

# Local Government Association

## Provisional Local Government Finance Settlement 2020/21

### On the Day Briefing

20 December 2019



## Introduction

The local government finance settlement is the annual determination of funding to local government from central government. This briefing covers the provisional local government finance settlement for 2020/21. We expect the final 2020/21 settlement to be laid before the House of Commons, for its approval, in late January or early February 2020.

The LGA [has issued a media statement](#) responding to today's statement.

## Key messages

- The LGA is pleased that the Government listened to our call for the publication of this settlement before Christmas which gives councils much of the certainty they need about how local services will be funded next year.
- The Settlement indicates that core spending on local services has the potential to increase by £2.9 billion next year, which is good news for councils and shows that the Government has responded to the financial pressures local authorities face in meeting rising costs and demand for services, such as adult and children's social care, and homelessness support. The further addition of over £780 million to the high needs block of dedicated schools grant to fund the rising costs of meeting special educational needs brings the total of potential additional resources to over £3.5 billion as announced in the Spending Round.
- The Settlement includes an additional £1 billion of central government funding for social care, as announced in the 2019 Spending Round. This will help ensure councils can continue to help older and disabled people live more independently and support our most vulnerable young people. Confirmation that key social care grants will also continue next year provides much-needed stability for local authorities.
- The ability of councils to increase council tax and levy an adult social care precept next year gives them the potential to raise £1.6 billion. This will help councils to continue to deliver vital services, but it is not a sustainable solution because increasing council tax raises different amounts of money in different parts of the country, unrelated to need, and adds an extra financial burden on households. The Government needs to deliver on its pledge to bring forward proposals for long term reform of adult social care and how it is funded. The LGA, as a cross-party organisation, has previously offered to host and facilitate cross-party talks and that offer remains open to the Government.

# Briefing

- The Government needs to work closely with councils during its review of the New Homes Bonus, and provide clarity to councils on legacy payments from 2021/22 onwards, as well as the outcome of the review, as soon as possible to allow them to plan their 2021/22 budgets and into the future.
- It is also vital that councils are fully funded for the loss of income due to the business rates reliefs announced in the Queen's Speech, in line with normal government practice.
- It is disappointing that the Government has not provided a progress update on the Fair Funding Review or further business rates retention today. With implementation scheduled for April 2021, it is crucial for local authority financial planning that the Government consults on proposals for reform and provides certainty to councils as soon as possible.
- Today's provisional settlement reflects the work the LGA has done with councils to demonstrate that investing in local government is good for people's health and wellbeing, can help to tackle inequalities in our communities, build our economy and enhance the nation's prosperity.
- We will continue to promote the role councils play in making a huge difference to the lives of our residents and communities. We look forward to working with the Government as a vital partner to help deliver its commitment to levelling up powers and investment in local areas in the run up to the 2020 Spending Review.

### *Council Tax Referendum Principles*

The following council tax referendum principles were announced:

- a core principle of up to 2 per cent applying to shire county councils, unitary authorities, London borough councils, the City of London, the Isles of Scilly, the GLA general precept and fire and rescue authorities.
- a continuation of the Adult Social Care precept, with an additional 2 per cent flexibility available for social care authorities on top of the core principle.
- 2 per cent or £5, whichever is higher, for shire district councils.
- There is no referendum principle for Mayoral Combined Authorities.
- No referendum limits for town and parish councils. The Government will keep this under review for future years.

The referendum limit for policing bodies will be announced at the time of the police funding settlement.

### **The settlement in detail**

The Ministry for Housing Communities and Local Government (MHCLG) has

announced the [provisional local government finance settlement for 2020/21](#).

We have provided a glossary of Local Government Finance terms which provides a brief explanation of some of the language used in this briefing. This can be found at Annex B.

