

APPEND 9 : Summary of Key Elements within the Local Government Financial Policy Statement published by Ministry of Housing Communities and Local Government on 28th November 2024

Element of the Settlement	Detail on proposals for 2025-26
Revenue Support Grant	<ul style="list-style-type: none"> • Increase in line with the consumer price index of inflation • There will be no 'negative Revenue Support Grant'
Council tax referendum principles	<ul style="list-style-type: none"> • A core council tax referendum limit for local authorities of up to 3%; • A council tax referendum principle of up to 3% or £5, whichever is higher, for shire district councils; • An adult social care precept of 2% for all local authorities responsible for adult social care services; • A council tax referendum principle of £14 for police authorities; • A council tax referendum principle of up to £5 will apply to fire and rescue authorities; • There are no council tax referendum principles for mayoral combined authorities or town and parish councils.
Council tax bills	<ul style="list-style-type: none"> • The government will require local authorities to adjust the presentation of the adult social care precept on council tax bills from 2025-26, so that they show a single line for the council tax increase set by social care authorities. • The government will also consider longer term options to improve council tax billing. This will include how to further strengthen the transparency of council tax bills and accompanying material, such as how revenue is spent, and whether to move to 12 monthly council tax billing from the current 10 months.
Local Council Tax Support schemes	<ul style="list-style-type: none"> • Centrally prescribed council tax reduction scheme for pensioners will be updated to reflect the annual uprating of benefits and other changes. • It is expected that the regulations will be laid before Parliament in mid-January 2025.
Business Rates Retention	<ul style="list-style-type: none"> • Local authorities will see an increase in the sum of baseline funding levels (BFLs) and compensation grant as if both business rates multipliers had increased by CPI between September 2023 and September 2024. • For 2025-2026, BFLs will increase to reflect the increase of the standard business rates multiplier to 55.5p, accounting for the fact that authorities have different shares of properties subject to the small and standard multipliers. We will also compensate local authorities for the freeze in the small business rates multiplier via an increase to the calculation of under-indexation compensation. • Continue all current enhanced business rates retention areas i.e. Cornwall Council, Greater Manchester Combined Authority Area, Greater London Authority, Liverpool City Region Combined Authority Area, West Midlands Combined Authority Area and West of England Combined Authority Area. • Proceed with business rates pooling where requested, a policy which has operated since 2013-14 providing local authorities the

	<p>option of joining together to pool their retained business rates income.</p> <ul style="list-style-type: none"> Continue with the revaluation adjustment for the 2025-26 Settlement, with the methodology and adjustments to tariffs and top-ups published alongside the provisional Settlement.
Existing social care grants	<ul style="list-style-type: none"> Increase the Social Care Grant by £680 million for adult and children's social care, including equalising for the adult social care precept. In 2025-26, local authorities will receive £2.6 billion (including discharge funding) to provide their minimum contribution to the Better Care Fund (BCF), alongside the £711 million Disabled Facilities Grant. Local authorities and NHS Integrated Care Boards will be asked to agree plans at Health and Wellbeing Board level for how best to use this funding to provide joined-up services for people with more complex health, social care and housing needs, helping them stay as independent as possible, preventing avoidable hospital and care home admissions, and ensuring timely and effective hospital discharge. Further details will be set out at the provisional Settlement and in the 2025-26 BCF Policy Framework. £1.05 billion will be allocated through the Market Sustainability and Improvement Fund (MSIF) to support local authorities to maintain key aspects of adult social care, such as fees, to support provider pressures.
Children's Services Prevention Grant	<ul style="list-style-type: none"> Introduce a Children's Social Care Prevention Grant worth £250 million to lay the groundwork for children's social care reform. This grant uses a new children's needs based formula
Recovery Grant	<ul style="list-style-type: none"> Introduce a Recovery Grant worth £600 million. This grant uses a simple formula based on deprivation, taxbase and population to lay the foundations for reform
Funding floor	<ul style="list-style-type: none"> No council will see a reduction in Core Spending Power in cash terms, after factoring in forecast council tax increases
New Homes Bonus	<ul style="list-style-type: none"> Bring forward one further round of New Homes Bonus payments, using the same methodology as in previous years
Repurposing grants	<ul style="list-style-type: none"> Repurposing the £110m Rural Services Delivery Grant and £87m Services Grant will enable us to deliver all of the above proposals
Funding simplification	<ul style="list-style-type: none"> Consolidate four MHCLG grants: <ul style="list-style-type: none"> Electoral Integrity Programme New Burdens (4.6 million); Transparency Code New Burdens (£3.6 million); Tenant Satisfaction Measures New Burdens (£3.9 million) rolled into Revenue Support Grant – maintaining existing distributions. Domestic Abuse Duty New Burdens (c.£160 million), consolidated as a new, separate line in the Settlement, maintaining its existing distribution. Consolidate DfE's Extended Rights Home to School Transport Grant (£54 million) into the Revenue Support Grant Consolidate 6 existing DfE Children's Social Care programmes (worth c.£415m) into a single 'Children and Families Grant
Exceptional Financial Support	<ul style="list-style-type: none"> Any council concerned about its financial position or its ability to set or maintain a balanced budget should make contact with

	<p>MHCLG. The government has a framework in place to support councils in the most difficult positions. As part of this, we will not seek to replicate conditions that made borrowing more expensive.</p> <ul style="list-style-type: none"> • Where a council in need of exceptional financial support views additional council tax increases as critical to maintaining their financial sustainability, the government will consider requests for bespoke referendum principles. Local proposals will be considered on a case-by-case basis. In considering any requests, the government will take account of councils' specific circumstances, for example their existing levels of council tax relative to the average, the potential impact on local taxpayers, and the strength of plans to protect vulnerable people.
Capital finance	<ul style="list-style-type: none"> • Extend the flexible use of capital receipts (FUCR) flexibility, which helps councils manage the costs of transformation, to 2030
Internal Drainage Boards	<ul style="list-style-type: none"> • In line with the previous two years, the government will provide £3 million in funding for authorities impacted by Internal Drainage Board levies. The allocations for this funding will be announced in due course.
NICs	<ul style="list-style-type: none"> • The government has committed to provide support for departments and other public sector employers for additional employer NICs costs. This applies to those directly employed by the public sector, including local government. We will provide more information on this at the provisional Settlement in December 2024.