

Funding outlook:

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January 2023



Oadby & Wigston
BOROUGH COUNCIL

Spending Power has fallen behind for Oadby & Wigston

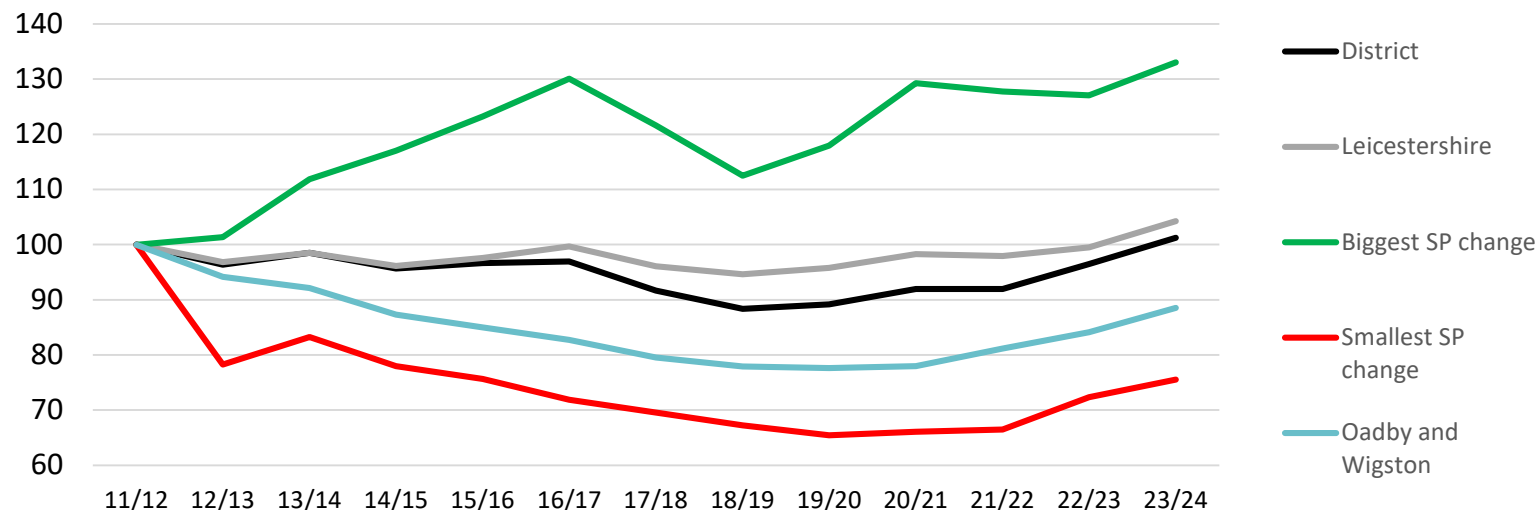
Grant funding has diminished as the Council has not been able to benefit from growth-incentivised funding

- Funding for the Council has altered dramatically in recent years, with the loss of Revenue Support Grant from 2019. As recent as 2016/17, this level of funding was over £700,000.
- 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.

Consequently, Spending Power and absolute funding has diminished

- Like all other district councils, net general fund annual budget has reduced over a number of years, from £8.5 million in 2010/11 to £7.0 million in 2021/22 and £6.5million in 2022/23.
- Front line services have been maintained but income generation has recently become the means of balancing the books.
- Alternative ways of delivery (such as sharing resources with other local authorities) and a range of other initiatives to reduce costs/increase income/funding are now being taken forward through our Sustainability Programme.

