

**RIBBLE VALLEY BOROUGH COUNCIL** INFORMATION  
**REPORT TO POLICY AND FINANCE COMMITTEE**

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meeting date: 14 FEBRUARY 2023  
title: PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2023/24  
submitted by: DIRECTOR OF RESOURCES  
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1. PURPOSE

1.1 To report the details of the Provisional Local Government Finance Settlement for 2023/24.

2. BACKGROUND

2.1 The local government finance settlement is the annual determination of funding to local government and is approved by the House of Commons. The grant settlement for next year was issued on 19 December 2022.

2.2 The Secretary of State for Levelling Up, Housing and Communities, Michael Gove MP, issued a written ministerial statement to the House of Commons.

2.3 The consultation period ended on 16 January 2023. At the time of writing this report the final settlement had not been announced. This usually takes place at the beginning of February. I will report any updates to your meeting.

3. KEY INFORMATION FOR RIBBLE VALLEY

3.1 The settlement is for two years, 2023/24 and 2024/25. However in essence it is only a one year settlement with finance reforms pushed back again.

**CORE SPENDING POWER**

3.2 Core Spending Power is a measure of the resources available to local authorities to fund service delivery.

3.3 The Government have stated that Core Spending Power will rise by an average 9.2 per cent in 2023/24. They have announced a new one-off Funding Guarantee to ensure that no council sees an increase of less than 3% in their Core Spending Power next year before local decisions are made on the level of council tax.

3.4 Our Core Spending Power will increase by 4.8% and is shown below along with comparisons with the previous settlements for information:

Ribble Valley

Illustrative Core Spending Power of Local Government:											
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	change from 2022-23	
	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	%
Settlement Funding Assessment	2.253017	1.862606	1.569143	1.411972	1.332680	1.354393	1.354393	1.354609	1.453666		
Compensation for under-indexing the business rates multiplier	0.017927	0.017927	0.019000	0.029856	0.043427	0.054284	0.070570	0.138425	0.239342		
Council Tax Requirement excluding parish precepts <sup>1</sup>	3.053395	3.208677	3.275257	3.451102	3.497364	3.677865	3.737650	3.945422	4.139603		
Improved Better Care Fund	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
New Homes Bonus	0.968616	1.366884	1.576990	1.575908	1.666486	1.770952	1.515848	1.205836	0.506197		
New Homes Bonus returned funding	0.004002	0.002862	0.003036	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
Rural Services Delivery Grant	0.020651	0.107254	0.086603	0.107921	0.107921	0.107921	0.113250	0.113250	0.113250		
Transition Grant	0.000000	0.020424	0.020345	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
Adult Social Care Support Grant	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
Winter Pressures Grant <sup>2</sup>	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
Social Care Support Grant	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
Social Care Grant <sup>3</sup>	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
Market Sustainability and Fair Cost of Care Fund	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
ASC Market Sustainability and Improvement Fund <sup>4</sup>	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
Lower Tier Services Grant	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.057696	0.061960	0.000000		
ASC Discharge Fund	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
Services Grant	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.093368	0.052612		
Grants rolled in	0.036418	0.042537	0.040494	0.040089	0.040195	0.041846	0.047126	0.048351	0.000000		
Funding Guarantee	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.788858		
<b>Core Spending Power</b>	<b>6.354027</b>	<b>6.629170</b>	<b>6.590867</b>	<b>6.616848</b>	<b>6.688073</b>	<b>7.007261</b>	<b>6.896533</b>	<b>6.961220</b>	<b>7.293527</b>	<b>0.332306</b>	<b>4.8%</b>
Change since 2015-16 (£ millions)									0.939500		
Change since 2015-16 (% change)									0.147859		

3.5 Our Spending Power (if we increase our council tax by the maximum allowed) will increase by £332k. This will not cover the cost of inflation.

**SERVICES GRANT**

3.6 We were told last year this was a new one off grant for 2022/23 and it was to provide funding for all tiers of local government in recognition of our services and included the costs of the planned increase in NI contributions. The Government have announced the Services Grant will continue in 2023/24 but at a lower level due to the reversal of the planned National Insurance increases. Ribble Valley will receive £52,612.

**RURAL SERVICES DELIVERY GRANT (RSDG)**

3.7 We are pleased that the Rural Services Delivery Grant will continue. Over the years we have lobbied the Government and supported the various groups including the Rural Services Network to point out the significant extra costs of providing services in rural areas. Next year we will receive the same amount as the current year ie £113,250. This will be paid as a separate grant.

