

Details of Core Grants within Provisional Local Government Finance Settlement

The Council is in receipt of a mix of general un-ringfenced grants which can be used in any way the Council decides to discharge its functions (core grants) and specific grants which must be spent according to government priorities. Given the uncertainty of future settlements beyond 2023-24 assumptions will have to be included in the Medium Term Financial Plan for future years. There are risks associated with this approach as the government may decide to change its priorities and reduce or cease funding through a grant or reallocate service specific grants into more general funding with a changed distribution although the principles for 2024-25 have been set out in the 2023-24 provisional settlement.

A) Revenue Support Grant

Revenue Support Grant (RSG) is a central government grant given to local authorities from the centrally retained share of business rates which can be used to finance revenue expenditure on any service. The amount of Revenue Support Grant to be provided to authorities is established through the Local Government Finance Settlement using the relevant funding formulae; the revision of these formulae (along with the redistribution of the locally retained share of business rates) is the focus of the (deferred) Fair Funding review process.

KCC's RSG has decreased from circa £161m in 2015-16 to circa £9.6m in 2020-21 with only small inflationary uplifts since then. The inflationary uplift for 2023-24 is based on September 2022 CPI (10.1%). For planning purposes we have assumed that a similar inflationary uplift will be applied in subsequent years although there has been no confirmation of this beyond 2024-25. The RSG for 2023-24 also includes 3 separate grants from 2022-23 that have been rolled into the grant (the only one applicable for KCC is Food Safety Enforcement grant).

B) New Homes Bonus

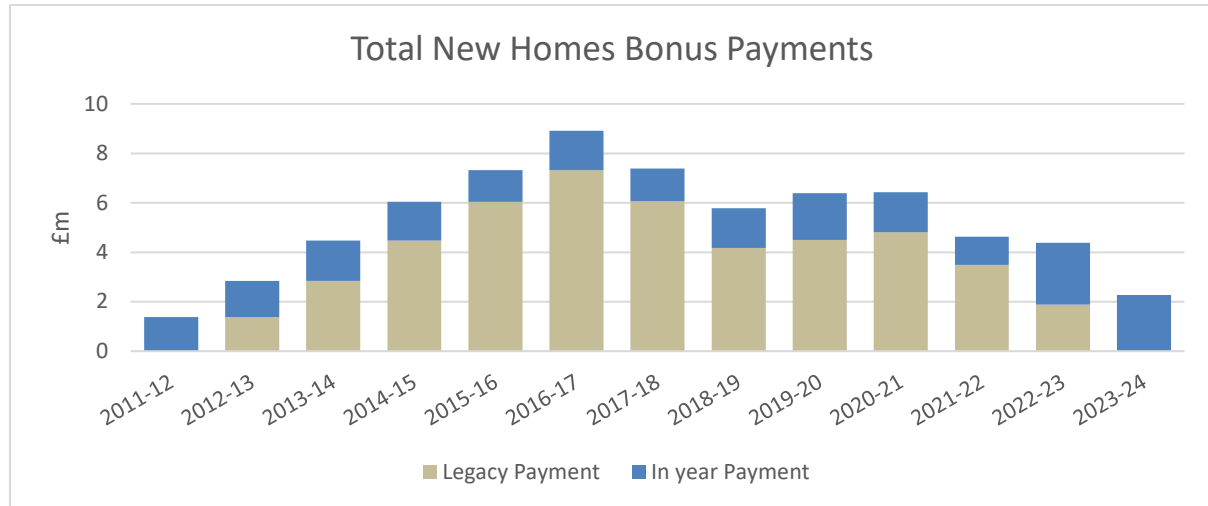
The New Homes Bonus (NHB) scheme was introduced in 2011-12 to help tackle the national housing shortage. The scheme was designed to reward those authorities that increased their housing stock either through new build or by bringing empty properties back into use. The grant is un-ringfenced.

