



Reforming the Local Authority Business Growth
Incentives Scheme
Consultation paper



HM TREASURY

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Incentives Scheme
Consultation paper

August 2008
Department for Communities and Local Government
HM Treasury

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Section 1

Introduction

1. For the three years from 2005-06, the Government is distributing £1bn to local authorities in England and Wales through the Local Authority Business Growth Incentives scheme (LABGI). The scheme is designed to give local authorities an incentive to encourage local economic and business growth.
2. In the Comprehensive Spending Review last year, the Government announced that a further £150m would be made available for this purpose (£50m in 2009-10 and £100m in 2010-11). The Government published an Issues Paper in October 2007 – *Building better incentives for local economic growth*¹ – which set out the lessons learned from the first three years of the LABGI scheme, and sought views on reform to further improve the scheme for the future. The Paper generated a significant level of interest, including 191 responses. A summary of the responses was published on 18 March 2008.
3. As a result of the experience of operating LABGI, responses to the Issues Paper, and recent wider policy developments, the Government has reconsidered its approach to the scheme and the parameters for reform. The proposed reforms set out in this consultation document build on LABGI and maintain its focus on incentivising economic development, but also embrace the overall direction of policy as it has evolved since LABGI was introduced.
4. The reformed scheme will apply to English local authorities for 2009-10 and 2010-11. The Government intends that, in the longer term, LABGI will be mainstreamed as a permanent part of the local government finance system. It will be subject to review (with further consultation on proposals for improvement and adjustment as necessary), and to decisions made during future spending reviews.

How to respond

5. The purpose of this consultation is to set out for comment the Government's proposed approach to a new scheme, which will help the Government to refine its thinking before the scheme is introduced.
6. We invite responses to the consultation questions by 20 November 2008.

¹ <http://www.communities.gov.uk/publications/localgovernment/labgischemereforms>

7. We particularly welcome responses submitted electronically. Please send responses by e-mail to:
LABGI.Consultation@communities.gsi.gov.uk
8. If you are not able to respond by e-mail, please send your response to:

Kenneth Cameron
LABGI
Local Government Finance
Communities and Local Government
Zone 5/D1
Eland House
Bressenden Place
London SW1E 5DU
9. If you have any enquiries or require a paper copy of the consultation paper, please contact Kenneth Cameron on 0207 944 4227.
10. A summary of the responses to this consultation will be published on the Communities and Local Government (CLG) website within 3 months of the consultation closing.

Confidentiality

11. Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).
12. If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department. The Department will process your personal data in accordance with the DPA and, in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

Comments and complaints

13. This consultation is being undertaken in accordance with the Code of Practice on Consultation. The consultation criteria are set out on page 30 together with information on how to make comments or complaints about the consultation procedure.

Section 2

The Wider Context

14. The Government is committed to achieving strong and sustainable economic growth, and recognises the vital contribution of partners at all spatial levels to deliver this. Local authorities in particular play a key role in developing the economies of their areas and managing the response to external pressures and economic uncertainty. They work individually and in collaboration with other local authorities, regional partners, central government and the private sector.
15. This consultation considers reform of the LABGI scheme in the context of local authorities' developing role in supporting economic growth, and takes account of key policy developments over the past year. The Government has:
 - published its *Review of Sub-National Economic Development and Regeneration* (also known as the 'Sub-National Review')
 - introduced a new local performance framework for local authorities
 - made the first three-year finance settlement for local government
 - planned the introduction of a power to enable upper-tier authorities to levy Business Rate Supplements
 - changed the basis for granting relief from non-domestic rates on empty and partially occupied property

The following paragraphs set out background on these reforms.

Review of Sub-National Economic Development and Regeneration (SNR)

16. In July 2007, the Government published the *Review of Sub-National Economic Development and Regeneration* (SNR).² The reforms set out in the SNR are designed to strengthen the local authority role in economic development, including through a new statutory economic assessment duty; and to support local authorities in working together at the sub-regional level.

² www.hm-treasury.gov.uk/spending_review/spend_csr07/reviews/subnational_econ_review.cfm

17. In March this year, the Government launched a consultation exploring how to take aspects of the SNR forward. The consultation closed on 20 June 2008 and we are currently considering the responses and will be publishing a response later this year. Having described the advantages of economic development decision-making at a sub-regional level, the consultation paper set out a number of ways of promoting sub-regional working. These included Multi Area Agreements (MAAs) and the idea of establishing statutory sub-regional arrangements for economic development activity. The paper sought views on the type of activity which would be facilitated by such arrangements. Examples were given, including cooperation on economic growth projects supported by Business Rate Supplements (subject to legislation); and the LABGI scheme.
18. Developing this idea further, we are minded to build the new scheme in a way that recognises the importance of cooperation between local authorities at sub-regional level for economic development.

New local performance framework

19. As part of the 2007 Comprehensive Spending Review, the Government introduced a new local performance framework. This reduced the number of indicators against which local government performance is measured from around 1,200 to 198 and confirmed that Local Area Agreements (LAAs) are the only context within which the Government will agree targets with local authorities working alone or in partnership. Up to 35 targets from the indicator set are agreed in each local area for the three year lifetime of the LAA. The Government also announced a new round of LAA Reward Grant, with reward payable in 2011-12 and 2012-13 in respect of performance up to the end of 2010-11.
20. We have considered how the new scheme could best be aligned with the new performance framework, and have examined the idea of basing the scheme on a basket of economically relevant indicators from the national indicator set. We have also considered the option of merging this scheme into LAA Reward Grant, to create a single reward mechanism (performance against relevant economic indicators will be reflected in reward through LAA Reward Grant). Although the Government accepts that there are arguments in principle for developing LABGI along these lines, it has concluded that, over the next two years, it would be better to continue to run a scheme which focuses specifically on incentivising business growth.

The three-year settlement for local government

21. In December 2007, the Government announced the first three-year finance settlement for local government. The stability and level of certainty that this provided have been widely welcomed within local government. We asked, in the Issues Paper, whether respondents would prefer a scheme with firm allocations for three years. However, there was a clear preference for payments allocated year-on-year in order to reward performance more quickly. Authorities' preference for annual allocations does not in itself outweigh the Government's preference for three year allocations which bring greater stability and enhance longer-term planning and efficiency in local government. However, in the particular circumstances of incentivising economic growth, we have concluded that an annual allocation is the right approach, at least for the time being. To enhance the incentive effect, we have therefore concluded that we should adopt that approach.

Business Rate Supplements

22. In October 2007, the Government announced³ proposals for a power enabling upper tier and unitary local authorities, and the Greater London Authority, to raise and retain a local supplement on the national non-domestic rate (with safeguards for business). This will require primary legislation. Subject to Parliamentary approval, the intention is that the power to raise Business Rate Supplements (BRS) should come into effect in April 2010. Authorities will be able to use the proceeds on additional projects to promote economic development. The new scheme proposed in this consultation paper needs to be consistent with the introduction of Business Rate Supplements.

Recent changes to empty property relief

23. Until 1 April 2008, no business rates were payable for the first three months that a property was empty and, after that, an empty property rate was 50 per cent of the normal bill. On industrial buildings, listed buildings and small properties with rateable values of less than £2,200, there were no rates to pay even after the first three months. Since 1 April, the full business rate has applied to most non-domestic properties that have been empty for three months or more. Exceptions include industrial and warehouse property, which are now subject to the full rate if they have been empty for six months or more; and listed buildings, which retain the relief. The Government has the power, by secondary legislation, to reduce the empty property rate from its current level of 100 per cent of the occupied rate back to a minimum of 50 per cent.

³ *Business rate supplements: a White Paper*, HM Treasury and Department for Communities and Local Government, October 2007

Revaluation

24. The current rating lists came into force on 1 April 2005. They will be replaced with effect from 1 April 2010, following a general revaluation reflecting values as at the antecedent valuation date of 1 April 2008.
25. The transitional arrangements introduced to smooth changes in the rates burden expire at the end of 2008-09. Any transitional arrangements for the 2010 rating lists will, in due course, be the subject of consultation. The 2010 revaluation and transitional arrangements will not affect the scheme for 2009-10 and 2010-11.

Section 3

LABGI and the response to the Issues Paper

26. The existing LABGI scheme measures increases in the rateable values of properties within each local authority area against historic rates of growth. The design of the scheme sought to exclude the impact of appeals on rateable values, which were therefore built up from detailed Valuation Office Agency (VOA) data. Historic rates of growth were determined by reference to increases in rateable value totals from 1995 to 2003 (2000 being interpolated to avoid distortions due to the general revaluation in that year). The scheme variously made use of a national adjustment factor, ceilings and the re-basing of floors in an effort to ensure fairness, and scaling factors to ensure that the total distributed did not exceed the overall funding allocated by the Government.
27. Although the principle of the scheme was widely welcomed, the Government recognised in the Issues Paper that there were concerns about the way it operated in practice. In particular:
- local authorities found the way the scheme operated, and the method for calculating allocations, difficult to understand and not transparent
 - attempts to provide incentives which were applicable to all authorities and to create a 'fair' distribution of resources, made the scheme complex and unpredictable, and so weakened the incentive effect
 - it was not aligned with the budget-setting process, making it difficult for authorities to take account of LABGI funding in financial planning

Responses to the Issues Paper

28. The Issues Paper discussed several objectives for reform i.e. to:
- empower every council to take a lead role in encouraging economic development by strengthening the link between growth in a local area and its local business tax base
 - strengthen the fairness of the incentive so that all authorities – particularly the most deprived – make a greater contribution to local economic well-being by sharpening the link between financial rewards and local growth, recognising the scale of the challenge in low-income areas and delivering opportunity for all

- support the plans each authority makes for the future of its local area by delivering greater certainty, simplicity and transparency in the value of LABGI
- deliver long-lasting reform by creating a permanent incentive to reward economic development that is fully integrated with the local government finance system

29. A Summary of Responses received to the Issues Paper was published on 18 March 2008⁴. In very broad terms, the responses made it clear that a scheme of this type was still generally welcomed; but many respondents recognised that the objectives for reform are in tension with one another and cannot be equally met. Overall, the responses indicated:

- support for the continued use of business rates, with marginally more support for the use of yield than of rateable value as a measure of growth
- a clear preference to avoid ring-fencing by the Government
- split views about the appropriate balance of payments between authorities in two-tier areas
- a range of views about which of the objectives were most important
- a preference to reflect the size of a local authority's tax base as well as the rate of growth in the calculation of rewards

The Association of Chief Police Officers, and several police authorities, argued that police services are necessary for economic development, and that police authorities should therefore share in LABGI rewards.

