

[Department for  
Levelling Up,  
Housing &  
Communities](#)

Consultation outcome

# Provisional local government finance settlement 2024 to 2025 consultation: summary of responses

Updated 5 February 2024

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# 1. Introduction

1. The local government finance settlement is an annual process to distribute core resources to local government. It consists of grant, locally retained business rates and council tax.

2. The Department for Levelling Up, Housing and Communities published the provisional local government finance settlement for 2024-25 on 18 December 2023. The consultation closed on 15 January 2024.

3. This publication outlines the government response to the consultation and confirms the final proposals for the 2024-25 local government finance settlement. It should be noted that parts of the local government finance settlement still require approval by the House of Commons.

4. On the distribution of Settlement Funding Assessment (SFA), the consultation document set out the following summary of the government's proposals:

- 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.
  - 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.

5. On council tax the consultation document set out the following:

- 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.

6. On the Funding Guarantee the consultation document set out the following:

- 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 they have taken any local decisions on council tax.

7. On the distribution of adult and children's social care resources the consultation document set out the following:

- 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, 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.

8. On New Homes Bonus (NHB), Rural Services Delivery Grant (RSDG) and the Services Grant, the consultation document set out the following:

- 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.

9. The government invited views and evidence on the impact that the government's proposals may have on persons who share a protected characteristic.

10. The consultation also outlined the government's concern about part time work for full time pay – 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 asked for views on using financial levers in future settlements occurring after 2024-25 to disincentivise the practice.

## **2. Responses to the consultation**

11. The 267 responses received to this consultation have been given full consideration, alongside other representations made during the consultation period. The government is grateful to everyone who took time to respond to the consultation.

12. The table below gives a breakdown of consultation responses by the type of respondent.

<b>Organisation type</b>	<b>Count</b>	<b>% of total responses</b>
London Borough	15	5.62%
Metropolitan District	22	8.24%
Unitary Authority	37	13.86%
Shire County	18	6.74%
Shire District	80	29.96%
Fire and Rescue Authority	25	9.36%
Local Authority Association or Special Interest Group	10	3.75%
Other organisation types consisting of: Combined Authority, Parish or Town Council, Other Local Authority Grouping, Other Representative Group, and Voluntary Organisations	17	6.35%
Local Authority Officer	15	5.62%
Member of Parliament or Local Authority Councillor	14	5.24%
Member of the public	14	5.24%
<b>Total</b>		<b>100%</b>

13. This document provides an overview of the responses received. It would not be practical to capture every point made in response.

14. Percentages are calculated from the overall number of consultation respondents. A number of responses were received via correspondence rather than via the online survey form. These comments have been given full consideration as part of the consultation but we have categorised them as neither agreeing or disagreeing with each proposal given they did not specify their views on the scale provided.

### 3. Distribution of Settlement Funding Assessment (SFA)

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

- Number of responses: 267
- Respondents who strongly agreed or agreed with the proposal: 69 (26%)
- Respondents neither agreeing nor disagreeing with the proposal: 85 (32%)
- Respondents who disagreed or strongly disagreed with the proposal: 97 (36%)
- Respondents who did not answer this question: 16 (6%)

15. The provisional local government finance settlement outlined the government’s proposal to, before rolling in grants, 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.

16. The provisional settlement also confirmed that we have no plans to introduce ‘negative Revenue Support Grant’.

17. Responses to this question were split. Of those who expressed an opinion, the majority disagreed with the Government’s proposal: many stated that the distribution methodology is outdated and that the increase in RSG is not sufficient to address broader funding pressures. However, there were a significant number of respondents who did agree with the proposal.

18. There was an almost equal number of respondents who welcomed the increase in RSG in line with CPI (98 respondents, 37%), many of whom said it was a “fair approach”, compared to 102 respondents (38%) stating that the increase in core settlement funding was not enough. There was also some overlap in these responses – 37 (14%) respondents welcomed the increase but expressed that it is still insufficient.

