

## **LOCAL AUTHORITY BUSINESS GROWTH INCENTIVES (LABGI) SCHEME**

The £100,000,000 contingency was allocated using the same principles as used to allocate the year 3 payments in Grant Determination 2008 (No 2) [No 31/1238]. Details can be found at:

[http://www.local.communities.gov.uk/finance/labgi/yr3\\_0708.htm](http://www.local.communities.gov.uk/finance/labgi/yr3_0708.htm).

It uses the same methodology and VOA change codes, except that the scaling factor is lower (11.5% instead of 28.4%) to ensure that in total only £100,000,000 is paid out. Effectively, this means the scaling factor for total year 3 payments was 40%.

This method of calculation is equivalent to allocating £100,000,000 in proportion to an authority's year 3 payment (excluding the extra money that was paid as a result of rewarding the new codes in years 1 and 2). If an authority got 5% of the year 3 payments, they would also get 5% of the £100,000,000. Indeed, this is the way the payments have been calculated in the LABGI calculator at:

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

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