⁴ <http://www.local.communities.gov.uk/finance/labgi/summissuepaprep.pdf>

Section 4

A New Scheme

30. The Government believes that local authorities have a key role to play in developing the economies of their areas and proposes that they should have a stronger focus on sustainable economic development and regeneration. It is committed to providing a framework within which authorities can work with business so that business can play its essential role of creating wealth. Giving local government a financial stake in the success of business in its area is one element of this framework. The Government also considers that economic development can best be pursued by authorities working together across boundaries to boost sub-regional economies; and that an appropriate reward scheme will help incentivise them to do so.
31. For these reasons, the Government remains committed to an incentive for economic development. It has concluded that an incentive scheme will work most effectively if it is based on understandable (and preferably publicly available) data and has simple and measurable objectives. Drawing on the experience of LABGI, responses to the Issues Paper and wider policy developments, we have therefore reached the following conclusions:
- (a) we cannot meet all of the objectives outlined in the Issues Paper to the same degree
 - (b) the new scheme must aim to be simple and transparent
 - (c) the Government provides other funding which is allocated on the basis of 'need'. This scheme should focus on business growth
 - (d) there would be a benefit in using published data that is generally understood and accepted by authorities
 - (e) the use of rateable value has led to some of the complexities – and lack of transparency – in LABGI, so there is merit in using business rates yield as the basis of allocation
 - (f) our analysis suggests that historical growth does not necessarily provide a consistent guide to future growth. Given this, and the desire to keep the new scheme simple, we do not propose that the new scheme should use historical growth baselines
 - (g) we should align the timing of announcing allocations with the budget-setting process

In considering how the scheme could be integrated into the sub-national economic framework, we considered whether it could be based on increases of Gross Value Added (GVA) delivered from local authority areas. Although well established as a measure of economic activity at the national level, the required data are not available at local authority level and, at sub-regional level, we judge it currently to be too liable to subsequent amendment to form a dependable basis for this scheme. We therefore do not propose to adopt GVA as the measure for reward.

Main characteristics

32. The Government is therefore proposing a scheme for 2009-10 and 2010-11 with the following broad characteristics:
- (a) local authorities will group themselves, or be grouped, in sub-regions for the purposes of the scheme
 - (b) performance will be based on the growth in yield of non-domestic rates in each sub-region
 - (c) if a sub-region qualifies for reward, that reward will be distributed to the local authorities in the sub-region pro rata to their population (on the basis of the most recent mid-year population estimates)
 - (d) in areas with two-tier local government, two-thirds of the amount attributable to a billing authority area will be allocated to the county council, and one-third to the district council
 - (e) reward will be assessed by reference to the comparative performance of sub-regions, measured in terms of the growth achieved over a rolling period of three years ending in the year before that in which the reward is calculated⁵
 - (f) the data on which yield will be calculated will be drawn from National Non-Domestic Rates 3 (NNDR3) returns submitted each year by billing authorities

Some of these characteristics, and the calculations involved, are discussed in more detail in the following paragraphs. We would also like to hear respondents' views on some variants discussed in the remainder of this section.

Local Authorities

33. The Government takes the view that, for the purposes of the scheme, "local authorities" should include county councils, shire district councils, metropolitan district councils, London boroughs, the City of London, and unitary authorities. It does not propose to allocate rewards under the scheme to police authorities, fire and rescue authorities, the Greater London Authority, nor any other body which may, for other purposes, have the

⁵ For example, for rewards to be made available in 2010-11, the allocation will be calculated during 2009-10 on the basis of growth data for a period ending on 31 March 2009.

status of a local authority. In particular, whilst recognising the arguments put forward on behalf of police authorities in response to the Issues Paper, the Government does not accept that it is appropriate to incentivise them to promote economic growth, nor to reward them for growth that has been achieved. That is the role of local authorities as defined above.

Sub-regional focus

34. The intended sub-regional focus for calculating reward raises the question of how sub-regions should be defined. In the spirit of the Sub-National Review, we are inviting local authorities themselves to propose the sub-regional grouping which would be most appropriate for them. In order to make this work, we would expect each authority to discuss their proposed sub-region with others who would be affected, whether because they are included in the proposed sub-region or because they are not included but wish to be part of that sub-region.
35. Ministers will expect sub-regions to meet the following criteria:
- (a) they should consist of contiguous local authorities and reflect, as far as possible, real economic areas
 - (b) no district or unitary authority should be divided between sub-regions
 - (c) every billing authority must be included in one, and only one, sub-region
 - (d) they should not change for the foreseeable future (certainly not before the end of the current spending review period in 2010-11)

Consultation Question 1 Which other local authorities, if any, do you regard as being in the same sub-region as yours for the purposes of cooperation in economic development?

36. We suggest that, with the exception of London, authorities may consider that a feasible option would be to use areas defined by Level 2 of the Nomenclature of Units for Territorial Statistics (NUTS2) categories used by the European Union. These are discussed and set out in Annex B. In our assessment, these categories fit reasonably well with functioning economic sub-regions. Where, after discussion with Communities and Local Government, authorities cannot agree on the boundaries of a sub-region for the purposes of the scheme, the Secretary of State for Communities and Local Government would need to decide the matter. In doing so, she will apply the above criteria; and in taking a view of economic areas, she will want to take into account the views of the authorities concerned, their membership of relevant MAA areas and other cooperative arrangements, and any other factors that seem relevant.

37. We think there is a case for saying that, for London, NUTS2 should not be the default option. Within the NUTS classification system, London is a NUTS1 entity, and is split into Inner and Outer London at NUTS2 level. We incline to the view that London as a *whole* should be regarded as the functional economic area, and that there is not an obvious alternative which takes account of the inter-dependency of the different parts of the London economy – which, indeed, is reflected in the governance structure of London. We note that the other major conurbations would be dealt with as single sub-regions under the NUTS2 classification.
38. Once authorities have expressed their preferences about sub-regions in response to this consultation, the Government has identified two possible ways of proceeding to a final list of sub-regions. Under both options, it would publish a list of the preferred sub-regions of all authorities; and enter into discussions with those authorities where there was not agreement about the sub-regional boundaries. Following those discussions, it could either:
- proceed directly to publish the final list of sub-regions, alongside provisional allocations for 2009-10. The advantage of this option is that final allocations for 2009-10 would be more likely to be announced in time for budget-setting deadlines; or
 - issue a provisional list of sub-regions which it was minded to adopt, subject to authorities' further comments. It would consider the further comments before publishing a final list and provisional allocations for 2009-10. This would be a fuller process of consultation than the option above. However, it would mean that final allocations for 2009 10 would be unlikely to be announced in time for budget-setting
39. The decision about which option to adopt will clearly be influenced by the extent of disagreement between authorities about sub-regional boundaries.

Consultation Question 2 Do you agree that London should be regarded as a single sub-region for the purposes of the scheme?

Consultation Question 3 Do you agree that where local authorities outside London cannot agree on a sub-regional grouping which meets the above criteria, the scheme should be broadly based on NUTS2 groupings, with the possibility of variation where the case for doing so can be made?

Consultation Question 4 Would you prefer the Government to proceed directly to publish a final list of sub-regions, following discussion after this consultation; or to publish a provisional list for comment first?

Process for calculating rewards

Terminology

40. In this description of the calculation process, the following terms are used:

<i>The reward fund</i>	<ul style="list-style-type: none"> • The total amount available for distribution
<i>NNDR contribution of an authority</i>	<ul style="list-style-type: none"> • The 'Contribution to the Pool' shown as Line 14 in Part I of the 2006-07 NNDR3 form⁶
<i>NNDR contribution of a sub-region</i>	<ul style="list-style-type: none"> • The sum of all the NNDR contributions of authorities in that sub-region
<i>The reward period</i>	<ul style="list-style-type: none"> • The years over which growth is being measured for the purposes of the scheme (we are proposing three years, but inviting views)
<i>Qualifying sub-region</i>	<ul style="list-style-type: none"> • A sub-region that qualifies for reward under the rules of the scheme
<i>The change in contribution from a sub-region</i>	<ul style="list-style-type: none"> • The change in the NNDR contribution of a sub-region over the course of the reward period
<i>The change in the total qualifying pool for England</i>	<ul style="list-style-type: none"> • The sum of all positive changes delivered by sub-regions over the reward period (please note that sub-regions where contribution has declined over the period are excluded from the calculation)

Calculation

41. We propose that the methodology for calculating reward should be broadly as follows (subject to possible variants discussed below):

- (a) the reward fund will be announced in time for authorities to take account of it in their budget-setting each year⁷
- (b) the NNDR contribution for each billing authority will be calculated for the year before the reward period and for the final year of the reward period, using data supplied in the authority's NNDR3 returns for those years. In order to announce provisional allocations in time for budget-setting, we propose using the best information available by the end of the September following the reward period – the audited version of NNDR3, wherever possible. This would be followed, after consultation, by final allocations which would reflect any updates of the NNDR3 data received by the end of December

⁶ The NNDR3 Form for 2006-07 is reproduced at Annex A

⁷ NB: The Reward Fund available for 2009-10 and 2010-11 was set in the Comprehensive Spending Review of 2007, at £50m and £100m respectively.

- (c) these figures will form the basis for calculating the change in the NNDR contribution of each sub-region
- (d) the change in the national total qualifying pool will then be calculated
- (e) the reward to be allocated to each qualifying sub-region will be calculated as:

$$\text{Reward} = \text{Fund} \times \frac{\text{The change in contribution from the sub-region}}{\text{The change in the total qualifying pool for England}}$$

- (f) the sub-regional award will be distributed between the billing authorities in the sub-region (i) pro rata to their populations; and then, where appropriate (ii) by allocating two-thirds of the amount attributable to a billing authority area to the county council, and one-third to the district council
42. There are a number of variants that could be made to the above methodology. These are discussed in the following paragraphs.

Consultation Question 5 Do you agree with the calculation process as outlined above?

Consultation Question 6 Do you have any comments on the calculation process?

Minimum and Maximum awards

43. We think that the calculation methodology proposed in paragraph 41 above would allocate reward on a simple and logical basis. We have considered whether there is a case for the methodology to accommodate making allocations subject to a minimum payment, a maximum payment, or both. Our initial view is that these are complications which are best avoided, but we are interested in respondents' views.

Consultation Question 7 Do you agree that there should be no minimum or maximum awards?

The Reward Period

44. We have considered whether the rolling reward period should be a single year, or some longer period. The downside to a very short term view is that rewards would, on previous experience, be very unpredictable. A period including five annual changes in contributions would have advantages, the main one being that revaluations occur every five years, so any distortions resulting from appeals etc affecting Year 1 of the reward period would more-or-less equally affect Year 5. It would also minimise volatility in the rewards. We think the downside to such a long period is that the effect of energetic action by local authorities would take such a long time to feed through into the calculation of reward that the desired incentive effect could become imperceptible. On balance, we therefore incline to the view that a three

year period – involving four years of data and therefore three increments in yield – should be adopted. We acknowledge that such an approach will, in the early years of the operation of a new scheme, involve data from years which have already been taken into account in assessing rewards under the LABGI scheme. We are however keen to hear respondents' views on this issue.

Consultation Question 8 Do you agree that the Reward Period should be set at 3 years' growth?

Consultation Question 9 If not, what other reward period should be adopted in the new scheme?

