



# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** Executive Committee, 8 February 2024

**Report title:** Response to The Provisional Local Government Finance Settlement 2024-25: Consultation

**Lead Member:** Councillor Matthew Walsh

**Report sponsor:** Mark Hemming, Director of Finance and Assets

**Author and contact:** Mark Hemming - [mhemming@bucksfire.gov.uk](mailto:mhemming@bucksfire.gov.uk)

**Action:** Noting

**Recommendations:** That the response to the consultation be noted.

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## **Executive summary:**

The Consultation was published on 18 December 2023, with a deadline for responses of 15 January 2024. In accordance with the Scheme of Delegation to Officers, the response was discussed with the Chairman and Lead Member before submission. This paper details the content of the submission for the attention of the Committee.

The Consultation sought views on a number of areas, including the distribution of Revenue Support Grant, council tax referendum principles and proposals for the Services Grant in 2024/25.

The Consultation also sought views on other areas not directly relevant to the Service, so a response of “not relevant” or “no further comments” was submitted in relation to those questions.

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**Financial implications:** The financial implications of the provisional settlement have been factored into the medium-term financial plan, which is also being presented to the Executive Committee on 8 February 2024.

**Risk management:** No direct impact.

**Legal implications:** The Chief Fire Officer may make a formal response on behalf of the Authority to a Government Consultation Paper provided that such a response is subsequently referred to the appropriate committee for their attention.

**Privacy and security implications:** No direct impact.

**Duty to collaborate:** No direct impact.

**Health and safety implications:** No direct impact.

**Environmental implications:** No direct impact.

**Equality, diversity, and inclusion implications:** No direct impact.

**Consultation and communication:** No direct impact.

**Background papers:** None

Appendix	Title	Protective Marking
1	Provisional local government finance settlement 2024 to 2025_ consultation - GOV.UK	None
2	Response to the Consultation	None

Open consultation

# Consultation: provisional local government finance settlement 2024 to 2025

Published 18 December 2023

## Applies to England

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This publication is available at <https://www.gov.uk/government/consultations/consultation-provisional-local-government-finance-settlement-2024-to-2025/consultation-provisional-local-government-finance-settlement-2024-to-2025>

# Scope of the consultation

## Topic of this consultation:

This consultation seeks views on the proposals for the local government finance settlement for 2024 to 2025.

## Scope of this consultation:

This consultation seeks views on proposals, in particular from representatives of local government, for the local government finance settlement for 2024-25.<sup>[footnote 1](#)</sup> The local government finance settlement is an annual process to distribute core resources to local government and consists of grant, council tax and locally retained business rates. Following consultation, the government will determine the final amounts of the Revenue Support Grant, and the section 31 grants distributed alongside the settlement, and their allocations to receiving authorities and the specified body, as part of determining the overall allocation of this year's settlement made to each local authority in England.

This consultation document, together with accompanying documents including the draft Local Government Finance Report for 2024-25, notifies representatives of local government and members of the public of the government's proposals for policies across the upcoming settlement. This includes: the general nature of the basis of Revenue Support Grant distribution; the general nature of the basis of the calculation of 'tariff' and 'top up' payments that form part of the business rates retention system; the determination of the 'central' and 'local share' of business rates for 2024-25; the general nature of the basis of the distribution of section 31 grants alongside the settlement; and council tax referendum principles set through the settlement process. This year's consultation also seeks views from the sector on using financial levers in the future to disincentivise councils from operating a part time work for full time pay policy, for example the so-called '4 day working week' practice.

On 5 December, the government published a policy statement setting out the government's intentions for the 2024-25 settlement. This consultation builds on and invites views on the proposals set out in that statement.

## Geographical scope:

These proposals relate to England only.

## Basic Information

### Body responsible for the consultation:

Local Government Finance Directorate within the Department for Levelling Up, Housing and Communities (the "Department")

### Duration:

This consultation will last for 4 weeks from 18 December 2023 to 15 January 2024

### Enquiries:

For any enquiries about the consultation please contact: [lgfcorrespondence@levellingup.gov.uk](mailto:lgfcorrespondence@levellingup.gov.uk)

### How to respond:

We strongly request you respond through the [online form \(https://consult.levellingup.gov.uk/local-government-finance/provisional-igf-settlement-2024-25\)](https://consult.levellingup.gov.uk/local-government-finance/provisional-igf-settlement-2024-25)

If you are unable to use the online form, you can email your response to the questions

found in Annex B of this consultation document to [lgfcorrespondence@levellingup.gov.uk](mailto:lgfcorrespondence@levellingup.gov.uk)

When you reply, it would be very useful if you could confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:

- your name,
- your position (if applicable),
- the name of organisation (if applicable),
- an email address, and
- a contact telephone number

## About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 and UK data protection legislation). In certain circumstances this may therefore include personal data when required by law.

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the information access regimes and may therefore be obliged to disclose all or some of the information you provide. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department for Levelling Up, Housing and Communities will at all times process your personal data in accordance with UK data protection legislation and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included below.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the consultation principles? If not, or you have any other observations about how we can improve the process please, contact us via the [Complaints Procedure](https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities/about/complaints-procedure) (<https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities/about/complaints-procedure>).

## 1. Summary of proposals

### 1.1 Introduction

1.1.1 This consultation paper sets out the government's proposals for the 2024-25 local government finance settlement.

1.1.2 This chapter provides a summary of the proposals contained within the 2024-25 provisional local government finance settlement. The [provisional settlement](https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2024-to-2025) (<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2024-to-2025>) sets out the government's proposed distribution of resources for the 2024-25 financial year. This formal consultation forms a key part of the provisional settlement. The government will consider views from representatives of local government offered in response to this consultation. The government will then publish a response to the consultation in the new year, as part of the final local government finance settlement which will notify all local authorities in England of their final settlement allocations.

### 1.2 Context and overall approach

1.2.1 The policy statement the government published on 12 December 2022 gave councils forward notice of our proposals for the 2024-25 local government finance settlement, including the additional funding set out at the 2022 Autumn Statement. This has supported councils' budget setting processes by giving multi-year certainty over their funding. The policy statement published on 5 December 2023 confirmed these measures and set out further proposals for this financial year. This consultation builds on those statements.

1.2.2 For 2024-25, we are making available an increase in Core Spending Power of 6.5% or almost £4 billion on 2023-24. This is a real terms increase. Total Core Spending Power provided through the local government finance settlement for 2024-25 will be over £64 billion. The government will set the core referendum limit for increases in council tax to 3% for 2024-25. In addition, councils with social care responsibilities will be able to increase the adult social care precept by up to 2%.

