

## **Provisional Local Government Finance Settlement 2020-21**

### **Response from the District Councils' Network**

**January 2020**

The District Councils' Network (DCN) welcome the opportunity to respond to this consultation.

Please note that on page 5 in the document 'Responses to the Technical Consultation' it states that 201 district councils were consulted, however since April 2019 there have been 191 district councils in England.

There are other issues with the presentation of the views of district councils within the analysis where further clarification would be welcome. For instance, we find it strange that only 73% of district councils are supportive of the separate council tax referendum principles, which would only benefit district councils, when 80% of all council responses did so. Similarly, 32% of respondents called for a higher cash figure than £5, it is not clear if all or most of these responses were from districts, which would be an important point to note in analysis.

#### ***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. The uprating of the Revenue Support Grant is sensible given the delays to the changes in the Business Rates Retention System and the Fair Funding Review.

#### ***Question 2: Do you agree with the Government's proposal to eliminate negative RSG?***

The DCN welcomes the proposal to eliminate negative RSG again in 2020-21. This will provide much needed assurance to District Councils who are experiencing unprecedented levels of budgetary pressure.

#### ***Question 3: Do you agree with the proposed package of council tax referendum principles for 2020-21?***

The DCN will continue to make the case for councils should have full control over council tax and be accountable for their decisions locally. In our view, the Government should set no principles for principal authorities in 2020-21.

However, if the Government decides to set principles, the principle of 2% or £5 for shire district councils is not sufficient. The proposal represents a backward step from

the 3% or £5 which applied in the last two years. It is our view that, given that this Spending Round is essentially a “rollover” of the current year’s settlement, the 3% or £5 principles should continue into 2020-21.

Continuing with the 3% or £5 principle for 2020-21 would have a modest impact on total public spending even if all districts used it. It would also not cost the Government anything, it would not have to provide any additional grant and the full cost of council tax reduction schemes is met by councils from their resources.

Furthermore, the DCN has often pointed out that, in shire county areas, the adult social care precept is levied only in respect of the county council element of council tax and therefore less resources are raised for council services than in unitary authority areas. It also means that council tax payers in shire counties will face lower overall potential increases than other areas, providing a further reason why districts should be allowed additional flexibility of at least 3%.

We welcome the decision to continue to allow Parish and Town Councils to operate free from referendum principles.

***Question 4: Do you agree with the Government’s proposals for the Social Care Grant in 2020-21?***

We welcome the recognition of the pressures facing authorities with responsibilities for providing social care, however there is a critical need now for the Government to set a course for putting social services on a sustainable financial footing. With adult social care at a tipping point, government must recognise and adequately resource district councils for their role in prevention and ability to reduce demand on primary care. At present, the social care funding crisis has been dealt with in a piecemeal way, with funding diverted between government priorities to deliver short term fixes rather than addressing complex underlying issues.

As well as creating uncertainty for local authorities, recycling funding between government priorities is detrimental to long term sustainability. For example, moving money away from housing in order to fund adult social care authorities fails to recognise housing as a key determinant of health.

Any new arrangements must recognise the need for separate funding streams and acknowledge the importance of prevention, which is key to driving down the currently unsustainable costs of adult social care and improving people’s lives over the long term.

***Question 5: Do you agree with the Government’s proposals for iBCF in 2020-21?***

The DCN has long argued that the Government should pass Disabled Facilities Grant funding directly to District Councils, it would enable help to get where it is needed more quickly and efficiently.

**Question 6: Do you agree with the Government's proposal to fund the New Homes Bonus in 2020-21 with the planned £900 million from Revenue Support Grant, with additional funding being secured from departmental resources, and to allocate the funds in line with previous years but with no legacy payments?**

District councils continue to work with communities to secure their backing for new homes and are playing a key role in the delivery of new housing and in building strong economies. The New Homes Bonus has been critical in providing the services and infrastructure that enable this, and in securing community backing for housing growth.

It is important that all housing growth should continue to be rewarded and that communities see the benefits of continuing to back new homes locally. The DCN is keen to engage early on the future of the New Homes Bonus or any funding stream which the Government is minded to use to replace it with in 2021. Proposals must be consulted on well in advance of implementation, allowing Districts opportunity to shape this funding stream moving forwards.

We welcome the proposals to extend the allocations into 2020-21, as many District Councils will be relying on this funding to balance their budgets. It is important however that the Government give early clarity that legacy payments earned in the current financial year and in previous years will be honoured and paid in 2021-22 and subsequent years as appropriate. We are concerned that the consultation paper refers only to making legacy payments in 2020-1, while the consultation is about 2020-21, confirmation for future legacy payments already earned and due in 2021-22 would provide much needed certainty.

**Question 7: 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?**

Yes.

**Question 8: 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, and on the draft equality statement published alongside this consultation document? Please provide evidence to support your comments.**

Should the Government decide to set council tax referendum principles of 2% or £5 in shire district councils, then residents in shire county areas will continue to face a lower percentage council tax increase than residents in areas with unitary councils.