Qualifying sub-regions, and changes in their contributions

45. The extent to which sub-regions qualify for reward will determine the overall distribution of LABGI funding and the incentive effect in each sub-region. We propose that a sub-region should qualify if its NNDR contribution increases over the reward period. Its contribution to the total qualifying pool for England would be the absolute size of that increase. Sub-regions whose contribution did not increase would not be included for the purposes of calculating reward, nor would their negative growth impact on the national totals.
46. We have considered variants to this approach. An option might be to allow a sub-region to qualify for reward if the percentage change in its contribution over the reward period is higher than a national standard. The standard could be, for example, the national median rate of change (perhaps reduced by a national adjustment factor, which would bring more sub-regions into scope). The size of a sub-region's contribution would then be taken to be the absolute amount by which its actual contribution exceeds that which it would have delivered if it had performed in line with the national standard. Sub-regions falling below that rate of growth would be excluded in subsequent calculations.
47. These variants could mean that fewer sub-regions would get reward, but that those that did qualify would get a bigger share of the total funds provided by Government. On balance, we do not think it worth adding to the complexity of the scheme by adopting this option, and that a simple model is preferable. Our analysis at Annex C shows the distribution of funds across local authorities, according to the lead option set out in paragraph 45.

The change in the total qualifying pool for England

48. In the interests of simplicity, we think that the best way to calculate the change in the total qualifying pool is to take the sum of the changes in contribution of the qualifying regions.

The division of reward between districts and counties

49. In the LABGI scheme, rewards in two-tier areas were divided between district and county councils in such a way that districts received about 65 per cent of the reward for an area, with counties receiving about 35 per cent. The Issues Paper asked for views on whether a reformed scheme should take a different approach to this. Responses were sharply divided, with all counties arguing for an increased share, and almost all districts arguing for the existing split. The Government has taken a fresh view of this for the purposes of the new scheme, and concluded that the division should be one third to district councils, and two thirds to county councils. This decision is influenced by the relative scale of the two tiers of local government, and the extent to which the upper tier can contribute to economic development across the larger geographical scales represented by sub-regions.

Consultation Question 10 Do you agree with the proposed division of reward between district and county councils?

Possible adjustments to the measurement of NNDR contributions

50. For the reasons set out earlier in this paper, the Government is minded not to make any adjustments to the figure for the 'Contribution to the Pool' shown in Line 14 of Part I of the 2006-07 NNDR3 form. Our intention is to make the scheme as simple, transparent and understandable as possible. Each adjustment would add to the complexity of the scheme. This section lists the main adjustments that could be made to the Contribution to the Pool figure, and explains the Government's thinking on each one.

The business rate multiplier

51. Business rates increase each year because of the application of a multiplier. This results in an increase in yield which is not directly related to business growth. There is an argument for excluding the effect of the multiplier, on the basis that it does not reflect business growth. However, we intend to include the effect of the multiplier each year since this is part and parcel of a straightforward approach to measuring yield. To do otherwise would be to start introducing an added level of complexity into the scheme.

Treatment of reliefs

52. For the purposes of calculating reward, we have had to consider how to deal with reliefs and adjustments to the gross rates payable to local authorities when they calculate their contribution to the national non-domestic rates pool. The reliefs and adjustments in question are as follows:

- (a) any overall reduction in the contribution as a result of transitional arrangements in the years after a revaluation (see paragraph 54 below)
- (b) any adjustment in the contribution as a result of the operation of small business

rate relief

- (c) empty property relief
- (d) relief for partly occupied hereditaments
- (e) mandatory and discretionary reliefs for charitable occupations, community amateur sports clubs, village shops, and former agricultural premises

53. We take the view that the arguments in favour of making adjustments are not sufficient to outweigh the benefit of a simpler and more transparent scheme. Therefore, we do not propose to make any adjustments to reflect these reliefs.

Consultation Question 11 Do you agree that the scheme should be based on the Contribution to the Pool, without any adjustments for reliefs?

Consultation Question 12 If not, which factors do you think should be reflected by adjusting the Contribution to the Pool?

Transitional arrangements

54. Transitional arrangements are designed to soften the impact of revaluation on individual ratepayers, by phasing in the changes to rates bills over a period of time (reducing both increases and reductions in those bills). The transition scheme for the 2005 rating lists operated over a four year period, so every ratepayer will pay their true rates liability in the fifth year (and many will pay it well before this). Lines 2i, 2ii, 3i and 3ii of Part II of the NNDR3 form (see Annex A) respectively require local authorities to report increases and reductions in rate yield due to full rate changes being deferred. In the interests of simplicity, we are inclined on balance *not* to build into the calculation of reward an adjustment to neutralise the impact of transitional reliefs. However, we are interested in respondents' views on this issue.

Consultation Question 13 Do you agree that, in calculating NNDR contributions for the purposes of this scheme, we should take actual yield as shown in Line 14 of Part I of the NNDR3 form (i.e. after the application of transitional relief)?

Consultation Question 14 If not, what would you propose?

Treatment of appeals

55. The outcomes of appeals against rateable values after a revaluation or reductions reflecting material changes to properties during the currency of a rating list inevitably exert a downward pressure on NNDR yields. We have considered whether, in a scheme aiming to reward performance in contributing to the NNDR pool, we should try to neutralise this effect. For several reasons, we do not think that we should incorporate such an element in the scheme:

- (a) all authorities are operating within the same cycle (i.e. from revaluation to revaluation) and given that awards are to be assessed by reference to sub-regions' comparative performance, it is unlikely that there will be any systematic bias towards particular sub-regions
- (b) if growth is assessed over a rolling period of several years (as we propose), rather than from year to year, the impact will to some extent be self-correcting (i.e. as the factor emerges in recent parts of the period, it will tend to disappear from earlier ones)
- (c) exploring the reasons for changes in the tax base will force the new scheme to embrace some of the complexities and uncertainties which detracted from the transparency of LABGI
- (d) we do not see a straightforward way of identifying the effect of appeals, using yield figures from NNDR3 forms

Consultation Question 15 Do you agree that we should not seek, for the purposes of the scheme, to neutralise the impact of appeals on local authorities' contributions to the NNDR pool?

Consultation Question 16 If not, what would you propose?

Treatment in revaluation years

56. The next general Revaluation will occur in 2010-11 but, under the proposed scheme, would not impact on rewards until 2012-13 if the reward cycle discussed in paragraph 66 below were adopted. This is well beyond the period for which reward funds were allocated in the Comprehensive Spending Review, so the following discussion will only be relevant if the scheme remains unchanged for some years after that.
57. Revaluations inevitably redistribute the weight of the tax burden within local authority areas, between them, and indeed between sub-regions and regions. However, each revaluation is coupled with a corresponding adjustment of the NNDR multiplier, which is recalculated in a revaluation year to ensure that the national amount collected by the NNDR process only increases in line with inflation. The contribution to the national NDR pool made by local authorities will only change markedly if the impact on an authority's tax base is far from the average – and then only gradually, assuming we do not seek to neutralise the impact of transitional arrangements for the purposes of the scheme. Should this issue need to be considered in the future, we would therefore not anticipate making any adjustment to the Contribution to the Pool because a revaluation affects yields from particular local authorities.

Consultation Question 17 What are your views on the handling of revaluations?

Transfers between Rating Lists

58. Certain hereditaments are subject to non-domestic rates, but appear in the central rating list rather than any local list. British Telecom's assessment is an example. Rates are paid to the Secretary of State, and are contributed into the national pool. These rates will not therefore have any impact on the contribution of sub-regions to the pool, nor on the calculations we envisage using to calculate rewards under the scheme.
59. In other cases, cross-boundary hereditaments are included in local rating lists. In such cases, the whole value of the hereditament is included in the rating list which seems most appropriate to the Valuation Officers involved, based on rating law and practice or which is prescribed by regulations. The value of the Channel Tunnel Rail Link, for example, currently appears in the rating list for Ashford, Kent.
60. Unless changes occur, neither of these factors is an issue in the design of the new scheme. However, when movements to or from the central list, or movements of cross boundary hereditaments between local lists occur, sub-regions' contributions to the national pool may be substantially affected by what is essentially an administrative action.
61. Whilst recognising that fact, we are of the view that:
- the proposed sub-regional focus will tend to mitigate the impact although not eliminate it
 - the complications needed to neutralise the impacts on rewards would damage the transparency we are aiming for
 - the impact will only be marginally to redistribute the rewards between sub-regions (since the size of the fund is fixed)

We therefore do not propose to make any adjustments for transfers between lists.

Consultation Question 18 Do you agree that we should not make adjustments for cross-boundary transfers or for transfers between the central list and local lists?

Consultation Question 19 If not, what would you propose?

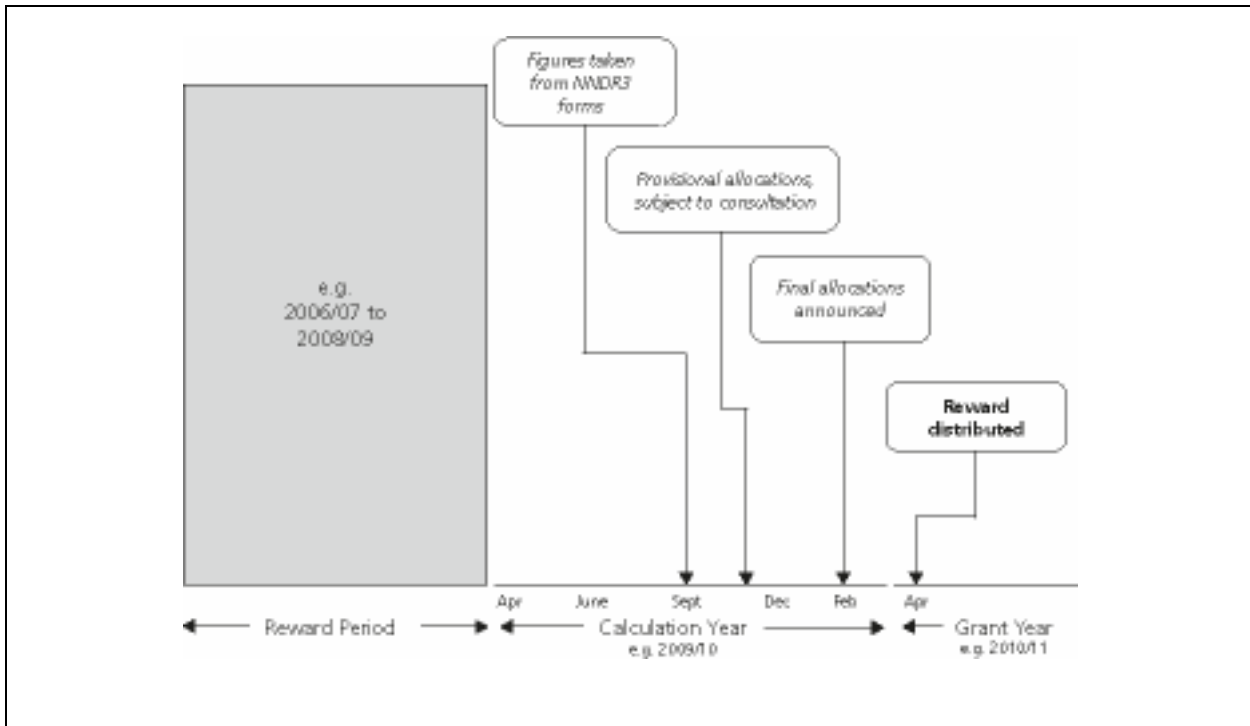
Exemplification of Rewards

62. In order to help local authorities consider how grant might be distributed under the scheme now proposed, Annex C sets out a detailed exemplification of the way in which a hypothetical fund of £100m would be distributed. It is based on NNDR return data for the years 2005-06 to 2008-09 – using data from NNDR 1 returns for 2007-08 and 2008-09, and NUTS2 groupings of local authorities (with the exception of London which is considered as one sub-region).
63. The model underpinning this exemplification has been published at <http://www.local.communities.gov.uk/finance/labgi/exempmodel.xls>. Respondents are invited to use it to help them gauge the impact of adjusting key parameters such as the length of the reward period, and the split between districts and counties in two tier areas.
64. The Government believes that the options in this paper could be used to reform the LABGI scheme in 2009-10 and 2010-11. However, the options here may be further refined following consultation, or respondents may propose new options. **Therefore, the components of the scheme may not necessarily be drawn from the list of options described in this paper.**

