

Local Government Association

Provisional Local Government Finance Settlement 2023/24

On the Day Briefing

19 December 2022



Introduction

The local government finance settlement is the annual determination of funding to local government from central government. This briefing covers the [provisional local government finance settlement for 2023/24](#) which was announced on 19 December 2022. The briefing also covers the announcements for 2024/25 which were included in the [policy statement](#) which was published on 12 December. We expect the final 2023/24 settlement to be laid before the House of Commons, for its approval, in late January or early February 2023.

The LGA has issued a [media statement](#) responding to today's statement.

Key messages

- The 9.2 per cent increase in local government core spending power will help councils deal with inflationary and other cost pressures next year. However, we will continue to make the case to government of the underlying and existing pressures that remain as councils still face significant challenges in setting their budgets and trying to protect services.
- Shire district councils - which provide vital services like planning and waste and recycling collection - will see a lower core spending power increase next year, which is something the Government should address in the final settlement.
- However, these Government forecasts are based on the assumption that councils will raise their council tax by the maximum permitted without a referendum. This leaves councils facing the tough choice about whether to increase council tax bills to bring in desperately-needed funding at a time when they are acutely aware of the significant burden that could place on some households during a cost of living crisis.
- The LGA has long highlighted that council tax rises – particularly the adult social care precept – have never been the solution to the long-term pressures faced by councils, particularly in social care which is desperately in need of reform. Increasing council tax raises different amounts of money in different parts of the country, unrelated to need.
- We are pleased that government will provide extra funding for adult social care and accepted our ask for funding allocated towards reforms to still be

Briefing

Laura Johnson, Public Affairs and Campaigns Adviser
Email: laura.johnson@local.gov.uk
Tel 07921604235 / www.local.gov.uk

available to address inflationary pressures for both councils and social care providers. Councils have always supported the principle of adult social care reforms and want to deliver them effectively but have warned that underfunded reforms would have exacerbated significant ongoing financial and workforce pressures.

- The additional funding helps to tackle the most immediate budget pressures in children's social care, however, it will not be sufficient to invest in the preventative and early help services that children and families need, nor to invest in the children's workforce or the additional homes we need for children in care. The Government's forthcoming response to the Independent Review of Children's Social Care will need to provide clarity over how children's social care services will be sufficiently funded going forward to enable all children to receive the care and support they need, when they need it.
- The Government must urgently publish the response to the SEND Green paper, setting out policy reforms that will reduce pressure on high needs budgets, ensure councils can eliminate their High Needs Budget deficits before the end of March 2026 and include a focus on increasing levels of mainstream inclusion.
- The New Homes Bonus makes up a considerable part of funding for some councils, particularly shire district authorities and we welcome the confirmation of the provisional amount for 2023/24. Councils need clarity on the future of the New Homes Bonus to be able to plan their budgets beyond next year and into the medium term. Any changes should come with transitional funding to ensure that local authority services that residents rely on are not put at risk.
- The public health grant also needs to be published as soon as possible, so councils know how much they can budget for essential services to help keep people healthy throughout their lives, including for treating drug misuse and tackling obesity.
- The Government has clarified that the Review of Relative Needs and Resources and a reset of accumulated business growth will not be implemented in the current Parliament. When the Review does happen, it needs to consider both the data and the formulas used to distribute funding and the Government needs to ensure that overall local government funding is sufficient when new needs formulae are introduced to ensure that no council sees its funding reduce as a result and that there are transitional arrangements for any business rates reset.
- Councils want to work with government on a long-term plan to fund local services and a turbo-charging of wider devolution where local leaders have sustainable funding and greater freedom to take decisions on how to provide vital services in their communities.

- This is the fifth one-year settlement in a row for councils which continues to hamper financial planning and their financial sustainability. Only with adequate long-term resources, certainty and freedoms, can councils deliver world-class local services for our communities, tackle the climate emergency, and level up all parts of the country.

The settlement in detail

The Department for Levelling Up, Housing and Communities (DLUHC) has announced the [provisional local government finance settlement for 2023/24](#).

We have provided a glossary of Local Government Finance terms which provides a brief explanation of some of the language used in this briefing. This can be found at Annex B.

The closing date for responses to the [consultation document](#) to DLUHC is 16 January 2023. We expect the final settlement to be published in late January / early February 2023.