Today's statement is broadly in line with the indicative figures for 2020/21 announced in the Spending Round in September 2019 with the following changes:

- Council tax figures have been updated to reflect decisions local authorities made in 2019/20, revised taxbase growth assumptions, and assumptions on council tax increases as set out in the 'Core Spending Power' section below;
- a council tax referendum principle of 2 per cent or £5, whichever is greater, for shire district councils in 2020-21;
- The elimination of negative RSG;
- New Homes Bonus allocations have been revised to reflect actual housing growth. The Government has not increased the New Homes Bonus threshold; the government is committing £7 million to maintain this threshold.

Settlement Funding Assessment, which consists of Revenue Support Grant and the retained business rates baseline, will rise in line with inflation.

As previously announced, the Devolution Deal area pilots will continue. There are no 75 per cent business rate retention pilots. There are 27 business rates pools.

**The closing date for responses to the [consultation document](#) to MHCLG is 17 January 2020.** We expect the final settlement to be published in late January / early February 2020.

At the LGA's Annual Finance Conference on Tuesday 7 January 2020 we will provide further analysis of the settlement with councils. The event will also cover the forthcoming Spending Review, further Business Rates Retention and the Fair Funding Review. You can book your place and find out more information [online](#).

### **Core Spending Power**

Core Spending Power in 2020/21 consists of:

- Revenue Support Grant;
- The retained business rates baseline;
- Section 31 grants to compensate for historic caps on business rates multiplier increases, and uprating the multiplier by the Consumer Price Index

- instead of the Retail Price Index;
- Income from the New Homes Bonus
- The additional Social Care Grant for 2020/21;
- Improved Better Care Fund, which now incorporates the Adult social care winter pressures grant;
- Rural Services Delivery Grant;
- Income from council tax assuming that the tax base grows and councils increase council tax by the 2 per cent basic referendum limit in 2020/21. It also includes an assumption of the maximum possible social care precept in 2020/21, and the additional flexibility for shire districts.

The Government figures indicate that Core Spending Power in accordance with this definition will rise by an average 6.3 per cent in 2020/21 in cash terms (4.4 per cent in real terms). These Government forecasts are on the assumption that every council will raise their council tax by the maximum permitted without a referendum.

Detailed Core Spending Power figures are included in Annex A.

**LGA view:**

- The funding increases announced in the Spending Round in September 2019 and confirmed in this settlement recognise the vital role of councils in meeting the needs of local communities and provided local government with much of the funding certainty and stability they need for 2020/21. We look forward to working with the Government to ensure that the 2020 Spending Review builds on this Spending Round and provides sustainable long-term funding for local services.

**New Homes Bonus**

The provisional amount of £907 million for the New Homes Bonus (NHB) has been included in Core Spending Power in 2020/21. The bonus will be funded through £7 million in grant with the rest (£900 million) in top-sliced funding. The 2020/21 element of NHB will be paid for one year only. The legacy payments of the bonus in respect of growth in 2019/20 and previous years will continue to be paid in 2020/21.

The threshold over which the bonus is paid will remain at 0.4 per cent.

The Government will consult on the future of the housing incentive in the Spring. The Written Ministerial Statement says this will include moving to a new, more targeted approach which is aligned with other measures around planning performance.

**LGA view:**

- The NHB makes up a considerable part of funding for some councils, particularly shire district authorities. They will welcome the decision not to

increase the threshold in 2020/21 but they will be concerned about the decision to pay the bonus for 2020/21 for one year only.

- The Government needs to work closely with councils as part of its review of housing incentives in order to ensure it helps us deliver more homes and works for local government.
- It is important that sufficient clarity about legacy payments from 2021/22 onwards, as well as the outcome of the review, is provided to councils as soon as possible to allow them to plan their 2021/22 budgets and beyond.

### **Business rates retention and the Fair Funding Review**

The settlement provides no update on the progress of either the move to further business rates retention or the Review of Relative Needs and Resources (commonly called the Fair Funding Review).