19. There was an even split between those who agreed with the continued elimination of so-called ‘negative RSG’ (19 respondents, 7%) and those who disagreed (20 respondents, 7%). Two hundred and twenty-eight (85%) respondents did not respond with a view on this.

20. Seventy-six (28%) respondents stated that RSG uses an outdated formula and 76 (25%) respondents called for broader reform of the local government finance system, including local tax. Some argued that it costs more to deliver services

across rural areas and that the current distribution of funding does not adequately compensate for this.

21. Thirty-seven (14%) respondents requested longer term certainty for the sector through multi-year settlements.

22. Some (forty-nine respondents, 18%) expressed that other settlement grants should increase in line with inflation or noted that the uplift in RSG has been funded by a reduction in the Services Grant.

23. After consideration of the responses, the government intends to proceed with the approach consulted on for the 2024-25 local government finance settlement. The government notes the views expressed with regards to the distribution of RSG. The government is restating its commitment to reform and modernise the local government finance system in the next Parliament to deliver simpler and fairer settlements for councils. The government also notes the comments on the importance of multi-year certainty – it is the government’s intention to return to multi-year settlements in the next Parliament when circumstances allow.

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

- Number of responses: 267
- Respondents who strongly agreed or agreed with the proposal: 85 (32%)
- Respondents neither agreeing nor disagreeing with the proposal: 104 (39%)
- Respondents who disagreed or strongly disagreed with the proposal: 62 (23%)
- Respondents who did not answer this question: 16 (6%)

24. The consultation on the provisional local government finance settlement sought views on consolidating the Fire Pensions Grant, worth £115 million, into the Revenue Support Grant. In order to ensure the policy objectives of this grant is not lost, we proposed retaining the current distribution formula of this grant.

25. There was support for the government’s proposal to simplify the funding system by rolling in this grant, with 85 (32%) respondents in favour. One hundred and twenty-six (47%) respondents expressed their support for the principle of funding simplification through rolling in grants to the local government finance settlement. There were 62 (23%) respondents who disagreed with the proposals as they were concerned that they will not benefit from future uplifts of the grant and policy objectives of rolled-in grants may be lost when the Revenue Support Grant is reviewed in future years.

26. One hundred and fourteen (43%) respondents agreed with the proposal to maintain the existing distribution for the rolled in grant. There were only 14 (5%) respondents who disagreed with this approach, including ten who disagreed with the existing distribution methodology of the Fire Pensions Grant.

27. Fifty-nine (22%) respondents sought assurance that grant quantum will not be reduced in future years.

28. Thirty-three (12%) respondents sought assurance that these grants remain visible in future local government finance settlements to support their budget setting process.

29. Having considered the responses to the consultation, the government intends to move forward with rolling in the Fire Pensions Grant into the local government finance settlement as proposed in the consultation. The government will continue to consider how it can go further to simplify and reduce the administrative burden on local authorities as part of fiscal events such as the spending review and local government finance settlement. This is so local authorities can better plan how they can use their money to meet local priorities and ultimately increase value for money for taxpayers.

## 4. Council tax

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

- Number of responses: 267
- Respondents who strongly agreed or agreed with the proposal: 15 (6%)
- Respondents neither agreeing nor disagreeing with the proposal: 70 (26%)
- Respondents who disagreed or strongly disagreed with the proposal: 169 (63%)
- Respondents who did not answer this question: 13 (5%)

30. Many respondents commented unfavourably on the government's policy of maintaining referendum principles rather than allowing complete local discretion over council tax increases and letting local authorities be accountable for their decisions at the ballot box.

31. A significant number of respondents argued that there should be greater flexibility provided for shire district councils and fire authorities. There was also a

wide range of comments relating to inflationary pressures affecting local authorities, particularly in relation to social care and staffing costs, as well as the challenges faced by authorities with small taxbases or large internal drainage board levies. The cost-of-living impact of council tax on residents was also a recurring theme.

32. One hundred and seven (40%) respondents commented that referendum principles should be ended or that decisions on council tax increases should be left to local authorities.