The LGA's [Local Government Finance conference](#) on 10 January will offer perspectives on the 2023/24 provisional local government finance settlement and what it means for local authorities, as well as look to the longer-term outlook for local government in the current economic climate. It will cover issues raised in the Autumn fiscal events, and key current topics that local government finance professionals are addressing in their local authorities, departments, and organisations. [Book your place here](#).

Core Spending Power

The Government figures indicate that Core Spending Power will rise by an average 9.2 per cent in 2023/24.

Core Spending Power in 2023/24 consists of:

- Settlement Funding Assessment (which consists of Revenue Support Grant, and the baseline funding level);
- Income from council tax assuming that the tax base grows, and councils increase council tax by the maximum possible¹;
- Compensation for under-indexing the business rates multiplier;
- The New Homes Bonus;
- The Social Care Grant;
- The Improved Better Care Fund;
- Adult Social Care Market Sustainability and Improvement Fund;
- Adult Social Care Discharge Fund;
- Rural Services Delivery Grant;

¹ Different assumptions on maximum council tax are built into the published core spending power figures for police, fire authorities and the Greater London Authority.

- The Services Grant;
- A Funding Guarantee, to ensure that all councils have an increase of 3 per cent in core spending power before any changes in council tax levels are taken into account,

Detailed Core Spending Power figures are included in Annex A.

LGA view:

- The increase in local government core spending power will help councils deal with inflationary and other cost pressures. However, we will continue to make the case to government of the underlying and existing pressures that remain as councils still face significant challenges in setting their budgets and trying to protect services.
- Shire district councils - which provide vital services like planning and waste and recycling collection - will see a lower core spending power increase next year, which is something the Government should address in the final settlement.
- The increase is based on the assumption that councils will increase their council tax bills will rise by 5 per cent next year, including a 2 per cent adult social care precept. This will place a significant financial burden on households in a year of economic uncertainty and increased costs, including energy costs.

Council tax

The Government has announced the following referendum principles for 2023/24:

- A core referendum principle of up to 3 per cent will apply to shire county councils, shire unitary authorities, metropolitan districts and London boroughs.
- Shire districts will have a referendum principle of up to 3 per cent or £5, whichever is higher.
- Social care authorities will be able to set a 2 per cent adult social care precept without a referendum (in addition to the existing basic referendum threshold referred to above).
- Fire and Rescue Authorities will have a principle of up to £5.
- £15 for police authorities and police and crime commissioners including the GLA and the West Yorkshire and Greater Manchester Mayors.
- The non-police element of the Greater London Authority (GLA) will have a referendum principle of £23.55.

- There will be no referendum principles for mayoral combined authorities (MCAs) except where the Mayor exercises police and crime commissioner functions.
- No referendum principles will be set for parish and town councils.

The Government has also announced £100 million of additional funding for local authorities to support the most vulnerable households in England. The Government says that this funding will allow councils to deliver additional support to the 3.8 million households already receiving council tax support, whilst also providing councils with the resources and flexibility to determine the local approaches to support other vulnerable households in their area. This is not in Core Spending Power.

LGA view:

- An increase in council tax of up to 5 per cent will place a significant burden on households particularly during a cost of living crisis. In addition, increasing council tax raises different amounts of money in different parts of the country not related to need.
- It is disappointing that the Government has continued to rely on council tax and the social care precept as part of its package to increase funding for adult social care. As we have previously stated, council tax is not the solution for meeting long-term pressures facing high-demand national services such as adult social care.
- We agree that shire districts should have the extra flexibility but would propose a limit of £10 rather than £5.
- We have always maintained that the council tax referendum limit should be abolished so councils and their communities can decide, when the time is right, how local services are paid for, with residents able to democratically hold their council to account through the ballot box.
- We await allocations and publication of the guidance on the scheme to help low income households with council tax.

Revenue Support Grant

The Government is not proposing to change the distribution of Revenue Support Grant (RSG) from that used in 2022/23. The Government proposes to increase 2022/23 RSG levels in line with the September 2021 to September 2022 change in the [Consumer Price Index](#) (the September 2022 CPI was 10.1 per cent). This is before accounting for rolled in grants.

The Government will continue to eliminate 'negative RSG'.

The Government will consolidate four grants totalling £239 million into the

settlement. All of the four grants will keep their existing distribution. Three of these grants will roll into the Revenue Support Grant:

- The Family Annexe Council Tax Discount grant (£7.4 million);
- Local Council Tax Support Administration Subsidy grant (£69 million); and
- funding for food safety and standards enforcement (Natasha's Law, £1.5 million).

A fourth grant, the Independent Living Fund (£161 million), is being rolled into the Social Care grant.