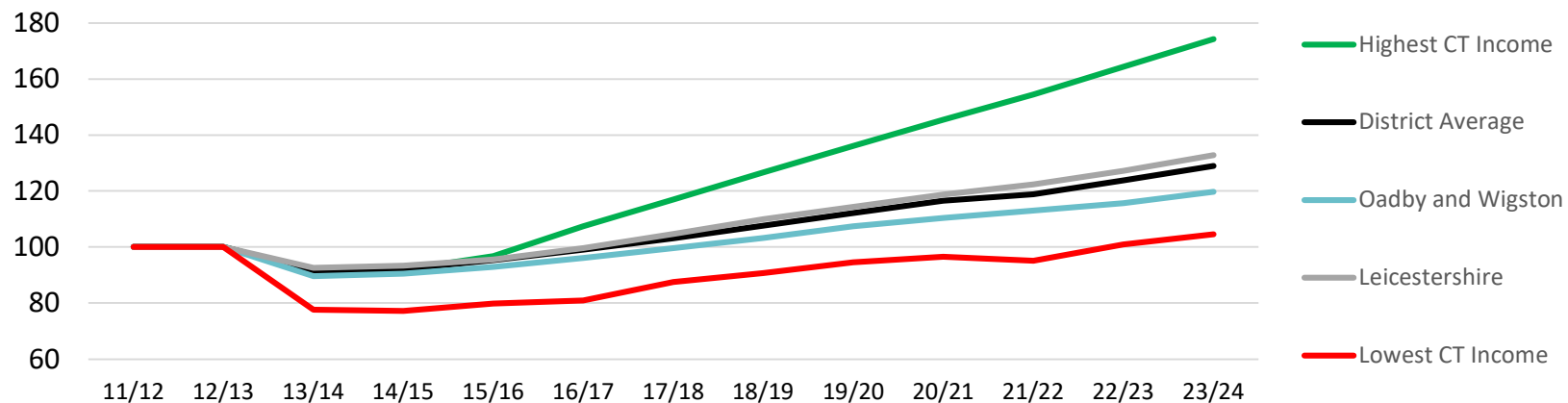
Spending Power since 2011/12: Oadby and Wigston compared with other benchmarks



Low housing growth has resulted in a low Council Tax Base, but uniquely, we are also a wholly “unparished” area

- Low housing growth because there is a lack of suitable land and infrastructure constraints and this issue will become worse in the future.
- Compared to peers the Council has a high value of Band D (£239.50), but this comparison does not take into account the fact that the Oadby and Wigston area is unparished, and as such, the level of Council Tax is inflated because it also funds spending that for other Council’s is wholly or in part funded and delivered by a parish or town council.
- Town/parish councils have no referendum limits in raising their council taxes, whilst we are limited to raising our total precept, including the element that covers town/parish council function expenditure by £5/2.99%. This is insufficient.
- There are more lower band (bands A – C) in the borough, which generate less in council tax income.
- The tax base is lower quartile when compared to other Councils, due to low housing growth.

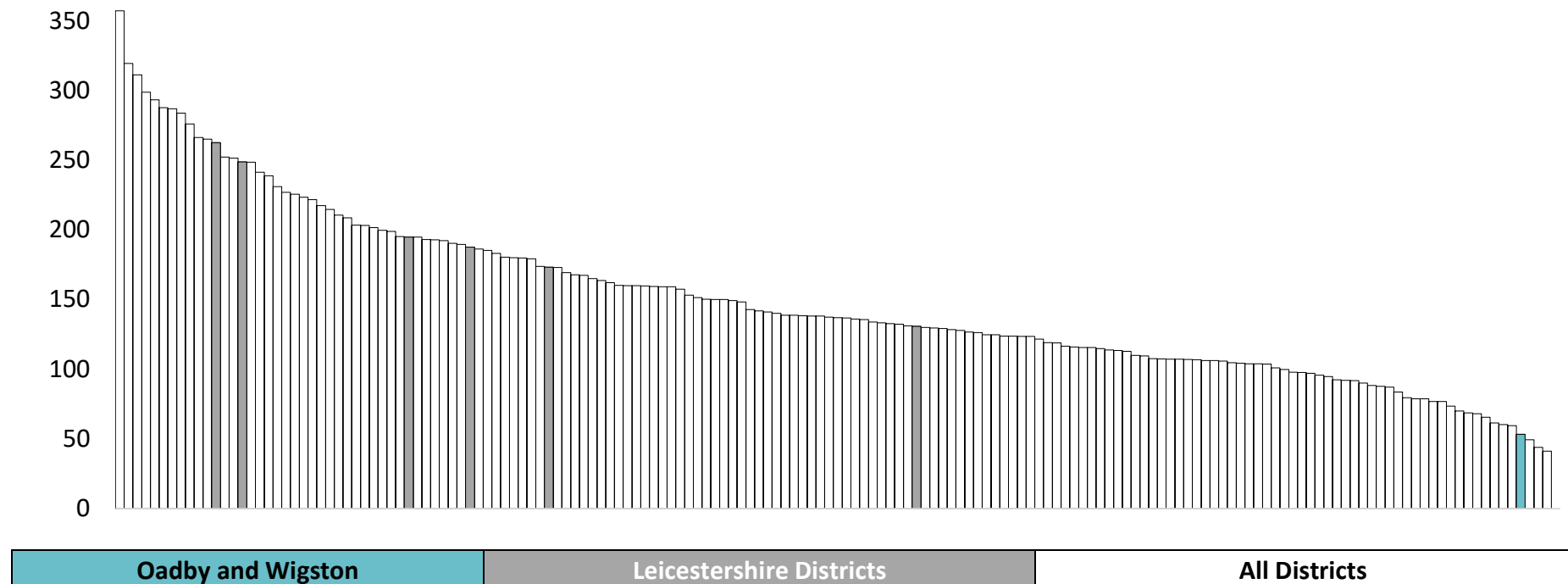
Council Tax Income since 2010/11: Oadby and Wigston compared with relevant benchmarks



