1. Local Government Finance

1.1 On 17th November 2022 the government announced its Autumn Statement, a six-month update on the Spring Budget. The Chancellor set out three priorities for the government's budget - stability, growth, and public services. Details of the statement and the associated Economic & Fiscal Report from the Officer of Budget Responsibility were outlined in the Budget Update report to Cabinet in December.

Provisional Local Government Settlement

1.2 Following the autumn statement and subsequent policy statement on local government financing (12 December 2022), the provisional local government finance settlement was announced on 19 December 2022.

1.3 There is still some uncertainty for 2024/25, so, despite commentary about greater certainty, this is not a fixed two-year settlement.

1.4 The policy statement gave local authorities advanced notice of the principles that ministers would use in both the 2023/24 and 2024/25 local government finance settlements. The subsequent provisional finance settlement has set out more detail on the assumptions and the individual funding allocations for Norwich.

1.5 **Council Tax.** The core referendum limit for increases in council tax will be up to 3% from 2023/24.

1.6 Alongside the settlement, there will be £100 million new council tax support funding for local authorities to support the most vulnerable households in England with council tax payments. Funding has been allocated to councils based on their share of local council tax support claimants, with Norwich City Council receiving an allocation of £347,698. The Government expects local authorities to use the majority of their funding allocations to reduce bills for current working age and pension age Local Council Tax Support (LCTS) claimants by up to £25. Councils can use their remaining allocation as they see fit to support vulnerable households with council tax bills.

1.7 **Business Rates.** The decision to freeze the business rates multiplier will be fully funded, and, from 2023/24 onwards, compensation to authorities for under-indexation would be paid based on Consumer Price Index (CPI) (10.1%) rather than the Retail Price Index (RPI) (12.6%).

1.8 Although the business rates multiplier is "frozen" (it remains at 49.9p), the multiplier contains (a) a reduction to reflect increases in rateable values in the 2023 Revaluation and (b) an offsetting uplift for inflation (3.74%).

1.9 Compensation to authorities will be part-paid via an uplift to Baseline Funding Level (BFL) (3.74%), with the remainder paid via cap compensation section 31 grant. In Norwich the impact of moving certain properties to the central list (Virgin cabling) has been compensated for through the tariff calculation.

1.10 **Core Spending Power:** A new grant has been created to ensure every authority has an increase in Core Spending Power (CSP) of at least 3%. This new guarantee is funded from the Lower Tier Services Grant (LTSG) and the reduced cost of New Homes Bonus (NHB). The increase in CSP for Norwich is 4.7% - one of the lowest of all councils and below the average 5% for district councils. The all-English authorities average is 9.2% and the

District Council's Network (DCN) are proposing to comment on this disparity as part of consultation.

1.11 Grants worth £238m have been rolled into the settlement in 2023/24. Two have been rolled into RSG (£78m): Family Annex Council Tax Discount Grant and LCTS Administration Subsidy grant. The rolling in of these grants has been reflected in the guarantee baseline.

1.12 New Homes Bonus (NHB) will continue for one, or perhaps two, more years, but there will be no more legacy payments. The cost of NHB will fall from £556m in 2022/23 to £291m in 2023/24. A decision on whether NHB will continue into 2024/25 will be made before next year's settlement. In Norwich the value of the NHB fell by around £0.5m because growth, at 0.36%, did not meet the 0.4% disregard on growth; this cliff edge is a significant issue for the council. As NHB was included in the 3% guarantee calculation, the majority of the lost grant has been replaced via that mechanism but that now becomes a critical feature for the council in 2024/25.

1.13 Revenue Support Grant (RSG) has been increased for inflation at 10.1%.

1.14 There is still some uncertainty for 2024/25, so, despite commentary about greater certainty, this is not a fixed two-year settlement. We do not yet know the future of NHB, or on any funding guarantee for 2024/25. More importantly, we do not yet know the level of inflation next September or whether ministers will decide to freeze the business rates multiplier again.