The Government committed to producing a plan for further streamlining the funding landscape.

LGA view:

- We welcome the increase in Revenue Support Grant in line with the Consumer Price Index.

Business rates and business rates retention

The Government has confirmed that a revaluation will take place in 2023. Top-ups and tariffs will change, to ensure that no authority suffers, as far as possible, from gains or losses due to the 2023 revaluation or from transfers from local lists to the central list. The Government has confirmed it will use the technical adjustment on which it [consulted](#) earlier this year. Subsequent adjustments will be made in 2024/25 and 2025/26, once updated data is available.

As announced in the 2022 Autumn Statement, the business rates multiplier will be frozen for 2023/24. It will remain at 49.9p (small business multiplier) and 51.2p (national business multiplier). The Government will compensate local authorities for the loss of income for this decision up to the level of the September 2022 Consumer Prices Index (CPI), meaning that, taken together, the increase in the Baseline Funding Level (BFL) and the multiplier under-indexation grant for 2023/24 provide an increase of 10.1 per cent.

All current 100 per cent Business Rates Retention areas will continue in 2023/24. The Greater London Authority will also continue to have increased levels of Business Rates Retention in 2023/24. During this time the Government will review the role of such arrangements as a source of income for areas and its impact on local economic growth, and as part of the devolution commitments as set out in the Levelling Up white paper.

DLUHC is consulting on 25 business rates pools.

LGA view:

- We welcome the fact that local government will be fully compensated for the

freezing of the business rates multiplier in 2023/24. However, freezing the multiplier reduces buoyancy in the business rates system, and without alternative means of funding or compensation, council income would reduce in the medium term.

- We note that the Government is now compensating to CPI than the Retail Price Index. Whilst both are at historically high levels this year, we call on the Government to keep this decision under review when they drop again to more normal levels.

Social care

The Government has confirmed the following grants for social care in the 2023/24 settlement:

- The Social Care Grant will be £3.852 billion in 2023/24. This includes £1.265 billion of funding due to delaying the rollout of adult social care charging reform and £161 million due to the rolling in the Independent Living Fund. £160 million of the total increase will be used to maintain the equalisation component of the Social Care Grant against the adult social care (ASC) precept. This will partly be funded from delays to Adult Social Care reform announced at the Autumn Statement, together with an additional £80 million which is being added from elsewhere in the local government finance settlement. The remaining increase will be distributed using the ASC Relative Needs Formula. The Government proposes that the Social Care Grant will be ringfenced for adults' and children's social care. More details will be set out in due course.
- £2.14 billion through the Improved Better Care Fund. This is the same quantum as 2022/23. The distribution is also unchanged.
- A £300 million Adult Social Care Discharge Grant for 2023/24. This funding will be required to be pooled as part of the Better Care Fund. The funding will be distributed using the existing Improved Better Care Fund grant shares. The Government will set out further details on the conditions of this funding in due course.
- £562 million in Adult Social Care Market Sustainability and Improvement Funding. This includes new grant funding of £400 million to address issues such as discharge delays, social care waiting times, low fee rates, and workforce pressures. The grant also includes £162 million in Fair Cost of Care funding which the Government notes is to support the progress local authorities and providers have already made this year on fees and cost of care exercises. The Government proposes to distribute this funding using the existing ASC Relative Needs Formula. There will be reporting requirements placed on this funding regarding performance and use of funding to support improvement against the objectives. The Government will provide further details on reporting in due course.

LGA view:

- Steadily growing demand has seen councils with responsibility for children's and adult's social care devoting nearly two-thirds of their total spending to these services. This demonstrates councils' commitment to protecting these crucial services, but it comes at the expense of funding for other important services and is also completely unsustainable.
- We are pleased that the Government will provide extra funding for adult social care and accepted our ask for funding allocated towards reforms to still be available to address inflationary pressures for both councils and social care providers. Councils have always supported the principle of adult social care reforms and want to deliver them effectively but have warned that underfunded reforms would have exacerbated significant ongoing financial and workforce pressures. The Government needs to use the delay to reforms to learn from the trailblazers to ensure that the appropriate funding and support is in place to ensure they can be implemented successfully.
- Although the additional funding to adult social care is welcome, it falls significantly short of the [£13 billion we have called for](#) to address the severity of the pressure facing the service, including rising demand, and ensure councils can meet all of their statutory duties under the Care Act. Additional investment for here and now pressures and core services is an essential foundation for future adult social care reforms if councils are to play their part in delivering on the Government's ambition.
- The additional funding helps to tackle the most immediate budget pressures in children's social care, however it will not be sufficient to invest in the preventative and early help services that children and families need, nor to invest in the children's workforce or the additional homes we need for children in care. The Government's forthcoming response to the Independent Review of Children's Social Care will need to provide clarity over how children's social care services will be sufficiently funded going forward to enable all children to receive the care and support they need, when they need it.

