

- 3.4 It is still the Government's intention to implement funding changes in the 2026/27 local government finance settlement.
- 3.5 One of the key points set out is to reduce the number of individual grants and roll them into the settlement funding assessment (SFA) and, as a result, be redistributed using the new funding methodology.
- 3.6 Most notably, the Government proposes ending the New Homes Bonus and rolling in the equivalent sum into SFA. This will also apply to grants for homelessness prevention, rough sleeping and temporary accommodation.
- 3.7 The Government intends to reset the baseline for retained business rates in full in 2026/27. There is an intention to provide transitional funding, including a minimum funding floor, to protect councils from the full impact of the funding changes. A three-year phased transition period is proposed.
- 3.8 **Statutory duties:** The Government is seeking views on statutory duties that impose significant burden without significant value for residents.
- 3.9 **Sales, fees and charges reform:** The Government is seeking to review the current system and implement changes (devolution of specific charges, adjustment of nationally set fee levels, or do-nothing) in a phased manner.

4 Proposal

- 4.1 Officers will formulate a response to the consultation, in liaison with the Cabinet Member for Finance, Waste and Technical Services, and complete the submission before the 15 August 2025 deadline.
- 4.2 Given the significance of the potential impact of the proposed changes, it is suggested that the response is reported to the September meeting of this Scrutiny Select Committee, for Members' information.

5 Other Options

- 5.1 There is no obligation to respond, but it is important that the council's voice is heard especially given that district councils are likely to be hit harder (as we have been forecasting in the MTFS).

6 Financial and Value for Money Considerations

- 6.1 This Council has not fared favourably on previous assessments of need and following the consultation in 2018, we have anticipated a reduction in government funding within our MTFS.
- 6.2 A policy statement is expected in late September/October which should give indicative figures which will enable an updated MTFS to be produced.

7 Risk Assessment

- 7.1 There has been so much uncertainty and volatility that financial planning has become increasingly difficult with the increased risk of significant variances compared to projection. This had had consequential implications on the level of reserves held to deal with potentially greater income volatility. A multi-year settlement, as proposed, would at least give a greater degree of certainty for planning finances.

8 Legal Implications

- 8.1 None at this stage.

9 Consultation and Communications

- 9.1 This is the second consultation by government on the future of local government financing.

10 Implementation

- 10.1 A response to the consultation will be sent in liaison with the Cabinet Member for Finance, Waste and Technical Services before the deadline of 15 August.

11 Cross Cutting Issues

- 11.1 Equalities and Diversity

- 11.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
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