

North West Leicestershire District Council

Response to Fair Funding Review 2.0

Question 1

What are your views on the updated SFA resulting in zero allocations, and the use of mitigations to avoid zero allocations?

In light of previous local government settlements, the idea of introducing zero allocations within the updated Settlement Funding Assessment (SFA) raises real concerns about fairness and the long-term stability of local authorities.

Historically, measures like transitional protections and funding floors have been crucial in preventing sudden or sharp funding cuts. These arrangements have helped ensure that councils, especially those with less ability to raise funds locally, have not been left unable to provide essential services. Moving to a system where some authorities could receive no funding at all, based only on their supposed capacity to raise money through Council Tax, could seriously destabilise local government finances and widen regional inequalities.

It is also important to note that not all authorities have the same ability to raise funds or face the same pressures. Even those with a strong Council Tax base may encounter unexpected challenges or changing demands for services. If their core government funding is completely removed, they could become vulnerable and may struggle to plan ahead or meet local needs.

For these reasons, the Council supports the idea of including mitigations to avoid any local authority receiving a zero allocation. Keeping a funding floor or transitional arrangements would help manage the transition and protect councils from unmanageable reductions. This approach takes into account the different situations councils face and recognises the need for stable and predictable funding for effective public service delivery.

Question 2

Do you agree with how the government proposes to determine the Council of the Isles of Scilly's Settlement Funding Assessment?

Yes

Question 3

Do you agree with the government's plans to simplify the grant landscape?

The Council appreciates the Government's commitment to simplifying the grant landscape, and the Council broadly support the consolidation of funding streams as outlined in the current proposals. Nevertheless, in relation to homelessness and temporary accommodation, the Council wish to emphasise the paramount importance of transparency and precision in the communication of funding changes to local authorities.

As the demand for homelessness services and temporary accommodation continues to rise, local authorities require absolute clarity regarding the grants that will be consolidated into the revised Settlement Funding Assessment (SFA) as of the December 2025 settlement. The Council requests that, at the point of the settlement, the Government publishes a comprehensive and accessible list detailing all grants—including those directly or indirectly related to homelessness and temporary accommodation—that have been absorbed into the SFA. Such transparency will ensure that local authorities can plan effectively, allocate resources judiciously, and maintain continuity of vital services for some of the most vulnerable members of society.

Furthermore, it is equally crucial for the Government to clearly delineate which grants will remain as separate, ring-fenced funding streams following the settlement. By providing a thorough breakdown of all grants that will continue to be paid outside of the SFA, including their respective purposes, eligibility criteria, and reporting requirements, local authorities will be able to achieve a full understanding of the funding landscape. This will assist them in making well-informed decisions regarding service provision, strategic financial planning, and meeting statutory obligations.

Furthermore, the Council has, regrettably, witnessed too many occasions in previous years where uncertainty has surrounded the announcement of grant allocations. Local authorities are consistently under immense pressure in the critical run up to budget setting, particularly each January/February. Delays or ambiguities regarding grant distribution serve only to hinder this already challenging process. It is important for Government to recognise the substantial effort required of finance teams in preparing and setting balanced budgets. This undertaking is not confined to internal calculations; it necessitates a meaningful period of consultation with stakeholders and the securing of agreement from elected councillors—steps that are both essential and time-consuming. Waiting for definitive details on grant allocations until the eleventh hour needlessly complicates this procedure, placing additional strain on local authorities at a time when clarity is most needed.

The Council also welcome the Government's forthcoming review of statutory duties, as signalled in the proposals, and look forward to receiving more detailed information on the approach and intended outcomes of this review. It is imperative that the transparency and accountability arrangements being developed for adult social care funding are mirrored in the context of homelessness and temporary accommodation, ensuring parity of oversight and assurance across critical areas of local government responsibility.

In summary, while the Council is supportive of efforts to reduce complexity and improve the coherence of local government funding, the Council believes this ambition can only be realised if accompanied by rigorous transparency and clear communication regarding the status of all grants—both consolidated and separate.

Question 4

Do you agree with the formulae for individual services the government proposes to include?