Services Grant

The Services Grant will reduce from its 2022/23 level of £822 million to £464 million for 2023/24, this is in part due to the fact that there will no longer be an increase in National Insurance Contributions. In addition, some funding will go to increase the funding for the Supporting Families Programme and pay for other parts of the settlement such as increasing Revenue Support Grant. The rest of the Services Grant will be distributed through the Settlement Funding Assessment, in the same way as in 2022/23.

In addition to the £464 million, Government has held a small proportion of the Services Grant back as contingency to cover unexpected movements. The Government will review whether this contingency is necessary for the final local

government finance settlement, and any contingency left unused at that point will go back into the Services Grant.

LGA view:

- The unringfenced Services Grant will provide vital resources for local authority services but its level has reduced from 2022/23. There will be some concern in the sector that the fact that it has been announced for 2023/24 only makes planning for 2024/25 and beyond more difficult.

New Homes Bonus

Core spending power includes a provisional amount of £291 million for the New Homes Bonus (NHB) in 2023/24. The method for calculating the NHB will not change from 2022/23 and new payments will not attract legacy payments. The threshold over which the bonus is paid remains at 0.4 per cent.

The Government says that they will set out the future position of New Homes Bonus ahead of the 2024/25 local government finance settlement

LGA view:

- The New Homes Bonus makes up a considerable part of funding for some councils, particularly shire district authorities. Councils need clarity on the future of the NHB to be able to plan their budgets beyond next year and into the medium term. Any changes should come with transitional funding to ensure that local authority services that residents rely on are not put at risk.

Funding Guarantee

The Government has announced that it will repurpose the 2022/23 Lower Tier Services Grant and a proportion of the expired New Homes Bonus legacy payments to ensure that all councils will see at least a 3 per cent increase in their Core Spending Power before any decisions about organisational efficiencies, use of reserves or council tax levels. For eligible authorities, the value of the guarantee will be based on the difference between a 3 per cent increase in their 2022/23 Core Spending Power adjusted for actual council tax requirement in 2022/23, compared to their increase in Core Spending Power (excluding rolled in grants) before any assumed increases to council tax Band D levels in 2023/24. The Funding Guarantee total for 2023/24 is £136 million.

LGA View:

- Councils receiving this funding will welcome the protection this guarantee offers although this is well below the level of CPI inflation which is currently 10.7 per cent. The majority of councils receiving the funding guarantee are shire district councils and this emphasises the need for them to have access to the additional funding which a higher of 3 per cent and £10 council tax referendum limit would bring.

Rural Services Funding

The Government proposes to roll-forward the 2022/23 allocations of the £85 million Rural Service Delivery Grant for 2023/24.

LGA view:

- Councils in rural areas will welcome the continuation of this funding albeit that it is reduced in real terms.

2024/25

The Government has confirmed that, the Review of Relative Needs and Resources (also known as the Fair Funding Review) and the business rates reset will not be implemented in this Spending Review period, although it states that the Government remains committed to improving the local government finance landscape in the next Parliament.

In the policy statement published on 12 December 2022, the Government confirmed that core referendum principles in 2024/25 will be a 3 per cent per year general referendum limit, with authorities with social care responsibilities able to increase the adult social care precept by up to 2 per cent a year.

The core settlement will continue in a similar manner for 2024/25. The major grants will continue as set out in 2023/24. Revenue Support Grant will be uplifted in line with BFLs so that councils receive an increase equivalent to the September 2023 level of the Consumer Prices Index (CPI). Business rate pooling will continue. The Social Care Grant and other social care grants will increase as set out at the Autumn Statement.

Local authorities can also expect to receive new income, subject to the Extended Producer Responsibility for Packaging (pEPR) coming into force during 2024/25. The Government will assess the impact of additional pEPR income on the relative needs and resources of councils, particularly shire district councils.

The Government will set out the future position of the New Homes Bonus ahead of the 2024/25 settlement.

