

Details of Core Grants within the 2024-25 Final 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 2024-25 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.

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.

The Council'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 2024-25 is based on September 2023 CPI (6.62%). For planning purposes we have assumed that a similar CPI inflationary uplift will be applied in subsequent years (based on OBR forecast) although there has been no confirmation of this beyond 2024-25.

There were no changes to RSG in the final settlement for 2024-25 compared to the provisional settlement.

B) New Homes Bonus

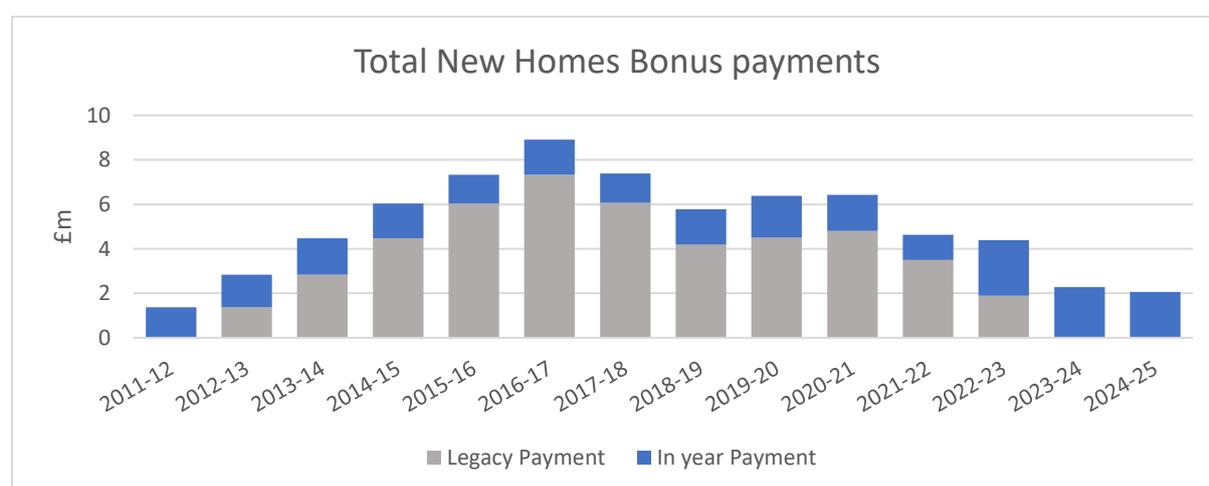
The New Homes Bonus (NHB) scheme was introduced in 2011-12 to help tackle the national housing shortage. The scheme was designed to reward those authorities that increased their housing stock either through new build or by bringing empty properties back into use. The grant is un-ringfenced.

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 represented one year of growth. The provisional local government finance settlement for 2024-25 has confirmed the continuation of NHB payments for one final year, and like 2023-24 these will not attract legacy payments. The final settlement for 2024-25 is based on the same methodology as 2023-24 using updated data from Council Tax Base (CTB) returns and DLUHC data on affordable housing supply, updated for any local authority representations regarding the data received by 15th January 2024, these representations had no impact on the Council's allocation for 2024-25.

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 2024-25 is the same value in cash terms as 2023-24 and 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.

There were no changes to iBCF in the final settlement for 2024-25 compared to the provisional settlement.

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. The Council's allocation for 2019-20 was £10.5m based on a formula using the Adult Social Care (ASC) Relative Needs Formula (RNF) 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 ASC RNF with an equalisation adjustment to reflect the adult social care council tax precept. The Council'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 ASC RNF 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 the Council 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 ASC 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, the Council's total social care grant for 2022-23 was £54.5m, an increase of £15.4m on 2021-22.

The 2023-24 settlement included an additional £1.345bn from the additional funding for adult social care announced in Autumn Budget 2022 which was added to the £2.346bn rolled forward from 2022-23. £160m of this increase was allocated to reflect the 2% adult social care council tax precept, with the remaining £1.185bn allocated using the existing ASC RNF. In addition, the Independent Living Fund (ILF) was 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. This took the total Social Care grant to £3.852bn in 2023-24. The Council's total Social Care Grant for 2023-24 was £88.771m including £1.920m from rolled in ILF.