Low housing growth has also resulted in limited incentivised funding in the form of New Homes Bonus.

- Lower than average housing growth (due to the constraints mentioned above) has resulted in lower amounts of NHB funding, as well as lagging Council Tax income.
- 2023/24 NHB funding represents the highest payment for any one year since the scheme began, due to growth achieved October 2021 - October 2022 being highest since 2016. (NB – the payment is highest for one year and not the total of payments received in a year, which historically has included legacy reward payments).

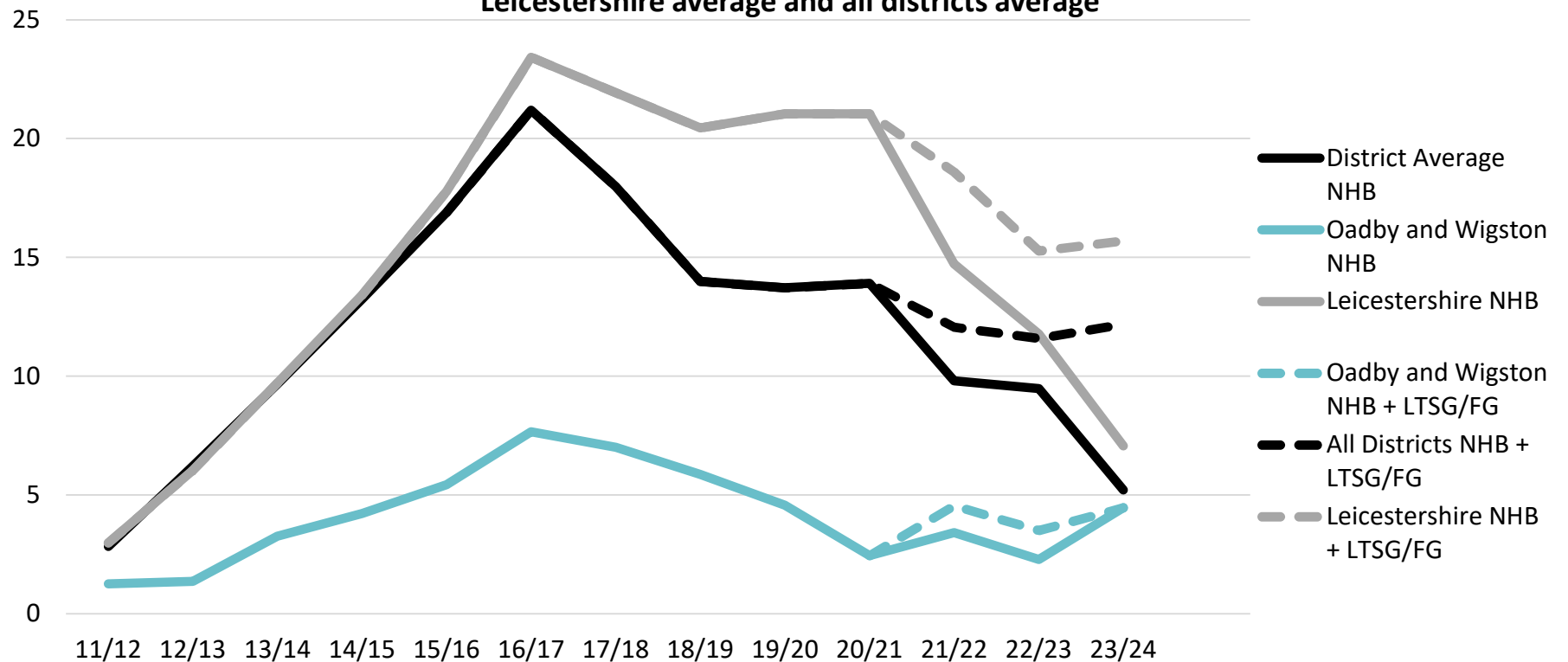
New Homes Bonus per Head - 2011/12 to 2023/24 - All Years in Aggregate - All Districts (£)