LGA view:

- This announcement will give councils some clarity over some sources of income in 2024/25.
- When the Review of Relative Needs and Resources does happen, the Government needs to consider both the data and the formulas used to distribute funding. There also needs to be full engagement with the sector

on this. The Government also needs to ensure that overall local government funding is sufficient to ensure no council sees its funding reduce as a result of the Fair Funding Review.

- We look forward to future discussions on the implementation of, and distribution of, income from the Extended Producer Responsibility for Packaging scheme and its knock on impacts on the settlement. The Government should engage with the LGA and local government on this including and ensure that any funding for reform is sufficient and new burdens are properly funded.

Reserves

In the [Policy Statement](#) published on 12 December the government notes the increase in some local authority reserves over the two years of the pandemic. It encourages “local authorities to consider how they can use their reserves to maintain services in the face of immediate inflationary pressures, taking account, of course, of the need to maintain appropriate levels of reserves to support councils’ financial sustainability and future investment. In order to support council members and local electorates to understand the reserves that their authorities are holding and what they are used for, they will also explore releasing a user-friendly publication of the reserves data currently collected in the Local Authority Revenue Expenditure and Financing Outturn statistics. They will consult with trusted partners, including the Local Government Association, about doing this.”

LGA view:

- We look forward to further clarity on these proposals and will discuss them in detail with the Government and local government.
- Councils hold reserves for a reason. Earmarked reserves are held so they can plan for the future and deal with known risks; unallocated reserves so that councils can respond to immediate events and emergencies.
- We have made the point before that reserves can only be spent once and that using reserves is not a solution to the long-term financial pressures that councils face.

Education and early years

On 16 December 2022 DfE set out the detail of the allocation of an additional £1.9 billion for schools and high needs funding for 2023/24. This is made up of £1.45 billion in schools block funding and £400 million of high needs funding. As part of this increase, mainstream schools will receive a new, [Mainstream Schools Additional Grant \(MSAG\)](#) for primary and secondary provision in the 2023-24 financial year. This equates to a 3.4 per cent increase in per pupil funding for mainstream schools, on top of the allocations through

the Dedicated Schools Grant, [published](#) on 16 December. [Pupil premium per pupil rates](#) in 2023-24 will increase by 5 per cent.

The Government also published its [response](#) to the Early Years Funding Formulae consultation launched in July 2022, confirmed the hourly funding rates for the free early education entitlements in 2023/24 for each local authority, and announced their [indicative allocations](#). An additional £20 million of funding for early years entitlements, on top of the £180 million for 2023/24 announced at the Spending Review, was announced to address National Living Wage increases. The additional £10 million announced on 4 July 2022 for Maintained Nursery Schools was confirmed.

The Department for Levelling Up, Housing and Communities has announced that as part of the [local government policy statement 2023/24 to 2024/25](#) the statutory override for the Dedicated Schools Grant will be extended for the next three years from 2023/24 to 2025/26. The override was due to expire at the end of March 2023.

LGA view

- We welcome the additional £1.9 billion in schools and high needs funding for 2023/24, which will help provide a good education for all pupils at a time when schools are struggling with rising energy and food bills, alongside the need to fund agreed pay rises, including for teachers.
- High needs funding pressures are one of the biggest challenges that councils are currently facing and the additional £400 million in high needs funding will provide some short-term assistance. We are pleased that the Department for Levelling Up, Homes and Communities has listened to the concerns raised by the LGA and extended the statutory override for the Dedicated Schools Grant to the end of the 2025/26 financial year.
- The Government must urgently publish the response to the SEND Green paper, setting out policy reforms that will reduce pressure on high needs budgets, ensure councils can eliminate their High Needs Budget deficits before the end of March 2026 and include a focus on increasing levels of mainstream inclusion.
- Education starts long before school and a strong early years sector can maximise the life chances of all children as part of our shared ambition with government to level-up communities and reduce inequalities across the country. There has been some recognition of the substantial financial challenges facing the early years sector through the additional £20 million investment announced on 16 December, however, this falls short of addressing the significant underfunding of the early years entitlements.

Public health

The settlement includes no information about the national total, or individual council allocations, of the public health grant for 2023/24.

