

# Government Funding Distribution

## Scrutiny Board 1

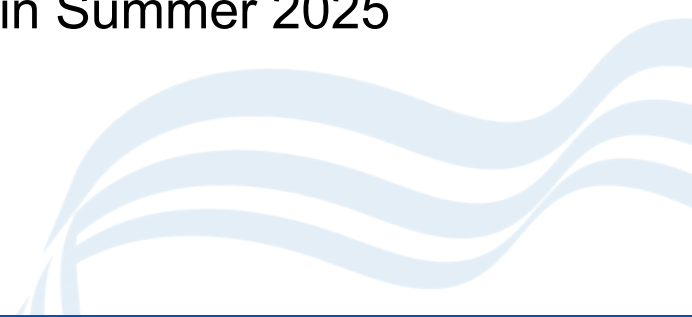
### February 2026




Coventry City Council

[coventry.gov.uk](https://coventry.gov.uk)

# Government Fair Funding - Headlines

- Previous system outdated so MHCLG introducing a 'fairer funding' system
  - Refreshes data & creates a 'simpler & fairer' system based on relative need
  - Updated ASC formula; new formulae for Children & YP, Highways & TA
  - Population and deprivation (IMD 25) also to be reflected in the new system
  - Council Tax 'equalisation' to redistribute funding to LA's with greater need (lower tax bases)
  - 3 Year Multi year settlement with transitional arrangements
  - Outcome reflected in provisional settlement in December 25 (Final expected early Feb 26)
  - Much of this is what Coventry has lobbied hard for as we expected to benefit
  - Coventry therefore responded positively to the Government consultation in Summer 2025
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# Council Tax Equalisation

- A significant change of the Fair funding reform proposals, redistributing resources to those deemed to need due to higher Council Tax levels
  - All LG funding available nationally will be notionally distributed to authorities based on the updated (relative) need shares.
  - The national average Council Tax is then deducted from each LA's notional 'share', with LA's then allowed to keep actual Council Tax raised
  - This means that those LA's who have been able to keep Council Tax low (primarily inner London) will have reduced funding
  - The system redistributes this and benefits LA's who have historically needed to raise Council Tax and whose levels are at/above the National average
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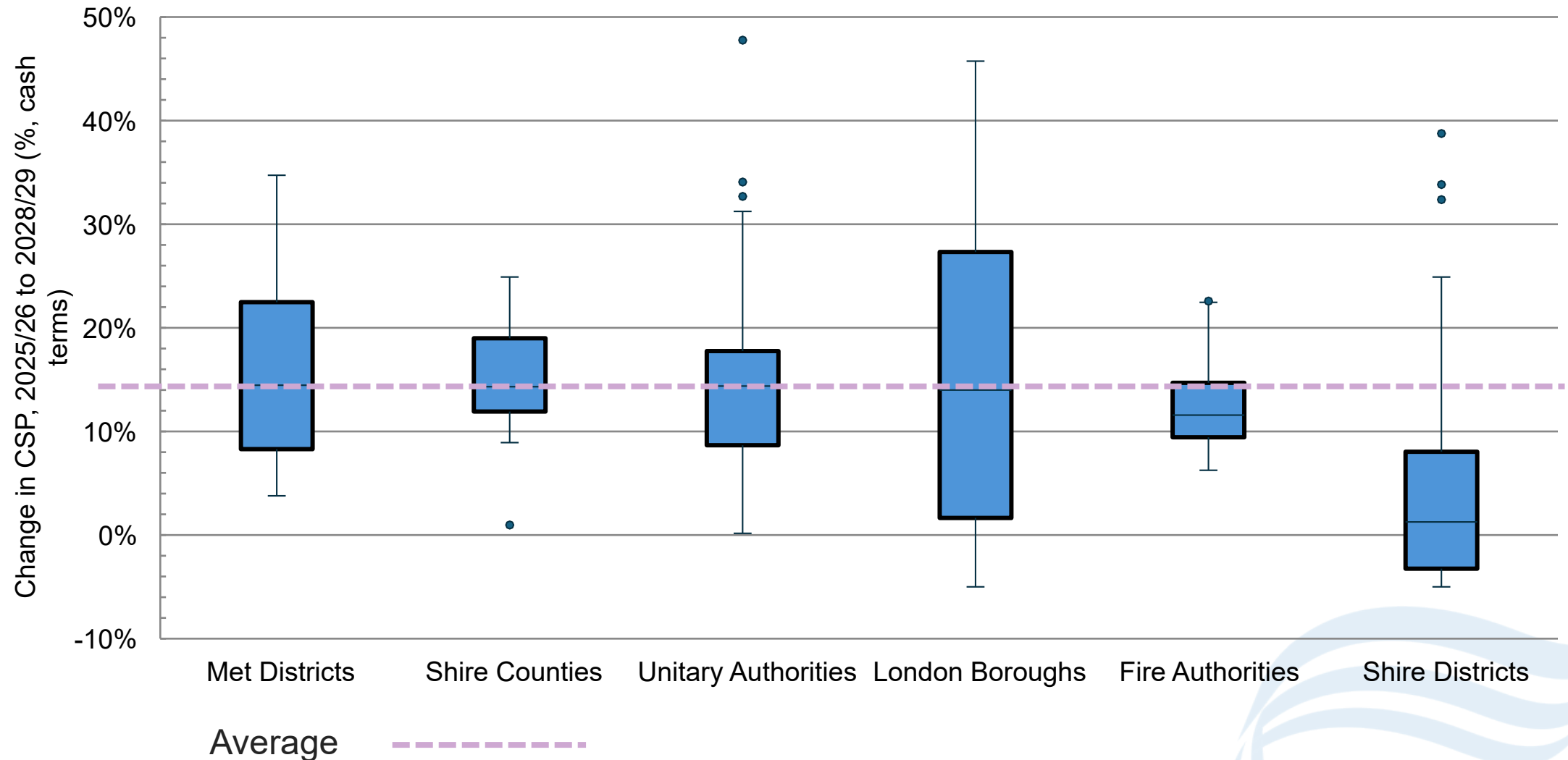
# Core Spending Power