33. Forty-two (16%) respondents argued that council tax is not a sustainable way to fund local authorities.

34. Forty-six (17%) respondents commented that increases in council tax further compound cost of living challenges for local residents.

35. One hundred and eight (40%) respondents suggested the principles are not sufficiently flexible to meet service pressures.

36. Seventy-two (27%) respondents argued for greater flexibilities for shire district councils.

37. Twenty-seven (10%) respondents argued for greater flexibilities for fire authorities.

38. Thirty-four (13%) respondents suggested that the adult social care precept does not provide sufficient funding for those services.

39. Forty-six (17%) respondents raised concerns about local authorities with a small tax base.

40. Other points raised by respondents included: concerns that unconstrained increases in internal drainage board levies affect district councils' ability to generate council tax for their own services; a number of comments critical of the way that council tax is presented in core spending power; and more general observations about the need for council tax to be reformed.

41. The government has considered the arguments put forward by respondents to the proposals, including those highlighting inflation, local service and wage pressures, the cost-of-living implications of council tax increases, and the possible relaxation or removal of all referendum principles. The government believes that the overall package set out in the provisional local government finance settlement strikes an appropriate balance between ensuring local authorities can generate sufficient resources to deliver local services, while also protecting residents from excessive council tax increases. Local authorities should of course be mindful of cost-of-living pressures when taking any decisions relating to council tax.

42. The government has also considered the concerns raised in consultation responses from councils who continue to face sustained increases in Internal Drainage Board levies and call for additional council tax flexibilities. For 2024-25, as announced on 24 January, we have decided to again provide £3 million outside of the settlement to support those experiencing the biggest pressures as an interim measure to ease pressures faced in this financial year. We will work with the sector and the Department for the Environment, Food and Rural Affairs to implement a long-term solution.

43. The government view continues to be that councils in the most severe financial failure should continue to take all reasonable local steps to support recovery including additional council tax increases. Therefore, for the 2024-25 settlement, in consideration of the significant financial failure of Thurrock Council, Slough Borough Council and Woking Borough Council, bespoke council tax referendum principles will apply. For Thurrock Council, Slough Borough Council and Woking Borough Council, a council tax referendum principle of 10% will apply (for Thurrock and Slough, this comprises 2% for expenditure on adult social care, and 8% for other expenditure).

44. In recognition of the scale of the Council's failure, the government will not oppose a request for flexibility to increase council tax bills from Birmingham City Council. As set out in the settlement, a council tax referendum principle of 10% (comprising 2% for expenditure on adult social care, and 8% for other expenditure) will apply to Birmingham City Council. Whilst the government will not oppose this request given the seriousness of the circumstances, any decision to increase council tax is solely one for Birmingham City Council, who should have taken into account the pressures that people in Birmingham are currently facing on living costs.

45. The government is of course conscious of the effect on local taxpayers, particularly those on low incomes, of having to foot part of the bill for these councils' very significant failings. We have been clear to each of the councils that in implementing any additional increases, they should take steps to mitigate the impact on those least able to pay.

## 5. Funding Guarantee

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

- Number of responses: 267
- Respondents who strongly agreed or agreed with the proposal: 97 (36%)

- Respondents neither agreeing nor disagreeing with the proposal: 76 (28%)
- Respondents who disagreed or strongly disagreed with the proposal: 75 (28%)
- Respondents who did not answer this question: 19 (7%)

46. At the provisional local government finance settlement, the government proposed to maintain the Funding Guarantee from 2023-24 to ensure that all local authorities will see at least a 3% increase in their Core Spending Power, before they have taken any local decisions on council tax.

47. Overall, respondents were slightly in favour of the proposal. Ninety-seven (36%) respondents either agreed or strongly agreed with the proposal, while 75 (28%) respondents either disagreed or strongly disagreed. In written answers, one hundred and 17 (44%) respondents welcomed the Funding Guarantee, while 107 (40%) respondents argued that it was not generous enough. Fifty-eight (22%) respondents said both.

