

South East England Councils

Response to the technical consultation on the 2020/21 Local Government Finance settlement

The technical consultation must be seen against the wider context of funding for Local Government and the extreme pressure on council budgets. South East England Councils represents Unitary, County and District Councils in urban and rural areas, and therefore recognises the different pressures that authorities face. These include cost pressures which most other parts of the country do not face, for example arising from the shortage and cost of housing in the South East, and the higher cost of labour.

We welcome the increase in funding announced for 2020/21 which is a step, albeit a relatively modest one, towards the proper funding of council services. The new Government should continue to increase investment but also make real progress in reforming the underlying, and increasing complex, basis on which services are funded. Also the relationship between local authorities, Government and other agencies. The social care system is a prime example of this, but it is not the only one.

Q1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2020-21?

It is important to provide local authorities with a degree of certainty. We recognise that there have been unique circumstances this year, but a one-year settlement is not a proper way to plan for the sustainable provision of essential services. The new Government should commit to multi-year settlements.

The lack of progress on the Fair Funding review is very disappointing. We recognise that the current system will in broad terms therefore have to roll-forward to 2020/21.

Q2: Should central government eliminate negative RSG in full through forgone business rates receipts?

Negative Revenue Support Grant is wrong in principle and South East England Councils supports the elimination of negative RSG.

Q3: Do you think that there should be a separate council tax referendum principle of 2% or £5, whichever is greater, for shire district councils in 2020-21?

Q4: Do you have views on the proposed package of council tax referendum principles for 2020-21?

These questions do not address the principle of referenda on budgets which South East England Councils is opposed to. Elected members are already accountable by way of a stable

electoral cycle, with some councils even having annual elections. The Government does not place such a restriction on itself even though there is a less stable national system of financial decision making and elections.

The Secretary of State should exercise the power to exempt Unitary, County and District councils in the same way as other precepting bodies until such time as the legislation is changed.

If there is to be referenda criteria, the principles should provide the maximum possible flexibility.

Q5: Do you agree with the Government's proposals for social care funding in 2020-21?

Q6: Do you agree with the Government's proposals for IBCF in 2020-21?

The burden on councils and council taxpayers to fund growing social care pressures is not sustainable. This is not limited to services to older people although this is an acute problem in the South East which has the highest number of people aged 75+ and the highest projected increase. The new Government must honour successive commitments to reform the social care system. It must also recognise the full impact on service-users and councils of the under-funding of social care for other adults and children as well as older people.

We believe that councils should be given the maximum possible flexibility to respond to local circumstances and therefore support 'un-ringfencing' grant.

Q7: Do you agree that there should be a new round of 2020-21 New Homes Bonus allocations for 2020-21, or would you prefer to see this funding allocated for a different purpose, and if so, how should the funding be allocated?

The New Homes Bonus has become an established source of revenue in financial planning. Its future should form part of the Fair Funding Review, but it is too late to contemplate its removal for 2020-21. We therefore support its continuation.

Q8: Do you agree with the Government's proposed approach to paying £81 million Rural Services Delivery Grant in 2020-21 to the upper quartile of local authorities, based on the super-sparsity indicator?

South East England Councils does not have a position on this.

Q9: Do you have any comments on the impact of the proposals for the 2020- 21 settlement outlined in this consultation document on persons who share a protected characteristic?

The South East England Strategic Partnership for Migration works closely with the Home Office, its providers and other partners to support refugees, asylum seekers and other vulnerable people affected by world events. Whilst there is Home Office funding for the immediate associated costs, the financial impact on Councils is very significant. For example, one local authority in the South East has shortfall of £5m in respect of unaccompanied asylum-seeking children aged under 18 and former unaccompanied asylum-seeking children who are in care. This is in addition to the costs that the local authority incurs under other programmes.

The commitment of those authorities that participate in Home Office programmes is admirable, but insufficient funding acts as deterrent for other authorities. This has a negative impact on very vulnerable, and often traumatised, people including children. Additional funding is required whether through the Local Government Finance Settlement or Home Office budgets.

October 2019

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