} \\ & + Non\ Redistributable\ BFL_{26/27} \end{aligned}$$

where:

| | |
|---|---|
| <i>BFL Quantum</i> _{26/27} | is equal to £16,240,241,540. ²⁵ |
| <i>Fair Funding Share</i> _{28/29} | is the 2028/2029 Fair Funding Share for each authority. ²⁶ |
| <i>Non Redistributable BFL</i> _{26/27} | is equal to zero for all authorities except Greater London Authority (where it is equal to £1,196,931,276), Greater Manchester Combined Authority (where it is equal to £23,000,000) and West Midlands Combined Authority (where it is equal to £15,000,000). ²⁷ |

Part B – Authorities with increased Business Rates Retention arrangements

- 5.2. The authorities with increased Business Rates Retention arrangements for 2026/2027 are set out in **Annex B**.
- 5.3. For authorities with increased Business Rates Retention arrangements, the relevant grants forgone for 2026/2027 are detailed in Table 1.

Table 1: Forgone grants for authorities with increased Business Rates Retention arrangements for 2026/2027.²⁸

²⁴ A 'relevant authority' is defined in paragraph 45 of Schedule 7B to the 1988 Act as a billing authority or a major precepting authority in England.

²⁵ Baseline Funding Level calculations are available here: [2026 Baseline Funding Level and Revenue Support Grant transfer - GOV.UK](#)

²⁶ Fair Funding Share calculations are available here: [Fair Funding Share Calculator - GOV.UK](#)

²⁷ Baseline Funding Level calculations are available here: [2026 Baseline Funding Level and Revenue Support Grant transfer - GOV.UK](#)

²⁸ Further information on forgone grants is available here: [Explanatory note for authorities with increased business rates retention arrangements: provisional local government finance settlement 2025 to 2026 - GOV.UK](#)

| Authority | RSG | LABCG | PHG | HMBA | TfLIG |
|--|-----|-------|-----|------|-------|
| Greater Manchester Combined Authority (GMCA) | 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 | |
| West of England Combined Authority Area, excluding WoECA | X | | | | |
| Cornwall Council | X | | | X | |
| Greater London Authority | X | | | | X |

where:

RSG is the Revenue Support Grant forgone, including grants rolled in, for 2026/2027, as set out in paragraph 6.7., if any.

LABCG is the Local Authority Better Care Grant forgone for 2026/2027.²⁹

PHG is the Public Health Grant forgone for 2026/2027.³⁰

HMBA is the Highways Maintenance Block Allocation forgone for 2026/2027.³¹

²⁹ From 2026/2027 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 2026/2027 are available here: [2026 Supplementary Table for authorities with increased business rate retention -GOV.UK](#).

³⁰ From 2026/27, the Public Health Grant will include funding for smoking cessation, drugs and alcohol services. Greater Manchester authorities will continue to receive funding for these services through a separate section 31 grant. Public Health Grant allocations have been published as part of the provisional Local Government Finance Settlement here: [Consolidated Grants 2026 to 2028 - GOV.UK](#)

³¹ For the provisional Settlement, the Highways Maintenance Block allocations foregone have been modelled using the baseline allocations from 2025-26. For the final Settlement, this will be updated to the baseline allocations available here: [Highways maintenance block: formula allocations 2026 to 2030 - 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](#). 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 baseline Highways Maintenance Block allocation.

TfLIG is the Transport for London Investment Grant forgone for 2026/2027.³²

- 5.4. The Baseline Funding Level for 2026/2027 for each authority in **Annex B**, except for the West of England Combined Authority, is calculated as follows:

$$BFL_{26/27}^{Increased} = BFL_{26/27}^{50\%} + Grants Foregone$$

where:

$BFL_{26/27}^{50\%}$ is the amount of Baseline Funding Level of the authority in 2026/2027 under 50% Business Rates Retention, as set out in paragraph **5.1.**, if any.

Grants Foregone is the sum of grants foregone for each authority with increased Business Rates Retention arrangements in 2026/2027, as set out in paragraph **5.3.**, if any.

- 5.5. The amount of Baseline Funding Level for 2026/2027 for the West of England Combined Authority is equal to the sum of the grants forgone for 2026/2027 (***Grants Foregone***) as set out in paragraph **5.3.**, if any, for Bath and North East Somerset, Bristol and South Gloucestershire.