As a lower tier authority, the Council is not in a position to comment on the formulae relating to adult social care, children's services, or highways, which fall outside its remit. However, the Council welcomes the proposed approach to temporary accommodation (TA) and appreciate the recognition of its significant pressures within the formula. It is positive to see the intention to simplify TA funding streams from 2026-27 and the proposed integration of TA funding from the Homelessness Prevention Grant into the Revenue Support Grant.

The Council's principal concern relates to the variability in TA pressures, particularly the disproportionately high demand in certain areas such as London and other urban centres, as highlighted in the data. While the proposed formula recognises these pressures, it will be important to ensure that allocations remain responsive to local fluctuations in demand, especially where high numbers of households in TA persist despite strong prevention efforts. Additionally, as the funding landscape consolidates, there is a risk that local authorities experiencing acute, ongoing pressures may face funding shortfalls if the formula does not fully capture these complexities.

The Council would, therefore, urge the government to keep the TA formula under review and consider mechanisms for flexibility or further adjustment where local pressures materially diverge from national averages. Ensuring that the formula remains sensitive to the unique challenges faced by different authorities will be key to supporting effective homelessness prevention and relief.

Question 5

Do you agree with the areas of need the government proposes to no longer include in the assessment through the Foundation Formula?

Yes

Question 6

Do you agree with the government's approach to calculating the control total shares for the relative needs formulae?

The Government's approach to working out the control total shares for the relative needs formulae seems fair and sensible.

Question 7

Do you agree with the Labour Cost Adjustment (LCA) and Rates Cost Adjustment (RCA) equations set out in this chapter?

Yes

Question 8

What are your views on the proposed approach to the Area Cost Adjustment (ACA)?

Yes

Question 9

Do you agree or disagree with the inclusion of the Remoteness Adjustment? Do you have any evidence to support or contradict the theory that rural areas face additional costs due to separation from major markets?

Yes

Question 10

Do you agree with the government's proposal to set a notional Council Tax level at the national average level, to achieve the objective of full equalisation?

The Council recognises the Government's intention to set a notional Council Tax level at the national average to achieve full equalisation. However, the Council wishes to highlight that setting a notional level at the average Band D Council Tax does not reflect the unique circumstances of all local authorities. Authorities with special expenses, such as North West Leicestershire District Council, are not able to fully utilise the total Council Tax yield assumed by the government, resulting in an artificial reduction in our spending power.

The Council is subject to the operation of special expenses—a mechanism that enables the cost of certain functions or services to be charged only to those parts of the authority's area that benefit directly from them, rather than to the authority's entire taxbase. This is particularly relevant in districts with both parished and unparished areas, where, for example, the costs of maintaining parks or community facilities may fall only on residents in unparished areas.

According to the Local Government Finance Act 1992, Section 35:

"In relation to billing authorities in England, 'special items' means any precept or portion of a precept, or any amount or portion of an amount, which the authority determines relates to only part of its area."

This legislative framework means that the Council's overall Council Tax yield is necessarily lower than the theoretical maximum, as some expenditure is apportioned only to selected areas rather than across the whole district. When government policy assumes authorities can raise the full average Band D Council Tax, it fails to account for these statutory deductions and the realities of local taxbase fragmentation.

The Council has argued for years that the current referendum principles—whereby local authorities must hold a local referendum if they wish to increase Council Tax above a government-prescribed threshold—are in need of urgent review. As the funding landscape evolves and pressures on local finances intensify, it is essential that these principles are revisited to ensure councils have the flexibility to respond to local priorities and rising demand. Retaining outdated referendum thresholds risks

constraining authorities' ability to maintain vital services, particularly in the context of full equalisation proposals that do not adequately reflect local circumstances.

Question 11

Do you agree with the government's proposal to fully include the impact of mandatory discounts and exemptions in the measure of taxbase?

The Government's proposal to fully include the impact of mandatory discounts and exemptions in the taxbase measure appears fair and consistent with previous practice, notably the 2013-14 Local Government Finance Settlement. By factoring in these mandatory schemes, which authorities cannot control, the approach supports principles of fairness, transparency, and robustness. However, a potential risk lies in possible discrepancies if local conditions or policy changes cause variations in the numbers of properties affected by such exemptions, potentially leading to uneven resource adjustments that might not perfectly reflect current realities.