48. Thirty-eight (14%) respondents argued that the Funding Guarantee should be targeted towards local authorities with higher relative need, while 18 (7%) respondents considered it should be prioritised for social care.

49. Thirty-six (13%) respondents objected to the use of the Services Grant to provide the funding and 20 (7%) respondents objected to the inclusion of the New Homes Bonus in the Funding Guarantee's calculation.

50. Thirteen (5%) respondents requested the Funding Guarantee remain in place beyond 2024-25.

51. Twenty-nine (11%) respondents argued that the wider funding formula required updating.

52. Having considered these responses carefully, the government will increase the Funding Guarantee to 4%, as announced on 24 January. The government recognises the importance of protecting the funding position of local authorities as far as possible and believes the 4% Funding Guarantee will help authorities meet the cost of ongoing service pressures in 2024-25.

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

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?

- Number of responses: 267
- Respondents who strongly agreed or agreed with the proposal: 26 (10%)
- Respondents neither agreeing nor disagreeing with the proposal: 147 (55%)
- Respondents who disagreed or strongly disagreed with the proposal: 72 (27%)
- Respondents who did not answer this question: 22 (8%)

53. At the provisional local government finance settlement, the government consulted on providing £1 billion in additional grant for social care for 2024-25 compared to 2023-24 including: a £692 million increase in the Social Care Grant for both adult and children's social care; a £123 million increase to the combined Market Sustainability and Improvement Fund; and a £200 million increase to the local authority component of the Discharge Fund.

54. The consultation also proposed using £160 million of the total increase in the Social Care Grant to maintain the component which is used to equalise the variation in yield from the adult social care precept, in recognition of councils' differing abilities to generate income from council tax increases.

55. Sixty-nine (26%) respondents welcomed the increase in funding.

56. Ninety-one (34%) respondents argued the increase is not sufficient to meet adult social care pressures. Similarly, 83 (31%) respondents argued the increase is not sufficient to meet children's social care pressures.

57. Twenty (7%) respondents argued the distribution formulae need updating.

58. Twenty (7%) respondents stated that the adult social care precept is an inappropriate way of generating funding, arguing it raises different levels of funding around the country unrelated to need and adds further pressure on residents.

59. Twenty (7%) respondents said we should equalise more, though two respondents argued that we should not equalise against councils' difference in ability to raise funding through the adult social care precept.

60. Fifteen (5%) respondents commented that the ringfencing and reporting requirements are disproportionate or should be changed.

61. A number of other views were raised by a small number of respondents. Points included: concerns that Special Educational Needs and Disabilities services for children and Dedicated School Grant Deficits are a source of significant financial pressure; calls for longer-term funding certainty for social care; support for the delay to charging reform (announced at the 2022 Autumn Statement); and calls for clarity on revised plans and funding for charging reform.

62. After listening to the sector's consultation responses, and to make sure councils can continue to deliver these services while we build the evidence for reform, the government intends to provide a further £500 million of funding for social care, as announced on 24 January. This is on top of the £1 billion of additional funding for social care proposed at the provisional settlement and will be allocated through the Social Care Grant, ringfenced for adult and children's social care. This brings the total increase in grant funding for social care in 2024-25 compared to 2023-24 to £1.5 billion.

63. While being mindful of pressures in adult social care, where possible councils should use the uplift to the Social Care Grant to invest in areas that help place children's social care services on a sustainable financial footing. This includes investment in expanding family help and targeted early intervention, expanding kinship care, and boosting the number of foster carers. This funding, in turn, will reduce pressures on other areas of children's services such as home to school transport, where we recognise there has been a significant increase in pressures for special educational needs and disability services.