³² <https://www.gov.uk/government/publications/explanatory-note-for-authorities-with-increased-business-rates-retention-arrangements-provisional-local-government-finance-settlement-2025-to-2026>.

6. Distribution of Revenue Support Grant – Part A

- 6.1. 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 2026/2027 under Part 5 of the 1988 Act.
- 6.2. The Secretary of State will first make specific allocations for the Council of the Isles of Scilly and the Greater London Authority (Part i).
- 6.3. The Secretary of State will secondly distribute the funding to all other Receiving Authorities apart from authorities described in paragraphs 3.4. and 3.5. and authorities with increased Business Rates Retention arrangements. This distribution will be calculated so that each Receiving Authority is allocated an amount of Revenue Support Grant in 2026/2027 to reach the overall allocation within the Fair Funding Allocation in 2026/2027.

Part i – Council of the Isles of Scilly and the Greater London Authority

- 6.4. From the amount of Revenue Support Grant which the Secretary of State will pay to Receiving Authorities, the Secretary of State will pay £2,727,550 with respect to the Council of the Isles of Scilly.³³
- 6.5. From the amount of Revenue Support Grant which the Secretary of State will pay to Receiving Authorities, the Secretary of State will pay £487,121,558 with respect to the Greater London Authority.³⁴

Part ii – Main Distribution

Basis of calculation

- 6.6. The Revenue Support Grant is calculated for the classes of authority listed in **Annex C**.
- 6.7. The Revenue Support Grant for 2026/2027 for each class of authority in paragraph 6.6., except for the Council of the Isles of Scilly and the Greater London Authority is calculated as follows:

$$\text{Revenue Support Grant}_{26/27} = \text{Fair Funding Allocation}_{26/27} - \text{BFL}_{26/27} - \text{LABCG}_{26/27}$$

³³ 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 2026/2027 includes grants rolled in.

³⁴ The Greater London Authority is treated as a special case due to the size and unique nature of the authority. The amount of Revenue Support Grant for 2026/2027 includes grants rolled in and is forgone as part of their Increased Business Rates Retention arrangement.

7. Distribution of Revenue Support Grant – Part B

- 7.1. This section specifies the basis on which the Secretary of State will distribute among Receiving Authorities an additional amount of £150,000,000 to the Revenue Support Grant which will be paid for the year 2026/2027.
- 7.2. Following the steps outlined in **Section 4**, **Section 5** and **Section 6**, the Secretary of State will allocate additional funding via the 2028/2029 Adult Social Care Relative Needs Formula for the year 2026/2027 for the classes of authority listed in **Annex C**.
- 7.3. As per paragraph **7.1.**, the full additional amount to be distributed to Receiving Authorities will be £150,000,000 in 2026/2027. The 2026/2027 additional funding allocated via the 2028/2029 Adult Social Care Relative Needs Formula will be distributed within allocations of the Revenue Support Grant in 2026/2027.

8. Business Rate Baselines

Part A – Main distribution

- 8.1. The Secretary of State will reset the business rates retention system from 2026/2027. This section specifies the basis on which the Secretary of State proposes to calculate Business Rates Baselines post reset.
- 8.2. Business Rates Baselines for authorities under 50% Business Rates Retention and the basis of calculation are set out in the 2026-27 Business Rates Baseline calculator ³⁵.

Part B – Authorities with increased Business Rates Retention arrangements

- 8.3. The Business Rates Baseline for each authority in **Annex B**, except the West of England Combined Authority is calculated as follows:

$$BRB_{26/27}^{Increased} = \frac{BRB_{26/27}^{50\%}}{Local\ Share_{26/27}^{50\%}} \times Local\ Share_{26/27}^{Increased}$$

where:

$BRB_{26/27}^{50\%}$ is the Business Rates Baseline under 50% Business Rates Retention for 2026/2027, as set out in paragraph **8.2**.

$Local\ Share_{26/27}^{50\%}$ is the authority's local share under 50% Business Rates Retention for 2026/2027, as set out in **Annex A**.

$Local\ Share_{26/27}^{Increased}$ is the authority's local share under increased Business Rates Retention arrangements for 2026/2027, as set out in **Annex B**.

