

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. The tables included here set out figures for local authority Core Spending Power from 2015-16 through to 2021-22. Figures for 2015-16 have been adjusted to ensure a consistent measure of local authority income over time.

Calculation of Core Spending Power from 2016-17 through to 2021-22

3. The Core Spending Power figures from 2016-17 through to 2021-22 are derived from the sum of the following components:
 1. For 2016-17 to 2021-22 the Settlement Funding Assessment amounts as set out in the LGFS.
 2. For 2016-17 to 2021-22 a Section 31 grant to compensate local authorities for under-indexation of the business rates multiplier in 2014-15, 2015-16, for the switch to Consumer Price Index for the purposes of uprating the multiplier from 2018-19 onwards, and the freezing of the multiplier for 2021-22.
 3. For 2016-17 to 2021-22 the council tax requirement excluding parish precepts. Council tax figures for 2016-17 to 2020-21 reflect data from the council tax levels in England statistical releases. For 2021-22, the figures have been estimated by:
 - 1) Applying each local authority's average annual growth in their council tax base between 2016-17 and 2020-21 to project growth in tax base for 2021-22¹; and
 - 2) Assuming that local authorities increase their Band D council tax in line with the maximum allowable level set out by the council tax referendum principles for 2021-22. That is a 2% core principle, 3% Adult Social Care precept, the greater of 2% or £5 cash principle for shire districts, and a cash principle of £15 for the police element of the Greater London Authority.
 4. For 2017-18 to 2021-22, 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 and 2021-22. The £2,000 million additional funding announced at Spring Budget 2017 is included in these

¹ No adjustments have been made to the council tax base projection methodology for impacts due to the COVID-19 pandemic. This is because the Government is providing additional support to local authorities through the Local Council Tax Scheme.

totals. For 2020-21 and 2021-22, the improved Better Care Fund is maintained at 2019-20 levels, with the addition of £240 million which was allocated as Winter Pressures Grant in 2019-20 using the adult social care relative needs formula.

5. For 2017-18 and 2018-19, an Adult Social Care Support Grant of £241 million and £150 million, respectively. This is distributed using the adult social care relative needs formula.
6. For 2018-19 and 2019-20, a £240 million Winter Pressures Grant distributed using the adult social care relative needs formula.
7. For 2019-20, a £410 million Social Care Support Grant distributed using the adult social care relative needs formula.
8. 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;
 - 2) An additional £850 million distributed using the adult social care relative needs formula; and
 - 3) An additional £150 million to equalise the impact of the distribution of the adult social care council tax precept in 2020-21.
9. For 2021-22, a £1,710 million Social Care Grant comprising three elements:
 - 1) Retaining the £1,410 million in Social Care Grant from 2020-21;
 - 2) An additional £60 million distributed using the adult social care relative needs formula; and
 - 3) An additional £240 million to equalise the impact of the distribution of the adult social care council tax precept in 2021-22.
10. For 2016-17 to 2021-22, the 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 was made available to maintain the NHB baseline for payments in 2020-21. The Spending Review 2020 confirmed another round of NHB payments with total funding of £622 million for 2021-22.
11. For 2016-17 and 2017-18, New Homes Bonus returned funding. Any unclaimed New Homes Bonus funding was returned to local authorities based on their share of 2013-14 adjusted Settlement Funding Assessment. In 2018-

19, 2019-20 and 2020-21, New Homes Bonus allocations exceed the original funding so there is no returned funding.

12. For 2016-17 to 2021-22, the Rural Services Delivery Grant. This provides £80.5 million in 2016-17, £65 million in 2017-18, £81 million in 2018-19, 2019-20, 2020-21, and £85 million in 2021-22. 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.
13. For 2016-17 and 2017-18, 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.
14. For 2021-22, a £111m Lower Tier Services Grant comprising two elements:
 - 1) £86 million distributed using shares of lower tier funding within the 2013-14 Settlement Funding Assessment; and
 - 2) £25 million for a funding floor to ensure no authority has a total Core Spending Power less than in 2020-21.