

Please ask for: Jon Triggs, Director of Resources  
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Date: 11<sup>th</sup> January 2024



Dear Sirs,

## **Provisional Local Government Finance Settlement**

Please find North Devon Council's response to the consultation on the Provisional Local Government Finance Settlement for 2024/25 year;

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

No.

Rural communities such as North Devon will continue to be disadvantaged by the proposals and overcharged through Council Tax assumptions in the proposals. It costs more to deliver services across rural areas and yet the analysis from Rural Services Network of the provisional settlement for 2024/25 shows that fact being ignored and:

- Urban Councils will receive 37% (£142.09) MORE in Government funded spending power per head compared to rural councils – to the detriment of rural areas the gap between urban and rural funding per head (Government Funded Spending Power) will actually increase by some 5.3% based on the proposals.
- As a result of years of underfunding, rural councils have had to increase council tax to balance the books and rural residents will now pay 20% (£112.57) MORE in council tax per head than urban residents. Again, to the detriment of rural areas the gap between urban and rural assumed Council Tax per head will actually increase by some 2.8% based on the proposals.

Due to the funding formula being changed in 2013/14 and then not being fully implemented due to the damping process, London is currently getting hundreds of millions of pounds a year more in Government Grant than the formula says it should – this at the expense of rural and non-London local authorities.

Rural Councils in 2023/24 were only able to budget to spend £77.30 per head on so-called discretionary services whilst urban areas budgeted to spend more than double that (£162.00 per head).



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

No.

By doing this there is the real risk that the reasons for those specific grants are lost together with the funding for those purposes when Revenue Support Grant is reviewed. Districts and other councils need certainty that the rolled in grants will form part of an ongoing grant, as the activities that they fund are ongoing.

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

No.

We are concerned that the proposed principle of 2.99% or £5 does not provide district councils with the funding required to maintain their vital services in the face of significant cost and demand increases since 2022.

The Council Tax Principles are not flexible enough in the light of less government grant and less spending power than their urban counterparts.

The permitted increase is lower than inflation and is too low to protect services and should be increased to a minimum £10 (Police and Crime Commissioners are allowed to increase by £13). This will then enable the democratically elected councillors to reach local decisions on the balance between council tax affordability and services levels in their local area. A £10 a year increase is 19p a week per household.

More widely, we disagree with the setting of referendum principles. Democratically elected councillors should be accountable to the electorate for their decisions on council tax. In the longer term, there should be a more fundamental move towards genuine council tax flexibility for local authorities. We note that there are no referendum principles for parish councils and believe this approach should be applied more widely.

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

Yes, but increases in Rural Services Delivery Grant (RSDG) should not be deducted from the Funding Guarantee as RSDG is a partial recompense for the 2013/14 Funding Formula not being fully applied.

We also believe the funding guarantee could be higher. One essential front line service that is continuing to face significant pressure is around housing, especially the need for temporary accommodation where there is limited supply and severe competition for any available premises.

North Devon Council's expenditure on temporary accommodation and homelessness prevention has doubled in value since 2020, we are seeing record numbers presenting themselves to us for help and this number is only going to increase further in light of the current cost of living crisis that our communities are experiencing



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District councils provide a very wide range of services including some have a major impact on the health and wellbeing of residents, if these discretionary services are reduced due to lack of funding, it will result in further costs further down the line for the social care and health services.

**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?**

Social care funding is not the direct responsibility of district councils. But we support the view of the wider local government sector that social care authorities must be properly funded to cope with the rising demand for and cost of social care. We also note that district-level preventative services can and do act to reduce demand downstream in formal health and social care settings. This is one of the reasons why it is vital to ensure districts are properly funded and to increase the support available in the final finance settlement.

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

Yes.

We support the decision to extend New Homes Bonus into 2024-25. The proposed approach is as expected, and reductions have been offset by increases to the Funding Guarantee. This has meant that there is no net reward for councils who have managed to achieve housing growth.

However, all councils need clarity on whether the government will retain the New Homes Bonus in its current form after 2024-25.

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

We, of course, welcome the provision of the Rural Services Delivery Grant in 2024/25 and that the Government has again recognised additional cost pressures in rural areas.

That said it is unfair that the Core Spending Power is being increased in 2024/25 but not Rural Services Delivery Grant. There is no rationale for uprating some grants and not others.

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

No.

This has reduced to a very low level and is offset by increases in the Funding Guarantee. The statutory service pressures are not reducing therefore the small increase in core spending power fails to recognise the significant housing pressures such as temporary accommodation impacting particularly on districts such as North Devon. As outlined already, North Devon Council's spend on temporary accommodation and homelessness prevention has doubled in value since 2020, we are



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seeing record numbers presenting themselves to us for help and this number is only going to increase further in light of the current cost of living crisis that our communities are experiencing

**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? Please provide evidence to support your comments.**

There is a risk that district councils will not be able to maintain their current range of services because the provisional settlement would not cover all the funding needs of district councils. It may therefore result in adverse impacts on one or more of the three aims of the Public Sector Equality Duty.

**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 so-called '4 day working week' and equivalent arrangements of part time work for full time pay?**

We believe that Councils should be free to decide how best to run their services for the benefit of the residents they serve. This freedom should be subject to the test of value for money for the local taxpayer and this test must be applied to specific local circumstances. Intervention by central government should only happen when there is clear evidence to justify it.

We do not agree that the Government should introduce blanket measures in future local government finance settlements to dis-incentivise the '4 day working week', equivalent arrangements or other flexible working arrangements. The purpose of the finance settlement is to provide funding for councils to discharge the large range of duties and functions that they have.

We are not aware that at any time in the past the settlement has been constructed on a basis that, in effect, seeks to dissuade councils from taking legitimate decisions about how they deliver their responsibilities or organise their services. We fear this would set a dangerous precedent.

Yours sincerely,



**Jon Triggs**

**Director of Resources and Section 151 Officer**



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