

CORE SPENDING POWER – EXPLANATORY NOTE

1. Core Spending Power is a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities through the Local Government Finance Settlement (LGFS).
2. To provide certainty, the Government has proposed that the 2020-21 LGFS will 'roll-forward' core components of the 2019-20 LGFS, as well as inject significant new funding into social care. The tables included here set out figures for local authority Core Spending Power from 2015-16 through to 2020-21.

Calculation of Core Spending Power from 2016-17 through to 2020-21

3. The Core Spending Power figures from 2016-17 through to 2020-21 are derived from the sum of the following core components:
 - For 2016-17 to 2020-21 the Settlement Funding Assessment amounts as set out in the LGFS.
 - For 2016-17 to 2020-21 a Section 31 grant to compensate local authorities for under-indexation of the business rates multiplier in 2014-15, 2015-16 and for the switch to CPI for the purposes of uprating the multiplier from 2018-19 onwards.
 - Council Tax, which is separated into:
 - The council tax requirement excluding parish precepts and the additional cumulative council tax available due to the adult social care precept and cash principles since 2016-17. Council tax figures for 2016-17 to 2019-20 reflect data from the council tax levels in England statistical releases. For 2020-21, the figures have been estimated by:
 - applying each local authority's average annual growth in their council tax base between 2015-16 and 2019-20 to project growth in tax base for 2020-21.
 - assuming that local authorities increase their Band D council tax in line with the core 2% referendum limit in 2020-21.
 - The additional cumulative council tax available from the adult social care council tax precept since its introduction in 2016-17. The annual figures include tax base and levels growth due to previous use of the adult social care precept. For 2016-17 to 2019-20, these figures are based on actual take-up of the adult social care precept. For 2020-21, this has been

estimated by assuming authorities set the adult social care precept to the maximum allowable level of 2%.

- The additional cumulative council tax available from a £5 cash principle for all districts and a cash principle for the police element of the GLA (£12 in 2018-19, £24 in 2019-20, and £10 in 2020-21). The annual figures include tax base and levels growth due to previous use of the cash principles. For 2016-17 to 2019-20, these figures are based on actual take-up. For 2020-21, this has been estimated by assuming districts set the maximum allowable level of the greater of 2% or £5, and the maximum increase of £10 for the police element of the GLA.
- The improved Better Care Fund. This represents a total of £1,115 million in 2017-18, £1,499 million in 2018-19, £1,837 million in 2019-20 and £2,077 million in 2020-21. The £2,000 million additional funding announced at Budget 2017 is included in this total¹. For 2020-21, the existing improved Better Care Fund funding is maintained at 2019-20 levels, and incorporates the £240 million which was allocated as Winter Pressures Grant in 2019-20, allocated using the adult social care relative needs formula.
- The 2017-18 Adult Social Care Support Grant. This distributes £241 million according to the adult social care relative needs formula so that all authorities with responsibility for social care receive a share of this funding.
- The 2018-19 Adult Social Care Support Grant. This distributes £150 million according to the adult social care relative needs formula so that all authorities with responsibility for social care receive a share of this funding.
- For 2018-19 and 2019-20 additional adult social care funding for winter pressures of £240 million, distributed using the adult social care relative needs formula.
- For 2019-20, a £410 million Social Care Support Grant distributed using the adult social care relative needs formula.
- For 2020-21, a £1,410 million Social Care Grant comprising three elements:
 - 1) Retaining the £410 million in Social Care Support Grant from 2019-20, distributed using the adult social care relative needs formula;

¹ For details of how this money was allocated between local authorities see the explanatory note, published here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/598252/EN_FINAL.pdf

- 2) An additional £850 million, distributed using the adult social care relative needs formula; and
 - 3) £150 million to equalise the impact of the distribution of the council tax adult social care council tax precept in 2020-21.
- New Homes Bonus. The Spending Review 2015 set out the overall envelope for New Homes Bonus payments over the period to 2019-20 as being £1,485 million for 2016-17, reducing to £900 million by 2019-20. £18 million was made available to maintain the NHB baseline for payments in 2019-20. The Spending Round 2019 maintained the overall funding at £900 million in 2020-21. £7 million will be made available to maintain the NHB baseline for payments in 2020-21.
 - New Homes Bonus returned funding. For 2016-17 and 2017-18 any unclaimed New Homes Bonus funding was returned to local authorities based on their share of 2013-14 adjusted Start-up Funding Allowance. In 2018-19, 2019-20 and 2020-21, New Homes Bonus allocations exceed the original funding so there is no returned funding.
 - Rural Services Delivery Grant. This provides £80.5 million in 2016/17, £65 million in 2017-18, and £81 million in 2018-19, 2019-20 and 2020-21. For 2020-21, this is maintaining the same level of funding for each authority as in 2019-20. This funding is distributed to the top-quartile of authorities ranked by super-sparsity, in line with the distributional methodology for the Rural Services Delivery Grant in 2015-16.
 - A Transition Grant to provide funding to support the introduction of a new funding methodology at the outset of the 4-year deal period in 2016-17. This grant was worth £150 million in both 2016-17 and 2017-18.

Core Spending Power: Visible Lines

4. In order to maintain the visibility of a number of named elements of funding within the LGFS we have published a visible lines table.
5. We are protecting the visibility of these items in order to signal the priority we attach to these issues and encourage local prioritisation.
6. Local government is transitioning away from a world where councils were dependent on central government grants and towards greater self-sufficiency. To reflect this change to the source of local government funding these visible lines are shown at a national and local level within local authority Core Spending Power.