

## **Briefing Note: The Final Local Government Finance Settlement 2026/27-2028/29**

The final local government finance settlement was published on 9<sup>th</sup> February and shows the government's methodology for the calculation of Business Rates pooling in the Funding Floor baseline has been adjusted, with the result that there is a reduction in funding of £2.318m over the three year funding period, when compared to the provisional settlement.

The Business Rates pooling gain is still included in Core Spending Power, but they have changed the methodology to calculate it to give 50% to the Counties. In the provisional settlement the Districts (Billing Authorities) were awarded 100%.

The good news is that a new Adjustment Support grant has been introduced for 2026/27 to ensure that no Council receives less Core Spending Power than announced in the provisional settlement. This means that the final version of the budget published to Executive last week does not need to be changed and we will still deliver a balanced budget. This Adjustment Settlement grant, introduced for 2026/27, is not expected to extend beyond a single year and the revised MTFS reflects this.

The table below explains the movement in the elements of funding between the provisional settlement announced in December and the final settlement announced on Monday.

<b>MTFS Line item</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>Total</b>
<b>Prov Finance Settlement</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Revenue Support Grant	7,522,982	5,218,704	2,849,655	15,591,342
Business Rates Share	2,490,393	2,547,518	2,598,911	7,636,822
Income Protection Floor	776,198	2,721,460	4,666,340	8,163,998
<b>Total</b>	<b>10,789,573</b>	<b>10,487,682</b>	<b>10,114,906</b>	<b>31,392,161</b>

<b>MTFS Line item</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>Total</b>
<b>Final Finance Settlement</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Revenue Support Grant	6,769,325	4,837,844	2,849,655	14,456,824
Business Rates Share	2,490,393	2,547,518	2,598,911	7,636,822
Adjustment Support Grant	1,053,102	0	0	1,053,102
Income Protection Floor	476,754	1,959,266	3,490,893	5,926,912
<b>Total</b>	<b>10,789,573</b>	<b>9,344,628</b>	<b>8,939,459</b>	<b>29,073,660</b>

<b>Change in Funding</b>	<b>0</b>	<b>1,143,054</b>	<b>1,175,447</b>	<b>2,318,502</b>
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We knew that the provisional settlement was more generous than we had expected, so this revision was not really a surprise. The effect on the MTFS is below. Ultimately, we can still hand over the Council to the new Unitary in a good financial state.

Funding	2026/27	2027/28
<b>2027/28</b>		
Revenue Support Grant	(6,769,325)	(4,837,844)
Adjustment Support Grant	(1,053,102)	0
Business Rates Share	(2,429,163)	(2,547,518)
Renewables	(393,831)	(393,831)
Income Protection Floor	(476,754)	(1,959,266)
Extended Producer Responsibility (Waste)	(2,990,216)	0
<b>Government Grants &amp; Business Rates</b>	<b>(14,112,390)</b>	<b>(9,738,459)</b>
Investment Income - Pooled Funds	(1,156,227)	(924,982)
Contribution to/(from) earmarked reserves	4,046,436	(2,176,243)
Collection Fund	(180,988)	(110,000)
Council Tax	(6,660,086)	(6,994,243)
<b>Total Funding</b>	<b>(18,063,255)</b>	<b>(19,943,927)</b>
<b>Use of GF reserves</b>	<b>0</b>	<b>1,401,616</b>
TaxBase	49,561.59	50,181.11
Band D	134.38	139.38
<b>Tax increase</b>	<b>3.86%</b>	<b>3.72%</b>
General fund balance	12,557,909	11,156,293
		9,278,461