

Okehampton Town Council
George Dexter: 6th January 2025 Report

Budgets

As I stated in my last report, WDBC is now in the process of creating its budget for 2025/26 following the publication of the Local Government Finance Settlement.

In summary the Settlement says that the Council will receive about £200,000 less funding than previously envisaged in its Medium Term Financial Strategy. This is mainly due to a lower allocation of New Homes Bonus funding.

- We were envisaging £0.4m for New Homes Bonus and it will actually be nearer to £0.2m.
- The Funding Guarantee scheme (under which we received £60,000 previously) has been replaced with a 'Floor system' and the Council will receive a Floor Payment of £611,136. So, while this is very helpful, this floor payment has merely offset the loss of the Rural Services Delivery Grant of £0.6m

The Council will also receive a small allocation from the Recovery Grant (this is the £600m funding stream nationally being distributed on the basis of deprivation indices combined with council tax raising ability). WDBC will receive a Recovery Grant allocation of £63,214. We were expecting a Nil allocation so slightly better news.

'Core Spending Power' (made up of Government Grants, Council Tax, Business Rates and Revenue Support Grant) has remained the same. It is only the assumed increase in council tax for 2025-26 which is bringing the Core spending power up to a zero year on year increase.

Employers National Insurance

There has been no confirmation of the amount of grant the Council will receive for compensation for the increased employers' national insurance payments. This will not be confirmed until February. It has been confirmed that Towns and Parish Councils are outside of the scope of the compensation grant for employers NI.

Thus, there has been a £200k decrease in funding compared to last year. This position is worsened by inevitable unforeseen rises in costs. We will have to determine how this large funding gap is to be bridged.

English Devolution White Paper

Further, the English Devolution White Paper, as reported at the last meeting, has added complexity to the process, since WDBC will in all probability cease to exist over the medium term. I hope to be able to provide a verbal update of the WDBC special meeting which will be held on 6th January.