- 8.4. The Secretary of State will make a specific allocation for Business Rates Baseline of the West of England Combined Authority, which is calculated as follows:

³⁵ 2026-27 Business Rates Baseline calculator available here: [2026 Business Rates Baseline Calculator - GOV.UK](#)

WoECA BRB^{Increased}_{26/27}

$$= \text{WoECA BRB}_{26/27}^{50\%} / \text{WoECA Local Share}_{26/27}^{50\%} \times \text{Local Share}_{26/27}^{\text{Increased}}$$

where:

WoECA BRB^{50%}_{26/27}

is the sum of the notional Business Rates Baselines under 50% Business Rates Retention for 2026/2027 for Bath and North East Somerset, Bristol and South Gloucestershire, as set out in paragraph **8.2**.

WoECA Local Share^{50%}_{26/27}

is the local share for Bath and North East Somerset, Bristol and South Gloucestershire under 50% Business Rates Retention for 2026/2027, as set out in **Annex A**.

Local Share^{Increased}_{26/27}

is the West of England Combined Authority's local share under increased Business Rates Retention arrangements for 2026/2027, as set out in **Annex B**.

9. Tariff and Top-up amounts

- 9.1. 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.
- 9.2. The Secretary of State intends to calculate the tariffs and top-ups for each relevant authority as set out below.

Part A – Main distribution

- 9.3. Tariff and top-up amounts under 50% Business Rates Retention for 2026/2027 are calculated as:

$$T_{26/27}^{50\%} = BFL_{26/27}^{50\%} - BRB_{26/27}^{50\%}$$

where:

$BFL_{26/27}^{50\%}$ is the amount of Baseline Funding Level of the authority in 2026/2027 under 50% Business Rates Retention, as set out in paragraph 5.1., if any.

$BRB_{26/27}^{50\%}$ is the Business Rates Baseline for the authority in 2026/2027 under 50% Business Rates Retention, as set out in paragraph 8.2., if any.

- 9.4. Authorities whose Business Rates Baseline exceeds their Baseline Funding Level will make a tariff payment equal to the difference.
- 9.5. Authorities whose Business Rates Baseline is less than their Baseline Funding Level will receive a top-up payment equal to the difference.

Part B – Authorities with increased Business Rates Retention arrangements

- 9.6. The 2026/2027 tariff or top-up for each authority in **Annex B**, except the West of England Combined Authority, is calculated as follows:

$$T_{26/27}^{Increased} = BFL_{26/27}^{Increased} - BRB_{26/27}^{Increased}$$

where:

$BFL_{26/27}^{Increased}$ is the amount of Baseline Funding Level of the authority in 2026/2027 as set out in paragraph 5.4.

BRB_{26/27}^{Increased}

is the Business Rates Baseline for the authority in 2026/2027 as set out in paragraph 8.3.

- 9.7. The 2026/2027 tariff or top-up for the West of England Combined Authority is calculated as follows:

$$WoECA T_{26/27}^{Increased} = BFL_{26/27}^{Increased} - WoECA BRB_{26/27}^{Increased}$$

where:

BFL_{26/27}^{Increased}

is the amount of Baseline Funding Level for West of England Combined Authority for 2026/2027 as set out in paragraph 5.5.

WoECA BRB_{26/27}^{Increased}

is the Business Rates Baseline for West of England Combined Authority for 2026/2027 as set out in paragraph 8.4.

10. Credit to the levy account

- 10.1. The Secretary of State has decided to credit the Levy Account in respect of the 2026/2027 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 2026/2027 when the necessary information becomes available. This will be confirmed at the final Local Government Finance Settlement.

11. Pooling

- 11.1. 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 2026/2027, and the pools are set out in **Annex F**. 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.

12. Conclusion

- 12.1. 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.
- 12.2. The financial year to which this Report relates is that beginning on 1 April 2026. 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
- 12.3. Signed by authority of the Secretary of State.
- 12.4. Secretary of State for Housing, Communities and Local Government
- 12.5. 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

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.