As previously announced, there are no new business rates pilots in 2020/21. The business rates pilots for areas with ratified devolution deals which started in 2017/18 will continue. These are: Greater Manchester, Liverpool City Region, Cornwall Council, the Combined Authorities of the West of England and the West Midlands.

MHCLG is consulting on 27 business rates pools.

The following table shows the change to the business rates multiplier, incorporating the September 2019 increase to the Consumer Prices Index, assuming that the Order laid before Parliament on 4<sup>th</sup> November is approved by the time the Local Government Finance Settlement is voted on:

2019/20 small business rates multiplier	49.1p
<i>plus</i> September 2019 CPI increase	0.8p
<i>equals</i> 2020/21 small business rates multiplier	49.9p
2020/21 national business rates multiplier	51.2p

Source: [The Local Government Finance Act 1988 \(Non-Domestic Rating Multipliers\) \(England\) Order 2019](#)

### **LGA view:**

- It is disappointing that the Government has not provided a progress update on the Fair Funding Review or further business rates retention today. With implementation scheduled for April 2021, it is crucial for local authority financial planning that the Government provides early exemplifications and consults on options as soon as possible, preferably by the time of the final 2020/21 local government finance settlement.
- There are still more than 55,000 business rates appeals outstanding from the 2010 list, most of these relate to ATMs. We are working with the Government to find a better way to deal with business rates appeals under the Business Rates Retention system. Separately, we call on the

Government to ensure that all outstanding appeals from the 2010 rating list are dealt with as soon as possible, through providing resources to the Valuation Office Agency and other relevant organisations, to free up provisions for local authorities to spend on vital local services. This will be relevant in the run-up to the next revaluation, due in 2021.

- It is positive that the Government is continuing to fully compensate councils for the loss of income from previously announced centrally determined reliefs, including rural rate relief and the small business rates relief. It is imperative that, in line with normal government practice, this also applies to the reliefs announced yesterday in the Queen's Speech which include increasing the retail discount from one-third to 50 per cent, extending that discount to cinemas and music venues, extending the duration of the local newspapers discount, and introducing an additional discount for pubs.
- Any relief reduces the buoyancy of the tax base by impacting upon the amount of business rates income and the growth in business rates. This is one of the issues for the LGA and councils to discuss with the Government as we move to further Business Rates Retention.

### **Council tax**

The basic referendum principle for 2020/21 is proposed to be 2 per cent, with the exception of shire district authorities, for which the higher of either 2 per cent or £5 (on a Band D bill) applies. The Government will continue with its policy of not setting referendum limits for parish and town councils, which they will keep under review for future years.

As previously announced, social care authorities will be able to increase their council tax by up to 2 per cent (over the existing basic referendum threshold of 2 per cent referred to above).

There will be no referendum principles for mayoral combined authorities (MCAs).

The referendum limit for policing bodies will be announced at the time of the police funding settlement.

### **LGA view:**

- No national tax is subject to referenda. The council tax referendum limit needs to be abolished so councils and their communities can decide how local services are paid for, with residents able to democratically hold their council to account through the ballot box.
- Increasing council tax, or introducing a social care precept, is not a sustainable solution as it raises different amounts of money in different parts of the country, unrelated to need. This also adds an extra financial burden on households.

Should the Government proceed with setting referendum limits, we would call on it to take into account the following:

- Consideration should be given to a 3 per cent core threshold as in previous years, as opposed to a 2 per cent threshold as proposed.
- We agree that districts should have the extra flexibility of a £5 increase but this should be the higher of 3 per cent or £5 given that this is a rollover settlement.

### **Adult and children's social care**

The Government has confirmed there will be a new Social Care Grant of £1.41 billion for adult and children's services. Of this, £410 million is a direct continuation of 2019/20 Social Care Support Grant, with an injection of £1 billion of new funding in 2020/21, baselined for the rest of the Parliament. The grant is not ringfenced.