Administering the Reward

65. The Government has already indicated it proposes to issue the reward as an un-ringfenced grant, in line with its general policy. This was supported by the vast majority (85 per cent) of respondents to the Issues Paper who expressed a view on this point.
66. We anticipate that the process will operate so that three periods can be distinguished:
 - the rolling reward period of three years, which advances by one year each year
 - the calculation year, during which NNDR3 forms are received for the last year of the reward period, and rewards calculated
 - the grant year, in which the reward is distributed to local authorities

67. The following diagram shows this cycle for the grant year 2010-11.



68. Based on past experience, Communities and Local Government expects all unaudited NNDR3 returns to be available by the end of September in each year. It should therefore be feasible to calculate provisional allocations in time for a consultation before the end of the calendar year, which would allow authorities to check them. Virtually all audited returns are received by the end of December. There have been rare exceptions where audited returns only become available after the end of December. However, we consider that the benefits of certainty and stability outweigh the case for adjusting payments in the light of audited returns received after the end of December. We are therefore proposing to use the best available NNDR3 data at each stage, with a cut-off date of 30 September for the data used for the provisional allocations; and 31 December for the date used for the final allocations. This will avoid knock-on effects on other authorities, and remove the need to make (what in practice are likely to be mostly minor) adjustments in subsequent years.

Consultation Question 20 Do you have comments on the approach we propose where an audited NNDR3 form is not available?

2009-10

69. The cycle outlined above will be more difficult to achieve for grant year 2009 10. There is unlikely to be time for Communities and Local Government to reflect the outcome of this consultation in the process in time for a consultation in the autumn on proposed rewards. We therefore intend, exceptionally, to consult on proposed rewards in the early part of 2009 (taking account of responses to Consultation Question 4), and to make the appropriate payments as soon as possible after that.

Section 5

Consolidated Consultation Questions

Responses are sought to the following questions which have been asked in the sections above.

1. Which other local authorities, if any, do you regard as being in the same sub-region as yours for the purposes of cooperation in economic development?
2. Do you agree that London should be regarded as a single sub-region for the purposes of the scheme?
3. Do you agree that where local authorities outside London cannot agree on a sub-regional grouping which meets the above criteria, the scheme should be broadly based on NUTS2 groupings, with the possibility of variation where the case for doing so can be made?
4. Would you prefer the Government to proceed directly to publish a final list of sub-regions, following discussion after this consultation; or to publish a provisional list for comment first?
5. Do you agree with the calculation process as outlined above?
6. Do you have any comments on the calculation process?
7. Do you agree that there should be no minimum or maximum awards, at least at the outset of the scheme?
8. Do you agree that the Reward Period should be set at 3 years' growth?
9. If not, what other reward period should be adopted in the new scheme?
10. Do you agree with the proposed division of reward between district and county councils?
11. Do you agree that the scheme should be based on the Contribution to the Pool, without any adjustments for reliefs?
12. If not, which factors do you think should be reflected by adjusting the Contribution to the Pool?

13. Do you agree that, in calculating NNDR contributions for the purposes of this scheme, we should take actual yield as shown in Line 14 of Part I of the NNDR3 form (i.e. after the application of transitional relief)?
14. If not, what would you propose?
15. Do you agree that we should not seek, for the purposes of the scheme, to neutralise the impact of appeals on local authorities' contributions to the NNDR pool?
16. If not, what would you propose?
17. What are your views on the handling of revaluations?
18. Do you agree that we should not make adjustments for cross-boundary transfers or for transfers between the central list and local lists?
19. If not, what would you propose?
20. Do you have comments on the approach we propose where an audited NNDR3 form is not available?

Section 6

The Code of Practice on Consultation

The Code of Practice on Consultation sets out the basic minimum principles for conducting effective Government consultations. It aims to standardise consultation practice across Government and to set a benchmark for best practice, so that all respondents would know what to expect from a national, public Government consultation.

It is centred around six key consultation criteria which are as follows:

- Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy
- Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses
- Ensure that your consultation is clear, concise and widely accessible
- Give feedback regarding the responses received and how the consultation process influenced the policy
- Monitor your Department's effectiveness at consultation, including through the use of a designated Consultation Co-ordinator
- Ensure your consultation follows better regulation best practice, including carrying out an Impact Assessment if appropriate

Paragraphs 11 and 12 explain how information provided in response to this consultation will be handled.

If you are not satisfied that this consultation has followed the above criteria or you have any other observations about ways of improving the consultation process, then please contact:

*Albert Joyce,
Communities and Local Government Consultation Co-ordinator,
Zone 6/H10, Eland House, Bressenden Place, London, SW1E 5DU;*

or by e-mail to:

consultationcoordinator@communities.gsi.gov.uk

Annex A

The NNDR3 Form

NATIONAL NON-DOMESTIC RATES RETURN – NNDR3 2006-07

Please e-mail to: nndr.statistics@communities.gsi.gov.uk by no later than 13 July 2007.
 In addition, a certified copy of the form before auditor certification, should be returned by no later than 13 July 2007 to Ibrahim Farrah, Communities and Local Government,
 Zone 5/J6 Eland House, Bressenden Place, London, SW1E 5DU.
 Auditor-certified forms should be returned to the same address no later than 28 September 2007.
 Where possible all figures to be entered in pounds and pence.

Ver 1.0

Select your local authorities name from this list

	▲
	▼

Check that this is your authority:

E-code:

Local authority contact name:

Local authority telephone number:

Local authority fax number:

Local authority e-mail address:

PART I: CONTRIBUTION TO THE NNDR POOL

GROSS AMOUNT (See notes)	£
1. Gross amount payable after taking into account transitional adjustments, empty property rate & mandatory relief	<input style="width: 100%;" type="text"/>
DISCRETIONARY RELIEF (See Notes)	
2. Reductions under s47(1) and s47(2)(a) (Charitable occupation)	<input style="width: 100%;" type="text"/>
3. Reductions under s47(1) and s47(2)(b) and (c) (non-profit making bodies)	<input style="width: 100%;" type="text"/>
4. Reductions under s47(1) and s47(2ba) (Community Amateur Sports Clubs)	<input style="width: 100%;" type="text"/>
5. Reductions under s47(1) and s47(3A) (Village shop)	<input style="width: 100%;" type="text"/>
6. Reductions under s47(1), s47(3A) and s47(3B) (other small rural businesses)	<input style="width: 100%;" type="text"/>
7. Reductions under s47(1) and s47(3c) (former agricultural premises)	<input style="width: 100%;" type="text"/>
8. Reductions under s49 (hardship)	<input style="width: 100%;" type="text"/>
9. Reductions under regulation 5 of SI 1991 No. 141 (charges on property)	<input style="width: 100%;" type="text"/>
NET YIELD (See Notes)	
10. Line 1 – line 2 – line 3 – line 4 – line 5 – line 6 – line 7 – line 8 – line 9	<input style="width: 100%;" type="text"/>
COST OF COLLECTION (See Notes)	
11. Allowance for Cost of Collection	<input style="width: 100%;" type="text"/>

LOSSES IN COLLECTION (See Notes)	
12. Yield lost in respect of bad debts written off and doubtful debts for which provision should be made	<input type="text"/>
INTEREST (See Notes)	
13. Interest on payments	<input type="text"/>
CONTRIBUTION TO THE POOL (See Notes)	
14. Line 10 – line 11 – line 12 – line 13	<input type="text"/>
NATIONAL NON DOMESTIC RATES RETURN 3 2006-07 PART II OTHER INFORMATION LA	
1. Gross Rates Payable	
(i) in respect of 2006-07	<input type="text"/>
(ii) net amounts in respect of previous years	<input type="text"/>
TRANSITION (see notes)	
2. Increase in rate yield due to full rate reduction being deferred	
(i) in respect of 2006-07	<input type="text"/>
(ii) net amounts in respect of previous years	<input type="text"/>
3. Reduction in rate yield due to full rate increases being deferred	
(i) in respect of 2006-07	<input type="text"/>
(ii) net amounts in respect of previous years	<input type="text"/>
SMALL BUSINESS RATE RELIEF (see notes)	
4. Increases under s43(4B&C) Total additional yield generated to finance the small business rate relief	
(i) in respect of 2006-07	<input type="text"/>
(ii) net amounts in respect of previous years	<input type="text"/>
5. Reductions under s43(4B&C) Total cost of small business rate relief for properties within billing authority area	
(i) in respect of 2006-07	<input type="text"/>
(ii) net amounts in respect of previous years	<input type="text"/>
OTHER MANDATORY RELIEFS (see notes)	
6. Reductions under s43(5) (Charitable occupation)	
(i) in respect of 2006-07	<input type="text"/>
(ii) net amounts in respect of previous years	<input type="text"/>
7. Reductions under s43(5) (Community Amateur Sports Clubs)	
(i) in respect of 2006-07	<input type="text"/>
(ii) net amounts in respect of previous years	<input type="text"/>
8. Reductions under s43(6A) and s43(6B) (Village shop)	
(i) in respect of 2006-07	<input type="text"/>
(ii) net amounts in respect of previous years	<input type="text"/>
9. Reductions under s43(6A) and s43(6F) (Former agricultural premises)	
(ii) net amounts in respect of previous years	<input type="text"/>

NATIONAL NON DOMESTIC RATES RETURN 3 2006-07 PART II OTHER INFORMATION LA	
10. Reductions under s44A (Partly occupied hereditaments)	
(i) in respect of 2006-07	<input style="width: 100%; height: 20px;" type="text"/>
(ii) net amounts in respect of previous years	<input style="width: 100%; height: 20px;" type="text"/>
11. Reductions under s45 (Empty premises)	
(i) in respect of 2006-07	<input style="width: 100%; height: 20px;" type="text"/>
(ii) net amounts in respect of previous years	<input style="width: 100%; height: 20px;" type="text"/>
GROSS AMOUNT (see notes)	
12. Line 1(i) + 1(ii) + 2(i) + 2(ii) - 3(i) - 3(ii) + 4(i) + 4(ii) - 5(i) - 5(ii) - 6(i) - 6(ii) - 7(i) - 7(ii) - 8(i) - 8(ii) - 9(ii) - 10(i) - 10(ii) - 11(i) - -11(ii) The figure in line 12 should be the same as Part I line 1.	<input style="width: 100%; height: 20px;" type="text"/>
ARREARS (see notes)	
13. Estimated gross arrears of all non-domestic rates at 31 March 2007	<input style="width: 100%; height: 20px;" type="text"/>
DATE OF LATEST INFORMATION	
14. Date of latest information taken into account when calculating the contribution to the pool (See Notes)	<input style="width: 100%; height: 20px;" type="text"/>
Certificate of Chief Financial Officer I certify that the entries in Parts I and II of this form are the best I can make on the information available to me. I certify that the entries in Part I have been made in accordance with the Non-Domestic Rating Contributions (England) Regulations 1992 (SI 1992/3082), as amended, and that the entry given in Part I line 14 has been calculated in accordance with the number of hereditaments and aggregate rateable value shown in the rating list for my authority on 31 December 2005.	
Chief Financial Officer:..... Date:	
NOW PLEASE COMPLETE THE VALIDATION SHEET	

Annex B

NUTS 2 Areas

1. The European Union defines sub-regions using Level 2 of the Nomenclature of Units for Territorial Statistics (NUTS) categories. Boundaries defined for the NUTS scheme are reasonably stable, and are based on local authority areas. They are subject to periodic review (the last being in 2003). Table 1 below shows how local authorities fall within NUTS 2 sub-regions. It reflects the restructuring of some local authorities due to come into effect on 1 April 2009.