13. 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 |

14. Annex B – Authorities with increased Business Rates Retention arrangements

Authorities with increased Business Rates Retention arrangements for 2026/2027. 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 |

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.

| Area | Local authorities | Local Share ⁴⁰ |
|---|---------------------------------------|---------------------------|
| 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 |

15. Annex C – List of classes of Authorities

The list below sets out the classes of authorities for which Fair Funding Allocations are calculated.

Common Council of the City of London,

London borough councils,

District councils,

County councils,

Greater London Authority,

Mayoral Combined Authorities with fire and rescue responsibilities,

Metropolitan county fire and rescue authorities,

Combined fire and rescue authorities,

Police and Crime Commissioner fire and rescue authorities.

16. Annex D – Grants included in 2025/2026 Legacy Funding Share

The table below sets out the grants included in calculating the 2025/2026 Legacy Funding Shares, including Grants rolled in to Revenue Support Grant

| Grant Name | Total England Allocation |
|--|--------------------------|
| Awaab's Law New Burdens 2025/2026 | £80,580 |
| Biodiversity Net Gain Planning Requirement Grant 2025/2026 | £9,734,138 |
| Employer National Insurance Contributions Grant 2025/2026 ⁴¹ | £485,483,822 |
| Enforcement of Location and Volume Price Promotions Restrictions Grant 2025/2026 | £228,000 |
| Enforcement of OOH Calorie Labelling Regulations Grant 2025/2026 | £369,000 |
| Funding Floor 2025/2026 | £121,186,381 |
| Homelessness Prevention Grant - Temporary Accommodation 2025/2026 | £322,952,400 |
| Leaving Care Allowance Uplift 2025/2026 | £13,360,000 |
| Local Authority Better Care Grant 2025/2026 | £2,639,824,015 |
| Local Government Finance Data Review New Burdens Grant 2025/2026 | £346,475 |
| Local Reform and Community Voices: Deprivation of Liberty Safeguards Funding 2025/2026 | £5,150,000 |
| Market Sustainability and Improvement Fund 2025/2026 | £1,050,000,000 |
| New Homes Bonus 2025/2026 | £290,463,878 |
| Personal Advisors Extended Duty 2025/2026 | £12,118,084 |
| Revenue Support Grant 2025/2026 ⁴² | £3,082,062,013 |
| Social Care Grant 2025/2026 | £5,923,967,868 |
| Social Housing New Burdens 2025/2026 | £13,500 |
| Staying Put Grant 2025/2026 | £33,278,008 |
| Supported Accommodation Reforms New Burdens 2025/2026 | £94,500,000 |

⁴¹ This amount is adjusted to account for grant withheld by the Greater London Authority.

⁴² This amount is adjusted to account for grant withheld by the Greater London Authority.

| | |
|---|-------------|
| Virtual School Head Extension for Previously Looked After Children Grant 2025/2026 | £7,620,000 |
| Virtual School Head Extension to Children With a Social Worker and Children in Kinship Care Grant 2025/2026 | £20,449,185 |

17. Annex E – Grants Redistributed in Revenue Support Grant 2026/2027

The table below sets out the grants rolled into 2026/2027 Revenue Support Grant⁴³

| Grant Name | Total England Allocation |
|--|--------------------------|
| Awaab's Law New Burdens Grant 2026/2027 | £54,229 |
| Biodiversity Net Gain Planning Requirement Grant 2026/2027 | £9,726,456 |
| Employer National Insurance Contributions Grant 2025/2026 ⁴⁴ | £485,483,822 |
| Enforcement of Location and Volume Price Promotions Restrictions Grant 2026/2027 | £102,000 |
| Enforcement of OOH Calorie Labelling Regulations Grant 2026/2027 | £86,000 |
| Funding Floor 2025/2026 | £121,186,381 |
| Green Plant and Machinery business rates exemptions reducing locally retained business rates 2025/2026 ⁴⁵ | £19,114,955 |
| Historic business rates grant compensation for under-indexation of tax rates 2025/2026 ⁴⁶ | £2,988,459,959 |
| Homelessness Prevention Grant - Temporary Accommodation 2025/2026 | £322,952,400 |
| Leaving Care Allowance Uplift 2026/2027 | £13,360,000 |
| Local Government Finance Data Review New Burdens Grant 2026/2027 | £346,475 |
| Local Reform and Community Voices: Deprivation of Liberty Safeguards Funding 2026/2027 | £5,150,000 |
| Market Sustainability and Improvement Fund 2025/2026 | £1,050,000,000 |
| New Homes Bonus 2025/2026 | £290,463,878 |
| Personal Advisors Extended Duty Grant 2026/2027 | £12,118,084 |

⁴³ Some grants in this table are presented as their 2025/2026 values as it is assumed that without funding simplification their distributions would be unchanged and paid as separate grants.