The allocations of the grant are broadly in line with the indicative figures first published as part of the technical consultation on the settlement (there have been small changes to all local authorities' allocations due to reorganisation in Buckinghamshire and Dorset). £1.26 billion of the grant is distributed on the adult social care relative needs formula, and £150 million takes into account the funding that could potentially be raised through the adult social care precept in 2020/21.

The 2020/21 Improved Better Care Fund will be composed of the 2019/20 amount (£1.837 billion) and the £240 million paid for winter pressures (no longer ringfenced for this purpose) in 2019/20, making £2.077 billion. The total allocation of the combined fund for each council will not change from 2019/20 levels.

As mentioned above, the Government is also consulting on a 2 per cent adult social care precept that would raise £574 million in total as part of the council tax referendum principles.

The settlement reaffirms the Spending Round 2019 announcement that the NHS contribution to adult social care through the Better Care Fund will increase by 3.4 per cent in real terms.

### **LGA view**

- An additional £1 billion for social care (children's and adults), on top of the continuation of existing social care funding package, is welcome and shows that the Government has listened to our, and our partners', calls for urgent investment to stabilise these vital services. Councils understand their local communities and need maximum discretion to direct this new funding to ensure the best outcomes. It is therefore positive that the Government has clarified that the new funding for social care will be un-ringfenced.

- The funding for social care confirmed in the Settlement can be an important foundation from which to build solutions for the long-term. The next Spending Review will be a crucial opportunity to lay the ground for the reforms that are needed and deliver long-term, sustainable funding.
- In the Queen's Speech, the Government committed to building a cross-party consensus on solutions for the long-term funding of adult social care. The LGA, as a cross-party organisation, has previously offered to host and facilitate cross-party talks and that offer remains open to the Government. Local government is eager to see - and support - meaningful and lasting change for the benefit of all people who use and work in adult social care and support.
- The issue of relatively low pay in the social care sector is highlighted regularly and this settlement provides resources to begin to address this challenge. In the long term, the low pay issues needs to be addressed as part of the arrangements for the future funding of both adult and children's social care.

## **Education and children**

In October, the Government set out provisional allocations for schools and local authorities under the National Funding Formula and confirmed [those allocations](#) for local authorities, based on the latest pupil numbers, on 19 December 2019. This covers funding for schools, high needs and early years.

The allocations reflect the announcement earlier this year that the budget for schools and high needs would be increased by £2.6 billion next year, £4.8 billion in 2021/22 and £7.1 billion in 2022/23 respectively – plus an extra £1.5 billion per year to fund additional pensions costs for teachers. The total includes £780 million extra in 2020/21 to help children with Special Educational Needs and Disabilities (SEND).

There has been an increase in early years funding of £66 million to increase the hourly rate paid to childcare providers through the free hours offers and supplementary funding for Maintained Nursery Schools will continue for 2020/21.

### **LGA view**

- We welcome the Government's announcement of an increase in schools budgets of £7.1 billion, which will help give certainty up to 2023.
- The additional £780 million for council high needs budgets to support children and young people with Special Educational Needs and Disabilities (SEND) for next year is also good news. We are pleased that the LGA's call for more money to be made available to support children with SEND has been recognised and in the longer term we are keen to work with the Government to tackle the high needs funding gap facing councils as demand for support continues to increase. We want to see all schools become more inclusive so that more children with high needs can be appropriately supported in mainstream schools.

## **Public health**

In the 2019 Spending Round the Government announced a real terms increase in the public health budget. It will continue to be paid through a ring-fenced grant in 2020/21.

However, the settlement includes no information about the national total, or individual council allocations, of the public health grant for 2020/21.