LGA view:

- We call on government to provide councils with clarity on the funding for public health as soon as possible. The current delay to the announcement is making it extremely difficult for councils to plan effectively at a time when public health services are vital to help mitigate pressures on the NHS and social care.
- Public health teams have faced an unprecedented period of funding and demand pressures and continue to face significant pressures and challenges. Sufficient ongoing funding is needed to ensure all local authorities can continue to meet their statutory public health responsibilities.
- Uncertainty also remains in terms of the additional funding announced last year for locally commissioned drug treatment services and the Family Hubs and Start for Life programme. We call on government to provide councils with certainty beyond 2022/23 as soon as possible.
- The Public Health Grant allows councils to fund vital preventative services such as stop smoking and sexual and reproductive health services. At a time when NHS and social care pressures are greater than ever, a greater focus on prevention through an uplift to the Public Health grant will support the Government's wider aims by improving health outcomes, reducing health spending and putting the NHS on a better footing for the long term.

Fire Funding

As set out above, Fire and Rescue Authorities (FRAs) will be able to raise their precept by up to £5 in 2023/24.

Fire authorities will also receive an increase in their business rates funding baseline and revenue support grant in line with inflation, including compensation for under-indexing the business rates multiplier and will be entitled to the Funding Guarantee.

LGA view:

- We welcome that fire and rescue services are able to increase their precept by £5.
- Fire and rescue services need to be funded to take account of the full range of risks, demands and cost pressures they face. The sector also needs to be funded properly in order to engage in meaningful reform and transformation.
- The outcomes of the cases on discriminatory practices in the fire fighters pension scheme will have implications for the pension administrative costs and employer contributions to be made by FRAs. Unless these additional cost pressures are funded by Government, they will have a significant impact on FRA budgets in 2023/24 and beyond.

Police Funding

The [Provisional Police Grant Report \(England and Wales\) 2023/24](#) was published by the Home Office on 14 December 2022 in [a written Ministerial statement](#). Overall funding for policing will rise by up to £287 million compared to the 2022/23 funding settlement, bringing the total up to £17.2 billion for the policing system. Within this, funding to police and crime commissioners (PCCs) will increase by up to an additional £523 million, assuming full take-up of precept flexibility, which is being raised to £15. This would represent an increase to PCC funding in cash terms of 3.6 per cent on top of the 2022/23 police funding settlement.

Further Information

To help inform the LGA's response to the consultation settlement we will continue to analyse the settlement to develop a deeper understanding of the effect on councils. To further inform the LGA's response please send your responses to, and any comments on, the settlement to lgfinance@local.gov.uk.

For further information on the content of this briefing please contact Mike Heiser, Senior Adviser (Finance) (mike.heiser@local.gov.uk / 020 7664 3265) and Laura Johnson, Public Affairs Adviser (laura.johnson@local.gov.uk / 07921 604235).

Annex A: Core Spending Power

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Business Rates Baseline	11,323.2	11,417.7	11,650.6	12,000.7	12,275.7	12,475.7	12,475.7	12,475.7	12,942.5
Revenue Support Grant	9,926.8	7,183.9	4,982.1	3,573.5	2,284.0	2,321.2	2,334.0	2,406.5	2,728.5
Compensation for under-indexing the business rates multiplier	165.1	165.1	175.0	275.0	400.0	500.0	650.0	1,275.1	2,204.6
Improved Better Care Fund	0.0	0.0	1,115.0	1,499.0	1,837.0	2,077.0	2,077.0	2,139.8	2,139.8
Rural Services Delivery Grant	15.5	80.5	65.0	81.0	81.0	81.0	85.0	85.0	85.0
Transition Grant	0.0	150.0	150.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Social Care Support Grant	0.0	0.0	241.1	150.0	0.0	0.0	0.0	0.0	0.0
New Homes Bonus	1,167.6	1,461.9	1,227.4	947.5	917.9	907.2	622.3	556.0	290.6
New Homes Bonus - returned funding	32.4	23.1	24.5	0.0	0.0	0.0	0.0	0.0	0.0
Winter Pressures Grant	0.0	0.0	0.0	240.0	240.0	0.0	0.0	0.0	0.0
Social Care Support Grant	0.0	0.0	0.0	0.0	410.0	0.0	0.0	0.0	0.0
Social Care Grant	0.0	0.0	0.0	0.0	0.0	1,410.0	1,710.0	2,346.4	3,852.0
Market Sustainability and Fair Cost of Care Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	162.0	0.0
ASC Market Sustainability and Improvement Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	562.0
Lower Tier Services Grant	0.0	0.0	0.0	0.0	0.0	0.0	111.0	111.0	0.0
ASC Discharge Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	300.0
Services Grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	822.0	464.2
Grants Rolled In	209.2	256.5	247.5	238.8	231.6	232.3	238.1	238.6	0.0
Funding Guarantee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	136.0
Council Tax Requirement	22,035.9	23,247.3	24,665.8	26,331.6	27,767.8	29,226.9	30,308.2	31,922.5	33,838.4
Core Spending Power	44,875.7	43,986.1	44,544.0	45,337.1	46,444.9	49,231.4	50,611.4	54,540.5	59,543.8
<i>Year-on-year Change (£ million)</i>		-889.7	558.0	793.1	1,107.8	2,786.4	1,380.0	3,929.2	5,003.2
<i>Year-on-year Change (%)</i>		-2.0%	1.3%	1.8%	2.4%	6.0%	2.8%	7.8%	9.2%