Initially the NHB grant increased each year as the grant provided an incentive for six years by adding an additional in year growth to the previous year's legacy amount. This saw the grant peak in value in 2016-17. From 2017-18 the grant was reformed with the incentive reduced to four years in stages over two years by removing the earliest two year's legacy payments and adding in year additional growth.

A further reform was introduced in 2020-21 which saw the additional in year growth added as a one-off (i.e. not included in the subsequent year's legacy) with oldest year's legacy removed. This meant three years' worth of legacy payments in that year and one in year's growth. The same system was used in 2021-22 with one-off allocation of in year growth and two years' worth of legacy payment. In 2022-23 the grant included the one year's remaining legacy and one further year of additional in year growth. For 2023-24 the legacy payment has expired and the grant represents one

year of in year growth. For planning purposes we have assumed that the grant ceases completely from 2024-25 although there has been no confirmation of this.

The graph below depicts the legacy and growth elements over the lifetime of NHB



C) Improved Better Care Fund

The Better Care Fund (BCF) was introduced in the 2013-14 spending review. The fund is a pooled budget, bringing together local authority and NHS funding to create a national pot designed to integrate care and health services.

In addition to this, an Improved Better Care Fund (IBCF) was announced in the 2016-17 budget to support local authorities to deal with the growing health and social care pressures during the period 2017-20. The grant is allocated according to relative needs formula for social care with an equalisation adjustment to reflect the adult social care council tax precept. The allocations increased each year between 2017-18 to 2020-21. The subsequent spending reviews and local government settlements have seen the grant rolled forward at the same value in cash terms as 2020-21 (£48.5m). The grant for 2022-23 included a 3% inflationary uplift as part of the additional resources for adult social care within the settlement. The grant for 2023-24 is the same value in cash terms as 2022-23 (£50m). For planning purposes we have assumed that this grant will continue at the same value in cash terms for the medium term in subsequent years although there has been no confirmation of this.

D) Social Care Grant

The social care support grant was first introduced in 2019-20 following the announcement in the Chancellor's 2019-20 budget of an additional £410m for adult and children's social services. KCC's allocation for 2019-20 was £10.5m based on a formula using the adult social care relative needs formula with an equalisation adjustment to reflect the adult social care council tax precept.

An additional £1bn was added to the 2020-21 settlement taking the total for social care grant to £1.41bn. The same formula as 2019-20 was used based on using the adult social care relative needs formula with an equalisation adjustment to reflect the adult

social care council tax precept. KCC's allocation was £34.4m. The government believes there is not a single bespoke needs formula that can be used to model relative needs for both adult and children's social care, therefore the existing Adult Social Care Relative Needs Formula was used to distribute this Social Care Grant funding.

The 2021-22 settlement included a further £300m taking the total social care grant to £1.71bn. The same formula was used again providing KCC with an additional £4.7m, increasing the total grant value for 2021-22 to £ 39.1m.

The 2022-23 settlement included an additional £636.4m, £556.4m of this was allocated via the existing Adult Social Care RNF and the remaining £80m was allocated to reflect the 1% adult social care council tax precept. This took the total grant to £2.346bn. Combined with the rollover from 2021-22 KCC's total social care grant for 2022-23 was £54.5m, an increase of £15.4m on 2021-22.

The provisional settlement proposes increasing allocations of the Social Care Grant to £3.852bn for 2023-24. This is an increase of £1.345bn compared to 2022-23 before accounting for rolling in the Independent Living Fund. The Independent Living Fund has been rolled into the Social Care Grant (accounting for £161m of the total grant figure) and will no longer be received as a separate specific grant, KCC's share of this is £1.920m.

The majority of the increase to the Social Care Grant has been funded from delaying the roll out of the adult social care charging reforms and repurposing the existing funding for the reforms towards current social care pressures.

The provisional settlement includes £160m of the additional £1.345bn allocated to reflect the 2% Adult Social Care Precept and the remaining £1.185bn is allocated using the existing adults RNF formula. The KCC share of this is £1.936m and £30.437m respectively. This takes the total KCC grant to £88.771m including the £54.478m from 2022-23 and the £1,920m ILF.