### **LGA view:**

- We call on government to provide councils with clarity on the funding available in 2020/21. The current delay to the announcement is making it extremely difficult for councils to plan effectively.
- The promise of a real terms increase for public health as announced in the Spending Round 2019 will be a welcome change of direction. In the long term we will continue to work with the Government to secure sufficient ongoing funding to ensure all local authorities can continue to meet their public health responsibilities beyond 2020/21. This should include the reversal of reductions in public health grant since 2015.

## **Independent Living Fund**

The Former Independent Living Fund (ILF) Recipient grant will continue in 2020/21, with funding levels matching 2019/20 funding levels of £160.6 million.

### **LGA view:**

- The confirmation that this grant will continue with no reduction is welcome.
- However, this grant has reduced since its introduction in 2015/16 to reflect the gradual decrease in remaining ILF recipients as the scheme was being wound up. No funding was made available to match the demand arising from residents who would have been future recipients of ILF had it continued. This is an unmet new burden on councils and should be addressed as part of a sustainable long-term adult social care funding package.

## **Rural Services Funding**

The Rural Services Delivery Grant will remain unchanged at £81 million in 2020/21. The Government is minded to retain the current method of distributing the grant but has included a consultation question on this.

### **LGA view:**

- Councils in rural areas will welcome this additional funding.

- We encourage affected local authorities to respond to the consultation.

### **Fire Funding**

As set out above, Fire and Rescue Authorities will be able to raise their precept by 2 per cent in 2020/21. In line with councils, fire authorities will also receive an increase in their settlement funding assessment (consisting of the business rates baseline and Revenue Support Grant) in line with inflation.

#### **LGA view:**

- After a number of years where there have been reductions in Fire and Rescue Authorities' funding, the inflationary increase in 2020/21 is a helpful reversal.
- The LGA is seeking more detail on the settlement from the Home Office relating to the changes in the valuation of employers' contributions to fire sector workers' pensions, which could have a significant impact on Fire and Rescue Authority budgets in 2020/21 unless the increased contributions are funded by Government. We need urgent confirmation that the additional pension costs will be covered.
- We will continue to work with the Home Office and the National Fire Chiefs Council ahead of the 2020 Spending Review. Fire and rescue services need to be funded to take account of the full range of risks, demands and cost pressures they face. This includes new roles as a result of the building and fire safety legislation announced in the Queen's Speech and to invest in associated protection work as well as tackling risks associated with climate change such as flooding and wild fires.
- Additional funding should also be made available to enable fire and rescue services to drive transformation in the way they deliver their services, and the capital funding issues faced by some services should be addressed.

### **Police Funding**

The police funding settlement for 2020/21 has not yet been published.

### **Further Information**

To help inform the LGA's response to the consultation settlement we will continue to analyse the settlement to develop a deeper understanding of the effect on councils. To further inform the LGA's response please send your responses to, and any comments on, the settlement to [lgfinance@local.gov.uk](mailto:lgfinance@local.gov.uk).

At the [LGA's Finance Conference](#) on 7 January 2020 we will get underneath the 2020/21 provisional local government finance settlement and look at what it means for local authorities, as well as look to the longer term with a multi-year Spending Review on the horizon for 2020. There will also be a chance to

discuss the latest on further business rates retention and the Fair Funding Review as well as other issues that shape the broader local government finance agenda. You can find out more about the agenda and book your place [online](#).

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## Annex A: Core Spending Power