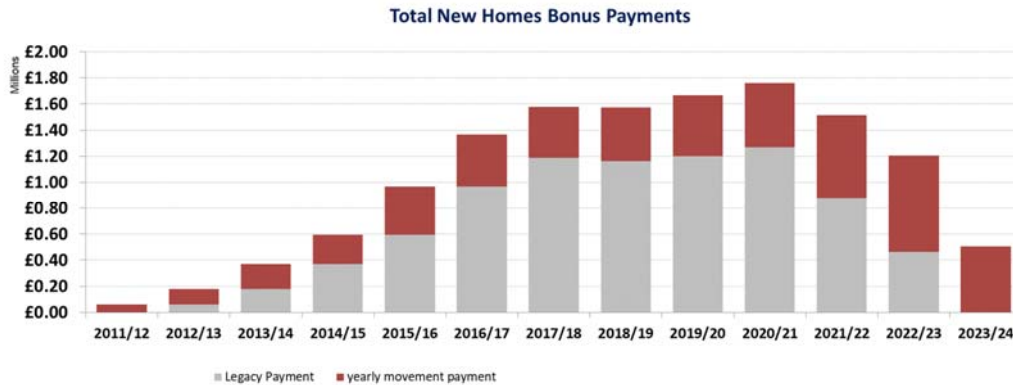
**NEW HOMES BONUS (NHB)**

3.8 The New Homes Bonus is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas.

3.9 It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes.

3.10 The Government have allowed a new round of NHB allocations in respect of 2023/24 which will not attract any future legacy payments. Next year we will therefore receive £506k However we are relying on NHB of £1.1m to fund the revenue budget each year. They have (yet again) said there will be reforms to the NHB scheme and these will take place over the summer. This seems very much a one year only deal for NHB and it does appear the scheme will end next year.

3.11 The table below shows clearly the significant fall in our NHB allocation.



## **ONE-OFF FUNDING GUARANTEE**

- 3.12 This new guarantee is 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. This will be funded from expired NHB legacy payments and also the repurposing of the Lower Tier Services Grant. Ribble Valley will receive £788k.

## **BUSINESS RATES**

- 3.13 As you are aware we have been a member of the Lancashire Business Rate Pool/Pilot since 2016.
- 3.14 The Government asked all members of pools to express their pooling preferences for 2023/24 in Autumn. Despite continuing uncertainty surrounding the resetting of baselines and the impact of the 2023 Revaluation of business rateable values it was decided to request to remain a member of the pool for next year.
- 3.15 All other members of the current pool decided to also request to remain in the pool and we have now received the official designation letter from DLUHC confirming the Lancashire Pool for next year which consists of the following local authorities.
- Burnley Borough Council
  - Chorley Borough Council
  - Fylde Borough Council
  - Hyndburn Borough Council
  - Pendle Borough Council
  - Ribble Valley Borough Council
  - Rossendale Borough Council
  - South Ribble Borough Council
  - West Lancashire Borough Council
  - Wyre Borough Council
  - Lancashire County Council

- 3.16 The designation has effect from 1 April 2023 for the financial year 2023/24.
- 3.17 Local authorities in the pool are given 28 days from the date of the announcement of the Local Government Finance Settlement (19/12/22) to consider if they wish to continue to be designated as a pool. No member gave notice to pull out of the Lancashire pool and therefore it will continue in 2023/24.
- 3.18 The Pool will operate on the same basis as it does in the current year, where members benefit from retaining levies on growth above their baseline instead of paying these over to the Government. LCC will receive 10% of the total retained levies. In addition, as Lead Authority we will receive £20,000 and act as a channel for all payments to and from DLUHC.

## **COUNCIL TAX REFERENDUM PRINCIPLES**

- 3.19 We will be allowed to increase our council tax by £5 without having to hold a referendum.

- 3.20 Our band d tax is currently £160.69. If members were to agree a £5 increase then this multiplied by our taxbase for next year of 24,980 would generate extra council tax income of £193k.

### COMPARISON WITH EXTERNAL FUNDING ASSUMED IN BUDGET FORECAST

- 3.21 The table below shows the assumption made in the Budget Forecast compared with the Provisional Settlement.

	2023/24 budget forecast	Provisional Settlement
Council Tax Income (based on £5/£10 inc)	4,232,861	4,138,936
Business Rates Baseline Funding	1,422,113	1,405,077
Transition Grant	695,411	0
New one-off Funding Guarantee	0	788,858
Revenue Support Grant	215	48,588
<i>Less rolled in grants:</i>	0	-46,310
<i>Council tax annexe discount</i>		
<i>Local Council Tax Support Admin Subsidy</i>		
New Homes Bonus	420,000	506,197
Rural Services Delivery Grant	118,913	113,250
Lower Tier Services Grant	65,058	0
Services Grant	0	52,612
	6,954,571	7,007,208

## 4. CONCLUSION

- 4.1 It is disappointing that this is in effect another one year only settlement which means we cannot plan beyond next year with any certainty. It has been made clear that the Funding Guarantee is a one-off grant.

- 4.2 The main points of the Policy Statement as far as we are concerned are;

- Revenue Support Grant will increase in line with CPI (10.1% in September)
- Council Tax – the referendum threshold for shire districts will be 3% or £5 whichever is greater
- Rural Services Delivery Grant will be unchanged
- The Services Grant will reduce in 2023/24 to reflect the national insurance contribution increase being abolished
- New Homes Bonus will continue in 2023/24 but without legacy payments
- The Lower Tier Services Grant will be repurposed together with a proportion of the NHB legacy payments to create a new one off funding guarantee grant to ensure all Council's receive at least a 3% increase in Core Spending Power before any decision on Council Tax.

- 4.3 We expect there will be transitional protection alongside the implementation of finance reforms going forward. However transitional protection is usually against a council's Core Spending Power. It is important to note the income we receive from business rate growth does not form part of our Core Spending Power

DIRECTOR OF RESOURCES

PF18-23/JP/AC  
6 February 2023