

Local Government Finance Settlement Team  
Ministry of Housing, Communities and Local Government  
2nd floor, Fry Building  
2 Marsham Street  
London  
SW1P 4DF

## **Response to the 2025/26 Provisional Local Government Finance Settlement**

**Name:** Adam Richens

**Position:** Director of Finance

**Name of Organisation:** Bournemouth, Christchurch, and Poole

**Address:** Civic Centre, Bourne Avenue, Bournemouth, BH2 6DY

**Email address:** adam.richens@bcpcouncil.gov.uk

**Telephone number:** 01202 123027

**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?

### **Response:**

We do not agree with the formula that is being used to allocate government funds to cover the increased cost of Employers National Insurance Contributions (NICs). Based on an interpretation of its outcome based on work by several organisations who model local government finance this council will have a shortfall estimated at nearly £2m (£5.2m increased direct costs less £3.3m forecast grant). This results in the increases in NICs costs for the Council's directly employed staff being funded directly from Council Tax, which is not the stated intention of the government. We believe that this is a fundamental error in the calculation of this support and must be revisited in the final settlement.

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

### **Response:**

Yes. A reduction in the number of specific grants, each with their own conditions and monitoring arrangements is perceived as helpful, assuming that the overall level of funding is not reduced as a result.

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

### **Response:**

No. We encourage the government to permit greater freedom to agree on the level of council tax locally without a referendum limit. This would provide the council greater freedom to address the financial challenges that the council and the sector are facing at this time.

Restricting councils' ability to decide on the level of Council Tax erodes local accountability. Even with the realism that a continually increasing proportion of local council tax revenue must be devoted to the funding of statutory services, local citizens should be given the ability to decide whether to protect the level of truly local services which have such a significant impact on their community.

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

**Response:**

Yes. Although the allocation of £600m to the sector is welcome a formula which gives weight towards the ability to raise resources locally is inappropriate. Such an approach continues to fuel rises in council tax in areas of relatively high council tax and helps suppress it in areas with lower council levels. This approach has resulted in this council receiving none of the recovery grant despite our level of need and the high level of Council Tax which has to be levied to support our local services.

**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?

**Response:**

No. Although the additions to the social care grant are welcome the amount is wholly inadequate.

The National Living Wage and Employers National Insurance Increase is estimated to add £15.3m per annum to the cost of care commissioned by the council from 2025/26. The additional £5.9m increase in social care grant leaves the council with a significant £9.4m shortfall and by implication means no contribution from the extra social grant resources towards either additional demand or other inflationary pressures. In summary, the effect of the government's policy is that increases in the National Living Wage and National Insurance as they affect private sector providers of social care are largely funded by increases in Council Tax.

**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?

**Response:**

Yes

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

**Response:**

Yes

**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?

**Response:**

In part but real consideration needs to be given to the significant shortfall in funding council face due to the NI increases.

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.

**Response:**

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.

**Response:**

Yes, the removal of the IFRS9 statutory override does not impact the Council and ensures investment decisions taken by an authority are robust and considers all associated risks.