The 2024-25 provisional settlement increased allocations of the Social Care Grant by £0.692bn, of which £0.612bn was previously announced (and expected) as part of the additional funding for social care announced in Autumn Budget 2022, and £80m was unexpectedly transferred from Services Grant. These increases have been added to the rolled forward grant from 2023-24 of £3.852bn taking the total grant for 2024-25 to £4.544bn. £0.532bn of the increase was allocated according to ASC RNF (as we had

been expecting) and £160m of the increase allocated to reflect the 2% adult social care council tax precept (we had been expecting £80m via ASC council tax before the transfer of the further £80m from Services Grant).

The final settlement reflected the unexpected additional £500m increase announced on 24 January 2024. All the additional grant has been allocated via the element allocated according to the ASC RNF, increasing the national share for this element from £532m to £1,032m. The Council's share of this additional allocation is £12.8m.

The Council's total Social Care Grant in the final settlement for 2024-25 is £117.0m, an increase of £28.3m on 2023-24.

The Social Care Grant is 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 was 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. The Council's share of this grant for 2022-23 was £13.0m.

The Services grant reduced to £483m in the 2023-24 settlement, £188m of this reduction was related to the cancellation of the increase in employer's National Insurance Contributions. The 2023-24 settlement confirmed the Council's allocation had reduced to £7.6m.

The final settlement for 2024-25 is a further significant reduction in the Services Grant to £87m, a reduction of £396m. Some of this reduction (£266m) has been recycled into increases in other grants (RSG, 3% funding guarantee and £80m into Social Care Grant). It is not clear at this stage what the remaining £130m balance will be used for. The Council's share reduced by £6.3m to £1.3m (an 83% reduction).

There was small increase in the total amount and individual allocations of Services Grant in the final settlement for 2024-25 compared to the provisional settlement.

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 the Adults RNF. The Council'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 (MSIF)

The 2023-24 settlement maintained the current levels of Fair Cost of Care funding for local authorities for 2023-24 at £162 million.

The Autumn Budget 2022 announced that there will be an additional £400m for adult social care to increase MSIF to £562m for 2023-24. This additional funding was intended 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. The additional grant was allocated on the same basis as 2022/23 using the ASC RNF. The Council's allocation of the additional £400m was £10.3m taking the total grant for 2023-24 to £14.4m. The grant was included in the Council's 2023-24 budget plans.

A further £600m funding for adult social care over 2023-24 and 2024-25 was announced on 28th July 2023. £570m was added to MSIF (£365m in 2023-24 and £205m in 2024-25). This additional funding was intended to fund workforce improvements.

The provisional local government finance settlement for 2024-25 has provided confirmation of an Autumn Statement 2022 announcement that this grant has increased nationally by £283m in 2024-25 and by a further £205m for the 2024-25 increase in the workforce element. The additional funding is allocated by the same mechanism as 2023-24 (ASC RNF). The Council's total allocation for 2024-25 is £26.969m, an increase of £12.5m (as expected). 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.

There were no changes to MISF in the final settlement for 2024-25 compared to the provisional settlement.

H) Adult Social Care Discharge Fund

The Autumn Statement 2022 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 received £300m of this funding. This funding is required to be pooled as part of the Better Care Fund (BCF). 50% is to be made available to local authorities in the local government finance settlement and the remaining 50% held by Health within the BCF.

In 2023-24 this grant has been distributed using the existing Improved Better Fund allocations, the Council's share was £7.0m. There are conditions attached to this grant.

Appendix K

The 2024-25 provisional local government finance settlement has confirmed the previous announcement in Autumn Budget 2022 that the local authority 50% share of the ASC Discharge Fund increases to £500m in 2024-25. The Council's allocation of £11.7m was confirmed in the provisional local government finance settlement for 2024-25 (as expected). 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.

There were no changes to Hospital Discharge grant in the final settlement for 2024-25 compared to the provisional settlement.