



Department for Levelling Up,
Housing & Communities

An update on Local Government Finance

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The 2024-25 provisional Local Government Finance Settlement provides a 6.5% or £3.9bn increase in Core Spending Power.

2023/24 Core Spending Power will be over £64 billion.
This is an above inflation increase.

The Funding Guarantee means all local authorities will see a minimum 3% increase in Core Spending Power before any local council tax decisions.

Council Tax referendum principles will remain at up to 3%, with an additional 2% adult social care precept.

The consultation period for the provisional Settlement is open until the 15th of January.

Core Spending Power by component (£m)	2023-24	2024-25
Revenue Support Grant	2,729	3,024
Baseline Funding Levels	12,943	13,538
Council tax total	33,984	36,062
Social care funding	4,714	6,094
Improved Better Care Fund	2,140	2,140
Other grant	3,687	3,241
TOTAL	60,197	64,100



- On 18 December 2023, the Secretary of State announced that Government would engage with the local government sector to **identify and develop options for further flexibilities in the use of capital resources and borrowing**.
- The Government is inviting local authorities, sector representatives and other stakeholders to provide views on a set of options. [A call for views has been launched and authorities are encouraged to participate](#).
- The options are set out in detail in the 'call for views'. At high level these can be categorised as:
 - **Supporting invest-to-save activity.** Increasing the flexibilities to use capital receipts and borrowing to finance the costs of transformation and efficiency projects.
 - **Local management of resources.** Providing greater flexibilities on the use of capital receipts, including the scope to meet general budget pressures, and potential additional flexibilities where the proceeds relate to the sale of investment properties.
- It is not the intent to replace the Exceptional Financial Support process: this process will remain and the **Government will take action where there is local failure**.
- There is a clear balance between providing greater freedoms to use capital resources to alleviate local revenue pressures and incentivise efficiency, while avoiding creating unsustainable financial practices through misuse of flexibilities.



Support for councils: Exceptional Financial Support

- The **Exceptional Financial Support (EFS)** framework is available to support local authorities where there is a specific and evidenced concern with regards their ability to maintain or set a balanced budget.
- The Department is **ready to speak to any council** who has concerns about its finances, or faces pressures it has not planned for
- EFS is a measure of last resort, and local authorities should take every possible step locally to minimise the need for support via the process.
- As per the **local government finance policy statement 2024-25**, for councils seeking EFS, government will consider representations from councils, including on council tax provision.
- Any conversations are kept **confidential** and details of support requested will not be published until that support has been provided by Government.

Exceptional Financial Support – Process

- Requests for support will be considered against the **principles of the framework** to ensure consistency of approach, Value for Money and the minimising of moral hazard
- Support is ordinarily provided via an agreement in-principle to provide a **capitalisation direction**
- Any support is subject to the **external assurance review**



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- **Inform.** Oflog will improve access to data for citizens and authorities, allowing better visualisation of relative performance.
- **Warn.** Oflog will seek to spot potential failure before it happens, helping to mitigate the significant service and financial implications of failure on the taxpayer.
- **Support.** Oflog will facilitate sector-led improvement, sharing best practice and in the long-term improving the data capability of local government.

Inform



Warn

Support



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