64. Having considered all the responses to the consultation, the government intends to proceed with the position consulted on for the 2024-25 local government finance settlement:

- The Social Care Grant (£5.0 billion, including the £500 million uplift announced on 24 January) will remain ringfenced for adult and children's social care. Recipient authorities will be required to provide written confirmation to certify that their allocation of the Social Care Grant has been used exclusively on adult and children's social care in 2024-25.
- The improved Better Care Fund (£2.1 billion) will retain the same distribution as in 2023-24. The government does not plan to make any significant changes to the purpose of the fund in 2024-25. A key requirement will continue to be that the grant is pooled into the Better Care Fund.
- The Discharge Fund (worth £500 million for local authorities) will continue to be pooled as part of the Better Care Fund, with local authorities and Integrated Care Boards required to produce jointly agreed plans for its deployment. The full conditions for the Discharge Fund for 2024 to 2025 will be confirmed shortly.
- The Market Sustainability and Improvement Fund (combined total of £1.1 billion) will continue to require evidenced improvements made on the chosen

target areas for 2023-24, and in 2024-25, conditions will set out that local authorities should maintain and target further improvements.

The government will confirm the final conditions attached to these funds in due course.

## 7. Other Grants – New Homes Bonus, Rural Services Delivery Grant and Services Grant

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

- Number of responses: 267
- Respondents who strongly agreed or agreed with the proposal: 64 (24%)
- Respondents neither agreeing nor disagreeing with the proposal: 111 (42%)
- Respondents who disagreed or strongly disagreed with the proposal: 69 (26%)
- Respondents who did not answer this question: 23 (9%)

65. The provisional local government finance settlement outlined the government's plans for a new round of New Homes Bonus payments in 2024-25. The proposal was that there will be no change to the calculations process and allocations for 2024-25 will continue to be paid for in the usual way.

66. Sixty-four (24%) respondents supported the proposal whilst 69 (26%) respondents were opposed.

67. Fifty-five (21%) respondents welcomed the continuation of the New Homes Bonus for a further year.

68. One hundred and thirteen (42%) respondents requested certainty on the future of the scheme or a replacement scheme.

69. Forty-seven (18%) respondents disagreed with the distribution of the New Homes Bonus. Fourteen (5%) respondents argued that the money could be better spent in other areas, whilst 20 (7%) respondents argued the funding should be distributed based on need. Twenty (7%) respondents argued that legacy payments should not be phased out.

70. Twenty-one (8%) respondents argued that government's Funding Guarantee offset incentives for housebuilding, nullifying the reward for any growth in home building.

71. Twenty (7%) respondents disagreed with the New Homes Bonus being funded from funding which would otherwise be distributed through the Revenue Support Grant.

72. After considering these responses, the government intends to proceed with the proposals consulted on. The government recognises the importance of clarity on the future of the New Homes Bonus beyond 2024-25, and we know that local authorities will welcome further information. We are working to provide this at the earliest opportunity and will provide any further details in due course.

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

- Number of responses: 267
- Respondents who strongly agreed or agreed with the proposal: 24 (9%)
- Respondents neither agreeing nor disagreeing with the proposal: 124 (46%)
- Respondents who disagreed or strongly disagreed with the proposal: 94 (35%)
- Respondents who did not answer this question: 25 (9%)

73. The government consulted on rolling forward the 2023-24 allocations of the £95 million Rural Services Delivery Grant for 2024-25. The government proposed to maintain the same distribution methodology, with the funding continuing to be distributed to the top-quartile of authorities ranked by 'super-sparsity', a measure of rurality.

74. Twenty-four (9%) respondents agreed with the proposal while 94 (35%) respondents opposed it. The largest proportion (46%) of respondents neither agreed or disagreed with the proposal.

75. Sixty-four (24%) respondents argued that the level of the funding should be higher, as the current allocations are not sufficient to meet the financial pressures being faced by rural local authorities with current levels of inflation and demand.

76. Twenty-nine (11%) respondents argued that we should not be providing additional funding to rural areas and that this funding should be distributed to all local authorities through the local government finance settlement.

77. Thirty (11%) respondents disagreed with the funding methodology, with 15 (6%) respondents disagreeing with it specifically because they felt they should be classified as a rural area.