⁴⁴ This amount is adjusted to account for grant withheld by the Greater London Authority.

⁴⁵ This amount is adjusted to account for grant withheld by the Greater London Authority.

⁴⁶ This amount is adjusted to account for grant withheld by the Greater London Authority.

| | |
|---|----------------|
| Revenue Support Grant 2025/2026 ⁴⁷ | £3,082,062,013 |
| Small Business Rates Relief lost supplementary business rates income compensation 2025/2026 ⁴⁸ | £49,643,506 |
| Social Care Grant 2025/2026 | £5,923,967,868 |
| Social Housing New Burdens 2026/2027 | £15,876 |
| Staying Put Grant 2026/2027 | £33,278,008 |
| Supported Accommodation Reforms New Burdens 2026/2027 | £94,500,000 |
| Virtual School Head Extension for Previously Looked After Children Grant 2026/2027 | £7,620,000 |
| Virtual School Head Extension to Children With a Social Worker and Children in Kinship Care Grant 2026/2027 | £20,449,185 |

⁴⁷ This amount is adjusted to account for grant withheld by the Greater London Authority.

⁴⁸ This amount is adjusted to account for grant withheld by the Greater London Authority.

18. Annex F – List of Business Rates Pools

The table below sets out the list of pools for the year 2026/2027.

| Designated Pool | Lead Authority | Local Authorities Within the Pool |
|---|-----------------------------|---|
| Coventry and Warwickshire Business Rates Pool | Warwickshire County Council | Warwickshire County Council Coventry City Council North Warwickshire Borough Council Nuneaton and Bedworth Borough Council Rugby Borough Council Stratford-on-Avon District Council Warwick District Council |
| Devon Business Rates Pool | Plymouth City Council | 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 | Wealden District Council East Sussex County Council East Sussex Fire and Rescue Service Eastbourne Borough Council Lewes District Council Rother District Council Hastings Borough Council |
| Essex Business Rates Pool | Essex County Council | Essex County Council Southend-on-Sea Council Essex County Fire and Rescue Service Basildon Borough District Braintree District Council Castle Point Borough Council Colchester Borough Council Epping Forest District Council Harlow District Council Maldon District Council Rochford District Council Tendring District Council Uttlesford District Council |

| | | |
|--|--------------------------------|---|
| Leicester and Leicestershire Business Rates Pool | Leicestershire County Council | Leicestershire County Council Blaby District Council Charnwood Borough Council Harborough District Council Hinckley and Bosworth Borough Council Melton Borough Council North West Leicestershire District Council Oadby and Wigston Borough Council Leicester City Council Leicestershire Fire and Rescue Service |
| Lincolnshire Business Rates Pool | Lincoln City Council | Lincoln City Council Lincolnshire County Council North Kesteven District Council South Kesteven District Council South Holland District Council West Lindsey District Council East Lindsey District Council Boston Borough Council |
| Mid Mersey Business Rates Pool | Warrington Borough Council | Warrington Borough Council Halton Borough Council St Helens Council |
| North Oxfordshire Business Rates Pool | Cherwell District Council | Cherwell District Council West Oxfordshire District Council Oxfordshire County Council |
| Nottinghamshire County Business Rates Pool | Nottinghamshire County Council | Nottinghamshire County Council Ashfield District Council Broxtowe Borough Council Bassetlaw District Council Mansfield District Council Newark and Sherwood District Council Gedling Borough Council Rushcliffe Borough Council |
| Suffolk Business Rates Pool | Suffolk County Council | Suffolk County Council Babergh District Council Mid Suffolk District Council Ipswich Borough Council East Suffolk Council West Suffolk Council |
| West Sussex Business Rates Pool | West Sussex County Council | West Sussex County Council Adur District Council Arun District Council Horsham District Council Mid Sussex District Council |