

Core Spending Power 2026-27 to 2028-29 – Explanatory note

Summary

1. Core Spending Power (CSP) 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 2026-27 multi-year Local Government Finance Settlement. Core Spending Power includes funding available from the updated Fair Funding Assessment, council tax, Business Rates Retention and central government grant.

Fair Funding Assessment

2. CSP measures Fair Funding Allocations (FFA) before adjustments for authorities with increased Business Rate Retention arrangements. For 2026-27 FFA is £16,841 million.
3. FFA is the sum of Revenue Support Grant (RSG), worth £3,145 million for 2026-27 and Baseline Funding Level (BFL), worth £13,696 million for 2026-27. The FFA allocations for 2026-27 are set out in the Local Government Finance Report and key information and supplementary tables for local authorities. FFA allocations for 2027-28 and 2028-29 can be found in the FFA Calculator, published alongside the Settlement.
4. BFLs in 2027-28 and 2028-29 will increase in line with the September to September Consumer Price Index. For 2027-28 and 2028-29 the government will use the OBR forecast for quarter 3 CPI.
5. Further information about the FFA can be found in the [Local Government Finance Report](#) published alongside the settlement.

Local Authority Better Care Grant

6. The 10 Year Health Plan announced reform to the Better Care Fund to focus on integrated services. DHSC and MHCLG will shortly set out further detail on our approach to reform. Where this involves any changes to NHS and local authority minimum contributions to pooled funding, we will not introduce those changes before 2027-28. The 2026-27 local authority allocations of the LABCG will be the same as the grant allocations in 2025-26. Indicative allocations of the Local Authority Better Care Grant for 2027-28 and 2028-29 have not been published. LABCG funding is included within the Fair Funding Allocation, and is notionally presented within the Revenue Support Grant for 2027-28 and 2028-29.

Council Tax

7. Over the multi-year period, council tax is calculated assuming that i) authorities increase their Band D council tax in line with the maximum allowable level set out by the council tax referendum principles for 2026-27, and ii) each authority's council tax base increases in line with the average annual growth in their council tax base between 2021-22 and 2025-26.
8. Referendum principles for 2026-27 to 2028-29 are: a 3% core principle; a 2% adult social care precept; the greater of 3% or £5 cash principle for shire districts; £5 for fire and rescue authorities. The Government has today confirmed that the police precept will be £15. For the purposes of the provisional settlement, a precept of £14 has been assumed

for the Greater London Authority police element. This will be updated to £15 at the final settlement.

9. The Government has announced its intention not to set council tax referendum principles for six local authorities (Westminster, Windsor and Maidenhead, Kensington and Chelsea, Hammersmith and Fulham, City of London, and Wandsworth) in financial years 2027-28 and 2028-29. Where this is the case, the Government has made an assumption on the Council Tax Requirement within the CSP tables.
10. Council tax for 2025-26 has also been revised to reflect data from the council tax levels in England 2025-26 statistical release.

Recovery Grant

11. Recovery Grant, worth £600m per year, continues over the multi-year period using the same profile as its 2025-26 distribution. For more information please see the [explanatory note](#) published alongside the 2025-26 settlement.

Recovery Grant Guarantee

12. The recovery grant guarantee ensures every upper tier authority in receipt of the recovery grant will see a CSP increase compared to their 2025-26 CSP of at least 5% in 2026-27, 6% in 2027-28, and 7% in 2028-29. Allocations across these three years are capped at £35m, with any authority meeting this cap receiving their recovery grant guarantee allocations spread equally across this period.

Grants rolled in to Revenue Support Grant

13. This includes the following funding streams, which are all being added to Core Spending Power for the first time: Social Housing new burdens; Awaab's Law new burdens; Enforcement of OOH Calorie Labelling Regulations; Enforcement of Location and Volume Price Promotions Restrictions; LGF Data Review; Local Reform and Community Voices: Deprivation of Liberty Safeguards Funding; Biodiversity Net Gain Planning Requirement; War Pensions Disregard; Social Care in Prisons; Virtual School Heads for children with a social worker and children in kinship care; Virtual School Heads (VSH) Extension of the VSH role to previously looked after children; Supported Accommodation Reforms (New Burdens); Personal Advisors Extended Duty; Leaving Care Allowance uplift; Staying Put; and the temporary accommodation element of the former Homelessness Prevention Grant (HPG). In order to create comparable figures for HPG, we have backdated an assumed split between (i) temporary accommodation and (ii) prevention, relief and staffing funding in 2024-25 and 2025-26. Further detail can be found in the [Funding Simplification explanatory note](#).

Transitional protections

14. Details of the eligibility for and operation of 95% income protection, 100% income protection, real-terms protection are set out in the consultation and [transition funding explanatory note](#) published alongside the settlement.