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£ million					
<b>Settlement Funding Assessment</b>	<b>21,249.9</b>	<b>18,601.7</b>	<b>16,632.6</b>	<b>15,574.2</b>	<b>14,559.6</b>	<b>14,796.9</b>
<b>Compensation for under-indexing the business rates multiplier</b>	<b>165.1</b>	<b>165.1</b>	<b>175.0</b>	<b>275.0</b>	<b>400.0</b>	<b>500.0</b>
<b>Improved Better Care Fund</b>	<b>0.0</b>	<b>0.0</b>	<b>1,115.0</b>	<b>1,499.0</b>	<b>1,837.0</b>	<b>2,077.0</b>
<b>Rural Services Delivery Grant</b>	<b>15.5</b>	<b>80.5</b>	<b>65.0</b>	<b>81.0</b>	<b>81.0</b>	<b>81.0</b>
<b>Transition Grant</b>	<b>0.0</b>	<b>150.0</b>	<b>150.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Adult Social Care Support Grant</b>	<b>0.0</b>	<b>0.0</b>	<b>241.1</b>	<b>150.0</b>	<b>0.0</b>	<b>0.0</b>
<b>New Homes Bonus</b>	<b>1,167.6</b>	<b>1,461.9</b>	<b>1,227.4</b>	<b>947.5</b>	<b>917.9</b>	<b>907.3</b>
<b>New Homes Bonus - returned funding</b>	<b>32.4</b>	<b>23.1</b>	<b>24.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Winter pressures Grant</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>240.0</b>	<b>240.0</b>	<b>0.0</b>
<b>Social Care Grant</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>410.0</b>	<b>1,410.0</b>
<b>Council Tax of which:</b>	<b>22,035.9</b>	<b>23,247.3</b>	<b>24,665.8</b>	<b>26,331.6</b>	<b>27,767.8</b>	<b>29,369.7</b>
<i>'Core' Council Tax, including tax base growth and maximum allowed increases from 2017/18 to 2019/20</i>	<i>22,035.9</i>	<i>22,858.5</i>	<i>23,701.6</i>	<i>24,766.9</i>	<i>25,877.2</i>	<i>26,892.2</i>
<i>Adult Social Care Precept</i>	<i>0.0</i>	<i>381.8</i>	<i>948.2</i>	<i>1,529.1</i>	<i>1,799.7</i>	<i>2,373.3</i>
<i>Additional flexibility for Shire Districts</i>	<i>0.0</i>	<i>7.0</i>	<i>16.0</i>	<i>35.6</i>	<i>90.8</i>	<i>104.2</i>
<b>Core Spending Power</b>	<b>44,666.4</b>	<b>43,729.6</b>	<b>44,296.4</b>	<b>45,098.3</b>	<b>46,213.3</b>	<b>49,142.0</b>
<i>Year-on-year Change (£ million)</i>		<i>-936.8</i>	<i>566.8</i>	<i>801.9</i>	<i>1,115.0</i>	<i>2,928.7</i>
<i>Year-on-year Change (%)</i>		<i>-2.1%</i>	<i>1.3%</i>	<i>1.8%</i>	<i>2.5%</i>	<i>6.3%</i>

Source: [Core Spending Power: Supporting Information](#), Department for Communities and Local Government