1.2.3 The proposals in this document focus on stability. We propose that:

- The Revenue Support Grant will increase in line with the change in the Consumer Price Index (CPI) between September 2022 and September 2023;
- The sum of baseline funding levels (BFLs) and underindexation compensation will increase as if both business rating multipliers had increased by the change in the CPI between September 2022 and September 2023;
- Additional funding for social care announced at the 2022 Autumn Statement will continue to go through established distribution methodologies like those used for the Social Care Grant and improved Better Care Fund;
- The allocation and distribution of other settlement grants will be maintained, including the New Homes Bonus and Rural Services Delivery Grant;
- The Funding Guarantee introduced last year will be maintained. This will ensure that all authorities will see at least a 3% increase in their core spending power before any decision they make about organisational efficiencies, use of reserves, and council tax levels.

This means that local authorities in England will see an above inflation increase in their core spending power.<sup>[footnote 2\]](#)</sup>

### 1.3 Summary of proposals included in the 2024-25 provisional settlement

1.3.1 Chapter 2 – Distribution of Settlement Funding Assessment (SFA): this chapter outlines the government's proposals for distributing core settlement resources in 2024-25.

- Local authorities will see an increase in baseline funding levels (BFLs) and underindexation compensation grant as if both business rating multipliers had increased by CPI.<sup>[footnote 3\]](#)</sup>

- BFLs will increase to reflect the increase of the standard multiplier, accounting for the fact that authorities have different shares of properties subject to the small and standard multipliers.
- Local authorities will be compensated for the freeze in the small business rates multiplier in 2024-25 via an increase to the calculation for underindexation compensation.
- Before rolling in grants, we propose to provide a uniform percentage increase in Revenue Support Grant (RSG) allocations from 2023-24, in line with the change in the CPI between September 2022 and September 2023, as we had previously stated in last year's policy statement.
- We are confirming that we have no plans to introduce 'negative Revenue Support Grant'.
- We also propose to roll in the Fire and Pensions Grant into the Revenue Support Grant. The Fire and Pensions Grant will retain its existing distribution.

1.3.2 Chapter 3 – Council tax: this chapter details the government's intentions for council tax referendum principles in 2024-25.

- Continuing to protect local taxpayers from excessive increases in council tax, by setting the core council tax referendum limit of up to 3% from April 2024. Councils can set higher increases if they wish, via the consent of a local referendum;
- In addition, local authorities with social care responsibilities will be able to set an adult social care precept of up to 2% without a referendum;
- A bespoke council tax referendum principle of up to 3% or £5, whichever is higher, for shire districts;
- A bespoke additional council tax flexibility of up to £20 on Band D bills for the Greater London Authority, as requested by the Mayor of London;
- Setting no council tax referendum principles for mayoral combined authorities (MCAs);
- Setting no council tax referendum principles for town and parish councils;
- A 3% referendum principle for all fire and rescue authorities;
- A £13 referendum principle on Band D bills for police authorities and police and crime commissioners; and
- Bespoke council tax referendum principles for councils in the most significant financial failure – see section 3.5.

It is for individual authorities to determine whether to use the flexibilities detailed above, taking into consideration the pressures many households are facing.

Where a council has a specific and evidenced concern about its ability to set or maintain a balanced budget, including where there has been local financial failure, the council may seek additional support from government via the exceptional financial support framework. As part of that process, the government will consider representations from councils on council tax provision.

1.3.3 Chapter 4 – Funding Guarantee.

- We will maintain the Funding Guarantee for 2024-25. Renewing the Funding Guarantee will ensure all councils will continue to see at least a 3% increase in their Core Spending Power before any decisions they make about organisational efficiencies, use of reserves, and council tax.

1.3.4 Chapter 5 – Distribution of adults' and children's social care resources: this chapter sets out the government's proposals for making specific funding available for social care services.

- The **Social Care Grant** will increase to £4.5 billion in 2024-25, an increase of £692 million from 2023-24. This includes £1.9 billion from delaying the rollout of adult social care charging reform from October 2023. The majority of this additional funding will be allocated using our adult social care relative needs formula, while £80 million will be used to equalise the variation in yield from the adult social care precept and a further £80 million in equalisation against the adult social care precept will be paid from elsewhere in the settlement, as with last year.
- The **improved Better Care Fund** (iBCF) will retain the same quantum of £2.1 billion and the same distribution as in 2023-24.
- £1.1 billion in 2024-25 will be distributed for adult social care through the **Market Sustainability and Improvement Fund** (MSIF). This continues to include £162 million per year of Fair Cost of Care funding. For 2024-25, the MSIF also includes £205 million [MSIF – Workforce Funding](https://www.gov.uk/government/publications/market-sustainability-and-improvement-fund-workforce-fund) (<https://www.gov.uk/government/publications/market-sustainability-and-improvement-fund-workforce-fund>), a two-year fund which was announced in July 2023. In total, the combined MSIF and MSIF Workforce Fund are worth £123 million more than in 2023-24, when both funds were worth £927 million.
- An additional £200 million will be distributed in 2024-25 through the Discharge Fund to support timely and safe discharge from hospital into the community by reducing the number of people delayed in hospital awaiting social care. This will bring the overall size of the local authority component of the Discharge Fund to £500 million, which will be distributed using the existing iBCF grant shares.

1.3.5 Chapter 6 – Other Grants: this chapter explains the government's proposals for the New Homes Bonus (NHB), Rural Services Delivery Grant (RSDG) and the Services Grant.

- There will be a new round of NHB payments in 2024-25. There will be no change to the calculations process and allocations for 2024-25 will continue to be paid for in the usual way.
- The Rural Services Delivery Grant will remain unchanged at £95 million and will continue to be distributed to local authorities ranking in the upper quartile of the super-sparsity index.
- The Services Grant will continue for a further year with no changes to the distribution methodology. The Services Grant will be reduced compared to 2023-24, to fund other parts of the settlement. The Services Grant will be £77 million in 2024-25. In addition, the government intends to hold back a proportion of the Services Grant as contingency to cover any unexpected movements, such as adjustments to New Homes Bonus allocations.

1.3.6 Chapter 7 – Impacts of these proposals: this chapter invites views and evidence on the impact that the government's proposals may have on persons who share a protected characteristic.

1.3.7 Chapter 8 – Part Time Work for Full Time Pay: this chapter outlines the government's concern about arrangements where staff within the local government sector have their working hours reduced by a consequential amount but retain 100% of their pay, for example a 20% reduction in working hours under the so-called '4 day working week', and asks for views on using financial levers in future settlements occurring after 2024-25 to disincentivise the practice.

- The government believes that the so-called '4 day working week' and equivalent arrangements of part time work for full time pay are not an appropriate use of taxpayer's money, as they reduce the potential capacity to deliver services.
- The government is issuing a data collection, to run alongside the consultation period, which will work to determine which local authorities' current or proposed operations for 2024-25 fall within the definition of the 'four day working week'.

## 1.4 Additional information

1.4.1 An online survey link and return address for responses to this consultation, along with a full list of consultation questions, is included in Annex B. A glossary of technical terms can be found in Annex C.

