



## 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.

### 2 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/25

- 2.1 The Government published the Provisional Local Government Finance Settlement for 2024/25 on 18 December 2023 which provided 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>

- 2.2 A consultation was launched on the Provisional Settlement which ran for four weeks until 15 January 2024.
- 2.3 The most significant changes in the Provisional Settlement for the Council was another year of New Homes Bonus and a reduction to the Services Grant which was compensated for by increases in other grants.

### 3 COUNCIL TAX

- 3.1 The Government confirmed the following referendum principles for 2024/25;
- Shire districts will have a referendum principle of 2.99 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.

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

- 4.1 The Non-Domestic Rating Act 2023 gives ministers the power to set the small and standard business rating multipliers separately from one another. Until 2023/24, these two multipliers had to be increased by the same percentage.
- 4.2 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.
- 4.3 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.
- 4.4 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.
- 4.5 Business Rates and Section 31 Grant for 2024/25 are based on the NNDR1 return to Government, which was completed on 29 January 2024.

#### 5 **FUNDING**

##### 5.1 **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.

##### 5.2 **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.

##### 5.3 **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.

#### 5.4 **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 indications that ministers were considering making cuts to Services Grant – but nothing was made explicit. However in the 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.

#### 5.5 **Rural Services Funding**

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

#### 5.6 **Capital Receipts**

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

### 6. **FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/25**

6.1 The Final Local Government Settlement considered the consultation responses and on 24 January additional funding of £600m was announced for local authorities.

6.2 For East Suffolk Council the Rural Services Delivery Grant, the Funding Guarantee and the Services Grant were increased from the Provisional Settlement. The total additional funding to the Council between the Provisional and Final Settlement is £0.280m.

6.3 The Government also confirmed its commitment to continuing to protect local residents from excessive council tax increases and that the Council Tax Referendum Limits remain unchanged for 2024/25.

6.4 The Final Settlement was released on 5 February 2024 :

[Final local government finance settlement: England, 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/final-local-government-finance-settlement-england-2024-to-2025)

[Written statements - Written questions, answers and statements - UK Parliament](https://www.parliament.uk/written-questions-answers-statements/written-statements)

### 7 **2024/25 SETTLEMENT FUNDING SUMMARY**

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

## East Suffolk Council

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

Funding Allocations	ESC February 2023 MTFS  2024/25 £	DLUHC Provisional Settlement 18-Dec-23  2024/25 £	DLUHC Final Settlement 05-Feb-24  2024/25 £	Funding Change between February 2023 MTFS and the Final Settlement (Additional)/Less Grant Income  2024/25 £	Comments
Services Grant	(269,000)	(44,100)	(48,300)	<b>220,700</b>	This grant has been reduced significantly and has been mainly compensated for in the Funding Guarantee allocation.
Revenue Support Grant (RSG)	(339,500)	(750,800)	(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. This was unchanged in the Final Settlement.
Rural Services Delivery Grant	(260,300)	(291,000)	(336,900)	<b>(76,600)</b>	The Provisional Settlement was a roll forward of the 2023/24 grant. However, in the Final Settlement this grant was increased in recognition of the additional costs faced by councils serving dispersed populations in rural areas. This was in response to the consultation feedback.
Local Council Tax Scheme Admin Subsidy Grant	(267,600)	0	0	<b>267,600</b>	This grant is now roll into the Revenue Support Grant above for 2024/25.
Funding Guarantee Allocation	(1,519,000)	(1,630,400)	(1,860,300)	<b>(341,300)</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. For the Final Settlement the Funding Guarantee allocation has been increased to ensure councils see at least a 4% increase in their core spending power (3% at the time of the Provisional Settlement).
New Homes Bonus	0	(651,300)	(651,300)	<b>(651,300)</b>	Another one year allocation which was unchanged between the Provisional and Final Settlement.
<b>Total</b>	<b>(2,655,400)</b>	<b>(3,367,600)</b>	<b>(3,647,600)</b>	<b>(992,200)</b>	