Table 1 – allocation of local authorities to NUTS2 areas			
Local Authority	NUTS 2 region	County	Type⁸
Adur	Surrey, East and West Sussex	West Sussex	SD
Allerdale	Cumbria	Cumbria	SD
Amber Valley	Derbyshire and Nottinghamshire	Derbyshire	SD
Arun	Surrey, East and West Sussex	West Sussex	SD
Ashfield	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Ashford	Kent	Kent	SD
Aylesbury Vale	Berkshire, Buckinghamshire and Oxfordshire	Buckinghamshire	SD
Babergh	East Anglia	Suffolk	SD
Barking & Dagenham	Outer London	–	LB
Barnet	Outer London	–	LB
Barnsley	South Yorkshire	–	MD
Barrow-in-Furness	Cumbria	Cumbria	SD
Basildon	Essex	Essex	SD
Basingstoke & Deane	Hampshire and Isle of Wight	Hampshire	SD
Bassetlaw	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Bath & North East Somerset	Gloucestershire, Wiltshire and North Somerset	–	UA
Bedford	Bedfordshire and Hertfordshire	–	UA
Bexley	Outer London	–	LB

⁸ "Type" can be Shire County (SC), Shire District (SD), Metropolitan District (MD), Unitary Authority (UA), London Borough (LB).

Birmingham	West Midlands	–	MD
Blaby	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)

Local Authority	NUTS 2 region	County	Type ⁸
Blackburn with Darwen UA	Lancashire	–	UA
Blackpool UA	Lancashire	–	UA
Bolsover	Derbyshire and Nottinghamshire	Derbyshire	SD
Bolton	Greater Manchester	–	MD
Boston	Lincolnshire	Lincolnshire	SD
Bournemouth UA	Dorset and Somerset	–	UA
Bracknell Forest UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
Bradford	West Yorkshire	–	MD
Braintree	Essex	Essex	SD
Breckland	East Anglia	Norfolk	SD
Brent	Outer London	–	LB
Brentwood	Essex	Essex	SD
Brighton and Hove	Surrey, East and West Sussex	–	UA
Bristol	Gloucestershire, Wiltshire and North Somerset	–	UA
Broadland	East Anglia	Norfolk	SD
Bromley	Outer London	–	LB
Bromsgrove	Herefordshire, Worcestershire and Warwickshire	Hereford & Worcester	SD
Broxbourne	Bedfordshire and Hertfordshire	Hertfordshire	SD
Broxtowe	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Burnley	Lancashire	Lancashire	SD
Bury	Greater Manchester	–	MD
Calderdale	West Yorkshire	–	MD
Cambridge	East Anglia	Cambridgeshire	SD
Camden	Inner London	–	LB
Cannock Chase	Shropshire and Staffordshire	Staffordshire	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)

Local Authority	NUTS 2 region	County	Type⁸
Canterbury	Kent	Kent	SD
Carlisle	Cumbria	Cumbria	SD
Castle Point	Essex	Essex	SD
Central Bedfordshire	Bedfordshire and Hertfordshire	–	UA
Charnwood	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD
Chelmsford	Essex	Essex	SD
Cheltenham	Gloucestershire, Wiltshire and North Somerset	Gloucestershire	SD
Cherwell	Berkshire, Buckinghamshire and Oxfordshire	Oxfordshire	SD
Cheshire East Council	Cheshire	–	UA
Cheshire West and Chester Council	Cheshire	–	UA
Chesterfield	Derbyshire and Nottinghamshire	Derbyshire	SD
Chichester	Surrey, East and West Sussex	West Sussex	SD
Chiltern	Berkshire, Buckinghamshire and Oxfordshire	Buckinghamshire	SD
Chorley	Lancashire	Lancashire	SD
Christchurch	Dorset and Somerset	Dorset	SD
City of London	Inner London	–	LB
Colchester	Essex	Essex	SD
Copeland	Cumbria	Cumbria	SD
Corby	Leicestershire, Rutland and Northamptonshire	Northamptonshire	SD
Cornwall	Cornwall and Isles of Scilly	–	UA
Cotswold	Gloucestershire, Wiltshire and North Somerset	Gloucestershire	SD
Coventry	West Midlands	–	MD
Craven	North Yorkshire	North Yorkshire	SD
Crawley	Surrey, East and West Sussex	West Sussex	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	NUTS 2 region	County	Type⁸
Croydon	Outer London	–	LB
Dacorum	Bedfordshire and Hertfordshire	Hertfordshire	SD
Darlington UA	Tees Valley and Durham	–	UA

Dartford	Kent	Kent	SD
Daventry	Leicestershire, Rutland and Northamptonshire	Northamptonshire	SD
Derby UA	Derbyshire and Nottinghamshire	–	UA
Derbyshire Dales	Derbyshire and Nottinghamshire	Derbyshire	SD
Doncaster	South Yorkshire	–	MD
Dover	Kent	Kent	SD
Dudley	West Midlands	–	MD
Durham County	Tees Valley and Durham	–	UA
Ealing	Outer London	–	LB
East Cambridgeshire	East Anglia	Cambridgeshire	SD
East Devon	Devon	Devon	SD
East Dorset	Dorset and Somerset	Dorset	SD
East Hampshire	Hampshire and Isle of Wight	Hampshire	SD
East Hertfordshire	Bedfordshire and Hertfordshire	Hertfordshire	SD
East Lindsey	Lincolnshire	Lincolnshire	SD
East Northamptonshire	Leicestershire, Rutland and Northamptonshire	Northamptonshire	SD
East Riding of Yorkshire UA	East Riding and North Lincolnshire	–	UA
East Staffordshire	Shropshire and Staffordshire	Staffordshire	SD
Eastbourne	Surrey, East and West Sussex	East Sussex	SD
Eastleigh	Hampshire and Isle of Wight	Hampshire	SD
Eden	Cumbria	Cumbria	SD
Elmbridge	Surrey, East and West Sussex	Surrey	SD
Enfield	Outer London	–	LB

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	NUTS 2 region	County	Type⁸
Epping Forest	Essex	Essex	SD
Epsom and Ewell	Surrey, East and West Sussex	Surrey	SD
Erewash	Derbyshire and Nottinghamshire	Derbyshire	SD
Exeter	Devon	Devon	SD
Fareham	Hampshire and Isle of Wight	Hampshire	SD
Fenland	East Anglia	Cambridgeshire	SD
Forest Heath	East Anglia	Suffolk	SD
Forest of Dean	Gloucestershire, Wiltshire and North Somerset	Gloucestershire	SD
Fylde	Lancashire	Lancashire	SD
Gateshead	Northumberland and Tyne and Wear	–	MD
Gedling	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Gloucester	Gloucestershire, Wiltshire and North Somerset	Gloucestershire	SD
Gosport	Hampshire and Isle of Wight	Hampshire	SD
Gravesham	Kent	Kent	SD
Great Yarmouth	East Anglia	Norfolk	SD
Greenwich	Outer London	–	LB
Guildford	Surrey, East and West Sussex	Surrey	SD
Hackney	Inner London	–	LB
Halton UA	Cheshire	–	UA
Hambleton	North Yorkshire	North Yorkshire	SD
Hammersmith & Fulham	Inner London	–	LB
Harborough	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD
Haringey	Inner London	–	LB
Harlow	Essex	Essex	SD
Harrogate	North Yorkshire	North Yorkshire	SD
Harrow	Outer London	–	LB
Hart	Hampshire and Isle of Wight	Hampshire	SD
Hartlepool UA	Tees Valley and Durham	–	UA

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	NUTS 2 region	County	Type⁸
Hastings	Surrey, East and West Sussex	East Sussex	SD
Havant	Hampshire and Isle of Wight	Hampshire	SD
Havering	Outer London	–	LB
Herefordshire UA	Herefordshire, Worcestershire and Warwickshire	–	SC
Hertsmere	Bedfordshire and Hertfordshire	Hertfordshire	SD
High Peak	Derbyshire and Nottinghamshire	Derbyshire	SD
Hillingdon	Outer London	–	LB
Hinckley & Bosworth	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD
Horsham	Surrey, East and West Sussex	West Sussex	SD
Hounslow	Outer London	–	LB
Huntingdonshire (new)	East Anglia	Cambridgeshire	SD
Hyndburn	Lancashire	Lancashire	SD
Ipswich	East Anglia	Suffolk	SD
Isle of Wight UA	Hampshire and Isle of Wight	–	UA
Isles of Scilly	Cornwall and Isles of Scilly	–	UA
Islington	Inner London	–	LB
Kensington & Chelsea	Inner London	–	LB
Kettering	Leicestershire, Rutland and Northamptonshire	Northamptonshire	SD
Kings Lynn & West Norfolk	East Anglia	Norfolk	SD
Kingston upon Hull UA	East Riding and North Lincolnshire	–	UA
Kingston upon Thames	Outer London	–	LB
Kirklees	West Yorkshire	–	MD
Knowsley	Merseyside	–	MD
Lambeth	Inner London	–	LB
Lancaster	Lancashire	Lancashire	SD
Leeds	West Yorkshire	–	MD