Notes:

Winter Pressures Grant rolled into Improved Better Care Fund from 2020/21

Social Care Support Grant rolled into Social Care Grant from 2020/21

From 2023-24, Market Sustainability and Fair Cost of Care Fund allocations were rolled into the ASC Market Sustainability and Improvement Fund.

CSP total figures may not sum due to rounding

Source: [CSP Supporting Information](#)

Annex B – Glossary of Local Government Finance Technical Terms

Adult Social Care Discharge Grant	A grant for 2023/24 to facilitate reduced delays in discharges from hospital. The funding will be required to be pooled as part of the Better Care Fund and will be paid out using the existing Improved Better Care Fund grant shares.
Adult Social Care Market Sustainability and Improvement Fund	A grant ring-fenced for adult social care to support capacity and discharge. This incorporates the 2022/23 grant for Market Sustainability and Fair Cost of Care. It is allocated using the adult social care relative needs formula.
Adult Social Care Precept	Local authorities with responsibility for adult social care have flexibility to raise additional council tax above the referendum threshold. Funding raised through this additional 'precept' must be used entirely for adult social care.
Affordable Homes Premium	As part of the New Homes Bonus, affordable homes delivered in an area attract an additional £350 per unit on top of the standard Bonus grant.
Area Cost Adjustment (ACA)	A factor to reflect the differences in service cost delivery in different areas. The current ACA reflects differences in wages (the 'Labour Cost Adjustment') and differences in rateable values (the 'Rates Cost Adjustment') between local authorities across the country.
Baseline Funding Level	The amount of an individual local authority's 2013/14 Settlement Funding Assessment provided through the local share of retained business rates income, updated for inflation
Better Care Fund (BCF)	A single pooled budget for health and social care services, based on a plan agreed between the NHS and local authorities.
Business rates baseline	The business rates baseline for each authority determined at the start of the 50 per cent business rates retention scheme in 2013/14, updated in line with the small business rates multiplier each year.
Business rates baseline funding level (BFL)	The amount of the settlement funding assessment (SFA) provided through the local share of business rates.
Business rates pool	Under the business rates retention scheme local authorities are able to come together, on a voluntary basis, to pool their business rates. Top-ups and tariffs, as well as levies and safety nets are calculated at a pool-wide level. Pools have to be approved by DLUHC annually and are set out in the Local Government Finance Report.
Business rates revaluation	A regular exercise by the Valuation Office Agency, to reassess the rateable value of individual non-domestic hereditaments. The results are used to set new business rates bills. A revaluation on the basis of April 2021 values will come into effect in April 2023. The following revaluation is planned for April 2026.
Central Share	The percentage share of locally collected business rates paid to central government by billing authorities. In 2013/14 when business rates retention began this was set at 50 per cent. The central share is redistributed to local government through grants including the Revenue Support Grant.
Core Spending Power	The government's measure of the core components of local government funding, comprising the Settlement Funding Assessment, assumed income from council tax (including the adult social care precept), New Homes Bonus, Rural Services Delivery Grant, grants for social care and the funding guarantee.
Council Tax referendum principles	These mark levels of council tax increases above which a local authority must hold a referendum which allows residents to approve or veto the increase. The comparison is made between the authority's average Band D council tax level for the current financial year and the proposed average Band D for the next financial year.