## 1.5 Allocations for proposals

1.5.1 The supporting tables accompanying this consultation show the allocations for the proposals for individual local authorities. These proposals represent the government's intentions, and the figures are based on available information.

1.5.2 Data changes, new information or errors identified by either the Department or local authorities between the publication of this consultation paper and the calculation of the final local government finance settlement may lead to changes to individual local authority allocations. The government encourages local authorities to check their individual allocations. We strongly encourage local authorities to contact the Department with any concerns over the accuracy of their individual allocations. We will set out the final local authority allocations at the final settlement, following the conclusion of this consultation.

# 2. Distribution of the Settlement Funding Assessment

## 2.1 Introduction

2.1.1 This chapter outlines the government's proposals for distributing the Settlement Funding Assessment (SFA) in 2024-25, which is comprised of Revenue Support Grant (RSG) and baseline funding levels (BFLs).

## 2.2 Business rates retention

2.2.1 When the business rates retention system was introduced in 2013-14, the government committed that BFLs and business rates baselines (BRBs), which are used to determine tariffs and top-ups, would be fixed in real terms until the system was reset, but with adjustments in response to business rates revaluations. The government confirmed in the policy statement published on 12 December 2022 and restated on 5 December 2023 that we will not be implementing a reset of accumulated business rates growth in this spending review period.

2.2.2 The business rates revaluation took effect from 1 April 2023, with the concurrent transferral of relevant properties from local lists to the central list. Unmitigated, these would lead to changes in the amount of business rates income collected and retained under the Business Rates Retention system.

2.2.3 The [government confirmed](https://www.gov.uk/government/consultations/business-rates-revaluation-2023-the-central-rating-list/outcome/business-rates-revaluation-2023-the-central-rating-list-summary-of-responses-and-government-response) that it would adjust each local authority's top-up or tariff to ensure that as far as practicable a local authority's retained income from business rates is no more, or less, than it would have been had the revaluation not taken place. It also confirmed that it will compensate authorities for their losses from the transferral of properties to the central list.

2.2.4 The [government consulted](https://www.gov.uk/government/consultations/technical-adjustment-to-the-business-rates-retention-system-consultation) last year on a methodology to make these adjustments for the 2023 revaluation. This revaluation adjustment methodology updates the 2017 methodology to better remove the impact of the revaluation on local authority income. It also compensates local authorities for properties transferring to the central rating list. The initial adjustment to tariffs and top-ups was made in 2023-24 with subsequent adjustments made in 2024-25 and 2025-26, now that updated data is available. This year, the 'year 2' adjustment will be made. This will update the revaluation adjustment for national non-domestic rate 2022-23 data return, compiled list data as of 1 April 2023 and inflation; the year 2 adjustment will also reconcile the difference between the 2023-24 tariff-top-ups paid from/to local authorities as per the values from last year's settlement, and the 2023-24 tariff-top-up that would have been calculated should the updated data have been available. Further detail on the year 2 adjustment can be found in [last year's revaluation adjustment consultation](https://www.gov.uk/government/consultations/technical-adjustment-to-the-business-rates-retention-system-consultation). A calculator has been provided alongside this consultation for local authorities to see how the adjustment to their tariff or top-up for 2024-25 has been calculated, the value of the reconciliation factors for 2023-24 tariff-top-ups, and the overall 50% tariff-top-up figure for each local authority for 2024-25.

2.2.5 The 2023 Autumn Statement announced that the small business rates multiplier has been frozen for 2024-25 at 49.9p, and the standard business rates multiplier will increase to 54.6p. The government will compensate local authorities for the reduction in income resulting from the decision to freeze the small business rates multiplier. We will continue to align this level of compensation with the default link, established by government policy in 2018-19, between the small business rates multiplier and the Consumer Price Index (CPI) measure of inflation between September 2022 and September 2023. This inflationary uplift will be paid through underindexation grant. Separately, baseline funding levels (BFLs) will increase by applying the rise in standard multiplier to a weighted proportion of each individual local authority's BFL. Increases will be applied via a weighted average specific to each local authority to account for the fact that authorities have different shares of business rates income attributable to the small and standard multiplier.

2.2.6 We have no plans to introduce 'negative Revenue Support Grant': 2023-24 tariffs and top-ups included the elimination of so-called 'negative RSG' and as such this will continue in 2024-25. This is consistent with the government's previous commitment, made during the implementation of the business rate retention system in 2013-14, that local authorities' retained business rates baselines would be fixed in real terms until the business rates system was reset. [Footnote 4](#)

2.2.7 Areas currently on 100% business rates retention arrangements will continue in 2024-25, with Greater Manchester Combined Authority and West Midlands Combined Authority moving onto new 10-year Trailblazer arrangements. The Greater London Authority will also continue to benefit from increased levels of business rates retention in 2024-25. The government will review enhanced arrangements as a source of income for areas and its impact on local economic growth, and as part of deeper devolution commitments as set out in the Levelling Up White Paper.



## 2.3 Distribution of Revenue Support Grant

2.3.1 To provide stability in local authority allocations, the government proposes to increase 2023-24 Revenue Support Grant levels in line with the September 2022 to September 2023 change in the Consumer Price Index (CPI). This is before accounting for rolled in grants.

## 2.4 Simplifying the funding landscape – rolling in grants

2.4.1 The government committed to providing local government with a simplified grants system in the Levelling Up White Paper. The White Paper committed to delivering a more transparent, simple and accountable approach to streamlining the funding landscape. In line with the government's recently published [plan for simplifying the local government funding landscape \(https://www.gov.uk/government/publications/simplifying-the-funding-landscape-for-local-authorities/simplifying-the-funding-landscape-for-local-authorities\)](https://www.gov.uk/government/publications/simplifying-the-funding-landscape-for-local-authorities/simplifying-the-funding-landscape-for-local-authorities), we are reducing the number of individual section 31 grants allocated outside of the main local government finance settlement. The government remains committed to improving the local government finance system more broadly in the next Parliament. This will include consideration of how we can go further to simplify and reduce the administrative burden of the funding landscape.

2.4.2 For 2024-25 we propose to consolidate the Home Office's Fire and Pensions Grant, worth £115 million, into the Revenue Support Grant. In order to ensure the grant's policy objective is maintained, this grant will maintain its existing distribution. We have restated historic Core Spending Power (CSP) where applicable for rolled in grants to avoid overstating CSP increases.

**Question 1: Do you agree with the government's proposed methodology for the distribution of the Revenue Support Grant in 2024-25?**

**Question 2: Do you agree with the government's proposals to roll grants into the local government finance settlement in 2024-25?**

# 3. Council tax

## 3.1 Council tax

3.1.1 The government will continue to protect local taxpayers from excessive council tax increases. The proposed package of referendum principles below strikes a fair balance and is an additional local democratic check and balance. The council tax referendum provisions are not a cap, nor do they force councils to increase to the threshold level. They are to protect hard-working people from excessive tax rises. It is for the House of Commons to approve annual thresholds above which a council tax referendum is triggered. Councils will still be able to make the case for higher increases to their local electorate through a local referendum.