National Core Spending Power (CSP) - Rebased	25/26	26/27	27/28	28/29
	£m	£m	£m	£m
Fair Funding Allocation (incl Grants rolled in)	33,018.7	33,961.0	34,294.1	34,788.8
Council Tax	38,655.6	41,208.0	44,011.9	46,999.5
Homelessness, Rough Sleeping & DA	725.1	794.3	816.2	835.3
Families First	523.1	853.1	853.1	729.1
Transitional Protection	-	146.9	352.8	567.5
Recovery Grant	600.0	600.0	600.0	600.0
Recovery Grant Guarantee	-	148.8	113.3	98.6
<b>Total</b>	<b>73,522.5</b>	<b>77,712.1</b>	<b>81,041.4</b>	<b>84,618.8</b>
<b>National CSP Increase (%)</b>	<b>7.4%</b>	<b>5.7%</b>	<b>4.3%</b>	<b>4.4%</b>
<b>Cumulative</b>		<b>5.7%</b>	<b>10.2%</b>	<b>15.1%</b>

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<b>Coventry Core Spending Power (CSP) - Rebased</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Fair Funding Allocation (incl Grants rolled in)	212.1	246.5	278.5	310.8
Council Tax	189.4	203.2	217.9	233.7
Homelessness, Rough Sleeping & DA	5.0	5.1	5.3	5.4
Families First	4.1	7.7	7.7	6.5
Transitional Protection	-	-	-	-
Recovery Grant	9.6	9.6	9.6	9.6
Recovery Grant Guarantee	-	-	-	-
<b>Total</b>	<b>420.2</b>	<b>472.1</b>	<b>519.0</b>	<b>566.0</b>
<b>National CSP Increase (%)</b>		<b>12.3%</b>	<b>9.9%</b>	<b>9.1%</b>
<b>Cumulative</b>		<b>12.4%</b>	<b>23.5%</b>	<b>34.7%</b>