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	NUTS 2 region	County	Type⁸
Leicester UA	Leicestershire, Rutland and Northamptonshire	–	UA
Lewes	Surrey, East and West Sussex	East Sussex	SD
Lewisham	Inner London	–	LB
Lichfield	Shropshire and Staffordshire	Staffordshire	SD
Lincoln	Lincolnshire	Lincolnshire	SD
Liverpool	Merseyside	–	MD
Luton UA	Bedfordshire and Hertfordshire	–	UA
Maidstone	Kent	Kent	SD
Maldon	Essex	Essex	SD
Malvern Hills (new)	Herefordshire, Worcestershire and Warwickshire	Hereford & Worcester	SD
Manchester	Greater Manchester	–	MD
Mansfield	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Medway Towns UA	Kent	–	UA
Melton	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD
Mendip	Dorset and Somerset	Somerset	SD
Merton	Outer London	–	LB
Mid Devon	Devon	Devon	SD
Mid Suffolk	East Anglia	Suffolk	SD
Mid Sussex	Surrey, East and West Sussex	West Sussex	SD
Middlesbrough UA	Tees Valley and Durham	–	UA
Milton Keynes UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
Mole Valley	Surrey, East and West Sussex	Surrey	SD
New Forest	Hampshire and Isle of Wight	Hampshire	SD
Newark & Sherwood	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Newcastle upon Tyne	Northumberland and Tyne and Wear	–	MD
Newcastle-under-Lyme	Shropshire and Staffordshire	Staffordshire	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	NUTS 2 region	County	Type⁸
Newham	Inner London	–	LB
North Devon	Devon	Devon	SD
North Dorset	Dorset and Somerset	Dorset	SD
North East Derbyshire	Derbyshire and Nottinghamshire	Derbyshire	SD
North East Lincolnshire UA	East Riding and North Lincolnshire	–	UA
North Hertfordshire	Bedfordshire and Hertfordshire	Hertfordshire	SD
North Kesteven	Lincolnshire	Lincolnshire	SD
North Lincolnshire UA	East Riding and North Lincolnshire	–	UA
North Norfolk	East Anglia	Norfolk	SD
North Somerset UA	Gloucestershire, Wiltshire and North Somerset	–	UA
North Tyneside	Northumberland and Tyne and Wear	–	MD
North Warwickshire	Herefordshire, Worcestershire and Warwickshire	Warwickshire	SD
North West Leicestershire	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD
Northampton	Leicestershire, Rutland and Northamptonshire	Northamptonshire	SD
Northumberland	Northumberland and Tyne and Wear	–	UA
Norwich	East Anglia	Norfolk	SD
Nottingham City UA	Derbyshire and Nottinghamshire	–	UA
Nuneaton & Bedworth	Herefordshire, Worcestershire and Warwickshire	Warwickshire	SD
Oadby & Wigston	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD
Oldham	Greater Manchester	–	MD
Oxford	Berkshire, Buckinghamshire and Oxfordshire	Oxfordshire	SD
Pendle	Lancashire	Lancashire	SD
Peterborough UA	East Anglia	–	UA
Plymouth UA	Devon	–	UA

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	NUTS 2 region	County	Type⁸
Poole UA	Dorset and Somerset	–	UA
Portsmouth UA	Hampshire and Isle of Wight	–	UA
Preston	Lancashire	Lancashire	SD
Purbeck	Dorset and Somerset	Dorset	SD
Reading UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
Redbridge	Outer London	–	LB
Redcar & Cleveland UA	Tees Valley and Durham	–	UA
Redditch	Herefordshire, Worcestershire and Warwickshire	Hereford & Worcester	SD
Reigate & Banstead	Surrey, East and West Sussex	Surrey	SD
Ribble Valley	Lancashire	Lancashire	SD
Richmond upon Thames	Outer London	–	LB
Richmondshire	North Yorkshire	North Yorkshire	SD

Rochdale	Greater Manchester	–	MD
Rochford	Essex	Essex	SD
Rossendale	Lancashire	Lancashire	SD
Rother	Surrey, East and West Sussex	East Sussex	SD
Rotherham	South Yorkshire	–	MD
Rugby	Herefordshire, Worcestershire and Warwickshire	Warwickshire	SD
Runnymede	Surrey, East and West Sussex	Surrey	SD
Rushcliffe	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Rushmoor	Hampshire and Isle of Wight	Hampshire	SD
Rutland UA	Leicestershire, Rutland and Northamptonshire	–	UA
Ryedale	North Yorkshire	North Yorkshire	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	NUTS 2 region	County	Type⁸
Salford	Greater Manchester	–	MD
Sandwell	West Midlands	–	MD
Scarborough	North Yorkshire	North Yorkshire	SD
Sedgemoor	Dorset and Somerset	Somerset	SD
Sefton	Merseyside	–	MD
Selby	North Yorkshire	North Yorkshire	SD
Sevenoaks	Kent	Kent	SD
Sheffield	South Yorkshire	–	MD
Shepway	Kent	Kent	SD
Shropshire	Shropshire and Staffordshire	–	UA
Slough UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
Solihull	West Midlands	–	MD
South Bucks	Berkshire, Buckinghamshire and Oxfordshire	Buckinghamshire	SD
South Cambridgeshire	East Anglia	Cambridgeshire	SD
South Derbyshire	Derbyshire and Nottinghamshire	Derbyshire	SD
South Gloucestershire UA	Gloucestershire, Wiltshire and North Somerset	–	UA

South Hams	Devon	Devon	SD
South Holland	Lincolnshire	Lincolnshire	SD
South Kesteven	Lincolnshire	Lincolnshire	SD
South Lakeland	Cumbria	Cumbria	SD
South Norfolk	East Anglia	Norfolk	SD
South Northamptonshire	Leicestershire, Rutland and Northamptonshire	Northamptonshire	SD
South Oxfordshire	Berkshire, Buckinghamshire and Oxfordshire	Oxfordshire	SD
South Ribble	Lancashire	Lancashire	SD
South Somerset	Dorset and Somerset	Somerset	SD
South Staffordshire	Shropshire and Staffordshire	Staffordshire	SD
South Tyneside	Northumberland and Tyne and Wear	–	MD

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	NUTS 2 region	County	Type⁸
Southampton UA	Hampshire and Isle of Wight	–	UA
Southend-on-Sea UA	Essex	–	UA
Southwark	Inner London	–	LB
Spelthorne	Surrey, East and West Sussex	Surrey	SD
St Albans	Bedfordshire and Hertfordshire	Hertfordshire	SD
St Edmundsbury	East Anglia	Suffolk	SD
St Helens	Merseyside	–	MD
Stafford	Shropshire and Staffordshire	Staffordshire	SD
Staffordshire Moorlands	Shropshire and Staffordshire	Staffordshire	SD
Stevenage	Bedfordshire and Hertfordshire	Hertfordshire	SD
Stockport	Greater Manchester	–	MD
Stockton-on-Tees UA	Tees Valley and Durham	–	UA
Stoke-on-Trent UA	Shropshire and Staffordshire	–	UA
Stratford-on-Avon	Herefordshire, Worcestershire and Warwickshire	Warwickshire	SD
Stroud	Gloucestershire, Wiltshire and North Somerset	Gloucestershire	SD

Suffolk Coastal	East Anglia	Suffolk	SD
Sunderland	Northumberland and Tyne and Wear	–	MD
Surrey Heath	Surrey, East and West Sussex	Surrey	SD
Sutton	Outer London	–	LB
Swale	Kent	Kent	SD
Swindon UA	Gloucestershire, Wiltshire and North Somerset	–	UA
Tameside	Greater Manchester	–	MD
Tamworth	Shropshire and Staffordshire	Staffordshire	SD
Tandridge	Surrey, East and West	Surrey	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	NUTS 2 region	County	Type⁸
	Sussex		
Taunton Deane	Dorset and Somerset	Somerset	SD
Teignbridge	Devon	Devon	SD
Telford & Wrekin UA	Shropshire and Staffordshire	–	UA
Tendring	Essex	Essex	SD
Test Valley	Hampshire and Isle of Wight	Hampshire	SD
Tewkesbury	Gloucestershire, Wiltshire and North Somerset	Gloucestershire	SD
Thanet	Kent	Kent	SD
Three Rivers	Bedfordshire and Hertfordshire	Hertfordshire	SD
Thurrock UA	Essex	–	UA
Tonbridge & Malling	Kent	Kent	SD
Torbay UA	Devon	–	UA
Torrige	Devon	Devon	SD
Tower Hamlets	Inner London	–	LB
Trafford	Greater Manchester	–	MD
Tunbridge Wells	Kent	Kent	SD
Uttlesford	Essex	Essex	SD
Vale of White Horse	Berkshire, Buckinghamshire and Oxfordshire	Oxfordshire	SD
Wakefield	West Yorkshire	–	MD
Walsall	West Midlands	–	MD
Waltham Forest	Outer London	–	LB
Wandsworth	Inner London	–	LB
Warrington UA	Cheshire	–	UA
Warwick	Herefordshire, Worcestershire and Warwickshire	Warwickshire	SD
Watford	Bedfordshire and Hertfordshire	Hertfordshire	SD
Waveney	East Anglia	Suffolk	SD
Waverley	Surrey, East and West Sussex	Surrey	SD
Wealden	Surrey, East and West Sussex	East Sussex	SD
Wellingborough	Leicestershire, Rutland and	Northamptonshi	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	NUTS 2 region	County	Type⁸
	Northamptonshire	re	
Welwyn Hatfield	Bedfordshire and Hertfordshire	Hertfordshire	SD
West Berkshire UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
West Devon	Devon	Devon	SD
West Dorset	Dorset and Somerset	Dorset	SD
West Lancashire	Lancashire	Lancashire	SD
West Lindsey	Lincolnshire	Lincolnshire	SD
West Oxfordshire	Berkshire, Buckinghamshire and Oxfordshire	Oxfordshire	SD
West Somerset	Dorset and Somerset	Somerset	SD
Westminster	Inner London	–	LB
Weymouth & Portland	Dorset and Somerset	Dorset	SD
Wigan	Greater Manchester	–	MD
Wiltshire	Gloucestershire, Wiltshire and North Somerset	–	UA
Winchester	Hampshire and Isle of Wight	Hampshire	SD
Windsor & Maidenhead UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
Wirral	Merseyside	–	MD
Woking	Surrey, East and West Sussex	Surrey	SD
Wokingham UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
Wolverhampton	West Midlands	–	MD
Worcester	Herefordshire, Worcestershire and Warwickshire	Hereford & Worcester	SD
Worthing	Surrey, East and West Sussex	West Sussex	SD
Wychavon	Herefordshire, Worcestershire and Warwickshire	Hereford & Worcester	SD
Wycombe	Berkshire, Buckinghamshire and Oxfordshire	Buckinghamshire	SD
Wyre	Lancashire	Lancashire	SD
Wyre Forest	Herefordshire, Worcestershire and	Hereford & Worcester	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	NUTS 2 region	County	Type⁸
	Warwickshire		
York UA	North Yorkshire	–	UA

Annex C

Exemplification

Introduction

The exemplification in this annex calculates the notional distribution of a hypothetical fund of £100m, based on NNDR return data from 1998-99 to 2008-09, and using the approach to calculation explained in the body of the paper (and which, subject to this consultation, the Government has said it favours). Where available, NNDR3 data have been used. For 2007-08 and 2008-09, NNDR1 data have been used.

This exemplification is purely indicative. It is the Government's firm intention that, before any real allocations are made in any year, authorities should have the chance to comment on provisional figures based on the fund actually available, the NNDR data actually being used, updated population data where available, and the methodology as resolved after this consultation.

Model for exemplifications

Respondents are also invited to create their own exemplifications using the Microsoft Excel model published with this consultation paper. The model allows the following parameters to be set, and the resulting distribution of reward to be examined at sub-regional, billing authority and (where applicable) county council levels:

- Total size of the fund available
- The proportions of reward in a two-tier area that are given to the district council and to the county council
- The number of years taken into the rolling Reward Period
- Whether London is treated as one sub-region or two (i.e. inner and outer London)

The model is underpinned by published data on the contributions to the national non-domestic rates pool made by each local authority for the years since 1998-99. On the assumption that respondents will want to see how rewards distributed by the Government's proposed method might vary from year to year, the model supports a (purely hypothetical) calculation of reward for any past periods that can effectively utilise the available data. If a reward period of three years is set, ending in 2008-09, the model generates results which are replicated in this annex.

