

Briefing Note on Provisional Local Government Finance Settlement 2023/24

Background

The provisional Local Government Finance Settlement (LGFS) was published on 19 December 2022. The settlement was preceded by a Policy Statement on local government finance on 12 December 2022, which included the following:

- Two-year settlement covering 2023/24 (firm) & 2024/25 (indicative).
- Fair Funding Review and Business Rates Reset delayed until 2025/26 (at earliest).
- 3% minimum increase for all councils' Core Spending Power.
- Council tax referendum limits for district councils 2.99% or £5 (whichever is greater).
- New round of New Homes Bonus (NHB) in 2023-24, with potential for further round in 2024-25. No future legacy payments.
- New funding stream: Extended Producer Responsibility for Packaging (pEPR) from 2024/25.

Provisional Settlement – Key Headlines

The key headlines from the provisional LGFS were:

- The total increase to core spending power for district councils will be 5%, assuming all councils raise council tax by the maximum 3% or £5.
- This compares to a 9.2% rise for all English councils and inflation at 10.7%.
- Allocations announced for 2023/24 only. No allocations for 2024/25 however, core settlement is expected to continue in a similar manner to 2023/24.
- Business rates pooling will continue in 2023-24 where requested.

Impact of North West Leicestershire District Council

Due to the timing of the provisional settlement announcement the draft budget papers have been prepared using estimates of government funding based on the intelligence available incorporating the Policy Statement announcement on 12 December.

The table below sets out the differences between the provisional settlement announcement and the draft budget papers.

Govt Funding Allocations 2022/23 £000		Draft Budget Report 2023/24 £000	Provisional LGFS 2023/24 £000	Change Draft Budget to Prov LGFS £000	Change Allocations 2022/23 to Provisional LGFS 2023/24 £000
2,218	New Homes Bonus	1,195	1,220	+ 25	- 998
2,404	Business Rates Baseline	2,404	2,494	+ 90	+ 90
201	Lower Tier Services Grant	0	0	0	- 201

166	Services Grant	125	93	- 32	- 73
0	Revenue Support Grant	0	90	+ 90	+ 90
0	Min Funding Guarantee	1,056	1,171	+ 115	+ 1,171
4,989	Total	4,780	5,068	+ 288	+ 79
0	Grants rolled into RSG	0	-90	- 90	- 90
4,989	Adjusted Total	4,780	4,978	+ 198	- 11

Notes

1. Revenue Support Grant allocation is the transfer of two (previous) specific grants (Family Annexe and Local Council Tax Support) being transferred into mainstream funding.

The table shows:

- The total change in government funding allocations between 2022/23 and 2023/24 is a cash increase of £79k. However, when adjusted for the transfer of £90k from specific grant into general grants funding there is a like for like cash decrease of £11k.
- The total change, on a like for like basis, in funding between the provisional settlement and the estimates in the Draft Budget Reports is an increase of £198k. It should be noted the increase may be required to offset any emerging cost pressures that were not included in the Draft Budget.