## 3.2 Council tax referendum principles

3.2.1 The government proposes the following package of referendum principles for 2024-25 which will be subject to the approval of the House of Commons alongside the final local government finance settlement:

- A core referendum threshold of 3% per year;
- In addition, local authorities with social care responsibilities will be able to set an adult social care precept of up to 2% per year without a referendum;
- A bespoke council tax referendum principle of up to 3% or £5, whichever is higher, without a referendum for shire districts;
- A bespoke additional council tax flexibility of up to £20 on band D bills for the Greater London Authority, as requested by the Mayor of London;
- Fire and rescue authorities will be able to set an increase of up to 3% without a referendum;
- Police authorities and police and crime commissioners will be able to set an increase of up to £13 on band D bills without a referendum; and
- Bespoke council tax referendum principles for councils in the most significant financial failure - see section 3.5.

3.2.2 It is for individual authorities to determine whether to use the flexibilities detailed above, taking into consideration the pressures many households are facing.

3.2.3 Where a council has a specific and evidenced concern about its ability to set or maintain a balanced budget, including where there has been local financial failure, the council may seek additional support from government via the exceptional financial support framework. As part of that process, the government will consider representations from councils on council tax flexibilities.

## 3.3 Council tax referendum principles for mayoral combined authorities

3.3.1 Devolution has led to the creation of nine mayoral combined authorities (MCAs) with powers such as transport and planning. To date, the government has not set referendum principles for MCAs, except where the Mayor exercises police and crime commissioner functions, in which case the PCC principle has been applied to the resulting precept. This has been in the expectation that mayors would charge a level of council tax that is affordable and proportionate to their needs.

3.3.2 The government proposes to continue this approach in 2024-25. In line with the referendum principle for police and crime commissioners, we propose to set a £13 threshold for the band D PCC component of the Greater Manchester and West Yorkshire Combined Authorities' precepts.

### 3.4 Council tax referendum principles for town and parish councils

3.4.1 The government has not previously set referendum principles for town and parish councils. This approach was contingent on town and parish councils taking all available steps to mitigate the need for council tax increases and the government seeing clear evidence of restraint. The government proposes to continue with this approach for 2024-25.

### 3.5 Council tax referendum principles for Thurrock Council, Slough Borough Council and Woking Borough Council

3.5.1 In the 2023-24 local government finance settlement, the government chose not to oppose local requests for additional council tax flexibilities from the London Borough of Croydon, Slough Borough Council and Thurrock Council. This resulted in an additional 5% flexibility on core referendum principles set for Slough Borough Council and Thurrock Council, and an additional 10% flexibility on core referendum principles set for the London Borough of Croydon.

3.5.2 The government view continues to be that councils in the most severe financial failure, that are seeking multi-year support from government, should continue to take all reasonable local steps to support recovery including additional council tax increases.

3.5.3 For the 2024-25 settlement, in consideration of the significant financial failure of Thurrock Council, Slough Borough Council and Woking Borough Council, and the ongoing need of these councils for exceptional financial support, the government proposes that the following bespoke council tax referendum principles should apply. The figures for the following bespoke council tax principles will be reflected in Core Spending Power figures at the final local government finance settlement:

- For Thurrock and Slough Borough Council, a core council tax referendum threshold of 8%;
- For Woking Borough Council, a council tax referendum principle of 10%.

3.5.4 Bespoke council tax referendum principles are not proposed for the London Borough of Croydon reflecting that a higher flexibility was requested, set and utilised by the council in 2023-24.

3.5.5 Councils in significant financial failure can make use of any additional flexibilities provided to support their financial recovery and going forward the Government will consider all reasonable steps to protect both national and local taxpayers and ensure councils are acting responsibly.

**Question 3: Do you agree with the proposed package of council tax referendum principles for 2024-25?**

## 4. Funding Guarantee

### 4.1 Funding Guarantee

4.1.1 The Government continues to recognise the importance of protecting the funding position of councils as far as possible. In recognition that pressures continue to be felt across all tiers of local government, we will maintain the Funding Guarantee from 2023-24 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. The Funding Guarantee will be funded through the Services Grant. The Government has published provisional allocations for the new Funding Guarantee alongside the provisional local government finance settlement.

4.1.2 We will continue to provide the Funding Guarantee on the same terms as last year. For eligible authorities, the value of the Funding Guarantee will be the difference between a 3% increase in their 2023-24 Core Spending Power, and their actual increase in Core Spending Power in 2024-25 before any increases to council tax levels. The increase in Core Spending Power used for this calculation excludes any newly rolled-in grants but includes growth in the council tax base as calculated in the normal way, increases in Baseline Funding Levels and growth in compensation for under-indexing the multipliers. Annex D below gives a worked example of how the Funding Guarantee is calculated.

**Question 4: Do you agree with the Government's proposals to maintain the Funding Guarantee for 2024-25?**

## 5. Distribution of adult and children's social care resources

### 5.1 Social Care

5.1.1 The government announced at the 2022 Autumn Statement that up to £4.7 billion of additional funding will be made available in 2024-25 compared to 2022-23 to help support adult social care and discharge in England, of which £500 million will be allocated to the NHS via the Discharge Fund. In addition to this, in July 2023 the Department of Health and Social Care announced the £570 million Market Sustainability and Improvement (MSIF) Workforce Fund over two years, which includes £205 million of new grant funding for social care in 2024-25. This £205 million will be combined with the £845 million of MSIF funding in 2024-25, bringing the combined value of MSIF to £1 billion.

Local authorities can therefore make use of £1 billion in additional grant for social care (both adult and children's) to be distributed through the 2024-25 local government finance settlement, including:

- a £692 million increase in the Social Care Grant
- a £123 million increase to MSIF
- a £200 million increase to the local authority component of the Discharge Fund

5.1.2 Joined-up planning for adult social care services and NHS services is vital. An addendum to the 2023-25 BCF Policy Framework will be published in the new year and will set out further information on aligning BCF capacity and demand plans for intermediate care with wider local authority commissioning and planning for long term care, and NHS operational planning.

## 5.2 Social Care Grant

5.2.1 As set out at the 2022 Autumn Statement, the government proposes to increase allocations of the Social Care Grant to £4.5 billion in 2024-25. This is an increase of £692 million compared to 2023-24. As with the current grant, the Social Care Grant can be used on either adult or children's social care services.

5.2.2 The £4.5 billion Social Care Grant includes £1.9 billion which is the result of savings from delaying the rollout of adult social care charging reform from October 2023. We have listened to the concerns of local government by making the difficult decision to delay these important reforms and are making the funding available to local authorities to help meet the current pressures in social care.

