



Department for Levelling Up,  
Housing & Communities

**Lee Rowley MP**

*Parliamentary Under-Secretary of State for  
Local Government and Building Safety*

**Department for Levelling Up, Housing and  
Communities**

Fry Building  
2 Marsham Street  
London  
SW1P 4DF

12 December 2022

*Dear Council Leader,*

### **Local Government Finance Policy Statement for 2023-24 and 2024-25**

I am writing to inform you that today, the Department has published a policy statement that sets out our proposals for the 2023-24 Local Government Finance Settlement and details of funding in 2024-25.

First, I want to take this opportunity to thank you and those within the local government sector for your continued hard working delivering for your communities. It has been a difficult two years, and we are very grateful for everything you have done.

I know that one of local government's key requests for the Department in setting out the Local Government Finance Settlement is to provide information on funding as early as possible. We are working to publish the Provisional Local Government Finance Settlement later in December. In order to support local councils in their budget setting processes we are publishing a policy statement to share details of funding proposals before this. I also recognise the importance of councils being able to plan. With two more years left of the Spending Review Settlement, the policy statement provides clarity on funding for 2024-25 where possible.

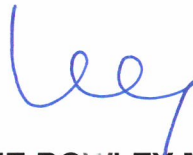
The Government has delivered on your requests for additional grant funding through the £2.8 billion announced at the Autumn Statement for social care. We are also ensuring that this year's Settlement provides support across all tiers of local government through a new, one-off funding guarantee that ensures all local authorities will see a minimum 3% increase in their Core Spending Power before taking any local decisions on raising council tax. Councils are best placed to make local decisions to meet pressures and ensure that our most vulnerable in society get the support they need, and therefore it is for individual local authorities to determine the level of flexibility they use in setting council tax. The policy statement confirms referendum principles have increased up to 3% for core council tax and up to 2% for the adult social care precept for both 2023-24 and 2024-25.

On reserves, we have noted the significant increase over the two years of the pandemic. We know that many councils plan very carefully but we would ask local authorities to review their approach to this balance and to consider whether they can use their reserves to maintain services in the face of immediate inflationary pressures, taking account, of course, of the need to maintain appropriate levels of reserves to support councils' financial sustainability and future investment.

We will consult on the proposals within the policy statement for 2023/24 through the Provisional Local Government Finance Settlement later in December. I hope you will respond to that consultation in the usual way. Following this consultation, details of the policy statement are subject to change.

Strong community services are vital for strong economic growth and local government is at the heart of that operation; thank you again for all of your hard work. I attach a copy of the policy statement to this letter.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Lee', with a stylized flourish at the end.

**LEE ROWLEY MP**