Question 12

Do you agree with the government's proposal to use statistical methods to proxy for the impact of Working Age Local Council Tax Support in the measure of taxbase?

Regarding Working Age Local Council Tax Support (WA-LCTS), the proposal to use statistical methods such as linear regression to estimate the impact on the taxbase avoids constraining local discretion and prevents authorities from tailoring schemes simply to affect funding allocations. While this method promotes consistency and sustainability, it does introduce risks. Relying on proxy variables like the IMD score and the proportion of working-age population may not capture all local nuances, possibly resulting in estimates that do not fully align with the actual impact on individual authorities. There is also a risk that using national models and assumptions could mask unique local contexts, leading to funding allocations that are not always sensitive to specific demographic or economic changes. Overall, these approaches strike a balance between fairness and simplicity, but ongoing monitoring and refinement may be necessary to ensure that the measures remain responsive to local realities and do not inadvertently disadvantage authorities with exceptional circumstances.

Question 13

What are your views on the proposed statistical approach to proxy for the impact of Working Age Local Council Tax Support?

See Question 12 above

Question 14

Do you agree with the government's proposal to assume that authorities make no use of their discretionary discount and premium schemes in the measure of taxbase?

Yes

Question 15

Do you agree with the government's proposal to apply a uniform Council Tax collection rate assumption to all authorities?

The Council agrees with the Government's proposal to assume that authorities make no use of their discretionary discount and premium schemes in the measure of taxbase. Adopting a uniform approach to the Council Tax collection rate—by not including an assumption around collection rates—helps ensure equal treatment for all authorities regardless of their actual collection performance. The Council notes that the government's wider funding reforms, such as the Foundation Formula, already consider the impact of deprivation on local needs and resources, which further supports the decision to keep the taxbase measure straightforward and equitable.

Question 16

Do you agree with the government's proposal to split or allocate the resource adjustment in multi-tier areas according to the average share in Council Tax receipts in multi-tier areas?

The Council agrees, in principle, with this approach. Using Council Tax shares as a basis is a clear and transparent method that reflects existing funding patterns between county and district councils, or other multi-tiered authorities. This method is well-understood, relatively simple to implement, and can help maintain stability in local authority finances during a period of significant change.

However, there are potential disadvantages to this approach that should be kept in mind:

- **Does Not Reflect Actual Service Responsibilities:** Council Tax shares do not always align perfectly with the distribution of service responsibilities or spending pressures between tiers. For example, some services funded through Council Tax may be county-led, while others are delivered at district level. Using an average share may inadvertently favour one tier over another if their actual needs differ.
- **Entrenches Historic Disparities:** Relying on historic averages might perpetuate inequalities that have developed over time, rather than addressing them. Authorities that have faced historic underfunding or unique local circumstances may not benefit as much from this formula.
- **May Not Adapt Well to Changing Circumstances:** The approach is based on past Council Tax receipts, which may not be the best indicator

of current or future financial needs in rapidly changing areas or in regions experiencing significant demographic shifts.

- **Potential for Reduced Flexibility:** Fixing the allocation based on Council Tax shares may limit the government's ability to respond to exceptional needs, emergencies, or policy changes at the local level.

While the Council supports the Government's aim to use a familiar and straightforward method for dividing resource adjustments, we recommend that the approach is kept under review. Where possible, it should be supplemented with other data or flexibility to ensure funding is responsive to genuine local need, service pressures, and changing circumstances. Addressing these potential disadvantages will help ensure the system is fair and effective for all tiers of local government.

Question 17

Noting a potential trade-off of an increased levy charged on business rate growth for some local authorities, do you agree that the level of Safety Net protection should increase for 2026-27?

The Council agrees with increasing the level of Safety Net protection for 2026-27 in order to support transitional arrangements. However, it would have been helpful to receive more detail at this stage regarding how the increased protection will operate in practice. While the Council acknowledges that the Government intends to provide further information ahead of the provisional Local Government Finance Settlement, the Council would emphasise the importance of greater certainty as soon as possible to enable effective budget setting.