Local government restructuring

To make the exemplification and model as relevant as possible, the historic data for district councils due to be abolished under local government restructuring have been manipulated to derive a notional basis for calculating rewards for the new unitary authorities which will come into being on 1 April 2009. The district councils that will then disappear are not included in the dataset: the new unitaries are.

A worked example

To illustrate the calculations we made to derive the results in Tables 2 and 3 below, Carlisle is taken as an example. It is a shire district authority. The county council is Cumbria. Carlisle is in the Cumbria NUTS2 sub-region. There are five other district councils in the sub-region.

- (a) Carlisle's NNDR contribution in 2005-06 was £28,468,636. For 2008-09, for the purposes of this exemplification, it is taken to be £33,960,023. Carlisle's contribution will therefore have increased by £5,491,387 over those three years
- (b) In total, the 6 districts in the Cumbria sub-region delivered an increase in contributions of £26,772,836 into the national pool in that period
- (c) All other sub-regions in England delivered increases in the same period, so all qualify for reward from the scheme. The total increase in the national pool was £3,316,082,504. Cumbria sub-region therefore delivered just under 0.807% of the national increase
- (d) The total reward fund is assumed to be £100,000,000. Cumbria is therefore entitled to 0.807% of it i.e. £807,363
- (e) Cumbria has a population of 497,000, so its reward per capita is £1.6245. Carlisle has a population of 103,500, so the total reward to be shared between Carlisle and its county council (Cumbria County Council) is £168,133
- (f) The assumed division of this reward allocates one-third to Carlisle District Council (i.e. £56,044), and two-thirds to Cumbria County Council (i.e. £112,089)
- (g) Similar calculations are made for the other districts in the Cumbria sub-region i.e. Allerdale, Barrow-in-Furness, Copeland, Eden, and South Lakeland. The result is that, in total, Cumbria County Council receives a reward of £538,242

Population data

The exemplifications use Office of National Statistics mid-year population estimates for 2007, published 21 August 2008.

Sub-regional distribution

Table 2 shows how the hypothetical fund would be distributed between the sub-regions.

Table 2 – allocations to NUTS2 sub-regions			
Sub-Region	Sub-regional Population	Sub-region reward	Award £ per capita
Bedfordshire and Hertfordshire	1,661,900	£3,760,483	£2.26
Berkshire, Buckinghamshire and Oxfordshire	2,180,200	£4,408,103	£2.02
Cheshire	1,003,600	£2,024,846	£2.02
Cornwall and Isles of Scilly	531,600	£702,593	£1.32
Cumbria	497,000	£807,363	£1.62
Derbyshire and Nottinghamshire	2,056,600	£2,611,142	£1.27
Devon	1,135,000	£1,551,544	£1.37
Dorset and Somerset	1,230,800	£1,728,334	£1.40
East Anglia	2,310,600	£4,147,654	£1.80
East Riding and North Lincolnshire	907,800	£1,305,413	£1.44
Essex	1,688,400	£2,894,595	£1.71
Gloucestershire, Wiltshire and North Somerset	2,280,400	£4,277,078	£1.88
Greater Manchester	2,562,200	£5,696,707	£2.22
Hampshire and Isle of Wight	1,845,200	£3,341,816	£1.81
Herefordshire, Worcestershire and Warwickshire	1,260,800	£2,028,008	£1.61
Kent	1,647,100	£2,877,592	£1.75
Lancashire	1,451,500	£1,574,609	£1.08
Leicestershire, Rutland and Northamptonshire	1,650,000	£2,304,265	£1.40
Lincolnshire	692,800	£744,474	£1.07
London	7,556,600	£27,137,113	£3.59
Merseyside	1,350,200	£2,206,240	£1.63
North Yorkshire	788,900	£1,073,022	£1.36
Northumberland and Tyne and Wear	1,400,000	£2,485,336	£1.78
Shropshire and Staffordshire	1,517,400	£2,008,498	£1.32
South Yorkshire	1,299,400	£1,864,537	£1.43
Surrey, East and West Sussex	2,636,400	£5,042,208	£1.91
Tees Valley and Durham	1,164,600	£1,522,278	£1.31
West Midlands	2,603,900	£4,158,269	£1.60
West Yorkshire	2,181,200	£3,715,880	£1.70

Allocation to local authorities

Tables 3 and 4 show how, after allocation to sub-regions, the hypothetical fund would be distributed to their constituent local authorities on a per capita basis. It reflects:

- a per capita amount which will be the same for all billing authorities in a sub-region, subject to
- a further split between shire districts and the counties of which they are part. For the purposes of this exemplification, two-thirds of the amount attributable to a district is taken for the county of which it is part

Table 3 – Allocations to Billing Authorities			
Local Authority	Population	Amount per capita	Amount distributed to Billing Authority
Adur	60,600	1.91	£38,633
Allerdale	94,500	1.62	£51,171
Amber Valley	120,400	1.27	£50,955
Arun	146,400	1.91	£93,332
Ashfield	115,900	1.27	£49,050
Ashford	112,500	1.75	£65,515
Aylesbury Vale	174,100	2.02	£117,336
Babergh	86,700	1.80	£51,877
Barking & Dagenham	166,900	3.59	£599,368
Barnet	329,700	3.59	£1,184,012
Barnsley	224,600	1.43	£322,283
Barrow-in-Furness	71,800	1.62	£38,879
Basildon	169,800	1.71	£97,035
Basingstoke & Deane	160,100	1.81	£96,652
Bassetlaw	111,700	1.27	£47,273
Bath & North East Somerset	178,300	1.88	£334,416
Bedford	154,900	2.26	£350,502
Bexley	222,100	3.59	£797,601
Birmingham	1,010,200	1.60	£1,613,228
Blaby	92,900	1.40	£43,246
Blackburn with Darwen UA	140,900	1.08	£152,850
Blackpool UA	142,500	1.08	£154,586

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	Local Authority	Local Authority	Local Authority
		Authorit y	
Bolsover	74,200	1.27	£31,402
Bolton	262,300	2.22	£583,189
Boston	58,400	1.07	£20,919
Bournemouth UA	163,200	1.40	£229,171
Bracknell Forest UA	113,500	2.02	£229,483
Bradford	497,400	1.70	£847,368
Braintree	140,900	1.71	£80,520
Breckland	129,900	1.80	£77,726
Brent	270,000	3.59	£969,619
Brentwood	71,600	1.71	£40,917
Brighton and Hove	253,500	1.91	£484,828
Bristol	416,400	1.88	£780,992
Broadland	123,000	1.80	£73,597
Bromley	300,700	3.59	£1,079,868
Bromsgrove	92,300	1.61	£49,488
Broxbourne	89,500	2.26	£67,506
Broxtowe	110,900	1.27	£46,934
Burnley	87,500	1.08	£31,640
Bury	183,300	2.22	£407,543
Calderdale	200,100	1.70	£340,889
Cambridge	120,000	1.80	£71,802
Camden	231,900	3.59	£832,795
Cannock Chase	94,400	1.32	£41,651
Canterbury	148,000	1.75	£86,189
Carlisle	103,500	1.62	£56,044
Castle Point	89,200	1.71	£50,975
Central Bedfordshire	252,100	2.26	£570,442
Charnwood	164,800	1.40	£76,716
Chelmsford	164,500	1.71	£94,006

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	Local Authority	Local Authority	Local Authority
Cheltenham	112,300	1.88	£70,209
Cherwell	137,600	2.02	£92,737
Cheshire East Council	360,800	2.02	£727,944
Cheshire West and Chester Council	328,100	2.02	£661,969
Chesterfield	100,600	1.27	£42,575
Chichester	109,400	1.91	£69,744
Chiltern	90,800	2.02	£61,196
Chorley	104,100	1.08	£37,643
Christchurch	45,400	1.40	£21,251
City of London	8,000	3.59	£28,729
Colchester	175,500	1.71	£100,292
Copeland	70,400	1.62	£38,121
Corby	55,200	1.40	£25,696
Cornwall	529,500	1.32	£699,817
Cotswold	83,900	1.88	£52,454
Coventry	306,700	1.60	£489,781
Craven	56,000	1.36	£25,389
Crawley	100,100	1.91	£63,815
Croydon	339,500	3.59	£1,219,206
Dacorum	138,600	2.26	£104,540
Darlington UA	100,000	1.31	£130,712
Dartford	90,600	1.75	£52,761
Daventry	79,100	1.40	£36,822
Derby UA	237,900	1.27	£302,047
Derbyshire Dales	70,200	1.27	£29,710
Doncaster	291,100	1.43	£417,706
Dover	106,700	1.75	£62,137
Dudley	305,400	1.60	£487,705
Durham County	504,900	1.31	£659,967

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	Local Authority	Local Authority	Local Authority
Ealing	305,300	3.59	£1,096,387
East Cambridgeshire	81,000	1.80	£48,466
East Devon	132,300	1.37	£60,285
East Dorset	85,800	1.40	£40,161
East Hampshire	111,000	1.81	£67,010
East Hertfordshire	134,000	2.26	£101,070
East Lindsey	140,100	1.07	£50,183
East Northamptonshire	85,400	1.40	£39,754
East Riding of Yorkshire UA	333,000	1.44	£478,853
East Staffordshire	108,300	1.32	£47,784
Eastbourne	95,600	1.91	£60,946
Eastleigh	120,100	1.81	£72,504
Eden	51,900	1.62	£28,103
Elmbridge	131,000	1.91	£83,514
Enfield	285,100	3.59	£1,023,846
Epping Forest	123,300	1.71	£70,462
Epsom and Ewell	70,900	1.91	£45,200
Erewash	110,700	1.27	£46,850
Exeter	122,400	1.37	£55,774
Fareham	109,500	1.81	£66,105
Fenland	91,400	1.80	£54,689
Forest Heath	63,200	1.80	£37,816
Forest of Dean	81,900	1.88	£51,203
Fylde	76,400	1.08	£27,627
Gateshead	190,500	1.78	£338,183
Gedling	111,700	1.27	£47,273
Gloucester	114,500	1.88	£71,585
Gosport	79,200	1.81	£47,813
Gravesham	97,700	1.75	£56,896
Great Yarmouth	93,900	1.80	£56,185

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	Local Authority	Local Authority	Local Authority
Greenwich	223,100	3.59	£801,192
Guildford	134,400	1.91	£85,682
Hackney	209,700	3.59	£753,071
Halton UA	119,500	2.02	£241,101
Hambleton	86,900	1.36	£39,399
Hammersmith & Fulham	172,500	3.59	£619,479
Harborough	82,300	1.40	£38,311
Haringey	224,700	3.59	£806,938
Harlow	78,300	1.71	£44,746
Harrogate	158,800	1.36	£71,997
Harrow	214,600	3.59	£770,667
Hart	89,900	1.81	£54,272
Hartlepool UA	91,400	1.31	£119,471
Hastings	86,200	1.91	£54,954
Havant	116,900	1.81	£70,572
Havering	228,400	3.59	£820,226
Herefordshire UA	178,400	1.61	£286,958
Hertsmere	97,000	2.26	£73,163
High Peak	92,800	1.27	£39,274
Hillingdon	250,700	3.59	£900,309
Hinckley & Bosworth	104,400	1.40	£48,599
Horsham	129,900	1.91	£82,813
Hounslow	220,600	3.59	£792,214
Huntingdonshire	167,700	1.80	£100,344
Hyndburn	82,000	1.08	£29,652
Ipswich	121,000	1.80	£72,401
Isle of Wight UA	139,500	1.81	£252,646
Isles of Scilly	2,100	1.32	£2,775
Islington	187,800	3.59	£674,424
Kensington & Chelsea	178,600	3.59	£641,385