5.2.3 The government intends to use £160 million of the total increase to maintain the component of the Social Care Grant which is used to equalise the variation in yield from the adult social care precept, in recognition of the differing abilities to generate income from council tax increases. This will partly be funded from delays to adult social care charging reform announced at the 2022 Autumn Statement, together with an additional £80 million which is being added from elsewhere in the settlement, as with last year. The remaining Social Care Grant funding will be distributed using our adult social care relative needs formula.

5.2.4 The government proposes that the Social Care Grant remains ringfenced for adult and children's social care.

## 5.3 Improved Better Care Fund

5.3.1 For 2024-25, the government proposes that the improved Better Care Fund (iBCF) will retain the same quantum of £2,140 million and the same distribution as in 2023-24.

5.3.2 The grant will continue to be required to be pooled as part of the Better Care Fund.

## 5.4 Discharge Fund

5.4.1 The 2022 Autumn Statement announced £1 billion of new grant funding in 2024-25 to support timely and safe discharge from hospital into the community by reducing the number of people delayed in hospital awaiting social care. Of this, £500 million will be allocated directly to local authorities and £500 million will be allocated to Integrated Care Boards. This follows the £600 million allocated in 2023-24, which was also distributed with a 50:50 split between local authorities and Integrated Care Boards.

5.4.2 The government proposes that the £500 million allocated to local authorities from the Discharge Fund be distributed using the existing iBCF grant shares – this is consistent with the approach taken in 2023-24.

5.4.3 The Discharge Fund will be required to be pooled as part of the Better Care Fund (BCF), with local authorities and Integrated Care Boards required to produce jointly agreed plans for its deployment. The government will set out further details on the BCF and the Discharge Fund conditions in due course.

## 5.5 Market Sustainability and Improvement Fund

5.5.1 The government is making £845 million available for local authorities for adult social care, as part of the Market Sustainability and Improvement Fund (MSIF). This includes £683 million which was announced at the 2022 Autumn Statement, and (as in 2023-24) £162 million of Fair Cost of Care funding. This funding can be used by local authorities to target increasing fee rates paid to providers, workforce recruitment and retention, and improving waiting times for care.

5.5.2 In addition, in July 2023 the government announced the two-year MSIF Workforce Fund, providing a further £365 million to local authorities in 2023-24 and £205 million in 2024-25. This funding is designed to further support local authorities in the MSIF target areas, with a particular focus on workforce pay.

5.5.3. In 2024-25, the government proposes to combine the £845 million MSIF fund with the £205 million MSIF Workforce Fund. These existing funds share the same grant design, distribution methodology, and purpose. This brings the total value of the MSIF to £1 billion in 2024-25.

5.5.4 The government proposes to distribute this funding using the existing adult social care relative needs formula.

5.5.5 As with the fund in 2023-24, there will be reporting requirements placed on the MSIF regarding performance and use of funding to support improvement against the objectives. The government will provide further details on reporting in due course.

**Question 5: Do you agree with the government's proposals on funding for social care as part of the local government finance settlement in 2024-25?**

## 6. Other Grants - New Homes Bonus, Rural Services Delivery Grant and Services Grant

### 6.1 New Homes Bonus

6.1.1 The New Homes Bonus (NHB) was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas by rewarding local authorities for net additional homes added to the council tax base. It is paid annually from a top-slice of Revenue Support Grant.

6.1.2 The government is not intending to change the calculation process for the NHB for 2024-25. The NHB payments will be calculated as units for reward above a payments baseline of 0.4%, multiplied by the average Band D council tax payment, with an additional payment made for affordable homes. In two-tier areas, the annual payment will be split: 80% for shire districts and 20% for shire counties.

6.1.3 New legacy commitments ceased to be made in allocations from 2020-21, and the government confirmed in February 2021 that it did not intend to reintroduce legacy payments. These 2024-25 payments will not attract new legacy commitments.

6.1.4 As in previous years, the allocations for 2024-25 will be funded through a top slice of the Revenue Support Grant. We expect this will be £291 million, although, as in recent years, this may change for the final local government finance settlement following updates in data.

## 6.2 Rural Services Delivery Grant

6.2.1 The government proposes to roll forward the 2023-24 allocations of the £95 million Rural Service Delivery Grant for 2024-25 in recognition of additional costs rural areas may face. The distribution methodology remains unchanged from last year and the funding will continue to be distributed to the top-quartile of authorities ranked by 'super-sparsity', a measure of rurality.

## 6.3 Services Grant

6.3.1 The government proposes that in 2024-25 the Services Grant will continue and will be distributed by the Settlement Funding Assessment, as per last year. The total Services Grant amount will be reduced to £77 million after factoring in the costs of using some of the remaining Services Grant to fund increases to other settlement grants and equalisation of the adult social care precept.

6.3.2 In addition to the £77 million, the government intends to hold a small proportion of the Services Grant back as contingency to cover any unexpected costs that may arise between provisional and final settlement. This is the same approach as previous years, where contingency has been used to cover, for example, adjustments to New Homes Bonus allocations following updated data.

**Question 6: Do you agree with the government's proposals for New Homes Bonus in 2024-25?**

**Question 7: Do you agree with the government's proposals for Rural Services Delivery Grant in 2024-25?**

**Question 8: Do you agree with the government's proposals for Services Grant in 2024-25?**

# 7. Impacts of these proposals

## 7.1 Public Sector Equality Duty

7.1.1 Public bodies have a duty under the Equality Act 2010 to consider the needs of people who share particular protected characteristics. These are: age, disability, sex, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion or belief, sexual orientation.

7.1.2 We have considered the equalities impacts of the proposals and decisions in the provisional local government finance settlement for 2024-25. The government intends to include a summary of the equalities impacts of its proposals as part of the response to this consultation. As usual, the government response, which will include the summary of responses and the summary of equalities impacts, will be published alongside the final settlement.

7.1.3 We would be grateful for views on the impact of the proposals contained in this consultation document on the three aims under the Public Sector Equality Duty to:

- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between people who share a particular protected characteristic and people who do not share it
- foster good relations between people who share a particular protected characteristic and people who do not share it

## 7.2 Foreseeable impacts of proposals on people who share protected characteristics

7.2.1 The government has considered the impact of the funding distribution on protected characteristics by assessing the distribution of Core Spending Power (CSP) between local authorities and the characteristics of the people that live in the local authorities. Across all protected characteristics there is a funding increase in CSP per capita from comparing the 2023-24 funding distribution to the 2024-25 funding distribution, with England seeing a CSP increase of 6.5% on last year. This increase in resources will support the delivery of core services across local government.

7.2.2 Councils provide various services which people that share a protected characteristic will benefit from. Changes in the amount of flexible funding available to local authorities – whether an increase or a reduction – will affect a

local authority's ability to provide these services, and therefore impact those persons sharing protected characteristics.

7.2.3 Local authorities understand the needs of their communities best and decide on how their resources are allocated. It is not, therefore, possible to say for certain how changes in funding will affect specific groups of persons sharing a protected characteristic, as this will be dependent on decisions that are made locally. We can, however, make reasonable assumptions about how changes in funding will affect changes in service delivery, in turn affecting service users.