78. After considering these responses, the government intends to provide an above inflation increase of over 15% to the Rural Services Delivery Grant, as announced on 24 January. This brings the total value of the grant to £110 million, from £95 million in 2023-24. This will be the highest increase since 2018-19, and the second successive year of above-inflation increases.

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

- Number of responses: 267
- Respondents who strongly agreed or agreed with the proposal: 13 (5%)
- Respondents neither agreeing nor disagreeing with the proposal: 88 (33%)
- Respondents who disagreed or strongly disagreed with the proposal: 142 (53%)
- Respondents who did not answer this question: 24 (9%)

79. At the provisional local government finance settlement, we consulted on continuing the Services Grant with no changes to the distribution methodology. We proposed that the Services Grant will be £77 million in 2024-25, a reduction compared to 2023-24, to fund other parts of the settlement. We stated that we were holding back a proportion of the Services Grant as contingency to cover any unexpected movements, such as adjustments to New Homes Bonus allocations.

80. Of those that expressed an opinion, over half (one hundred and forty-two respondents, 53%) disagreed or strongly disagreed with the proposal, compared to one hundred and one (38%) respondents who neither agreed nor disagreed, or agreed or strongly agreed.

81. Many respondents supported the continuation of the grant, but 162 (60%) respondents objected to the reduced quantum of funding.

82. Thirty-six (13%) respondents recognised that the reduction in the Services Grant will be offset by broader increases in grant, but raised concerns that this would result in overall funding moving away from areas of highest need. Many also felt the government should be more transparent about how the reduction in the Services Grant has been reallocated elsewhere in the settlement.

83. A significant point of contention was the way these changes had been communicated. Forty-two (16%) respondents felt that the reduction in Services

Grant had not been adequately anticipated in the government's policy statement and the subsequent uncertainty had affected their budgeting processes.

84. Twenty (7%) respondents argued that greater certainty should be provided on the Services Grant for future years, while 20 (7%) respondents requested more detail on how contingency funding will be used. Many also felt that money set aside for contingency funds should be released.

85. The distribution methodology of the Services Grant drew less comment: several respondents approved of the distribution methodology, whilst a small number opposed it.

86. After considering these responses and responses to the consultation more broadly, the government announced on 24 January a funding package worth £600 million for local government, including £500 million additional funding for social care. The government also intends to bring the final total of the Services Grant to £87 million, £10 million more than the value consulted on. This uplift includes an additional £3 million for the Isle of Wight and £0.15 million for the Isles of Scilly in recognition of the unique circumstances facing island authorities, as trailed in the announcement of 24 January.

87. The Services Grant has been reduced from 2023-24 to fund other elements of the settlement in 2024-25, including uplifting grants, and to ensure a balanced settlement for all authorities. These include: funding the increase to the Revenue Support Grant in line with CPI; uplifting the Funding Guarantee to ensure that all authorities see an increase in Core Spending Power of 4% before any local decisions on council tax; and, in recognition of the differing abilities to generate income from council tax increases, equalisation of the adult social care precept. The contingency money that was put aside at the provisional settlement has also been allocated towards the Funding Guarantee, uplifting the Rural Services Delivery Grant, and providing additional support to fund unique pressures faced by island authorities and authorities most affected by increasing Internal Drainage Board levies. The remaining contingency has been put back into the Services Grant.

## 8. Impacts of these proposals

**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?**

- Number of responses: 267

- Respondents that responded 'yes': 136 (51%)
- Respondents that responded 'no': 131 (49%)
- Respondents who did not answer this question: 21 (8%)

## Summary of responses

88. The government invited views through the provisional local government finance settlement consultation on the impact of the proposals on persons who share a protected characteristic. Most responses raised the impacts of potential service reductions as a result of the funding available to local authorities through the Settlement.

89. One hundred and one (38%) respondents argued that this local government finance settlement does negatively impact those with a shared protected characteristic.

