

Spending Power Reduction

The Provisional 2018/19 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

	2017/18	2018/19
Confirmed Allocations	£'000s	£'000s
Revenue Support Grant ¹	29,499	23,427
New Homes Bonus Grant	7,831	6,747
Other Unringfenced Grants	3,923	3,394
Total	42,175	33,568
Grant fall - cash		-8,607
Grant fall – cash terms %		-20%

Table 2 - Ring-fenced Funding Allocations

	2017/18	2018/19
	£000s	£'000s
Public Health Grant	22,338	21,764
Improved Better Care Fund	5,128	7,055
Flexible Homelessness Support Grant	3,527	3,381
Other	267	247
	31,260	32,447

- 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 increase is lower than the London and national average..

¹ In 2018/19 the RSG is receivable as part of business rates. It is shown within Table 1 to enable a like for like comparison

Table 3 – Government Spending Power Calculation.

	2017/18	2018/19
LBHF	-1.6%	+0.7%
London Average	-1.5%	+1.0%
National	-1.3%	+1.5%

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 3% social care precept. Hammersmith and Fulham will not make this levy.
 - It assumes that authorities will increase council tax by 3%. Hammersmith and Fulham has a council tax freeze.

- 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 6.3%.

Table 4 – LBHF Spending Power Reduction

	£'m
Government Spending Power Calculation 2017/18	157.2
Government Spending Power Calculation 2018/19	158.2
Less:	
Council Tax Freeze	(1.7)
No Use of the Adult Social Care Precept	(1.7)
Inflation Provision	(5.2)
Increase in Demographic Pressure	(1.7)
Adjusted LBHF Spending Power Calculation 2018/19	147.9
Adjusted Reduction	9.3
	-6.3%