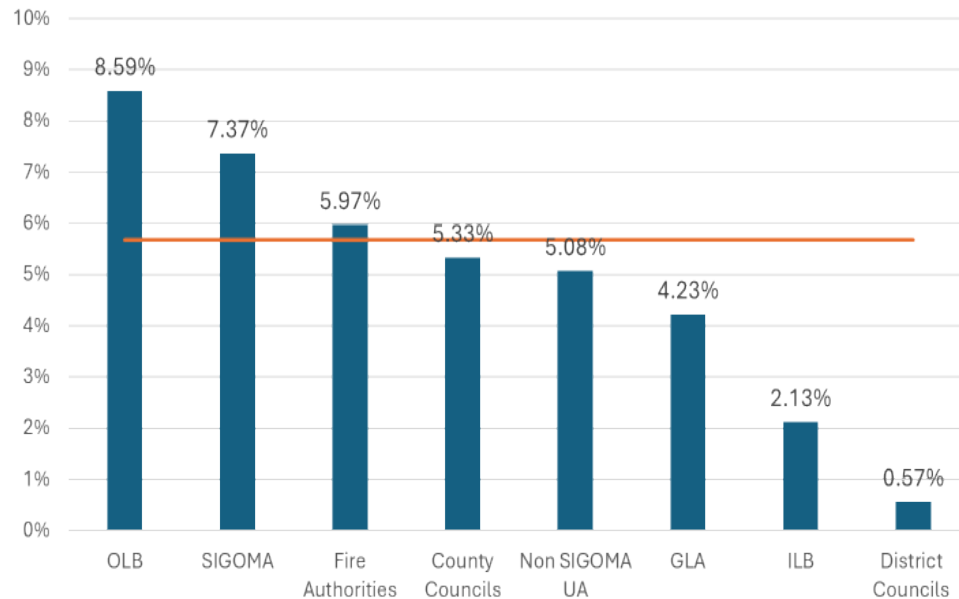
# National Change in (3 year) CSP by authority type



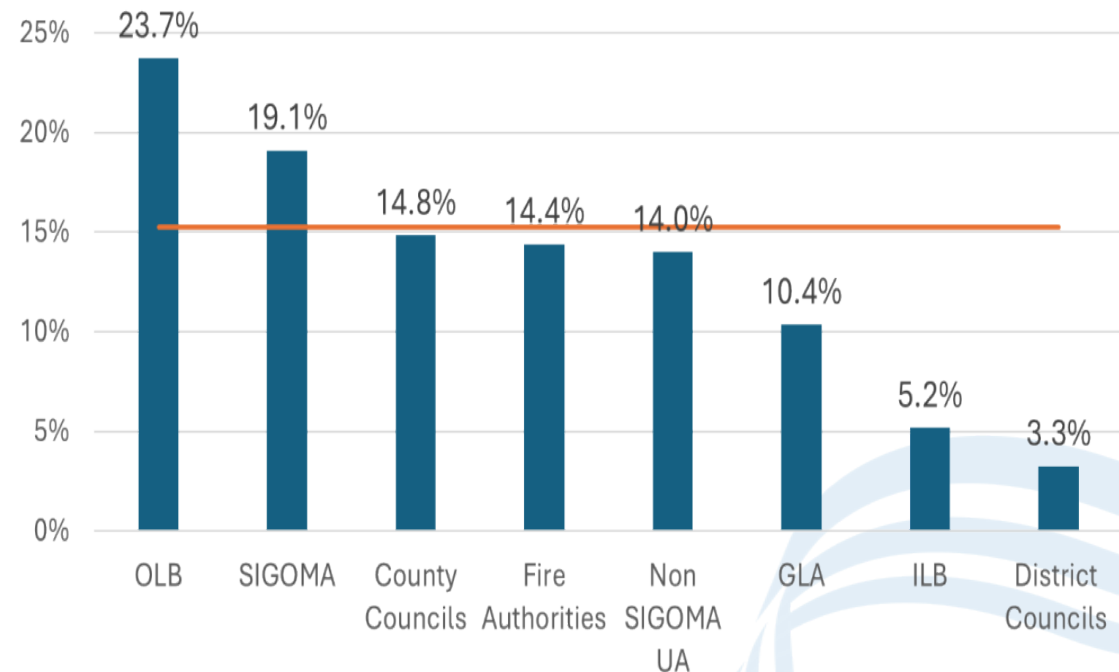
# Settlement – 26/27 and 3 Year position (National vs SIGOMA LA's)

