

Spending Power calculation

The provisional 2023/24 local government finance settlement (LGFS)

1. The final LGFS 2023/24 was published on 19 December 2022. As part of the settlement the government calculate how much they think local authority spending power has increased.
2. The Hammersmith & Fulham figures that are included in the government spending power calculation are set out in Table 1. As well as government funding this includes their assumption on what local authorities will collect through council tax and business rates.

Table 1 – Government core spending power calculation

Funding within core spending power	2022/23 £000s	2023/24 £000's
General Grants		
Revenue support grant	18,046	20,198
New homes bonus grant	2,750	1,193
Social care support grant	10,717	17,280
Multiplier cap compensation	6,322	10,931
Market sustainability and fair cost of care	620	0
Lower tier support services grant	937	0
Services grant	4,264	2,403
Ringfenced Grants		
Improved better care fund	10,026	10,027
ASC Discharge Fund	0	1,406
Market sustainability and Improvement Fund	0	2,151
Total	53,682	65,589
Government assumed council tax (based on 3% increase including 2% adult social care precept)	70,462	72,857
Assumed business rates	61,855	64,171
Total	185,999	202,617

3. The figures set out in Table 2 show that the Hammersmith & Fulham increase is below the London and national average increase.

Table 2 – Government spending power calculation

	2022/23	2023/24
Hammersmith & Fulham	+7.0%	+9.5%
London average ¹	+7.3%	+9.2%
National average	+7.4%	+9.2%

5. The government spending power calculation:
- assumes that authorities will increase council tax by 3% and levy the adult social care precept at 2%.
 - takes no account new funding burdens (the market sustainability and Improvement, ASC Discharge)
 - assumes that authorities will collect business rates in line with their funding baseline.² Due to the impact of rate appeals the sum receivable by Hammersmith & Fulham may be £4.8m³ lower.
 - assumes that the multiplier cap compensation grant, payable for the government decision not to increase business rates, is funded in line with the business rates baseline. As Hammersmith and Fulham budgets to receive a lower amount of business rates income (the safety net threshold) the actual grant forecast is lower.
- 6 As set out in Table 3 when account is taken of the above factors the local spending power increase for Hammersmith & Fulham is estimated at £4.6m (2.5%). This compares to inflationary pressures of £13.6m.

Table 3 – Hammersmith & Fulham spending power calculation

	£m
Government Spending Power calculation 2022/23	186.0
Government Spending Power calculation 2023/24	202.6
Less:	
Business rates below funding baseline	(4.8)
New burdens	(3.0)
Assumed council tax increase of 5%	(4.2)
Adjusted Hammersmith & Fulham spending power calculation 2023/24	190.6
Adjusted 2023/24 increase	4.6

¹ Estimated figure from London Councils.

² This figure is the net business rates the government expect Hammersmith & Fulham to retain after payment of a tariff to the government.

³ This will be confirmed following completion of the 2023/24 NNDR1 business rates return in January 2023.