

CABINET - 30 JANUARY 2024

Budget and Business Planning 2024/25

Addendum

Report by the Executive Director of Resources and Section 151 Officer

Executive Summary

1. This addendum provides an update on grant funding and other changes announced by the government on 24 January 2024.

Government Grant Funding & Core Spending Power

2. The Government published the consultation on the Provisional Local Government Finance Settlement for 2024/25 on 18 December 2023. The consultation ran until 15 January 2024. In response to the consultation the government have announced that a £600m increase in grant funding will be included in the Final Settlement which is expected to be announced in early February 2024.
3. An additional £500m will be allocated through the Social Care Grant. A further £100m is made up of increase to the Funding Guarantee from 3% to 4%, £15m for the Rural Services Delivery Grant, £3m for authorities with Internal Drainage Boards, and additional funding for the Isle of Wight and the Isles of Scilly. The remainder will be distributed through the Services Grant.
4. The funding is for this Spending Review period to 2024/25, it is unclear if the funding will continue into the next Spending Review period. Therefore, it is currently assumed that these funding increases are one – off pending the receipt of any information confirming otherwise.
5. Core Spending Power is now expected to increase by 7.5% nationally after taking account of this additional funding.

Social Care Grant

6. Social Care Grant is ringfenced for adult and children's social care. The provisional local government settlement set out that the council would receive £5.0m new grant funding in 2024/25 increasing the total from £32.7m to £37.8m.
7. Based on the Relative Needs Formula it is estimated that the council could receive around £4.8m additional funding, increasing the total to £42.6m in 2024/25. The actual increase in funding will be confirmed in the detailed local

authority allocations published at the final Local Government Finance Settlement in early February 2024.

8. The government has suggested that where possible councils should invest in areas that help place children's social care services on a sustainable financial footing, whilst being mindful of the level of adult social care provision.

Services Grant

9. The council received £5.0m Services Grant in 2022/23 and £2.9m in 2023/24 with an expectation that this would continue in 2024/25 and 2025/26. The Provisional Settlement set out that the council will receive £0.5m in 2024/25, a reduction of £2.4m compared to the current plan. It is assumed that the remaining £0.5m will fall out in 2025/26.
10. Depending on the funding available nationally it is anticipated that the anticipated reduction in grant funding will now be up to £1.3m lower.

Other Grant Funding Changes

11. The council does not receive Rural Services Delivery Grant and is unaffected by the increase to the funding guarantee.

Final Local Government Finance Settlement

12. The Final Local Government Finance Settlement will be announced in early February 2024. This will set out the allocations at a local authority level along with any restrictions or conditions on the use of the funding. Once this is clear, a decision can be made on how the funding will be allocated. Therefore, the proposed use of this funding will be included in the Cabinet's proposed budget for Council that will be published on 9 February 2024.
13. Any appropriate updates to the proposed budget following the Final Local Government Finance Settlement and any final funding changes arising from the receipt of information from the district and city councils in relation to business rates or council tax surpluses are recommended to be delegated to the Leader of the Council, the Cabinet Member for Finance and the Executive Director of Resources and Section 151 Officer acting jointly.

Other Changes

14. The Department for Levelling Up, Housing and Communities will be establishing an expert panel to advise the Government on financial sustainability in the sector which will include the Office for Local Government and the Local Government Association. The panel will review productivity plans that each local authority will be expected to produce by early summer and advise the Government on best practice in this area. The Government will monitor these plans and use them to inform funding Settlements in future years.
15. The Government have committed to improving the local government finance system and the Minister for Local Government will be engaging with the sector on this over the coming months.

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January 2024