Whilst the Council benefit from the “3% increase” in funding, the Funding Guarantee included in the 2023/24 Settlement comparatively worsened the funding position because the Council has not achieved growth historically

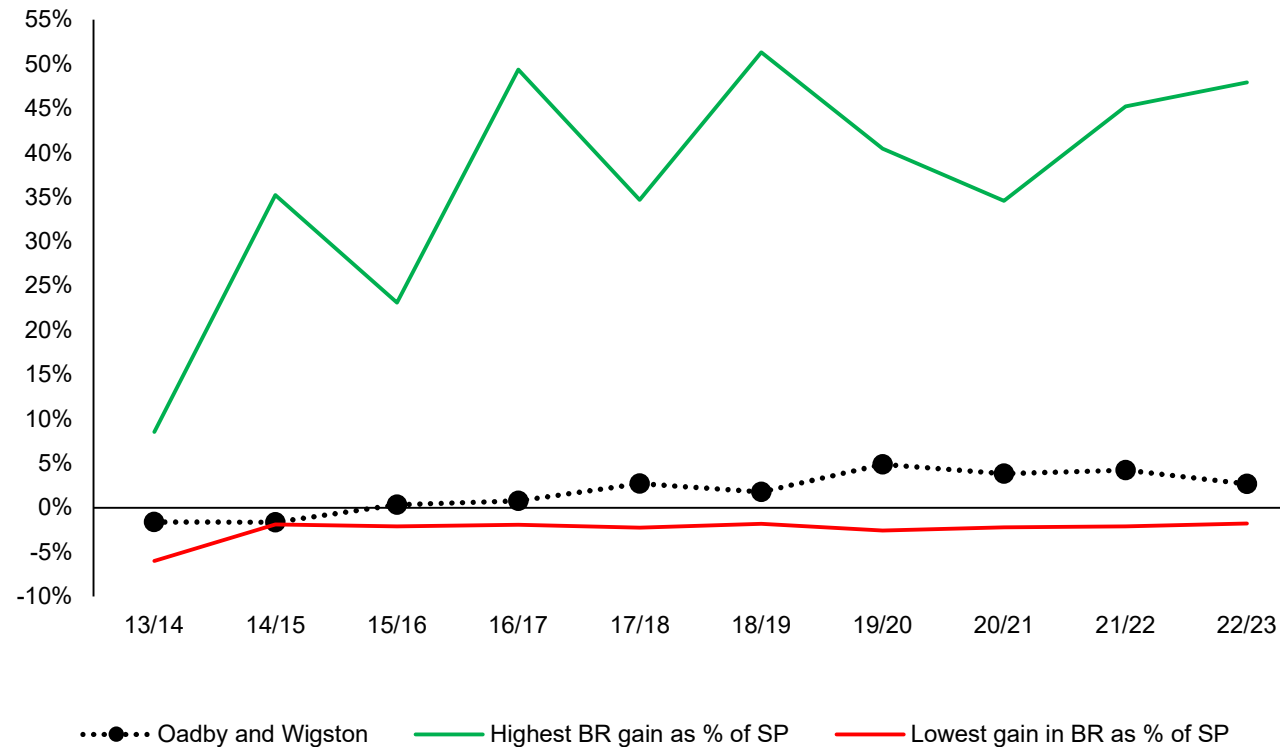
- Whilst it was unlikely the intention the repurposed Lower Tier Services Grant into the Funding Guarantee for 2023/24 has served to effectively dampen the effect of council’s losing their legacy New Homes Bonus payments – with only council’s who have had reduced amounts of NHB having received the Funding Guarantee.
- 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.

New Homes Bonus per Head: 2011/12 to 2023/24: Oadby and Wigston compared with Leicestershire average and all districts average



Although outside of Spending Power, there has been no rates growth gains achieved

- The Council has benefitted very little from business rates growth above the baseline, which is expected because of the constraints around employment land and the nature of the area being predominantly residential.
- In contrast, some Councils who have been able to retain significant amounts of rates, meaning greater opportunity to bolster reserves and remain financially sustainable.
- Whilst the Council cannot expect to retain any substantial additional rates once the business rates baseline reset is determined and implemented, it is expected that there will be some upside benefit once the accumulated growth in the system is redistributed.



CONCLUSION - The current local government funding regime, exacerbated by the 2023/24 Settlement, does not Level Up for the residents of Oadby & Wigston.