



## PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/25

### 1 OVERVIEW

- 1.1 On 5 December 2023, a Policy Statement announced the key principles that ministers intended to use in the provisional settlement:

<https://www.gov.uk/government/publications/local-government-finance-policy-statement-2024-to-2025>

<https://questions-statements.parliament.uk/written-statements/detail/2023-12-05/hcws95>

- 1.2 The Policy Statement gave local authorities advanced notice of the principles that ministers would use in the 2024/25 local government finance settlement.
- 1.3 The Government published the Provisional Local Government Finance Settlement for 2024/25 on 18 December 2023 and now provides financial values to the principals set out in the Policy Statement:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2024-to-2025>

<https://questions-statements.parliament.uk/written-statements/detail/2023-12-18/hcws148>

- 1.4 There is a consultation on the provisional settlement which runs for four weeks and the government is seeking views by 15 January 2024.
- 1.5 The final 2024/25 settlement is expected to be laid before the House of Commons, for its approval, in late January or early February 2024.
- 1.6 Other than another year of New Homes Bonus, the overall position on other funding presents no significant change in financial terms to the Council from the February 2023 MTFS position for next year. The most significant change to the Council is the complete removal of the Services Grant which has been compensated for with increases in other grants.

### 2 COUNCIL TAX

- 2.1 The Government has confirmed the following referendum principles for 2024/25;

- Shire districts will have a referendum principle of up to 3 per cent or £5, whichever is higher. No change from the Policy Statement or from last year.
- Social care authorities will be able to set a 2 per cent adult social care precept without a referendum (in addition to the existing basic referendum threshold referred to above).
- £13 for police authorities and police and crime commissioners.
- No referendum principles will be set for parish and town councils.

### 3 **BUSINESS RATES RETENTION SCHEME (BRRS)**

- 3.1 The Non-Domestic Rating Act 2023 gives ministers the power to set the small and standard business rating multipliers separately from one another.<sup>5</sup> Until 2023-24, these two multipliers had to be increased by the same percentage.
- 3.2 In last month's Autumn Statement, the Chancellor decided to use this new power in 2024/25. The small business rating multiplier will be frozen (it will remain at 49.9p). The standard multiplier (payable by businesses with premises valued at more than £51,000) will increase from 51.2p to 54.6p. Until 2024/25, the standard multiplier was fixed at 1.3p higher than the small multiplier; in 2024-25 it will be 4.7p higher.
- 3.3 To date, the BRRS has been linked to the small multiplier (49.9p): all the baselines have been uplifted using the change in the small multiplier, and the cap compensation fraction has been calculated with reference only this multiplier. Now that the two multipliers are increasing by different amounts (and this is likely to continue in the future), the baselines will have to be indexed differently. The government is proposing that "a weighted average, specific to each authority, will be used to index" baselines and tariffs and top-ups (and T/TUs).
- 3.4 Business Rates pooling and pilots will continue in 2024/25, and Suffolk Chief Finance officers have received a letter from DLUHC confirming that the Suffolk Business Rates Pool will operate in 2024/25.
- 3.5 Business rates and Section 31 Grant estimates for 2024/25 that are currently included in the General Fund Budget and MTFS will be revised following confirmation of relevant details in the Settlement and will be based on the NNDR1 return to Government, which is due to be completed by 31 January 2024.

### 4 **FUNDING**

#### 4.1 **Revenue Support Grant (RSG)**

Methodology for RSG has not changed, and for 2024/25 RSG will increase at 6.62% (September CPI). There will continue to be no adjustment for "negative RSG". Family Annex Council Tax Discount Grant and LCTS Administration Subsidy grant have again been rolled into RSG in 2024/25.

#### 4.2 **New Homes Bonus (NHB)**

New Homes Bonus (NHB) will continue for one year, but there will be no more legacy payments. This is the fifth year of one year NHB allocations and likely to be the final year, but it is not yet clear what a replacement system will look like.

#### 4.3 **3% Funding Guarantee**

The 3% Funding Guarantee was introduced in 2023/24 to ensure that no council has less than 3 per cent increase in their Core Spending Power before any decisions about organisational efficiencies, use of reserves or council tax levels. The funding is set to continue for 2024/25.

#### 4.4 **Services Grant**

In the December 2022 Policy Statement, ministers said that the core grants would “continue as they are now” in 2024/25. By implication, this included the Services Grant. In the Policy Statement earlier this month, there were some indications that ministers were considering making cuts to Services Grant – but nothing was made explicit. However in the Provisional Settlement this grant has been cut significantly. This appears to have been used to fund increases to other settlement grants and equalisation of the adult social care precept. The government also intends to hold a small proportion of the grant back as a contingency for unexpected costs between the provisional and final settlement. This grant has been removed completely for the Council in the Provisional Settlement.

#### 4.5 **Rural Services Funding**

This grant has continued for 2024/25 using the same methodology recognising the additional costs rural areas face.

#### 4.6 **Capital Receipts**

Flexibilities over the use of capital receipts will be extended to March 2030.

#### 4.7 **Funding Summary**

A summary of the funding changes (excluding any Business Rate measures) arising from the settlement compared with the assumptions in the February 2023 MTFS is shown in the table below.

**East Suffolk Council**

**Provisional Local Government Finance Settlement 2024/25 (One Year Settlement) – Funding Allocations**

<b>Funding Allocations</b>	<b>ESC February 2023 MTFS 2024/25 £</b>	<b>DLUHC Provisional Settlement 18-Dec-23 2024/25 £</b>	<b>Funding Change between February 2023 MTFS assumptions and the Provisional Settlement (Additional)/Less Grant Income 2024/25 £</b>	<b>Comments</b>
Services Grant	(269,000)	0	<b>269,000</b>	This grant has been reduced in part due to the removal of funding for the National Insurance increase and to pay for other parts of the settlement such as Revenue Support Grant.
Revenue Support Grant (RSG)	(339,500)	(750,800)	<b>(411,300)</b>	Provisional Settlement includes - 2023/24 RSG increased by 6.62% (£59,200) to £398,700, plus other grants rolled into RSG. This includes the Family Annexe Council Tax Grant and Local Council Tax Scheme Administration Grant, totalling £352,100.
Rural Services Delivery Grant	(260,300)	(291,000)	<b>(30,700)</b>	Roll forward of the 2023/24 grant with a 11.8% increase.
Local Council Tax Scheme Admin Subsidy Grant	(267,600)	0	<b>267,600</b>	The provisional settlement proposes to roll this grant into the Revenue Support Grant above for 2024/25.
Funding Guarantee Allocation	(1,519,000)	(1,630,400)	<b>(111,400)</b>	This funding was introduced last year to ensure that all councils will see at least a 3% increase in their core spending power before any decisions about organisational efficiencies, use of reserves or council tax levels.
New Homes Bonus	0	(651,300)	<b>(651,300)</b>	Another one year allocation.
<b>Total</b>	<b>(2,655,400)</b>	<b>(3,323,500)</b>	<b>(668,100)</b>	

Source: <https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2024-to-2025>