

**Question 1: Do you agree with the government's proposed methodology for the distribution of Revenue Support Grant in 2023/24?**

No.

Grant funding has diminished for Oadby & Wigston but the Council has not been able to benefit from growth-incentivised funding. Because of density and limited opportunity for housing or employment land growth there has been lower-than-average increases in council tax and new homes bonus from housing growth or accumulated business rates gains achieved through business growth.

The effect is that the Council's spending power and absolute funding has diminished. It is becoming increasingly difficult to continue to fund core services. The Council will balance the current year with reserves and has a budget gap of £0.5m forecast for the next year. Our Medium Term Financial Plan projects budget gaps on an ongoing basis.

We join the District Council Network in noting that the government has provided very little certainty about the provision of grant funding to district councils in future years. In fact, the prospect of income from the Extended Producer Responsibility (EPR) scheme being factored into the calculation of needs and resources for district councils creates significant uncertainty given the paucity of information currently available about the nature and amount of EPR income. We call on DLUHC and DEFRA to work closely with district councils as soon as possible to provide the certainty our councils need to plan ahead and to sustain vital frontline services.

**Question 2: Do you agree with the government's proposals to roll grants into the local government finance settlement in 2023/24?**

Yes.

**Question 3: Do you agree with the proposed package of council tax referendum principles for 2023/24?**

No.

We believe that council tax level decisions are for democratically elected councillors who are accountable to the electorate, in the same way as MPs.

Notwithstanding this position, we accept that the government wishes for referenda to be in place.

However, as one of the smallest councils in the UK and whose area remains entirely "unparished" we must raise the issue of "Special Expenses", that is, expenditure incurred by districts either in the absence of a functioning town or parish council or on their behalf. Town/parish councils have no referendum limits in raising their council taxes, whilst councils in unparished areas are limited to raising our total precept, including the element that covers town/parish council function expenditure, by £5/2.99%. This is insufficient.

Whilst recognising the raising of the 2% to 3% allows more flexibility, we therefore urge the government to raise the "or £5" to "or £10" limit, to allow councils like us to put us, in part, on an equal footing with town and parish councils in respect of this area of spend.

**Question 4: Do you agree with the government's proposals for a new Funding Guarantee?**

No. The Funding Guarantee has diverted funding away from our area where the rewards from growth have not been possible and hence we have not experienced a drop in business rates and New Homes Bonus.

Since Oadby & Wigston has never fared well on NHB (but have done so in the one off reward payment due for 2023/24), the Funding Guarantee approach has resulted in a loss in Lower Tier Services Grant funding with no replacement funding guarantee received. We recognise the government will state that we have maintained funding above 3%, however, for a small council such as Oadby & Wigston, the funding is relatively small and therefore remains insufficient.

**Question 5: Do you agree with the government’s proposals on funding for social care as part of the local government finance settlement in 2023/24?**

No.

While the increase in social care grants is welcome, we support our County Council in not agreeing with the basis of the allocations or the size of these funds.

The use of the existing Adult Social Care RNF as the main basis of allocating these monies means that they have been distributed on what is, in the Council’s opinion, a deeply flawed and significantly out of data formula.

Similarly, while the additional tranche of grant provided in 2023/24 is welcome, the County Council does not agree with the basis of the allocations of these funds, which repeats the flawed process applied in the 2021/22 and 2022/23 Settlements.

The allocation provides a stark illustration of the problems with the existing approach. In the 2020-21 allocation Leicestershire received 0.9% of the national allocation, based on the ASC RNF. For the 2023-24 allocation this share had reduced to 0.86%, a loss of £2.7m, due to the inclusion of adjustments relating to the ASC Precept. Was this reduction of support to an already poorly funded area Government’s intention?

Councils, mainly in Inner London, who have benefited from the current funding system in terms of unfairly high grant levels and have as a consequence been able to set significantly lower council tax levels, receive even more benefit due to this unfair mechanism, while authorities who have had unfairly low grant levels and have had to raise council tax to much higher levels received a double kicking via this distribution method.

When the provisional allocations of the various 2023-24 social care-related grants totalling £6.854bn are compared with the mid-2021 ONS population estimates for people 85 and over, the following class averages can be derived. These figures illustrate the unfairness of the proposed distribution, particularly for County Councils:

**Grant funding per person**

**Aged over 85.**

Inner London	£14,828
Outer London	£5,502
Metropolitan Districts	£7,194
Unitaries	£4,524
County Councils	£3,495
Leicestershire	£3,106

Whilst the grant (and more) will be spent on Social Care in Leicestershire, the poor distribution will result in certain authorities being overfunded. Rather than the social care grants being spent as intended they will simply support low Council Tax increases, primarily in those areas where

council tax levels are already much lower than average thus further exacerbating the underlying unfairness of the system.

While additional funding is welcome it is already several years late and the allocation received will not even cover the increases driven by the National Living Wage. Funding should be applied before overspends take hold; unless some catch-up funding is found services will decline to a lower level than would otherwise have been the case.

**Question 6: Do you agree with the government's proposals for New Homes Bonus in 2023/24?**

Yes. But New Home Bonus (NHB) should continue into 2024-25 and beyond. It is important to provide certainty and maintain stability.

We echo's the DCN's comments in that the future position of NHB should be set out not only "ahead of the 2024-25 local government finance settlement" but *well ahead* of that settlement.

We also urge the government to consider how councils like ours can continue to benefit in a growth incentivised funding system, when there is low or often no prospects for growth due to the constraints of the area. Furthermore, if the NHB scheme is to be retained either in its current or a similar future form, it needs reform to incentivise construction of more of both social housing and affordable housing.

**Question 7: Do you agree with the government's proposals for Rural Services Delivery Grant in 2023/24?**

This does not affect Oadby & Wigston Borough Council and we therefore have no comments.

**Question 8: Do you agree with the government's proposals for Services Grant in 2023/24?**

Yes. We understand the reasons why the total value of the grant is being adjusted. There should be greater transparency about the amounts of the adjustments.

The sum set aside for contingency should be redistributed to all councils if not required, as part of the final settlement.

**Question 9: Do you have any comments on the impact of the proposals for the 2023/24 settlement outlined in this consultation document on the aims outlined above? Please provide evidence to support your comments.**

The proposed settlement does not cover all the funding needs of our Council and as such, we face difficulty in maintaining our current services. We will utilise reserves to balance this financial year and we project not only a sizeable budget gap for 2023/24 but also every year for the foreseeable future.