Roy Perry: We shouldn't protect high spenders from fair scrutiny

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The Budget's announcement of an extra £650m for social care may reduce some sleepless nights for council leaders in the short term, but it is clearly not intended to be a long-term fix. For that to happen, ministers must recognise and act on two problems.

First, social care must be seen as a valuable service that must be funded in its own right, not simply as a means to speed up transfers out of hospitals. Second, local authority funding must be updated to address long-standing inequalities between different parts of the country, noting that some areas have higher proportions of elderly people, and increasing demand for care.

An authority's local tax base bears no relation to demand for adult care from our ageing population and younger adults with complex needs. This means council tax is not the best way to fund the relevant services.

The funding shortfall is severe, and ministers must look at all possible options to bridge the gap. Given the unsuitability of council tax we must explore a national approach to social care costs – perhaps like auto enrolment for pensions – alongside a range of other options.

While a green paper is promised, my preference is for a short, sharp royal commission involving all political parties from local and central government, as well as experts in the care sector and local authority directors of adult care, to make recommendations on how to fund social care.

Given the degree of cross-party and national consensus on working together, this is not an unbelievable scenario. Less plausible is a similar approach to wider local government funding, also in need of urgent reform and facing many similar pressures.

There is a lot at stake as modernisation will inevitably lead to winners and losers. But we need a grown-up conversation about fundamental principles for sharing money across our wealthy and not-so-wealthy areas.

It is easy to quote statistics about cuts – every authority has had them – but we should focus on what is a fair amount of central support for comparable services in different parts of the country.

Here in the South East we have been accused of being favoured and avoiding austerity cuts because our central funding has reduced by a lower percentage than in other parts of the country. But that ignores the fact that we had significantly lower levels of funding at the start.

The Institute for Fiscal Studies showed that back in 2009-10, South East local authority spending power was an average £774 per person, the lowest in the country. In London, the average was more than double at £1,421.

By 2016-17 average spending per person in the South East had fallen to £628 – a cut of 19%. While it is true that other areas have faced higher percentage cuts, seven years on their spending power per head remains higher than the South East's. Even after cuts of 39% in London, average spending per head in the capital in 2016-17 was £861 – £233 more than in the South East.

The result is that South East residents pay 70% of local costs through their council tax, compared to just 45% for London residents.

Similar patterns are seen elsewhere. For example, the North West's percentage cuts sound high at 31% but still leave councils spending an average £713 per head – £84 more than the South East.

This is as opaque as it is unsustainable, and we must find a way of equalising funding levels to treat council taxpayers fairly wherever they live.

These basic inequalities must be addressed by an updated local government finance system. The fair funding review can achieve a more open, accountable system based on an assessment of what it costs to deliver core services per head rather than focusing on past spending levels. We shouldn't protect high spenders from fair scrutiny that would bring them in line with other authorities.

Councils with high per head spending must look at why they are out of step. We all need to work together to create a system that is supportive and sustainable for everyone – on social care and beyond.

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