- SIGOMA and Outer London benefit from the rebase in formula
- This primarily reflects deprivation levels used in the foundation and Children's formulae
- Subsequent year increases reflect the unwinding of transitional arrangements
- Assumes Council Tax is raised in each year by 5% (maximum) by all LA's

26-27 Settlement: %CSP change by Authority Class



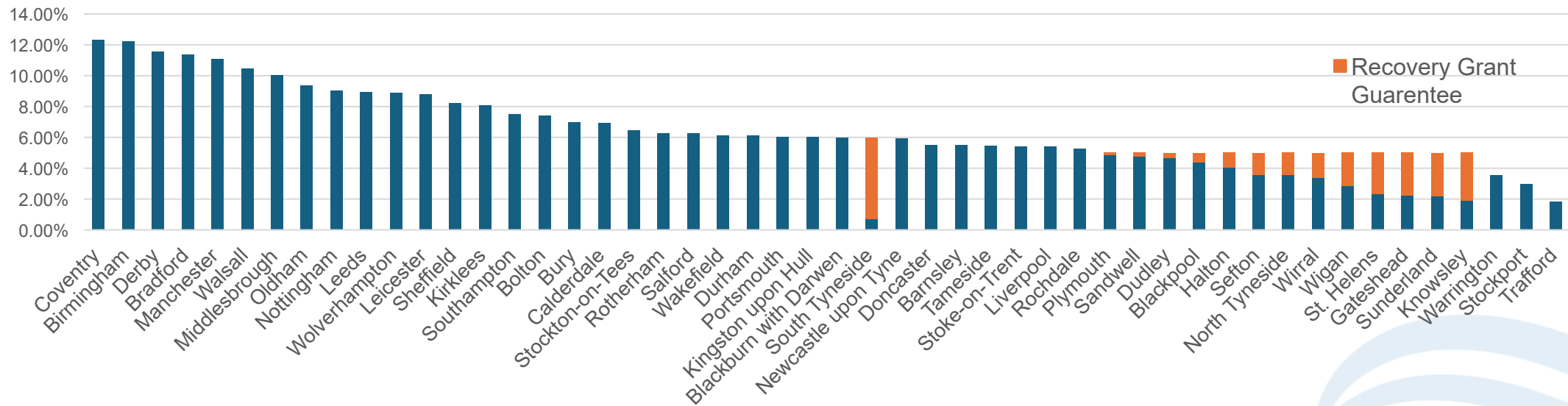
3-year %CSP change by authority class



# CSP – SIGOMA Authorities 26/27

- Coventry benefits by a 12.3% CSP increase in 26/27 (including Council Tax & Business rates)
- This compared to 7.37% for all SIGOMA and 5.7% nationally
- Coventry benefits by a 34.7% increase by 28/29 (next slide)
- This compared to 19.1% for all SIGOMA and 15.1% nationally
- Coventry has the largest % CSP increase of SIGOMA LA's in 26/27 (12<sup>th</sup> nationally), and by 28/29 (11<sup>th</sup> nationally)