Dedicated Schools Grant	The Dedicated Schools Grant is the principal source of funding for schools and related activities in England. It is a ringfenced grant paid to local authorities for maintained schools. School-level allocations are currently determined in consultation with the schools forum in each local authority area. From April 2017 has also included the 'retained duties' element previously paid as part of the Education Services Grant
Devolution Deals	Devolution Deals were introduced in 2014 and are a bespoke arrangement tailored to certain local authorities. They give local government greater powers and more autonomy over budgeting
Equalisation of the Adult Social Care precept	The process through which a proportion of Social Care Grant funding is used to take account of the impact of the distribution of the Adult Social Care council tax precept.
Estimated Business Rates Aggregate	The total business rates forecast at the outset of the Business Rates Retention system to be collected by all billing authorities in England in 2013/14, used to calculate baseline funding levels and business rates baselines in 2013/14.
Funding Guarantee	This is a grant for 2023/24 that ensures all councils have a minimum 3 per cent increase in Core Spending Power before any decisions about efficiencies, use of reserves and increasing the level of council tax.
Improved Better Care Fund (iBCF)	Additional funding for adult social care authorities from 2017/18 onwards that has to be included within the Better Care Fund plans.
Levy	A mechanism whereby any business rates retention gain above a certain level is paid to the Government. The levy rate cannot exceed 50 per cent of business rate retention gains.
Levy account	A Government account into which proceeds from the business rates levy, and any top-slice, are paid and which is used to pay safety net to qualifying authorities. Any surplus is to be returned to authorities.
Local Share	The percentage share of locally collected business rates retained by local government. This was set at 50 per cent at the implementation of business rates retention.
(Business Rates) Multiplier	The business rates multiplier when multiplied by the rateable value of a property determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. Unless the Government decides to set a lower increase, the small business multiplier is updated annually by the Consumer Prices Index and the other multiplier adjusted accordingly.
New Homes Bonus (NHB)	A grant paid to reward local authorities for the number of homes built and brought back into use. The level of funding for an area reflects additional housing supply in that area. For 2023/24 this will be paid for one year only. Previously it was paid for a number of years. Payments for qualifying years before the current one were referred to as legacy payments.
Precept	A council tax charge from local authorities which do not issue bills themselves. These include county councils, police and crime commissioners, fire and rescue authorities, the Greater London Authority, combined authority mayors, and town and parish councils. Billing authorities – usually shire district councils or unitary authorities – collect council tax on behalf of precepting authorities and pass the proceeds to them.
Referendum Threshold	A referendum threshold is an amount set by Central Government by which local authorities can increase council tax without needing to hold a referendum to seek approval from residents on the increase.
Relative Needs Formula (RNF)	A relative needs formula provides a way of assessing the relative need for a particular service or set of services across different local authorities. Relative Needs Formulas are used to estimate the relative funding requirement for each local authority in England and

	incorporate factors such as demography and deprivation.
Revenue Support Grant	A grant paid to local authorities as part of the Settlement Funding assessment (see below) which can be used to fund revenue expenditure on any service.
Rural Services Delivery Grant	A grant paid to the top quartile of local authorities on the basis of the super-sparsity indicator, in recognition of possible additional costs for rural councils.
Safety Net	A mechanism to protect any authority which sees its business rates income drop, in any year, by more than a given level below their baseline funding level. In 2023/24 this level is set at 7.5 per cent for authorities with 50 per cent business rates retention and 3 per cent for authorities with 100 per cent business rates retention.
Section 31 Grant	A grant paid to local councils under Section 31 of the Local Government Act 2003, under such conditions as the minister may determine. This mechanism is used to compensate local authorities for the costs of additional business rates reliefs announced by Government.
Services Grant	An unringfenced grant distributed using local authority shares of 2013/14 Settlement Funding Assessment, adjusted for local authority restructuring where necessary.
Settlement Funding Assessment (SFA)	This is a local authority's share of the local government spending control total which will comprise its Revenue Support Grant for the year in question and its baseline funding level.
Small Business Rate Relief	Businesses with a property with a rateable value of £12,000 and below receive 100 per cent relief on business rates. Businesses with a property with a rateable value between £12,000 and £15,000 receive tapered relief.
Social Care Support Grant	A non-ringfenced grant for adult and children's social care services.
Top-Ups and Tariffs	The difference between an authority's business rates baseline (the amount expected to be collected through the local share of business rates) and its baseline funding level (the amount of SFA provided through the local share). Tariff authorities make a payment and top-up authorities receive a payment. Tariffs and top-ups are updated in line with the small business rates multiplier each year. In 2023/24 they have been recalculated so that authorities do not have gains or losses solely due to business rates revaluation.
Under-indexing grant	A grant provided by the Department of Levelling Up Housing and Communities (DLUHC) to compensate councils for the impact of the Government's decisions to increase the business rates multiplier by lower than the Consumer Price Index (the Retail Prices Index before 2023/24) (so-called 'underindexing'). This is intended to make sure that councils do not experience funding reductions as a result of this policy.