

Spending Power Reduction

The Provisional 2017/18 Local Government Finance Settlement (LGFS)

1. The key Hammersmith and Fulham figures from the provisional settlement are summarised in Table 1 and Table 2.

Table 1 – Unringfenced Government Funding

	2016/17	2017/18
Confirmed Allocations	£'000s	£'000s
Revenue Support Grant	38,453	29,499
New Homes Bonus Grant	8,096	7,831
Other Unringfenced Grants	3,810	4,101
Total	50,359	41,431
Grant fall - cash		-8,928
Grant fall – cash terms %		-18%

Table 2 - Ring-fenced Funding Allocations

	2016/17	2017/18
	£000s	£'000s
Public Health Grant	22,903	22,338
Increase in LA Better Care Fund		831
	22,903	23,169

2. The government place restrictions on how Public Health Grant and better care funding are used. These grants are allocated to Departmental Budgets before the calculation of the Council budget requirement.

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3. In the settlement announcement the government state their view of the cut in local authority spending power. As well as government funding this includes their assumption on what local authorities will collect through council tax and business rates. The figures are set out in Table 3. The Hammersmith and Fulham cut is greater than the national average.

Table 3 – Government Spending Power Calculation.

	2016/17	2017/18
LBHF	-3.1%	-1.6%
London Average	-3.0%	-1.5%
National	-2.8%	-1.3%

5. The Government spending power calculation is questionable:
- It takes no account of inflation or demographic pressures.
 - It assumes that authorities that have social care responsibilities will levy a 2% social care precept. Hammersmith and Fulham will not make this levy.
 - It assumes that authorities will increase council tax by 2%. Hammersmith and Fulham has a council tax freeze.
 - It does not take account of additional unfunded government burdens placed on local authorities
- 6 As set out in Table 4 when account is taken of the above factors the local spending power reduction for Hammersmith and Fulham is estimated at 6.8%.

Table 4 – LBHF Spending Power Reduction

	£'m
Government Spending Power Calculation 2016/17	157.0
Government Spending Power Calculation 2017/18	154.5
Less:	
Council Tax Freeze	(1.6)
No Use of the Adult Social Care Precept	(1.6)
Inflation Provision	(2.9)
Unfunded Government Burdens	(0.6)
Increase in Demand/Demographic Pressure	(1.4)
Adjusted LBHF Spending Power Calculation 2017/18	146.4
Adjusted Reduction	6.8%