Question 18

Do you agree with the government's proposal to end the New Homes Bonus in the Settlement from 2026-27 and return the funding currently allocated to the Bonus to the core Settlement, distributed via the updated Settlement Funding Assessment?

In response to the Government's proposal to end the New Homes Bonus in the Settlement from 2026-27 and reallocate its funding through the updated Settlement Funding Assessment, the Council would like to emphasise its preference for transitional arrangements to help manage this significant change. The proposed immediate removal of the Bonus, without a phased approach, poses challenges for financial planning and stability at the council level.

The Council would, therefore, welcome the opportunity to fully assess the impact of losing this funding on our Council's ability to deliver services and balance budgets. While the Council acknowledges that the New Homes Bonus is no longer fulfilling its original purpose of incentivising new housebuilding—instead, becoming a mechanism to support core budgets—the funding it provides remains important for the sustainability of local government finances.

Accordingly, the Council urges the Government to consider transitional protections and impact assessments to ensure councils can adapt to the change in a manageable way, and to avoid unintended consequences for local service provision.

In addition, the Council would encourage the Government to consider alternative mechanisms for recognising and rewarding those councils that have actively promoted housing growth in recent years. While the New Homes Bonus may no longer be the preferred vehicle, it remains important to ensure that authorities which have facilitated significant new development are acknowledged and incentivised appropriately. Developing a new approach—potentially tied to current or future contributions to meeting housing needs—would help maintain momentum in delivering much-needed homes and support councils facing the demands that come with substantial population increases.

Question 19

What measures could the government use to incentivise local authorities to specifically support affordable and sub-market housing?

- **Flexible Use of Land and Assets:** Providing greater flexibility and support for local authorities to use public land, including surplus or underutilised assets, would help unlock sites for affordable and sub-market housing in both urban and rural communities across the district.
- **Planning Policy Levers:** Streamlining and strengthening planning policy—such as allowing for higher affordable housing requirements in new developments or expedited approval processes for affordable-led schemes—could give North West Leicestershire the tools to more effectively deliver on local demand.

Question 20

Are there any further flexibilities that you think could support local decision-making during the transitional period?

The Council would welcome greater flexibility around the setting of Council Tax increases, recognising the important contribution this lever can make to local funding decisions. However, for authorities such as North West Leicestershire, which is facing a significant 5%-7% reduction in core spending power under the proposed settlement, the scope to use Council Tax increases alone as a solution is extremely limited. For context, a 1% increase in Council Tax raises only around £60,000 locally – insufficient to offset the scale of the funding reduction anticipated.

Given these constraints, the Council would strongly support the option to set a balanced budget over the full three-year settlement period, rather than requiring an in-year balanced position from the outset. This approach would enable the Council to plan for a deficit budget in year one, underpinned by a credible plan to return to balance by the end of the settlement period. Such multi-year flexibility would provide the necessary breathing space to implement meaningful efficiencies and service transformation, rather than relying on unsustainable short-term measures.

In this vein, the use of reserves as a primary mechanism to balance the budget is not sustainable, particularly where significant funding reductions are ongoing. While recent actuarial reviews have provided some scope for one-off savings on pension contributions, these are inherently time-limited and cannot be relied upon as a long-term solution to structural funding challenges.

The Council also refers to its earlier comments regarding the issue of special expenses, which present additional complexities in local funding arrangements and should be carefully considered in the design of any future flexibilities.

Question 21

What are the safeguards that would need to go alongside any additional flexibilities?

It is crucial that any additional financial flexibilities granted to local authorities are implemented with robust safeguards to ensure responsible stewardship of public funds and the continued protection of community interests. First and foremost, clear accountability and oversight must underpin the application of these flexibilities. Local authorities should be required to report transparently on their use, with regular monitoring conducted by audit committees and relevant oversight bodies to ensure that the intended purpose of the funds is maintained.

Furthermore, all new flexibilities should be strictly time-limited, with sunset clauses in place to avoid creating a long-term dependency on temporary measures. This approach would encourage a timely return to sustainable financial management practices. In cases where councils propose to operate with a deficit or utilise reserves, it should be mandatory to submit credible, multi-year financial plans. These plans must clearly outline how financial balance will be restored within the designated period, detailing specific milestones and anticipated outcomes.

