

Comment on local government finance policy settlement

28 November 2024

Commenting on the local government finance policy statement for 2025-26, Peter Ware, Head of Government at UK and Ireland law firm Browne Jacobson, said:

“Enhanced funding for social care and deprived areas is welcomed given the huge challenges being faced in delivering children’s and adult social care, as well as basic services in many parts of the country.

“The government’s application of a funding floor to maintain local authorities’ core spending power is a significant intervention, given the Local Government Association’s (LGA) latest survey in December 2023 found that one in five council leaders or chief executives in England expected they would need to issue a Section 114 notice within two years.

“However, as the government will be all too aware, these commitments are merely a sticking plaster without long-term reform to the local government finance settlement. Councils would prefer a move towards multi-year settlements to help them plan more effectively in place of the current annual settlement complemented by competitive funding pots, which disadvantages those less skilled at bidding.

“In particular, they will hope any new model mirrors the integrated settlements that Greater Manchester and West Midlands combined authorities will receive from 2025/26. All eyes will therefore be on the upcoming English Devolution White Paper, which is expected to set out reforms to establish a simpler financing structure.

“In the meantime, local authorities must begin preparing for any changes to how they access central government funding by ensuring they fully understand – and, more importantly, can demonstrate to Whitehall – the investment needs in their area.

“By leveraging existing data, they can analyse demographic trends, economic indicators and current service usage data to identify the most pressing needs for public investment.”

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