

This report is public	
Response to Motion: Government Review of Local Authority Funding	
Committee	Executive
Date of Committee	2 September 2025
Portfolio Holder presenting the report	Leader, Councillor David Hingley
Date Portfolio Holder agreed report	19 August 2025
Report of	Assistant Director of Finance (S151 Officer), Michael Furness

Purpose of report

To respond to the motion raised at the Council meeting of 21 July 2025 by Councillor Edward Reeves in relation to Government Review of Local Authority Funding.

1. Recommendations

The Executive committee resolves:

- 1.1 To note the Executive's response to the motion.

2. Executive Summary

- 2.1 The motion raised by Cllr Reeves "requested as a matter of urgency that the Leader:

(i) writes to our Members of Parliament with a view to their raising these concerns with Ministers;

(ii) works through the District Councils Network, the Local Government Association and/or other relevant organisations to ensure that there is the strongest possible lobbying of the Ministry of Housing, Communities and Local Government, highlighting the plight of a high-growth district like Cherwell;

(iii) issue as strong an individual submission to the government's Fair Funding consultation as possible with a view to mitigating the effects of these cuts."

- 2.2 Over the last 18 months, the council has used its influence, both officers and members, to lobby the Government via various routes to ensure the Government is aware of the potential scale of implications to the council. Over this period the council has provided:

- (i) The briefing presentation provided to the MPs for Banbury and Bicester and Woodstock on 28 July (Appendix 1); the letter from the Leader to the MPs for Banbury and for Bicester and Woodstock sent in May 2025 (Appendix 2).
- (ii) The letter sent to the Secretary of State for Business & Trade in July 2025 (Appendix 3); the letter sent to the Secretary of State for Housing, Communities and Local Government in September 2024 (Appendix 4).

The Executive also note the voluntary involvement of key officers in:

- MHCLG's Business Rates Retention Implementation Working Group which has regularly discussed ideas around how they can make the core principles of business rates retention work in practice.
- District Councils Network's Finance and Investment Group which designs all of the DCN's finance responses and positions to feed back to government.
- LGA membership which Officers have also used influence, and for networking.
- Direct meetings between council officers and MHCLG civil servants explaining the council's potential financial position along with alternative solutions that could mitigate this whilst implementing the Government's ambitions.

Involvement in these working groups puts Cherwell in a position to influence government decisions at various levels, from the very practical level of how Fairer Funding could work in practice and the unintended consequences to the implications on Districts and the sector as a whole.

(iii) the letter sent to the Secretary of State for Housing, Communities and Local Government (Appendix 5) alongside the council's response to the Fair Funding 2.0 consultation, submitted on 15 August 2025 (Appendix 6)

Implications & Impact Assessments

Implications	Commentary			
Finance	There are no financial implications arising directly from this report. Joanne Kaye, Head of Finance (Deputy S151 Officer), 6 August 2025			
Legal	There are no legal implications arising directly from this report. Shiraz Sheikh, Assistant Director Law and Governance/Monitoring Officer, 22 August 2025			
Risk Management	There are no risk implications arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 20 August 2025			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				N/A
A Are there any aspects of the proposed decision, including how it is				N/A

delivered or accessed, that could impact on inequality?				
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?				N/A
Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A
Procurement & subsidy				N/A
Council Priorities	N/A			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	N/A			

Supporting Information

3. Background

- 3.1 The government has committed to overhauling the way funding is allocated to local authorities, including the business rates retention scheme. The impact of these changes was expected to reduce the council's funding by up to 40%. It is therefore crucial that the council puts its views across to government via consultation responses and through direct lobbying.
- 3.2 The Business Rates Reset consultation in April focussed on the technical detail of particular aspects of how a full business rates reset could work. The government made it clear in the introduction to the consultation that they had already decided that a full reset was going to happen so no other options on whether it was full, or partial were up for discussion.
- 3.3 The Fair Funding Review 2.0 consultation focuses on the government's proposed approach to local authority funding reform through the Local Government Finance Settlement starting from 2026-27. It is another technical consultation focussing on

the calculations required to redistribute funding to upper tier authorities with adult and children's social care responsibilities. The consultation confirms that phasing the ultimate funding changes will happen over 3 years; over the committed 3-year settlement period.

4. Details

4.1 The Fair Funding 2.0 consultation covers:

- determining local authority funding allocations
- approach to consolidating funding
- measuring differences in demand for services and the cost of delivering them
- measuring differences in locally available resources
- the New Homes Bonus
- transitional arrangements and keeping allocations up-to-date

4.2 It also covers:

- long-term approach to the business rates retention system
- devolution and wider reforms, including how we can bring Strategic Authorities closer to the Local Government Finance Settlement
- ways we can reduce demands on local government to empower them to deliver for communities; and sales, fees and charges reform.

4.3 The council recognises that the implications of the Fair Funding Review 2.0 could have significant financial implications for the authority. As a result the council has used its influence, both officers and members, to lobby the Government via various routes to ensure the Government is aware of the potential scale of implications to the council.

4.4 The latest indications from Government are that a funding floor will be introduced which would limit the council's exposure to funding reductions. This indicates that the lobbying the council has undertaken has had an impact on Government decision making when considering how it implements Fair Funding 2.0. The council will continue to work through all of its contacts to exert what influence it can to ensure that the council's financial position is understood and considered in Government decision making.

5. Alternative Options and Reasons for Rejection

5.1 No alternative options have been identified.

6 Conclusion and Reasons for Recommendations

6.1 The Leader and officers have taken opportunities to maximise the amount of influence on the Government to ensure that it is aware of the financial challenges that Cherwell would face if anticipated changes were implemented without any financial safeguards being put in place.

Decision Information

Key Decision	No
Subject to Call in	No – report for information and noting
If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Briefing Presentation to CDC Local MPs July 2025
Appendix 2	Letter to CDC Local MPs re Business Rates Reset May 2025
Appendix 3	Letter to Secretary of State for Business and Trade July 2025
Appendix 4	Letter to Secretary of State for Housing, Communities and Local Government July 2024
Appendix 5	Letter to Secretary of State for Housing, Communities and Local Government August 2025
Appendix 6	Fair Funding 2.0 Consultation Response
Background Papers	None
Reference Papers	None
Report Author	Joanne Kaye, Head of Finance (D151)
Report Author contact details	Joanne.Kaye@cherwell-dc.gov.uk 01295 221545
Corporate Director Approval (unless Corporate Director or Statutory Officer report)	N/A – report of statutory officer, S151 Officer