

4 February 2009

The Chief Executive and the Chief Finance
Officer

County Councils in England
District Councils in England
London Borough Councils

Dear Sir or Madam

Local Authority Business Growth Incentives Scheme (LABGI)

Following the Minister for Local Government's statement in the House of Commons today, details of proposed payments from the release of £100m of LABGI Year 3 contingency funds have now been published on the Communities and Local Government website at:

<http://www.local.communities.gov.uk/finance/labgi.htm>.

For ease of reference, I attach the list of proposed payments and an accompanying note. We have retained just under £1m of LABGI Year 3 contingency funds to cover the outcome of outstanding legal challenges and any calculation errors.

The £100m will be allocated to councils using the same methodology employed for the payments announced on 26 June last year. This is based on the increase in rateable value of non-domestic properties between 2005-06 and 2006-07 in each local authority's area, drawing on particular rating codes.

The Government considers it prudent to publish provisional allocations before payments are actually made. This is to provide an opportunity for consultation on the calculations and application of the methodology. Provisional allocations by authority are set out at

<http://www.local.communities.gov.uk/finance/labgi/contingency/draftdtmn.pdf>,

and the underlying calculations on an authority-by-authority basis can be found on a spreadsheet at

<http://www.local.communities.gov.uk/finance/labgi/contingency/summcals.xls>. If

authorities have any queries or issues about their allocation or the way in which it has been calculated, these should be raised by 19 February 2009 at the latest.

Questions of fact concerning the RV data should be addressed to the VOA:

Tim Hutchin - tim.hutchin@voa.gsi.gov.uk

Graham Fawn - graham.fawn@voa.gsi.gov.uk

As the VOA is not able to comment on any aspects of the calculation and amount of the LABGI payment itself, such questions must be directed to Communities and Local Government at:

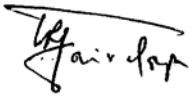
LABGI.CONULTATION@communities.gsi.gov.uk .

More details are included in the technical note that was published with the Year 3 draft grant determination in April 2008:

<http://www.local.communities.gov.uk/finance/labgi/technote0708.pdf>.

The Department will aim to make an announcement confirming payments as soon as possible after the consultation period, once queries have been resolved. It is important to note that the provisional allocations may be adjusted in the light of issues raised by other authorities. Where this is the case, this will be explained alongside the payments.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Tim Fairclough', is positioned to the left of a vertical red line.

Tim Fairclough