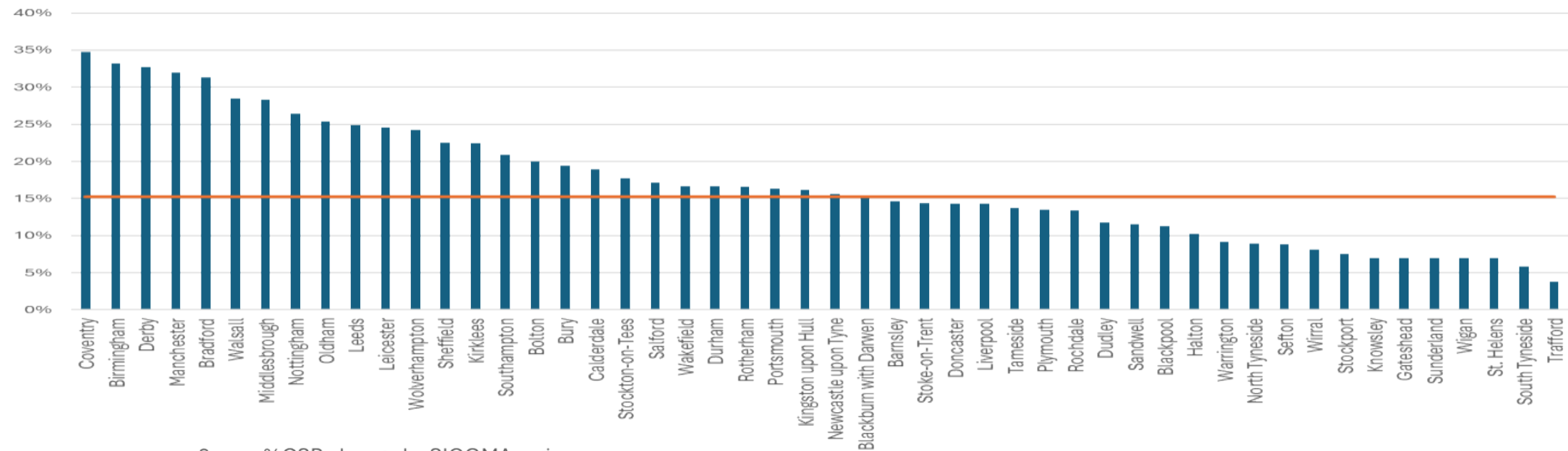
26-27 Settlement: %CSP Change with Recovery Grant Guarentee



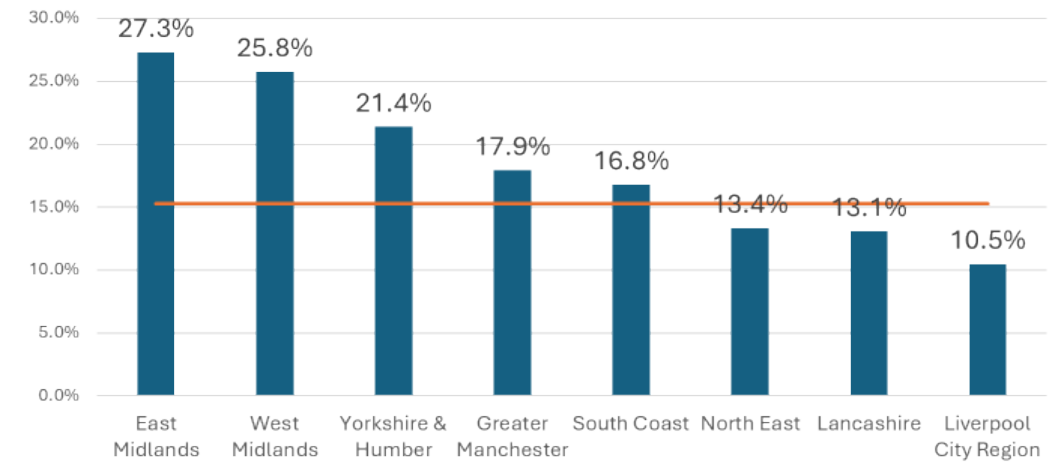


# Settlement – 3 year Core Spending Power

3-year % CSP change for SIGOMA members



3-year %CSP change by SIGOMA region



East & West Midland (SIGOMA) authorities benefit most significantly

# Summary

- Fair funding introduction is positive for Coventry in terms of Financial resources
  - Core Spending Power still assumes all LA's increase Council Tax by 5% (3% + 2%) every year
  - Settlement provides an indicative multi year settlement, essential for medium term planning
  - The full benefit of FF will occur in 28/29, once the transitional period finishes
  - Coventry's resources will therefore increase YoY to reflect the transitional arrangements
  - By 28/29 Coventry will be significantly closer to the national average CSP
  - Budget report public on 16 February 2026
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