## 7.3 Proposed mitigations on people who share protected characteristics

7.3.1 As part of the provisional local government finance settlement, the government is proposing an increase in the funding available to local authorities. We will be providing local authorities with a Funding Guarantee that will ensure all councils will see at least a 3% increase in their Core Spending Power before any decision they make about organisational efficiencies, use of reserves, and council tax. This can be used to help mitigate any potential impacts on members of protected groups by ensuring there is an increase in funding for local authorities to assist members of protected groups.

7.3.2 As set out at the 2022 Autumn Statement, we will also be putting additional funding towards social care. This will likely mitigate some negative impacts for individuals with the protected characteristics of age 65+ or under 18, who account for a large proportion of the need for social care services. As much of this additional funding will be distributed through the Social Care Grant, which is ringfenced for both adult and children's services, we expect this to mitigate negative impacts for both the elderly and children services.

**Question 9: Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.**

## 8. Part time work for full time pay

### 8.1 The so-called '4 day working week' practice and equivalent arrangements

8.1.1 Local authorities should not be practicing an arrangement where staff have their working hours reduced by a consequential amount but retain 100% of their pay. For example, a 20% reduction in working hours under the so-called 'four day working week'. This is Part Time Work for Full Time Pay. These practices raise significant concerns about their value for taxpayers' money, as well as their potential effect on service delivery and the local government sector's reputation with the general public. These practices should be considered as distinct from flexible working, which the government continues to broadly support as a suitable approach to providing workers with some choice about how they prefer to work.

8.1.2 The government believes that local authorities, including combined authorities, should not be practising an arrangement where it has an overall policy (temporary or permanent) which allows its employees to reduce their contracted hours per week by a consequential amount, for example 20%, without a reduction in their pay and benefits. The government believes that the so-called '4 day working week' (or equivalent arrangements of part time work for full time pay) reduces the potential capacity to deliver services by up to 20% and, as a result, does not deliver value. The government therefore does not expect councils to adopt this arrangement. The government has already taken steps to deter the sector from operating 'four day working week' practices (or equivalent arrangements of part time work for full time pay) and will legislate if necessary.

8.1.3 The local government finance settlement gives funding to local authorities through several methods. The settlement is made up of Baseline Funding Levels, council tax and Revenue Support Grant, as well as a series of section 31 grants that are published alongside the settlement. The government is currently considering which financial levers could be used in future settlements to disincentivise local authorities from operating a '4 day working week' (or equivalent arrangements of part time work for full time pay) and want to seek the views of the sector about how this could be affected and what impact it would have.

8.1.4 The government will be issuing a data collection in order to determine which local authorities' operations for 2024-25 fall within the definition of the 'four day working week' (or equivalent arrangements of part time work for full time pay) as described in paragraph 8.1.2.

**Question 10: Do you have any views about the government using levers in future local government finance settlements (those occurring after 2024-25) to disincentivise the so-called '4 day working week' and equivalent arrangements of part time work for full time pay?**

## Annex A: Personal data

The following is to explain your rights and give you the information you are entitled to under UK data protection legislation.

Note that this section only refers to personal data (your name, contact details and any other information that relates to you or another identified or identifiable individual personally) not the content otherwise of your response to the consultation.

### 1. The identity of the data controller and contact details of our Data Protection Officer

The Department for Levelling Up, Housing and Communities (DLUHC) is the data controller. The Data Protection Officer can be contacted at [dataprotection@levellingup.gov.uk](mailto:dataprotection@levellingup.gov.uk) or by writing to the following address:

Data Protection Officer,  
Department for Levelling Up, Housing and Communities,  
Fry Building,  
2 Marsham Street,  
London,  
SW1P 4DF.

## 2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

## 3. Our legal basis for processing your personal data

The Data Protection Act 2018 states that, as a government department, DLUHC may process personal data as necessary for the effective performance of a task carried out in the public interest i.e. a consultation. This consultation fulfils the mandatory statutory requirements to consult under sections 78(5), 78A(3) and paragraph of Schedule 7B of the Local Government Finance Act 1988.

The collection of your personal data is lawful under article 6(1)(e) of the UK General Data Protection Regulation as it is necessary for the performance by DLUHC of a task in the public interest-in the exercise of official authority vested in the data controller. Section 8(d) of the Data Protection Act 2018 states that this will include processing of personal data that is necessary for the exercise of a function of the Crown, a Minister of the Crown or a government department i.e. in this case a consultation.

## 4. With whom we will be sharing your personal data

Other government departments including:

1. Attorney General's Office
2. Cabinet Office
3. Department for Business and Trade
4. Department for Culture, Media and Sport
5. Department for Education
6. Department for Energy Security and Net Zero
7. Department for Environment, Food and Rural Affairs
8. Department for Science, Innovation and Technology
9. Department for Transport
10. Department for Work and Pensions
11. Department of Health and Social Care
12. Foreign, Commonwealth and Development Office
13. His Majesty's Treasury
14. Home Office
15. Ministry of Defence
16. Ministry of Justice
17. Northern Ireland Office
18. Office of the Advocate General for Scotland
19. Office of the Leader of the House of Commons
20. Office of the Leader of the House of Lords
21. Office of the Secretary of State for Scotland
22. Office of the Secretary of State for Wales
23. UK Export Finance

DLUHC may appoint a 'data processor', acting on behalf of the department and under our instruction, to help analyse the responses to this consultation. Where we do, we will ensure that the processing of your personal data remains in strict accordance with the requirements of the data protection legislation.

## 5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for two years from the closure of the consultation.

## 6. Your rights, e.g. access, rectification, restriction, objection

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have your data corrected if it is incorrect or incomplete
- d. to object to our use of your personal data in certain circumstances
- e. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/> (<https://ico.org.uk/>), or telephone 0303 123 1113.

Please contact us at the following address if you wish to exercise the rights listed above, except the right to lodge a complaint with the ICO: [dataprotection@levellingup.gov.uk](mailto:dataprotection@levellingup.gov.uk) or Knowledge and Information Access Team, Department for levelling Up, Housing and Communities, Fry Building, 2 Marsham Street, London SW1P 4DF.

**7. Your personal data will not be sent overseas.**

**8. Your personal data will not be used for any automated decision making.**

**9. Your personal data will be stored in a secure government IT system.**

We use a third-party system, Citizen Space, to collect consultation responses. In the first instance, your personal data will be stored on their secure UK-based server. Your personal data will be transferred to our secure government IT system as soon as possible, and it will be stored there for two years before it is deleted.