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	Local Authority	Local Authority	Local Authority
Kettering	89,500	1.40	£41,663
Kings Lynn & West Norfolk	143,500	1.80	£85,863
Kingston upon Hull UA	257,000	1.44	£369,565
Kingston upon Thames	157,900	3.59	£567,047
Kirklees	401,000	1.70	£683,141
Knowsley	150,900	1.63	£246,572
Lambeth	273,200	3.59	£981,110
Lancaster	143,500	1.08	£51,890
Leeds	761,100	1.70	£1,296,606
Leicester UA	292,600	1.40	£408,623
Lewes	94,500	1.91	£60,245
Lewisham	258,500	3.59	£928,320
Lichfield	97,500	1.32	£43,018
Lincoln	87,800	1.07	£31,450
Liverpool	435,500	1.63	£711,611
Luton UA	188,800	2.26	£427,209
Maidstone	144,200	1.75	£83,976
Maldon	62,400	1.71	£35,660
Malvern Hills	74,300	1.61	£39,837
Manchester	458,100	2.22	£1,018,524
Mansfield	100,100	1.27	£42,364
Medway Towns UA	252,200	1.75	£440,610
Melton	49,200	1.40	£22,903
Mendip	109,100	1.40	£51,067
Merton	199,300	3.59	£715,722
Mid Devon	75,900	1.37	£34,585
Mid Suffolk	93,800	1.80	£56,125
Mid Sussex	130,300	1.91	£83,068
Middlesbrough UA	138,700	1.31	£181,298
Milton Keynes UA	228,400	2.02	£461,797

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	Local Authority	Local Authority	Local Authority
Mole Valley	81,200	1.91	£51,766
New Forest	174,700	1.81	£105,466
Newark & Sherwood	112,600	1.27	£47,654
Newcastle upon Tyne	271,600	1.78	£482,155
Newcastle-under-Lyme	124,300	1.32	£54,843
Newham	249,600	3.59	£896,359
North Devon	92,100	1.37	£41,967
North Dorset	67,600	1.40	£31,642
North East Derbyshire	98,000	1.27	£41,475
North East Lincolnshire UA	158,400	1.44	£227,779
North Hertfordshire	122,500	2.26	£92,396
North Kesteven	104,800	1.07	£37,539
North Lincolnshire UA	159,400	1.44	£229,217
North Norfolk	100,800	1.80	£60,314
North Somerset UA	204,700	1.88	£383,932
North Tyneside	196,000	1.78	£347,947
North Warwickshire	62,200	1.61	£33,350
North West Leicestershire	90,400	1.40	£42,082
Northampton	202,800	1.40	£94,405
Northumberland	310,600	1.78	£551,390
Norwich	132,200	1.80	£79,102
Nottingham City UA	288,700	1.27	£366,545
Nuneaton & Bedworth	121,200	1.61	£64,984
Oadby & Wigston	56,800	1.40	£26,441
Oldham	219,500	2.22	£488,029
Oxford	151,000	2.02	£101,768
Pendle	90,000	1.08	£32,544
Peterborough UA	163,300	1.80	£293,132
Plymouth UA	250,700	1.37	£342,707
Poole UA	138,100	1.40	£193,925

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	Local Authority	Local Authority	Local Authority
Portsmouth UA	197,700	1.81	£358,052
Preston	131,900	1.08	£47,696
Purbeck	45,800	1.40	£21,438
Reading UA	143,700	2.02	£290,544
Redbridge	254,400	3.59	£913,596
Redcar & Cleveland UA	139,400	1.31	£182,213
Redditch	79,600	1.61	£42,679
Reigate & Banstead	132,300	1.91	£84,343
Ribble Valley	58,300	1.08	£21,082
Richmond upon Thames	180,000	3.59	£646,412
Richmondshire	51,400	1.36	£23,304
Rochdale	206,100	2.22	£458,236
Rochford	82,200	1.71	£46,975
Rossendale	67,000	1.08	£24,228
Rother	88,200	1.91	£56,229
Rotherham	253,400	1.43	£363,609
Rugby	91,000	1.61	£48,791
Runnymede	82,600	1.91	£52,658
Rushcliffe	109,000	1.27	£46,130
Rushmoor	89,400	1.81	£53,970
Rutland UA	38,400	1.40	£53,627
Ryedale	53,300	1.36	£24,165
Salford	219,200	2.22	£487,362
Sandwell	287,500	1.60	£459,120
Scarborough	108,400	1.36	£49,147
Sedgemoor	112,200	1.40	£52,518
Sefton	276,200	1.63	£451,314
Selby	80,800	1.36	£36,633
Sevenoaks	114,300	1.75	£66,563
Sheffield	530,300	1.43	£760,939

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	Local Authority	Local Authority	Local Authority
Shepway	100,100	1.75	£58,294
Shropshire	290,900	1.32	£385,048
Slough UA	120,100	2.02	£242,828
Solihull	203,600	1.60	£325,137
South Bucks	64,300	2.02	£43,336
South Cambridgeshire	137,300	1.80	£82,154
South Derbyshire	91,200	1.27	£38,597
South Gloucestershire UA	256,500	1.88	£481,087
South Hams	83,500	1.37	£38,048
South Holland	82,600	1.07	£29,587
South Kesteven	131,100	1.07	£46,959
South Lakeland	104,900	1.62	£56,802
South Norfolk	117,300	1.80	£70,187
South Northamptonshire	90,300	1.40	£42,035
South Oxfordshire	128,400	2.02	£86,536
South Ribble	106,700	1.08	£38,583
South Somerset	157,800	1.40	£73,863
South Staffordshire	106,300	1.32	£46,901
South Tyneside	151,000	1.78	£268,061
Southampton UA	231,200	1.81	£418,723
Southend-on-Sea UA	162,000	1.71	£277,733
Southwark	274,400	3.59	£985,420
Spelthorne	90,900	1.91	£57,950
St Albans	132,300	2.26	£99,788
St Edmundsbury	102,900	1.80	£61,570
St Helens	177,400	1.63	£289,873
Stafford	124,000	1.32	£54,711
Staffordshire Moorlands	95,400	1.32	£42,092
Stevenage	79,400	2.26	£59,888
Stockport	280,900	2.22	£624,543

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	Local Authority	Local Authority	Local Authority
Stockton-on-Tees UA	190,200	1.31	£248,615
Stoke-on-Trent UA	239,000	1.32	£316,351
Stratford-on-Avon	117,800	1.61	£63,161
Stroud	110,700	1.88	£69,209
Suffolk Coastal	124,400	1.80	£74,435
Sunderland	280,300	1.78	£497,600
Surrey Heath	83,300	1.91	£53,105
Sutton	185,900	3.59	£667,600
Swale	130,300	1.75	£75,881
Swindon UA	189,500	1.88	£355,423
Tameside	214,400	2.22	£476,690
Tamworth	75,600	1.32	£33,356
Tandridge	82,500	1.91	£52,595
Taunton Deane	108,200	1.40	£50,646
Teignbridge	126,800	1.37	£57,778
Telford & Wrekin UA	161,700	1.32	£214,033
Tendring	146,200	1.71	£83,548
Test Valley	114,700	1.81	£69,244
Tewkesbury	79,200	1.88	£49,515
Thanet	129,200	1.75	£75,240
Three Rivers	86,400	2.26	£65,168
Thurrock UA	150,000	1.71	£257,160
Tonbridge & Malling	115,700	1.75	£67,378
Torbay UA	134,200	1.37	£183,451
Torridge	65,000	1.37	£29,618
Tower Hamlets	215,300	3.59	£773,181
Trafford	212,800	2.22	£473,132
Tunbridge Wells	105,600	1.75	£61,497
Uttlesford	72,500	1.71	£41,431
Vale of White Horse	117,000	2.02	£78,853

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	Local Authority	Local Authority	Local Authority
Wakefield	321,600	1.70	£547,876
Walsall	254,500	1.60	£406,421
Waltham Forest	222,300	3.59	£798,319
Wandsworth	281,800	3.59	£1,011,995
Warrington UA	195,200	2.02	£393,832
Warwick	134,600	1.61	£72,168
Watford	79,700	2.26	£60,114
Waveney	117,300	1.80	£70,187
Waverley	117,800	1.91	£75,099
Wealden	143,800	1.91	£91,674
Wellingborough	75,900	1.40	£35,332
Welwyn Hatfield	106,700	2.26	£80,479
West Berkshire UA	150,700	2.02	£304,697
West Devon	52,100	1.37	£23,740
West Dorset	97,100	1.40	£45,450
West Lancashire	109,800	1.08	£39,704
West Lindsey	88,000	1.07	£31,521
West Oxfordshire	101,600	2.02	£68,474
West Somerset	35,400	1.40	£16,570
Westminster	234,100	3.59	£840,695
Weymouth & Portland	65,100	1.40	£30,472
Wigan	305,600	2.22	£679,461
Wiltshire	452,500	1.88	£848,701
Winchester	111,300	1.81	£67,191
Windsor & Maidenhead UA	141,000	2.02	£285,085
Wirral	310,200	1.63	£506,870
Woking	91,400	1.91	£58,269
Wokingham UA	156,600	2.02	£316,626
Wolverhampton	236,000	1.60	£376,878
Worcester	93,700	1.61	£50,239

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	Local Authority	Local Authority	Local Authority
Worthing	99,600	1.91	£63,496
Wychavon	117100	1.61	£62,785
Wycombe	161400	2.02	£108,777
Wyre	110900	1.08	£40,102
Wyre Forest	98600	1.61	£52,866
York	193300	1.36	£262,917

Table 4 – Allocations to County Councils		
County Council	County Population	Amount allocated to County Council
Buckinghamshire	490,600	£661,290
Cambridgeshire	597,400	£714,911
Cumbria	497,000	£538,242
Derbyshire	758,100	£641,676
Devon	750,100	£683,591
Dorset	406,800	£380,829
East Sussex	508,300	£648,094
Essex	1,376,400	£1,573,134
Gloucestershire	582,500	£728,351
Hampshire	1,276,800	£1,541,596
Hertfordshire	1,066,100	£1,608,220
Kent	1,394,900	£1,624,654
Lancashire	1,168,100	£844,782
Leicestershire	640,800	£596,595
Lincolnshire	692,800	£496,316
Norfolk	840,600	£1,005,949
North Yorkshire	595,600	£540,070
Northamptonshire	678,200	£631,415
Nottinghamshire	771,900	£653,357
Oxfordshire	635,600	£856,738
Somerset	522,700	£489,329
Staffordshire	825,800	£728,710
Suffolk	709,300	£848,822
Surrey	1,098,300	£1,400,358
Warwickshire	526,800	£564,908
West Sussex	776,300	£989,801
Worcestershire	555,600	£595,792

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