The Autumn Statement announced that there will be a further additional £600m of Social Care Grant in 2024-25, which is an estimated additional £14.4m for KCC based on the same allocation mechanism for council tax precept and adults RNF as the 2023-24 increase. For planning purposes we have assumed that the grant will continue at the same value in cash terms in 2025-26 although there has been no confirmation of this.

The Social Care Grant will be ringfenced for adults' and children's social care.

E) Services Grant

This was a new one-off, un-ringfenced grant for 2022-23. The Services Grant was £822m in 2022-23. This grant is distributed through the existing formula for assessed relative need across the sector, using 2013-14 shares of Settlement Funding Assessment (SFA). The new grant was to provide funding to all tiers of local government in recognition of the vital services, including social care, delivered at every level of local government. It also included funding for local government costs for the increase in employer National Insurance Contributions. KCC's share of this grant for 2022-23 was £13.0m.

The provisional settlement proposes that the Services Grant will continue in 2023-24, but the amount reduced to £464m. £188m of the funding reduction is because there will no longer be an increase to National Insurance Contributions. It is assumed the remainder of the reduction has been used to fund increases elsewhere in the settlement (possibly including an increase in the funding available for the Supporting Families programme although this is not yet confirmed).

For planning purposes we have assumed that Services Grant will continue at the same value in cash terms for the medium term although there has been no confirmation of this.

F) Market Sustainability and Fair Cost of Care Fund

This was a new grant for 2022-23. In total £162m out of the £3.6bn over 3 years was made available in 2022-23. The grant was allocated using the existing Adults RNF. KCC's share of this grant was £4.2m. The charging reforms have now been delayed so the 2023-24 allocations of this grant have now been used to fund the increases to the social care grant as explained in paragraph section D of this appendix. The £162m from 2022-23 has now been rolled into the Adult Social Care Market Sustainability and Improvement Funding as explained in Section G below.

G) Adult Social Care Market Sustainability and Improvement Funding

The provisional settlement proposes to maintain the current levels of Fair Cost of Care funding for local authorities for 2023-24 at £162 million. This is to continue to support the progress local authorities and providers have already made this year on the fees and cost of care exercises.

The Autumn Statement announced that there will be an additional £400m for adult social care. It is expected that this additional funding will be used to make tangible improvements to adult social care and, in particular, to address discharge delays, social care waiting times, low fee rates, workforce pressures, and to promote technological innovation in the sector.

This grant will be distributed to Local Authorities using the adults RNF, the KCC share of the additional £400m is £10.3m KCC's grant to £14.4m.

The Autumn Statement announced that there will be a further £283m in 2024-25, which is an estimated additional £7.3m for KCC based on the same allocation mechanism as the 2023-24 additional grant. For planning purposes we have assumed that the grant will continue at the same value in cash terms for 2025-26 although there has been no confirmation of this.

H) Adult Social Care Discharge Fund

The Autumn Statement announced £600m of new grant funding for 2023-24 to ensure those people who need to draw on social care when they are discharged from hospital can leave as soon as possible, freeing up hospital beds for those who most need them. Local authorities will receive £300m of this funding. This funding will be required to be pooled as part of the Better Care Fund (BCF). 50% is to be made available to local

authorities in the provisional local government finance settlement and the remaining 50% held by Health within the BCF.

In the provisional settlement for 2023-24 this grant has been distributed using the existing Improved Better Fund allocations, the KCC share is £7.0m. There will be conditions attached to this grant and the Government will set of the details of these conditions in due course.

The local authority 50% share of the ASC Discharge Fund is planned to increase to £500m in 2024-25, KCC's share of this is an estimated £11.7m based on the same allocation mechanism as the 2023-24 grant. For planning purposes we have assumed that this grant will continue at the same value in cash terms in 2025-26 although there has been no confirmation of this.