## Annex B: Address details & list of consultation questions

We request responses through the [online form \(https://consult.levelingup.gov.uk/local-government-finance/provisional-lgf-settlement-2024-25\)](https://consult.levelingup.gov.uk/local-government-finance/provisional-lgf-settlement-2024-25)

If the survey link is inoperable, written responses may be sent by email or post to: [lgfcorrespondence@levelingup.gov.uk](mailto:lgfcorrespondence@levelingup.gov.uk)

Or

£A Local Government Finance Settlement Team Department for Levelling Up, Housing and Communities 2nd floor, Fry Building 2 Marsham Street London SW1P 4DF £A

When replying to this consultation please confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:

- your name,
- your position (if applicable),
- the name of organisation (if applicable),
- an email address, and
- a contact telephone number

**Question 1: Do you agree with the government's proposed methodology for the distribution of Revenue Support Grant in 2024-25?**

**Question 2: Do you agree with the government's proposals to roll grants into the local government finance settlement in 2024-25?**

**Question 3: Do you agree with the proposed package of council tax referendum principles for 2024-25?**

**Question 4: Do you agree with the government's proposals to maintain the Funding Guarantee for 2024-25?**

**Question 5: Do you agree with the government's proposals on funding for social care as part of the local government finance settlement in 2024-25?**

**Question 6: Do you agree with the government's proposals for New Homes Bonus in 2024-25?**

**Question 7: Do you agree with the government's proposals for Rural Services Delivery Grant in 2024-25?**

**Question 8: Do you agree with the government's proposals for Services Grant in 2024-25?**

**Question 9: Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.**

**Question 10: Do you have any views about the government using levers in future local government finance settlements (those occurring after 2024-25) to disincentivise the '4 day working week' and equivalent arrangements of part time work for full time pay?**

## Annex C: Glossary of technical terms

### Baseline Funding Level

The amount of an individual local authority's 2013-14 Settlement Funding Assessment provided through the local share of retained business rates income.

### Business Rates Baseline (BRB)

An authority's BRB is an estimate of the authority's business rates income generating ability determined on an individual basis at the outset of the Business Rates Retention system.

### **Business Rates Retention (BRR)**

Business rates are a tax on non-domestic properties. Billing authorities have a responsibility to issue bills and collect rates in their areas. Since 2013-14, local government has retained, as a whole, 50% of its business rates (excluding areas with increased Business Rates Retention arrangements). This income is subject to redistribution across local government via 'top-ups' and 'tariffs'.

### **Core Spending Power (CSP)**

A measure of the revenue funding available for local authority services. This includes council tax; business rates; Revenue Support Grant; New Homes Bonus; Social Care grants; and other grants.

This includes grant included for under-indexation of the Multipliers. This is an indicative notional number and is not to be seen as a real 'grant' – it is dealt with within the BRR system and the number in CSP is for indicative purposes only.

### **Council tax referendum principles**

These mark levels of council tax increases (either in percentage or cash terms) above which a local authority must hold a referendum, which allows residents to approve or veto the increase. The comparison is made between the authority's average Band D council tax level for the current financial year and the proposed average Band D for the next financial year.

### **Devolution deals**

Introduced in 2014, devolution deals are a bespoke arrangement tailored to certain local authorities. Devolution deals give local government greater powers and more autonomy over budgeting.

### **Equalisation of the adult social care precept**

We recognise that different places have different abilities to raise local council tax income from the adult social care precept. In response, we make an adjustment to offset these differences so that areas less able to raise council tax income receive a greater share of grant, called equalisation. We have done so since the adult social care precept was introduced. Equalisation is the process through which a proportion of Social Care Grant funding is used to take account of the impact of the distribution of the adult social care council tax precept.

### **Local Government Departmental Expenditure Limit (LG DEL)**

The Departmental budget derived from central government resources for the purposes of local government.

### **New Homes Bonus**

The New Homes Bonus acts as an incentive to increase housing supply and spur growth. The level of funding for an area reflects additional housing supply in that area. Most authorities receive some form of New Homes Bonus funding from central government.

### **Precept**

A council tax charge from local authorities which do not issue bills themselves. These include county councils, police and crime commissioners, fire and rescue authorities, the Greater London Authority, combined authority mayors, and town and parish councils. Billing authorities – usually shire district councils or unitary authorities – collect council tax on behalf of precepting authorities and pass the proceeds to them.

### **Revenue Support Grant**

Revenue Support Grant is paid from central government to authorities as part of their allocation through the Settlement Funding Assessment (SFA). It is in addition to their local share of business rates, as long as their Revenue Support Grant allocation through the SFA methodology has not fallen to, or below, zero.

### **Rural Services Delivery Grant**

Funding provided in recognition of the possible additional costs of delivering services in sparsely populated areas.

### **Safety Net**

Mechanism to protect any authority which sees its business rates income drop, in any year, by more than 7.5% below their baseline funding level for that year.

### **Settlement Funding Assessment**

A local authority's share of the local government spending control total comprising its Revenue Support Grant and its Baseline Funding Level for the year in question.

### **Small and Standard Business Non-Domestic Rating Multiplier**

Properties in England will have their business rates bill calculated using a small or standard multiplier. The rateable value threshold for the standard multiplier will remain £51,000.

### **Spending Review**

The Spending Review sets out the long-term spending limits for government and typically covers the next three or four years.

### **Spending Round**

The Spending Round sets out the short-term spending limits for all government departments and typically covers a full calendar year.

### **Tariffs and Top-Ups**

Calculated by comparing at the outset of the business rate retention system an individual authority's business rates baseline against its baseline funding level. Tariffs and top-ups were fixed at the start of the system and have been indexed in line with the change in the small business rating multiplier up to and including 2023-24. From 2024-25 they will be adjusted in line with both the change of the small and the standard multiplier, accounting for the fact that authorities have different shares of properties subject to the small and standard multipliers. Tariffs and top-ups are



adjusted at revaluations to neutralise rises or falls in income resulting from changes in rateable value at local authority-level.

#### **Tariff Authority**

An authority with a higher individual authority business rates baseline than its baseline funding level, and which therefore pays a tariff.

#### **Top-up Authority**

An authority with a lower individual authority business rates baseline than its baseline funding level, and which therefore receives a top-up.

## **Annex D: Worked example of Funding Guarantee**

The Funding Guarantee will continue 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. The below worked example sets out how the Funding Guarantee payment for a hypothetical council is calculated.

Council X had available £3.5 million in Core Spending Power in 2023-24, made up of £1 million in grant, £0.5 million through the business rates system and £2 million in council tax.

In 2024-25, Council X had a net increase in grant of £20,000, a £50,000 increase in funding from baseline funding levels and underindexation grant, and the 5-year average of council tax-base growth is £20,000.

