

NEWS RELEASE

SOUTH EAST ENGLAND COUNCILS

SOUTH EAST STRATEGIC LEADERS

12 October 2018



WHEN HIGH CUTS STILL MEAN HIGH COUNCIL SPENDING: WHY LOCAL GOVERNMENT FUNDING NEEDS TO CHANGE

Council leaders across the south of England are calling for urgent work to fix local government funding after misleading analysis by academics suggested the south had avoided the worst of austerity.

Simply analysing percentage cuts in grant misses the fact that – even after years of austerity – spending per person on local services in London and major cities is still much higher than in southern councils. This is despite higher costs of delivering those services in the south due to higher wages, rents and property prices.

Analysis in *'The depth of the cuts'* from Cambridge University fails to look at how much grant each area receives and whether that amount matches a council's needs. By ignoring this, the report misleads readers into thinking the highest cuts have led to the lowest spending on local services – but that's far from the situation.

It is misleading for both Ministers and residents because it doesn't give a real-life picture, say South East England Councils (SEEC) and South East Strategic Leaders (SESL).

For example in the South East, percentage cuts of 19% from 2009-10 to 2016-17 left councils spending an average £628 per person on local services. Although percentage cuts in London were higher at 39%, the average spend per person also remains higher at £861 – over a third more than in the South East.

The North West is another example where cuts of 31% still leave average council spend £84 more per person than in the south. We have used the same base data as Cambridge University to highlight some of the crucial points their research did not cover.*

Cllr Roy Perry Chairman of SEEC and Leader of Hampshire CC said: "Spend per person should be a fundamental principle in allocating funding. We need to fix the broken local government funding system urgently to achieve this. It is the only way to avoid more misleading conclusions that create tensions between councils rather than recognising that we are all under pressure.

"In Hampshire, our large elderly population means demand for adult social care is rising rapidly but we receive £200 less per person than some city areas. This means we receive £200 million less each year and that can't be right."

Cllr Martin Tett Chairman of SESL and Leader of Buckinghamshire CC said: "This sort of misleading analysis simply serves to pit councils against each other. At the moment councils across the country are 'running on empty'. Many councils in the South East now receive no Government revenue funding whatsoever and have faced the prospect of 'negative RSG', in practice taking away local raised revenue. Counties and unitaries in the South East face some of the greatest demographic pressures, particularly for adult social care and the highest level of costs. It is important for all councils that the Government resolves financial uncertainties quickly and confirms fair financial settlements for the coming years.

"Certainly in Buckinghamshire I absolutely don't recognise the report's description of 'relatively minor' service cuts. We have had to make major savings of hundreds of millions of pounds, with big reductions in virtually all services including parks, libraries, social care, community services, education and road maintenance. We have also increased charges significantly to local residents. At the same time demand for adult care and children's services has soared. This has put huge pressure on our budget for this and following years. Delivering these services is more expensive in the South East than elsewhere. The cost per person of home to

school transport in Buckinghamshire is £70 whereas the average cost in a metropolitan city is less than £9, but these differences do not feature in the analysis by Cambridge University.

Ends

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2. About SEEC

South East England Councils (SEEC) was established in 2009. It is a membership organisation representing all tiers of local authority. The SEEC area covers Berkshire, Buckinghamshire, East and West Sussex, Hampshire, Kent, Oxfordshire and Surrey.

SEEC's objectives are:

- To strive for a fair funding deal for the South East
- To promote the South East's position as a leading global economy
- To act as single democratic voice for South East interests
- To monitor the pulse of the South East.

For more information visit www.secouncils.gov.uk

3. About SESL

South East Strategic Leaders (SESL) members are some of the most innovative and high performing local authorities in the country, committed to making the case for investment in the economic powerhouse of the UK and to driving public service excellence.

Membership includes Buckinghamshire, Essex, Hampshire, Kent, Oxfordshire, and West Sussex County Councils, Berkshire unitary authorities, Central Bedfordshire and Swindon. SESL aims to:-

- Influence, by speaking with a stronger, united voice for upper tier strategic councils;
- Inspire, by connecting people and sharing ideas; and
- Inform, by producing evidence relevant to practice.

4. The data

* Our analysis uses the same data as that used by Cambridge University, to highlight some of the crucial points its research did not consider. It should be noted though that a number of issues have been identified with the data that Cambridge used, which understates the cuts faced by some councils (including ones which Cambridge claims to have seen low cuts) and overstates those received by some others.

Analysis and conclusions in the 'Depth of the Cuts' report are based on data from the Institute of Fiscal Studies on grant allocations in UK local authorities. The analysis does not draw out the fact that spending per person in some of the areas with the highest percentage cuts remains much higher than in other areas which may have suffered lower percentage cuts in grant. In doing this it presents only a partial picture and suggests high cuts have led to the lowest spending per capita but this is not the case. For example, despite lower percentage cuts, South East authorities' spending power per person is 33% less than London's.