South Oxfordshire District Council

Listening Learning Leading

Local Government Finance Settlement 2025/26 consultation

Question 1) Do you agree with the government's proposals for the Settlement Funding Assessment, including payment of Revenue Support grant and the basis of calculation of tariffs and top ups, in 2025-26?

No.

Given that this is another one-year settlement in reality there is little alternative to the proposed methodology at this time. However, overall the proposed settlement offers no change in core revenue spending power for this council, which means that the government funded element of core revenue spending power has reduced. This is at a time when some services are still dealing with the lasting financial implications of the pandemic, alongside high inflation and other pressures. Whilst there is additional funding in the form of pEPR in 2025/26, future funding remains uncertain.

We are also concerned that the initial calculations of the funding available to compensate councils for their increased employer national insurance costs indicate that councils, including ourselves, will not be compensated in full for these additional costs, meaning that the additional costs will represent a burden for local taxpayers.

Question 2) Do you agree with the government's proposals to roll grants into the local government finance settlement in 2025-26?

No.

Rolling in grants gives less transparency of the overall grant being received, and by doing this there is a real risk that the reasons for the specific grants are lost altogether.

Question 3) Do you agree with the proposed package of council tax referendum principles for 2025-26?

No.

We do not agree with the concept of council tax referenda as the level at which the council tax is set should be wholly a local decision.

However, if the Government insists on this then for councils with a low band "D" council tax 3 per cent or £5 does not give scope for increasing council tax to cope with the rising costs of delivering services, which have been exacerbated by the pandemic and subsequent economic crises.

We would recommend that the principle for shire district councils should be, as a minimum, the ability to increase by 3 per cent or £10, whichever is the greater. The band D council tax (excluding parish precepts) for 2024/25 for this council was the 10th lowest in the country at

£146.24. This compares to a national average of £215.14. Setting a universal referendum principle that means that councils, such as this one, are bound by the same rules as others where nationally the average council tax is over £68.90 per band D property greater. This is neither fair nor equitable and does not give the capacity to allow the council to respond to changing demands and circumstances, particularly given the housing growth the council has experienced, to the same extent that other councils, the majority of which have higher band D council tax levels, are able to. As the current referendum principles continually lock in the council into being unable to increase the band D council tax to anything like the national average, this will have the likely impact of reserves being required increasingly to balance the budget to maintain essential services, a situation which cannot carry on indefinitely.

Question 4) Do you agree with the government's proposals to introduce the Recovery Grant for 2025-26?

No.

This council, in common with most district councils, has received no funding under this scheme in 2025/26, albeit that overall our funding has gone up due to the introduction of pEPR. Looking ahead, the government needs to ensure that all councils have adequate resources in future.

Question 5) Do you agree with the government's proposals on funding for social care as part of the local government finance settlement in 2025-26?

No View.

As a shire district council, we are not affected by these proposals, therefore we do not have an opinion to express.

Question 6) Do you agree with the government's proposal to allocate £250 million in a new Children's Social Care Prevention Grant to invest in family help?

No View.

As a shire district council, we are not affected by these proposals, therefore we do not have an opinion to express.

Question 7) Do you agree with the government's proposals for New Homes Bonus in 2025-26?

Yes.

We welcome the continuation of New Homes Bonus. However, we note that its only for one more year and we are concerned that, in the absence of any certainty around a replacement scheme, it is becoming more and more difficult to plan ahead with any certainty when we do not know the future of a significant component of our core spending power.

We also note that, in its present form, New Homes Bonus provides a very short term, albeit important, financial assistance but does not provide ongoing funding to cover the costs that arise from growth in dwellings in the way that the scheme in its original form did.

As a council with one of the lowest band D council tax rates in the country, and one which has experienced significant housing growth, New Homes Bonus has been crucial in allowing the council to set sustainable budgets that can mitigate the additional costs arising from additional housing. Looking ahead, any reductions to New Homes Bonus funding for the council, together

with existing referendum principles, will make it difficult for the council to be able to set sustainable budgets that reflect the ongoing costs of housing growth.

Given that, overall, core revenue spending power is unchanged for this council (meaning that the government funding within core revenue spending power has reduced) we have achieved housing growth but have seen our government funding drop.

Question 8) Do you agree with the government's proposals to repurpose grants in order to target funding where it is needed most in 2025/26?

No.

This council has seen a reduction in its core revenue spending power in 2025/26, albeit that overall our funding has gone up due to the introduction of pEPR. Looking ahead, the government needs to ensure that all councils have adequate resources in future.

Question 9) Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please identify which protected characteristic you believe will be impacted by the proposals, and provide evidence to support your comments.

No.

Question 10) Do you agree with the government's proposal to not extend the IFRS 9 statutory override beyond its current end date of 31 March 2025? Please specify the financial impact, if any, on your council and any implications with respect to financial sustainability.

No.

Whilst the council has only a limited exposure to investments impacted by the statutory override, as a matter of principle we would wish to see the statutory override made permanent, rather than not be extended. Many councils have made investment decisions, in line with their treasury management strategies that are compliant with the CIPFA treasury management code of practice, that have proved sound over the medium to long term, despite fluctuations arising from economic turbulence. The removal of the override may require those councils to divest of such investments at such times of economic turbulence, even though it would be better for the councils to hold on to them given their longer-term performance. For councils to be placed in this position cannot be right.