Step 1 – Calculate minimum increase in Core Spending Power

- Core Spending Power defined as 2023-24 published Core Spending Power, updated for actual take-up of council tax flexibilities and actual council tax base growth.
- £3.5 million x 3% = £105,000

Step 2 – Total increase in grants (excluding the newly rolled in grants – MSIF Workforce Fund and Fire Pensions Grant), funding received through business rates income in Core Spending Power and council tax income from growth in tax-base

- The total increase for Council X is £90,000 (£20,000 grant increase, £50,000 business rates income in Core Spending Power, £20,000 council tax-base growth)

Step 3 – Compare Step 2 to Step 1 and compensate for the difference

- Council X has a total increase before any local decision about council tax levels of £90,000, which is £15,000 less than the minimum increase in Core Spending Power.
- Council X will receive £15,000 in grant funding from the Funding Guarantee.

- 
1. As required by section 78(5) of the Local Government Finance Act 1988.
  2. Based on the Office for Budget Responsibility's November 2023 forecast of the GDP deflator for 2024-25.
  3. The small business multiplier was frozen at 49.9p for 2024-25, however the standard multiplier will increase to 54.6p in line with September 2022 to September 2023 measure of inflation. In response to this change in how business rates multipliers are calculated and applied, a new proxy measure of the proportion of income in each local authority which derives from each multiplier will be used to generate a local authority-specific inflation factor from 2024-25. This uplift increases baseline funding levels, but does not give the full CPI increase, the rest of which is compensated via underindexation grant, calculated through the Department's National Non-Domestic Rates statistical return.
  4. Please refer to section 5.1 of the [2019-20 local government finance settlement technical consultation \(https://www.gov.uk/government/consultations/local-government-finance-settlement-2019-to-2020-technical-consultation\)](https://www.gov.uk/government/consultations/local-government-finance-settlement-2019-to-2020-technical-consultation) for an explanation of the issue of negative Revenue Support Grant.

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Sent by Email to: [LGFCorrespondence@levellingup.gov.uk](mailto:LGFCorrespondence@levellingup.gov.uk)

15 January 2024

## **Provisional Local Government Finance Settlement 2024 to 2025**

Dear LGF Settlement Team,

This letter represents the response from Buckinghamshire & Milton Keynes Fire Authority (BFRS) to the Provisional 2024-25 Local Government Finance Settlement. The Authority also refers the DLUHC to the response from the National Fire Chiefs Council (NFCC).

### **SUMMARY**

The Authority's response to the Provisional Settlement can be summarised as follows:

1. **The Authority is disappointed that the £5 council tax referendum principle has not been applied and strongly urges the Government to reconsider.** BFRS has one of the lowest Band D council tax precepts of any fire and rescue service and is therefore disproportionately disadvantaged by referendum thresholds being expressed in percentage terms. Our Band D charge of £77.16 is lower than the average parish council precept of £79.35, and yet parish councils are not subject to any referendum principles.
2. **The 84% reduction in Services Grant far exceeds FRAs' forecasts and means that settlement funding is reducing in real terms.** Using the Services Grant to pay for Revenue Support Grant (RSG) is a funding cut. It was understood that the Services Grant was being set aside for local government funding reforms. If this is not the case, then it ought to have been rolled into Settlement Funding Assessment and protected in real terms.
3. **31 FRAs hit the 3% Funding Guarantee threshold, compared to five in 2023-24.** This lower grant increase combines with a lower council tax limit, despite similar inflationary pressures.
4. **FRAs will see the lowest increase in core spending power (CSP) by class at just 4.6% without changes to the final settlement.**

### **RESPONSE TO CONSULTATION QUESTIONS**

#### **Question 1: Do you agree with the Government's proposed methodology for the distribution of the Revenue Support Grant in 2024-25?**

No, the Government has claimed to have protected RSG in real terms, but this has been done through a reduction in Services Grant. It is of utmost importance that core funding is protected in real terms and this should be set out as a principle of local funding and should never be in doubt.

#### **Question 2: Do you agree with the Government's proposals to roll grants into the local government finance settlement in 2024-25?**

Yes, the Authority is glad to see that calls for the transfer of the Fire Pensions Grant into FRAs' baseline funding (thus reducing the associated uncertainty which existed) have been heard. This

(as well as settlement funding more generally) must be fully protected in real-terms as BFRS's forecast reserves would very quickly run out should this funding stream ever cease. Furthermore, for the same reason it is imperative that pension funding announced for 2024-25 is rolled in as part of next year's settlement.

**Question 3: Do you agree with the proposed package of council tax referendum principles for 2024-25?**

No, the 3% referendum principles alongside grant cuts mean that FRAs will be unable to meet inflationary pressures. For 2023-24, FRAs' council tax referendum principles were £5, a principle that should remain in place. Although settlement funding was increased by September CPI, council tax makes up the largest share of our funding and (excluding the one-off funding guarantee) our core spending power only increased 4.3% compared to the September CPI figure of 6.7%. This represents a significant real-terms cut in funding at a time when independent inspectors have already expressed concerns about how lean the Service is.

**Question 4: Do you agree with the Government's proposals to maintain the Funding Guarantee for 2024-25?**

The Authority supports the principle of recognising that all local authorities / FRAs face inflationary pressures and, therefore, a percentage guarantee makes sense. Given the cuts to other grants, the funding guarantee is a vital protection for the overwhelming majority of FRAs. However, it would not be required if the rest of the settlement was funded properly. This funding cannot however be relied upon beyond this year, making planning more difficult, especially in the absence of a multi-year settlement.

**Question 5: Do you agree with the Government's proposals on funding for social care as part of the local government finance settlement in 2024-25?**

As a Combined Fire Authority, this is not relevant for us.

**Question 6: Do you agree with the Government's proposals for New Homes Bonus in 2024-25?**

As a Combined Fire Authority, this is not relevant for us.

**Question 7: Do you agree with the Government's proposals for Rural Services Delivery Grant in 2024-25?**

As a Combined Fire Authority that does not benefit from RSDG, this is not relevant for us.

**Question 8: Do you agree with the Government's proposals for Services Grant in 2024-25?**

No, the 84% reduction in Services Grant far exceeds what we thought was an extremely prudent forecast of a 50% reduction and means that settlement funding is reducing in real terms. Using the Services Grant to pay for RSG increases is a funding cut. It was understood that the Services Grant was being set aside for local government funding reforms. If this is not the case, then it ought to have been rolled into Settlement Funding Assessment and protected in real terms. The proposed funding cut means that even utilising the maximum referendum-free council tax precepts will not be enough to even keep up with inflation.

**Question 9: Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.**

No further comments.

**FINAL REMARKS**

BFRS has one of the lowest Band D council tax precepts of any fire and rescue service and is disproportionately disadvantaged by referendum thresholds being expressed in percentage terms.

Our Band D charge of £77.16 is lower than the average parish council precept of £79.35, and yet parish councils are not subject to any referendum principles.

Given how lean our current funding levels are it is vitally important that BFRS's funding is protected in real terms and in that regard the Authority is extremely concerned that the £5 council tax referendum principle has not been applied and strongly urges the Government to reconsider.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Louise Harrison'.

**Louise Harrison**  
**Chief Fire Officer/Chief Executive**  
**Buckinghamshire & Milton Keynes Fire Authority**