90. Within this, the most common protected characteristic mentioned was age. Forty-four (16%) respondents specifically mentioned age as being affected negatively, particularly due to impacts on social care and funding for fire services. Eighteen (7%) respondents argued that more funding should go towards protecting or supporting children.

91. Disability was the second most reported of the protected characteristics. Twenty-six (10%) respondents specifically mentioned disabled persons as being affected negatively.

92. Although socioeconomic status is not a protected characteristic itself, 29 (11%) respondents argued that the local government finance settlement will have a negative impact on poorer and more deprived persons, as they are more likely to need to use local services. Although not a protected characteristic, poorer and more deprived persons can intersect with a number of protected characteristics, including age, race, gender and disability.

93. Responses to this question have been considered in government decisions on the final local government finance settlement. A statement on how government has taken these responses into account in the assessment of the impacts of the settlement is included below.

## Approach to assessing the impact

94. Public bodies have a duty under section 149(1) of the Equality Act 2010 (the 'Act') to consider the needs of people who share particular protected characteristics. This is known as the public sector equality duty (PSED). In carrying out their functions, public bodies should have due regard to the need to achieve the following PSED objectives set out under the Act:

- 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; and
- Foster good relations between people who share a particular protected characteristic and people who do not share it.

95. The protected characteristics which should be considered are:

- age
- disability
- sex
- gender reassignment
- marriage or civil partnership
- pregnancy and maternity
- race
- religion or belief
- sexual orientation

96. When making decisions on the local government finance settlement, the government must have due regard to the PSED objectives outlined above. The government must consider the equalities impacts of settlement decisions on people with shared protected characteristics, including when making policy and spending decisions.

97. As local authorities decide how their resources are allocated, it is not possible to say for certain how changes in funding will affect specific groups of persons sharing a protected characteristic. In making these decisions, local authorities will also need to have due regard to their PSED objectives under the Act.

98. However, we can anticipate to some extent how local authorities might respond to changes in funding and the impact this may have on service users. This is informed by responses to this consultation, the government's broader continued engagement with local government, and historic trends. Engagement

with local government also allows us to ensure the assumptions underlying our modelling on the amount of funding local government requires are robust.

99. In considering the impact of the funding distribution on protected characteristics, the government has also considered the final distribution of Core Spending Power between local authorities as outlined in this response, as well as the characteristics of the people that live in the local authorities. The equalities analysis the government has undertaken includes the measures worth £600 million announced at on 24 January. The government also had due regard of qualitative and quantitative research on the users of the local government services, the impact of these services and the likely impact of funding decisions.

## **Brief outline of the policy proposal**

100. A summary of the measures consulted on can be found in chapter one of this response. Further detail can be found in the [provisional local government finance settlement 2024-25 consultation](https://www.gov.uk/government/consultations/consultation-provisional-local-government-finance-settlement-2024-to-2025/consultation-provisional-local-government-finance-settlement-2024-to-2025)

(<https://www.gov.uk/government/consultations/consultation-provisional-local-government-finance-settlement-2024-to-2025/consultation-provisional-local-government-finance-settlement-2024-to-2025>).

101. Having listened to councils, on 24 January the government announced additional measures for local authorities in England, worth £600 million. This includes: £500 million of new funding for councils with responsibility for adults and children's social care, distributed through the Social Care Grant; an increase in the Funding Guarantee from 3% to 4%; a £15 million increase in the Rural Services Delivery Grant; and £3 million for councils facing unique pressures due to exceptionally high Internal Drainage Board payments; and additional funding for the Isle of Wight and Isles of Scilly in recognition of the circumstances facing island authorities.

102. Taking into account this new funding, local government in England will see an increase in Core Spending Power of up to £4.5 billion next year, or 7.5% in cash terms – an above-inflation increase.

## **Foreseeable impacts of policy proposal on people who share protected characteristics**

103. The government understands that some people with particular protected characteristics are overrepresented in the use of local government services, such as: age, disability, sexual orientation, and sex. Where funding changes year on year, people in these groups are more likely to experience the positive or negative consequences of those changes compared to those who do not share the protected characteristic.

