**Business Rates Steering Group – January 2018**

**100 per cent Pilots for 2018/19**

1. 10 additional 100% business rates retention pilots were announced in the Local Government Finance Settlement (see appendix for detailed list). They were 24 applications. The 2017-18 business rates pilots are continuing and, as announced in the budget, London will be a 100% business rates pilot.
2. This means that in 2018/19 150 authorities will be part of a 100% business rates pilot.
3. The 2018/19 pilot authorities will forego Revenue Support Grant and (if applicable) Rural Services Delivery Grant. Their top-ups or tariffs will be adjusted. This ensures that the pilots are cost neutral by ensuring that the value of the additional retained business rates is matched by the value of the grants foregone, plus the change in tariffs and top-ups. As such, there is no impact on the resources available to other authorities through the Settlement, or outside it. The additional growth retained by authorities would, in the absence of the pilots, have been due to central Government.
4. No other grants have been included in the 2018/19 pilots, in contrast to the 2017/18 pilots.
5. Within the pilot areas, different tier splits have been agreed. These are detailed in the appendix. In terms of 2 tier split they range from 70% for Surrey and 30% for districts to 20% for Suffolk and 80% for districts.
6. The Steering Group will receive regular reports on the progress of both the 2017/18 and 2018/19 pilots.

Appendix 1: 2018/19 Pilots, constituent authorities and tier splits:

| Name | Constituent authorities | Basis of distribution | Tier split |
| --- | --- | --- | --- |
| Berkshire | Bracknell Forest Council, Reading Borough Council, Slough Borough Council, West Berkshire Council, Royal Borough of Windsor & Maidenhead, Wokingham Borough Council | Individual authorities guaranteed the income they would have received from 50% rates retention. Of the remaining "gains", £25m (estimated to be 70%) will be allocated to a Strategic Investment Fund, and the remaining balance allocated to individual authorities pro rata to the growth achieved by individual authorities. Decisions about the use of the Strategic Investment Fund will be made by the LEP. | 99% for all authorities, 1% for FRS |
| Derbyshire | Amber Valley Borough Council, Bolsover District Council, Chesterfield borough Council, Derby City Council, Derbyshire County Council, Derbyshire Dales District Council, Erewash Borough Council, High Peak Borough Council, North East Derbyshire District Council, South Derbyshire District Council, Derbyshire Fire & Rescue Service | Each individual authority, where resources allow, will receive the same level of funding they would have received had they acted under the 50% scheme. For the County Council and the Districts, this would include any pool dividend from the existing Derbyshire Business Rates Pool.  Any additional gain will be distributed between members of the Pool and a separate ring-fenced pot which is to support economic growth across the County. Any such gain will be apportioned 70% between authorities and 30% for the economic growth pot.  The Derbyshire Authorities Joint Committee for Economic Prosperity will approve funding allocations from the growth pot.  Gains distributed between members of the Pool will be apportioned based upon the methodology set out in the Memorandum of Understanding. | 49% for Derbyshire CC, 50% for districts. 99% for Derby City, 1% for FRS |
| Devon | Devon County Council, East Devon District Council, Exeter City Council, Mid Devon District Council, North Devon District Council, Plymouth City Council, South Hams District Council, Teignbridge District Council, Torbay Council, Torridge District Council, West Devon Borough Council | Local business rates growth will be split as follows: 40% district, 60% county and 99% unitary. However, all authorities, providing there are sufficient resources, are guaranteed the higher of (i) the amount that would have been received under the existing Devon pooling arrangements or (ii) a fixed amount above Baseline Need (£0.5m for Districts and £1.5m for the county and unitary authorities).” | 59% for Devon, 40% for districts, 99% for Plymouth and Torbay, 1% for FRS |
| Gloucestershire | Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council, Gloucester City Council, Stroud District Council, Tewkesbury Borough Council, Gloucestershire County Council | Individual authorities guaranteed the income they would have received from 50% rates retention and protecting the pre-existing Gloucestershire business rates pool distribution. Of the remaining "gain", 20% to go to Strategic Economic Development Fund (SEDF), 30% to district councils, 50% to the County Council. SEDF used to support growth. Fund managed by the Glos Economic Growth Joint Committee comprising of the councils and the local LEP | 50% for Gloucs CC, 50% for districts |
| Kent and Medway | Maidstone Borough Council, Kent County Council, Medway Unitary Authority, Ashford Borough Council, Canterbury City Council, Dartford Borough Council, Dover District Council, Gravesham Borough Council, Sevenoaks District Council, Shepway District Council, Swale Borough Council, Thanet District Council, Tonbridge & Malling Borough Council, Tunbridge Wells Borough Council, Kent & Medway Fire & Rescue Authority | Individual authorities guaranteed the income they would have received from 50% rates retention. Of the remaining "gains", 70% will go to a Financial Sustainability Fund and 30% to a Housing and Commercial Growth Fund. Each district will be entitled to a minimum £250K from the Financial Sustainability Fund. Medway and Kent will receive a share equal to the aggregate of the district allocation (split between them on the basis of population. Initial distributions will be uplifted on the basis of population growth between 2011 and 2016 and on each authority's contribution to growth. The Housing and Growth Fund will be allocated to each of three "economic clusters" and distributed according to the joint decision of the authorities in each cluster. | 59% for Kent CC, 40% for districts, 99% for Medway, 1% for FRS |
| Leeds City Region | City of Bradford Metropolitan District Council, Calderdale Metropolitan Borough Council, Harrogate Borough Council, Kirklees Metropolitan Council, Leeds City Council, Wakefield Metropolitan District Council, City of York Council | 50% of the ‘gains’ to be retained by the Pool and 50% distributed to member authorities; half in proportion to the growth achieved by individual authorities and half pro rata to population. The Pool's 50% will be used to support regional growth, with decisions on use of funds to be taken by a joint committee of council leaders. Additionally, individual authorities have guaranteed the income they would have received from 50% rates retention. | 90% for Harrogate with 9% to North Yorkshire County Council,  99% for other authorities,  1% for FRS |
| Lincolnshire | Boston Borough Council, East Lindsey District Council, Lincoln City Council, Lincolnshire County Council, North Kesteven District Council, South Holland District Council, South Kesteven District Council, West Lindsey District Council, North Lincolnshire Council | Individual authorities guaranteed the income they would have received from 50% rates retention. The remaining "gains" are distributed according to the tier split. | 40% for Lincolnshire CC, 60% for districts, 99% to 1% between North Lincolnshire and FRS, |
| Solent Authorities | Portsmouth City Council, Isle of Wight Council, Southampton City Council | Individual authorities guaranteed the income they would have received from 50% rates retention. Of the remaining "gains" 60% will be allocated to a Needs Pot, 30% to a Growth and Productivity Pot and 10% to a Financial Stability Pot. The Needs Pot will be allocated to authorities pro rata to baseline funding levels. The Growth and Productivity Pot will be used to support growth across Solent based on decisions of the Governance Board, comprising of leaders of the three councils. Losses in income from one year to the next will trigger a payment from the Financial Stability Pot. | 99% for Portsmouth and Southampton;  1% going to the FRS,  100% for Isle of Wight |
| Suffolk | Suffolk County Council, Babergh District Council, Forest Heath District Council, Ipswich Borough Council, Mid Suffolk District Council, St Edmunsbury District Council, Suffolk Coastal District Council, Waveney District Council | First 50% of business rates split as currently: 80:20 between districts and county.  Of the "gain" on the first 50% (defined as the levy saving that is achieved by being a pool) , the first £1m will be split 50:50 between the districts and Suffolk Public Sector Leaders (SPSL). Any remaining balance will be split 40:40:20 between the districts, SPSL and the county.  Of the additional retained Business Rates under the pilot: £1m will be set aside as a "safety net". The remaining balance will be a place based distribution to encourage inclusive growth – (growth that benefits as many local people as possible). This will be divided across the interconnected functional economic areas as: West Suffolk, East Suffolk, Ipswich and Central Suffolk based on growth and population. The public service leaders with a remit in that geography for each of these areas will decide how the money is spent in that area. | 20% for Suffolk CC,  80% for districts |
| Surrey | Surrey County Council, Woking Borough Council, Surrey Heath Borough Council, Mole Valley District Council, Waverley Borough Council, Runnymede Borough Council, Elmbridge Borough Council, Spelthorne Borough Council, Reigate & Banstead Borough Council, Epsom & Ewell Borough Council, Guildford Borough Council, Tandridge District Council | Business rates baseline to be split 30:70 between districts and the county.  Individual authorities are guaranteed the income they would have received from 50% rates retention, if they had not been part of the pool.  The amount saved from no levy being due is split 50:50 between the districts and county council.  The element of growth from the central share is split between the districts (25%) and the county (75%), subject to each district having gained at least £0.5m above the amount had they acted alone.  This results in an overall 40% growth being retained by districts, 60% by the county. | 70% for Surrey CC,  30% for districts |