Protection for vulnerable and low-income groups should remain a central consideration. Safeguards must guarantee that essential services, particularly those serving the most disadvantaged residents, are preserved, and that flexibilities do not result in diminished support for these communities. It is also advisable to provide mechanisms for independent review in instances where a council faces significant deficits or heightened financial risk, allowing for early intervention and additional support when necessary.

Lastly, the process should prioritise meaningful community engagement. Local residents and stakeholders ought to be consulted regarding major financial decisions, especially those related to service adjustments or potential increases in local taxation. This will help to maintain public trust and reinforce the legitimacy of local authorities' actions.

Question 22

Do you agree or disagree that we should move local authorities to their updated allocations over the multi-year Settlement?

Please provide any additional information, including the impact this measure could have on local authorities' financial sustainability and service provision.

While the intention to smooth funding changes and provide local authorities with adequate time to plan is positive, there remain significant risks within the current proposals, especially for authorities such as North West Leicestershire.

North West Leicestershire has been identified as one of forty authorities expected to experience a reduction of 5% to 7% in its core spending power under the revised Settlement Funding Assessment. This represents a substantial challenge and raises concerns regarding the ongoing financial stability of the Council and the quality of local service provision. Such a sharp reduction in resources could affect the Council's ability to deliver essential services, potentially impacting residents and local economic development.

Furthermore, the proposed arrangements appear to penalise those authorities, like North West Leicestershire, that have actively fostered business rates growth over recent years. These councils have demonstrated a clear commitment to local economic management and resilience yet are now facing a situation where their success in growing the local tax base is not being fully recognised. By taking away these gains under the new system, the Government is making things less fair and could discourage councils from managing their finances well or coming up with new ideas.

The Government's expectation that councils should address funding reductions by relying on their reserves is also of particular concern. North West Leicestershire has established these reserves in a measured and responsible manner to support its capital programme, thereby avoiding unnecessary borrowing and ensuring sustainable finances over the long term. For the past three years, the Council has managed these reserves prudently, with clear plans for their application in future projects. Diverting these reserves to fill shortfalls in operational funding not only jeopardises planned capital investment but may also force the Council into less favourable financial positions, such as taking on new debt.

A robust mechanism to gradually smooth reductions over the three-year settlement period is essential. Without such transitional arrangements, local authorities like North West Leicestershire is exposed to abrupt changes that risk destabilising budgets and disrupting vital services. It is imperative that the Government introduces more gradual and supportive measures to protect councils from sudden financial shocks.

Additionally, the proposed 'flat cash' funding floor must be sufficiently robust to prevent authorities from experiencing unsustainable losses in core spending power. Any policy of this nature should account for both operational income and the planned, strategic use of reserves, ensuring that councils who have exercised prudent financial management are not unfairly penalised.

Ultimately, the situation facing North West Leicestershire demonstrates the broader risks inherent in the current proposals: a lack of adequate smoothing for funding reductions, negative consequences for those who have delivered business rates

growth, and unrealistic expectations regarding the use of reserves. It is strongly recommended that the Government revisit its approach, ensuring a fair and equitable transition for all affected councils and recognising the value of responsible financial planning. Failure to address these issues could undermine the delivery of local public services, weaken the financial sustainability of local authorities, and diminish incentives for local growth and investment.

Question 23

Do you agree or disagree that we should use a funding floor to protect as many local authorities' income as possible, at flat cash in each year of the Settlement?

Please provide any additional information, including on:

- **The level of protection or income baseline, considerate of the tradeoff with allocating funding according to the updated assessment of need and resources; and**
- **The possible impacts on local authorities' financial sustainability and service provision.**

The Council wishes to reiterate that it is among the small number of authorities facing a disproportionately large reduction in funding as a result of significant business rates growth achieved in recent years. While the Council supports the principle of a flat cash funding floor as a mechanism to protect council incomes during this transition, it is deeply disappointing that North West Leicestershire is not being afforded a level of protection equivalent to other authorities.