104. Local authorities provide various services which persons 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 authorities' ability to provide these services, and therefore impact those persons sharing protected characteristics.

105. Furthermore, inadequate local government funding has the potential to negatively impact lower income households through increased fees. Although socioeconomic status is not a protected characteristic, there are multiple interactions between income and groups with particular protected characteristics. Without effective mitigating action, spending decisions may therefore have an indirect equalities impact.

106. Across all protected characteristics there is a funding increase in Core Spending Power per capita from comparing the 2023-24 funding distribution to the 2024-25 funding distribution. Taking into account the new funding, local government in England will see an increase in Core Spending Power of up to 7.5% in cash terms.

107. Overall, we have not identified a significant disproportionate impact on any groups that share a particular protected characteristic as a result of the proposals for this year's local government finance settlement. The differences between groups that share a particular protected characteristic and those that do not have been given due regard. Looking to the future, the government will consider equalities impacts in the context of improving the local government finance system in the next Parliament.

## **Monitoring arrangements**

108. The department collects detailed revenue expenditure data on a yearly basis through the Revenue Account and Revenue Outturn publications. The department also regularly and directly engages with local authority officers, Councillors, and Members of Parliament. Furthermore, the department responds to and monitors correspondence relating to local government funding and its implications. This engagement adds further detail to our understanding of financial pressures facing local government, the sufficiency of the settlement to meet these pressures, and

the implications of government's policy decisions on people who have particular protected characteristics.

109. The department has also recently launched the Office for Local Government to provide authoritative and accessible data and analysis about the performance of local government and support its improvement. The Office for Local Government will seek to spot potential failure before it happens, which in turn will help mitigate the significant service and financial implications of failure on local citizens and the taxpayer.

110. As announced on 24 January, the government has asked local authorities to produce productivity plans as part of ongoing work to increase productivity in local government and return the sector to sustainability in the future. Alongside this ask, the Department for Levelling Up, Housing and Communities will be establishing an expert panel made up of sector experts, including the Office for Local Government and Local Government Association, which will be established by July 2024. Councils should refer to the [written ministerial statement \(https://questions-statements.parliament.uk/written-statements/detail/2024-02-05/hcws241\)](https://questions-statements.parliament.uk/written-statements/detail/2024-02-05/hcws241) made on 5 February for the latest information on the shape of these plans.

## 9. Part Time Work for Full Time Pay

**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?**

- Number of responses: 267
- Respondents that responded 'yes': 178 (67%)
- Respondents that responded 'no': 62 (23%)
- Respondents who did not answer this question: 27 (10%)

111. Note that although some respondents answered 'no', they did also include commentary in the free text box which gave the opportunity to provide more information. This means that in presenting the key themes, we are considering 192 comments which were provided, of which 14 (5%) did not express any views about Part Time Work for Full Time Pay, whilst 75 (28%) respondents did not provide any comment.

112. The consultation reiterated the government position on working arrangements 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'.

113. The consultation sought views on the government's consideration of using financial levers in any local government finance settlements beyond 2024-25, to disincentivise Part Time Work for Full Time Pay.

114. Not all respondents directly referenced financial levers. A small number of respondents agreed explicitly with the use of financial levers at future settlements and with government intervention to disincentivise Part Time Work for Full Time Pay, for example stating that local authority services could not be adequately covered by a reduction in working hours. Respondents expressed different views on the principle of whether local authorities should be implementing such a policy but the majority of respondents (173, or 65%) did not agree with the use of levers in future financial settlements.

115. Across all types of response, there were comments that government should not prevent flexible working more generally. As stated in the consultation document, the government continues to support flexible working as a suitable approach to providing workers with some choice about how they prefer to work.

116. The government will consider responses to this question carefully as part of continuing policy development, with any changes at future settlements subject to further consultation. We remain clear that these working arrangements do not deliver value for taxpayers. As stated in the consultation, no changes will be made in respect of the '4 day working week' or equivalent practices for the 2024-25 financial year.

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