

Local Government Finance Settlement Technical Consultation

21st October 2019

About the District Councils' Network

The District Councils' Network (DCN) is a cross-party member led network of 191 district councils. We are a Special Interest Group of the Local Government Association (LGA), and provide a single voice for district councils within the Local Government Association.

District councils in England deliver 86 out of 137 essential local government services to over 22 million people - 40% of the population - and cover 68% of the country by area.

District councils have a proven track record of building better lives and stronger economies in the areas that they serve. Districts protect and enhance quality of life by safeguarding our environment, promoting public health and leisure, whilst creating attractive places to live, raise families and build a stronger economy. By tackling homelessness and promoting wellbeing, district councils ensure no one gets left behind by addressing the complex needs of today whilst attempting to prevent the social problems of tomorrow.

The DCN welcome the opportunity to respond to this consultation.

Question 1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2020-21?

We agree with the distribution proposed in the consultation. Given the delays to the changes in the Business Rates Retention System and the Fair Funding Review, uprating of the Revenue Support Grant seems sensible, and provides certainty over funding levels for Districts.

Question 2: Should central government eliminate negative RSG in full through forgone business rates receipts?

We welcome the continued funding of so-called negative RSG into 2020-21. This will provide much needed assurance to District Councils who are experiencing unprecedented levels of budgetary pressure.

The abolition of Negative Revenue Support Grant should be made permanent with zero being the absolute lowest level of RSG.

Question 3: 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?

The principle of 2% or £5 needs to be the absolute minimum that is available to Districts. Given that this Spending Round is essentially a continuation of the previous Comprehensive Spending review, this offer represents a step backwards from the 3% or £5 which was initially on offer. This principle should continue as a minimum into 2020-21. For the average District Council, 3% only represents an extra 55p above the £5 limit, which does not

represent a significant additional burden on the taxpayer, but could generate much needed funds for Districts.

Furthermore the government should also consider increasing the £5 level to £10 to reflect the increased pressures faced by district councils.

Question 4: Do you have views on the proposed package of council tax referendum principles for 2020-21?

Local district councils, who are democratically accountable to their residents and understand the needs of their communities and places best, should have freedom where to set council tax, ultimately there should be no restrictions on increases.

We welcome the decision to continue to allow Parish and Town Councils to operate free from referendum principles, especially as their proportion of the total Council Tax charge for a property is relatively small. As such, a referendum principle would have unreasonably hampered their ability to raise additional funds. This freedom encourages these Councils to take a more active role in providing services to their communities, without fear of becoming financially unviable.

We are disappointed to see that our calls for a Prevention precept, to be levied by Districts Councils, have once again been ignored. District Councils have a clear role to play in reducing the pressure on social care authorities and the NHS, but are given no specific funding to assist with this. Allowing this precept would provide ring-fenced funding to support these initiatives and result in better value for money for the sector as a whole.

Question 5: Do you agree with the Government's proposals for social care funding in 2020-21?

We have no comments.

Question 6: Do you agree with the Government's proposals for iBCF in 2020-21?

We continue to be of the opinion that it would be more efficient for the Government to pass Disabled Facilities Grant funding directly to Districts, speeding up the process and allowing the money to start making a difference in the community more quickly.

Question 7: 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 is critical to funding the delivery of services and schemes that ensure community backing for districts to deliver new homes, which takes a good amount of time to achieve. We welcome the proposals to extend the allocations into 2020-21, as many Councils will be relying on this funding to balance their budgets. Any funding stream which the Government is minded to use to replace the New Homes Bonus must be consulted on well in advance of implementation, allowing Districts opportunity to shape this funding stream moving forwards.

Question 8: 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?

We agree with these proposals.

Question 9: 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? Please provide evidence to support your comments.

We have no comments.