This outcome appears to penalise those councils that have successfully delivered growth and managed their finances prudently in anticipation of the business rates reset. For North West Leicestershire, the flexibility offered around council tax increases is of limited practical benefit; a 1% increase in council tax equates to only approximately £60,000—an amount that is negligible when compared to the projected £2 million to £3 million reduction in core spending power. This stark disparity illustrates that council tax flexibility alone will not mitigate the scale of the financial challenge facing our district.

It is important to highlight that the Council has been diligent in building up reserves over recent years specifically to prepare for the business rates reset. These reserves have also been earmarked to support the council's ambitious capital programme, ensuring that vital economic regeneration schemes are properly aligned with Council Plan priorities. There is a clear and sustained focus on regeneration across North West Leicestershire, and being forced to draw down reserves to plug revenue funding gaps over the coming settlement period will remove valuable and much-needed investment from the district.

Furthermore, turning to borrowing to fund capital investment is contrary to the Council's long-term strategy of minimising borrowing costs and maintaining financial sustainability. This situation creates a 'double whammy' for the Council: not only is the Council absorbing significant reductions in core spending power, but the Council is also compelled to divert resources away from regeneration and growth—key areas that drive future prosperity and support the Government's ambitions.

Over recent years, North West Leicestershire District Council has implemented a comprehensive transformation programme, securing substantial efficiencies and cost savings to support a balanced budget. Nonetheless, the scale of the expected reductions will inevitably require further savings, which will hinder progress against the Council Plan and risk diminishing the quality and breadth of services provided to our residents.

In summary, while the Council agrees with the principle of a funding floor, the Council urges the government to reconsider the current approach so that authorities like North West Leicestershire—who have taken responsible steps to promote growth and financial resilience—are not left exposed to unsustainable funding reductions. A fairer application of the funding floor is needed to safeguard local services, protect strategic investment, and reward prudent financial management.

Question 24

Do you agree or disagree with including projections on residential population?

Including projections on residential population is a sensible approach, given that population growth is a major driver of local authority need. Using consistent Office for National Statistics (ONS) methodologies ensures comparability and helps direct resources to areas with faster-growing populations, supporting a fairer allocation of funding.

Question 25

Do you agree or disagree with including projections on Council Tax level?

Including projections on Council Tax level is important, as it ensures that funding allocations reflect local authorities' varying abilities to raise income and helps maintain fairness by supporting areas less able to generate revenue locally.

Question 26

Do you agree or disagree with including projections on Council Tax base?

The Council agrees that including projections on the Council Tax base is important. This approach provides a fairer reflection of local authorities' potential to raise revenue and supports a more accurate allocation of funding in line with local needs and growth trends.

Question 27

Please provide any additional information, including any explanation or evidence for your response and any views on technical delivery. If you agree,

what is your preferred method of projecting residential population, Council Tax level and Council Tax base?

For projecting residential population, the preferred approach is to utilise the ONS methodologies. These are widely recognised for their accuracy and comparability, ensuring that resource allocation reflects up-to-date population trends and supports areas experiencing rapid growth.

Question 28

Do you agree with the proposed above approach to determining allocations for areas which reorganise into a single unitary authority along existing geographic boundaries?

Yes

Question 29

Do you agree that, where areas are reorganising into multiple new unitary authorities, they should agree a proposal for the division of existing funding locally, based on any guidance set out by central government?

Yes

Please provide any supporting information, including any further information areas would find helpful in guidance.

Question 30

Do you agree that the government should work to reduce unnecessary or disproportionate burden created by statutory duties? If you agree, what specific areas of statutory duties impose significant burden without significant value for residents?

District councils widely support the Government's intention to review and reduce unnecessary or disproportionate statutory burdens, especially where these duties do not provide clear or significant value to residents. Many district councils have highlighted that the sheer volume and complexity of statutory duties can detract from their ability to focus on local priorities and deliver high-quality services.

Please provide any examples of changes you would like to see to statutory duties, being as specific as possible.

- Planning and Building Control Reporting: Statutory requirements to submit extensive data on planning applications, building control, and local plans are commonly noted as burdensome. Many councils report that the frequency and granularity of required data submissions do not always align with the needs of central government or local residents and suggest a more streamlined or proportionate approach.