## **Annex B – Glossary of Local Government Finance Technical Terms**

<b>Adult Social Care Precept</b>	Local authorities with responsibility for adult social care have flexibility to raise additional council tax above the referendum threshold. Funding raised through this additional ‘precept’ must be used entirely for adult social care.
<b>Baseline funding level</b>	The business rates baseline for each authority determined at the start of the 50 per cent business rates retention scheme in 2013/14, uprated in line with the small business rates multiplier each year.
<b>Better Care Fund (BCF)</b>	A single pooled budget for health and social care services to work more closely together in local areas, based on a plan agreed between the NHS and local authorities.
<b>Business rates revaluation</b>	A regular exercise by the Valuation Office Agency, last carried out in 2017, to reassess the rateable value of individual non-domestic hereditaments. The results are used to set new business rates bills. The next revaluation is planned for 2021 and from then on the Government intends to move to a three-yearly revaluation cycle.
<b>Central Share</b>	The percentage share of locally collected business rates paid to central government by billing authorities. In 2013/14 when business rates retention began this was set at 50 per cent. The central share is redistributed to local government through grants including the Revenue Support Grant.
<b>Core Spending Power</b>	The Government’s measure of the core components of local government funding, comprising the Settlement Funding Assessment, assumed income from council tax (including the adult social care precept), New Homes Bonus, Rural Services Delivery Grant and the improved Better Care Fund and Adult Social Care Support Grant
<b>Dedicated Schools Grant</b>	The Dedicated Schools Grant is the principal source of funding for schools and related activities in England. It is a ringfenced grant paid to local authorities for maintained schools. School-level allocations are currently determined in consultation with the schools forum in each local authority area. From April 2017 has also included the ‘retained duties’ element previously paid as part of the Education Services Grant
<b>Improved Better Care Fund (iBCF)</b>	Additional funding for adult social care authorities from 2017/18 onwards that has to be included within the Better Care Fund plans.
<b>Levy account</b>	A Government account into which proceeds from the business rates levy, and any top-slice, are paid and which is used to pay safety net to qualifying authorities. Any surplus is to be returned to authorities.
<b>Local Share</b>	The percentage share of locally collected business rates retained by local government. This was set at 50 per cent at the implementation of business rates retention.
<b>(Business Rate) Multiplier</b>	The business rates multiplier when multiplied by the rateable value of a property determines a ratepayer’s business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. Unless the Government decides to set a lower increase, the small business multiplier is uprated annually by the Consumer Prices Index and the other multiplier adjusted accordingly.
<b>New Burdens Doctrine</b>	The Cabinet agreed that all new burdens on local authorities must be properly assessed and fully funded by the relevant department.
<b>New Homes Bonus (NHB)</b>	A grant paid to reward local authorities for the number of homes built and brought back into use.

<b>Pupil Premium</b>	A grant allocated to schools based on the number of pupils who have been registered for free school meals at any point in the last six years ('Ever 6 FSM'). Schools also receive funding for children who are or have been in local authority care and for children of service personnel.
<b>Revenue Support Grant</b>	A grant paid to local authorities as part of the Settlement Funding assessment (see below) which can be used to fund revenue expenditure on any service.
<b>Rural Services Delivery Grant</b>	A grant paid to the top quartile of local authorities on the basis of the super-sparsity indicator, in recognition of possible additional costs for rural councils.
<b>Safety Net</b>	A mechanism to protect any authority which sees its business rates income drop, in any year, by more than a given level below their baseline funding level. In 2019/20 this level is set at 7.5 per cent for authorities with 50 per cent business rates retention, 5 per cent for authorities with 75 per cent business rates retention and 3 per cent for authorities with 100 per cent business rates retention.
<b>Section 31 Grant</b>	A grant paid to local councils under Section 31 of the Local Government Act 2003, under such conditions as the minister may determine. This mechanism is used to compensate local authorities for the costs of additional business rates reliefs announced by Government.
<b>Settlement Core Funding</b>	Settlement Funding Assessment (Revenue Support Grant plus baseline funding) plus council tax at 2015/2016 levels.
<b>Settlement Funding Assessment (SFA)</b>	This is a local authority's share of the local government spending control total which will comprise its Revenue Support Grant for the year in question and its baseline funding level.
<b>Small Business Rate Relief</b>	Businesses with a property with a rateable value of £12,000 and below receive 100 per cent relief on business rates. Businesses with a property with a rateable value between £12,000 and £15,000 receive tapered relief.
<b>Social Care Grant</b>	A £1.4 billion grant paid in 2020/21. This is intended to be spent, where necessary, to ensure that adult social care pressures do not create additional demand on the NHS. Local councils can also use it to improve their social care offer for older people, people with disabilities and children.
<b>Top-Ups and Tariffs</b>	The difference between an authority's business rates baseline (the amount expected to be collected through the local share of business rates) and its baseline funding level (the amount of SFA provided through the local share). Tariff authorities make a payment and top-up authorities receive a payment. Tariffs and top-ups are self-funding at the outset of the scheme and uprated in line with the small business rates multiplier each year, except for recalculation so that authorities do not have gains or losses solely due to business rates revaluation.