

Extract from:**The provisional Local Government Finance Settlement
2016-17 and an offer to councils for future years****Four-year settlements: an offer to all councils**

- 5.1 The Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20. As part of the move to a more self-sufficient local government, these multi-year settlements can provide the funding certainty and stability to enable more proactive planning of service delivery and support strategic collaboration with local partners. Councils should also use their multi-year settlements to strengthen financial management and efficiency, including by maximising value in arrangements with suppliers and making strategic use of reserves in the interests of residents.
- 5.2 The Government is making a clear commitment to provide central funding allocations for each year of the Spending Review period, should councils choose to accept the offer and if they have published an efficiency plan. Indicative allocations are published alongside this year's provisional settlement and will be confirmed in the final settlement. In determining allocations for future years, the Government has assumed that it will continue to use the methodology outlined in this consultation.
- 5.3 In practice, the final determination of the local government finance settlement for any given year cannot be made until calculations are completed taking account of the business rates multiplier, which is based on the Retail Price Index in September each year. The Government will also need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement¹⁰, the Government expects these to be the amounts presented to Parliament each year.
- 5.4 The Government proposes in chapter 2 of this consultation to allocate funding on the basis of the core resources available to local authorities, taking into account councils' business rates and council tax, as well as their Revenue Support Grant. It follows that some councils with less Revenue Support Grant in later years will need to contribute funding from the other elements of their settlement core funding in order to meet the overall reductions to local government funding set in the Spending Review. Where this is the case, the Government proposes to adjust the relevant councils' tariff or top up under the business rates retention scheme. This approach has therefore been used in calculating the core spending power projections for the Parliament published alongside the 2016-17 provisional local government finance

¹⁰ As prescribed in sections 78 and 78A of the Local Government Finance Act 1988.

settlement. The Government will consult on the final adjustments for each year as part of the annual statutory process for the local government finance settlement.

Hyperlink to consultation and other provisional settlement documents:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2016-to-2017>