- **Mandatory Data Collection and Monitoring:** Councils are required to collect, monitor, and report on a wide range of service and demographic data, some of which may be redundant or duplicative. Other district councils have called for a review of what data is genuinely required for effective oversight versus what could be reduced or combined to lessen the reporting burden.

Question 31

Do you agree with the proposed framework outlined at paragraph 11.2.3 for assessing whether a fee should be changed?

Yes

Please provide any additional information, for example any additional considerations which would strengthen this proposed assessment framework, and any data which would be used to assess against it.

Question 32

The government invites views from respondents on how best to balance the need to maintain fee values and the original policy intent of the fee whilst minimising cost of living impacts for service users.

None.

Question 33

Do you agree that the measures above provide an effective balance between protecting charge payers from excessive increases, while providing authorities with greater control over local revenue raising?

Please provide a rationale or your response. We are also interested in any further mechanisms which could be applied to fees that are updated or devolved, that will help strike a balance between those objectives.

The Council agrees with the principles outlined, as they strike a fair balance between protecting service users from excessive costs and allowing local authorities appropriate flexibility in fee setting.

Question 34

Do you agree that we should take action to update fees before exploring options to devolve certain fees to local government in the longer term?

The Council agrees with the proposed approach. It makes sense to update the fees first before looking at the option of giving more fee-setting powers to local Government. This approach should help make sure any changes happen smoothly and thoughtfully. However, where fees are ultimately devolved to local government, it is essential that this is accompanied by appropriate new burdens funding to cover

the administrative cost of managing these responsibilities. This will help support effective local delivery and safeguard against unintended pressures on resources.

Question 35

Do you agree or disagree that these are the right Relative Needs Indicators? Are there any other Relative Needs Indicators we should consider? Note that we will not be able to add additional indicators for a 2026-27 update.

As a lower tier authority, the Council is not directly responsible for the application of the funding formula in respect of social care and therefore are not in a position to comment on the proposed changes.

Question 36

Do you agree or disagree with including population projections in the ASC formula, when published, that have been rebased using Census 2021 data?

As a lower tier authority, the Council is not directly responsible for the application of the funding formula in respect of social care and therefore are not in a position to comment on the proposed changes.

Question 37

Do you agree or disagree with our proposal to include a Low-Income Adjustment (LIA) for the older adult's component of the ASC RNF model?

As a lower tier authority, the Council is not directly responsible for the application of the funding formula in respect of social care and therefore are not in a position to comment on the proposed changes.

Question 38

Do you agree or disagree that the overall ASC RNF should combine the two component allocation shares using weights derived from the national ASC net current expenditure data on younger and older adults (in this case 2023 to 2024)?

If you disagree, what other weightings would you use? Please provide details for why you would use these weights and what data it would be based on?

As a lower tier authority, the Council is not directly responsible for the application of the funding formula in respect of social care and therefore are not in a position to comment on the proposed changes.

Question 39

Do you agree that ethnicity should be removed as a variable in the CYPS formula? Please explain your reasoning.

As a lower tier authority, the Council is not directly responsible for the application of the funding formula in respect of social care and therefore are not in a position to comment on the proposed changes.

Question 40

Do you agree overall that the new formula represents an accurate assessment of need for children and family services? Please share any reflections or suggested changes.

As a lower tier authority, the Council is not directly responsible for the application of the funding formula in respect of social care and therefore are not in a position to comment on the proposed changes.

Question 41

Do you believe that the components of daytime population inflow should be weighted to reflect their relative impact on demand for services?

The Council generally agrees with the proposal to apply differentiated weights to the various components of daytime population inflow, recognising that commuters, day visitors, and overnight visitors each place distinct demands on local services. Using evidence-based or expert-derived weightings seems a practical approach to more accurately reflect the pressures faced by authorities, both urban and rural.

Question 42

Do you agree with/have any comments on the design of the Foundation Formula?

The Council agrees with the proposed design of the Foundation Formula. The methodology appears comprehensive and appropriately balances factors such as deprivation, daytime population, and area cost adjustments.

Question 43

Do you agree with/have any comments on the design of the Fire and Rescue Formula?

As a lower tier authority, the Council is not directly involved in the delivery or funding of fire and rescue services and therefore are not in a position to provide informed comments on the design of the Fire and Rescue Formula.

Question 44

Do you agree with/have any comments on the design of the formula for Highways Maintenance?

As a lower tier authority, the Council is not directly responsible for highways maintenance and therefore does not consider itself well placed to provide informed comment on the design of the highways' maintenance formula.

Question 45

Do you agree with/have any comments on the design of the formula for Home-to-School-Transport?

As a lower tier authority, the Council is not directly responsible for the administration of home to school transport and therefore are not in a position to provide detailed comments on the design of the formula.

Question 46

Do you have any views on the potential impacts of the proposals in this consultation on persons who share a protected characteristic?

Given that North West Leicestershire District Council is among the authorities facing a projected reduction in its core spending power of 5%–7%, the impact of these funding changes will be both immediate and significant. To set a financially sustainable budget, the Council will have no choice but to consider a range of savings measures, balancing the need to protect essential services against the legal requirement to deliver a balanced budget in both the short and medium term. This financial pressure is likely to result in either a reduction in service provision or, in some cases, the cessation of certain services altogether.

The Government has indicated that some flexibility may be available to local authorities in the form of potential increases to council tax. However, at a time when the cost of living crisis continues to affect many households—especially those on lower incomes—any increase in council tax will disproportionately impact the most financially vulnerable residents. This places additional hardship on groups who may already be experiencing financial stress and who are more likely to rely on council services and support.

It is important to emphasise that North West Leicestershire has worked diligently to promote business growth and increase housing supply, contributing positively to both the local and wider economy. Despite these achievements, the proposed changes to the funding formula would see the council penalised, with funding redistributed away from the area. This not only undermines the Council's efforts but also restricts its ability to invest in community development and support services that benefit all residents.

Other significant areas include:

- **Impact on Low-Income Households:** Households with lower incomes are likely to be disproportionately affected by both reductions in service delivery and potential increases in council tax. These residents may already be struggling with rising living costs and may be less able to absorb additional financial burdens. Service reductions could remove or limit vital support such as housing advice, welfare support, and debt counselling, exacerbating existing inequalities.
- **People with Disabilities:** Many council services directly support people with disabilities, including accessible transport, adaptations to homes, social care, and community activities. Reduced funding could lead to

longer waits, service rationing, or the withdrawal of support, impacting independence, well-being, and participation in society.

- **Ethnic Minority Groups:** Minority ethnic communities may be disproportionately impacted if targeted support, engagement, or translation services are reduced or withdrawn. These groups often face systemic barriers and may rely more heavily on council-run services to ensure fair access to housing, employment, and community participation.
- **Rural Communities:** North West Leicestershire includes both urban and rural areas, and rural communities may see greater impacts where service reductions exacerbate existing challenges such as limited public transport, fewer local facilities, and digital exclusion.

It is also essential to highlight that the cumulative nature of these impacts cannot be understated. For example, a low-income older resident with a disability may be hit by increased council tax, reduced social care, and limited access to community facilities at once. People who have more than one of these characteristics could face even bigger difficulties, as the challenges they experience will add up and make things harder overall.

In summary, the proposed funding reforms risk widening existing inequalities in North West Leicestershire. Notably, North West Leicestershire District is recognised as one of the fastest growing districts in the country. According to recent data from the Office for National Statistics, the district's population grew by approximately 10% between 2011 and 2021, significantly outpacing the national average growth rate of 6.6% over the same period. In addition, North West Leicestershire has seen an increase of over 5,000 new homes built in the past decade, and employment rates have risen consistently, with nearly 80% of the working-age population now in employment. This rapid expansion highlights the area's dynamic economy and the increasing demand for public services, infrastructure, and community support. Any reduction in funding, therefore, not only threatens the level of service provision but also risks undermining the district's continued growth and prosperity.

Residents who share certain protected characteristics under the Equality Act 2010—such as age, disability, ethnicity, and socio-economic disadvantage—are likely to be most affected by both funding reductions and increases in council tax. The Council urges the Government to reconsider the redistribution approach and to ensure that transitional arrangements are robust enough to mitigate the most severe impacts on protected groups. Moreover, it is recommended that a detailed equality impact assessment is undertaken, with meaningful engagement of affected communities, prior to any final decisions being made.