

Local Government Finance Settlement 2020/21 Technical Consultation: Response from Pendle Borough Council

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

We reiterate our concerns regarding the extent to which relative needs and resources are assessed and taken in to account when distributing central resources for local government. Hence, we would argue that the current methodology remains sub-optimal, not least because it is based on out of date data.

We acknowledge that the Government is committed to the Fair Funding Review and that work on this has already started. We are deeply disappointed that the implementation of the Fair Funding Review has been delayed until April 2021. Nevertheless, we will be responding to the consultation on this matter in due course because the present method of allocating Revenue Support Grant is based on outdated information associated with both the relative needs and resources of local authorities which, in our view, is depriving our local area of the resources required to sustain local services.

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

We remain aggrieved at the Government's response to those Councils that, as a consequence of the formulaic approach to the allocation of Revenue Support Grant, will 'suffer' negative RSG again in 2020/21 (and indeed in the current year). In our view, it is contrary to both the calculation methodology and, in relation to the current year's allocation, the acceptance of the 4-year settlement that the Government has chosen to find £152.9m to compensate these Councils, most of which have:-

- not suffered the extent of reduction in Revenue Support Grant as Pendle yet are being reimbursed funding;
- by virtue of their taxable capacity, have been largely protected from funding reductions;
- received more New Homes Bonus than Pendle given they have functional housing markets.

Fundamentally, it is unfair.

Question 3: Do you think that there should be a separate Council Tax referendum principle of 2% or £5, whichever is the greater, for shire district councils in 2020/21?

No, we fundamentally disagree with the proposal for a separate Council Tax referendum principle for all Councils. And it is incongruous that the Government is seeking to set referendum limits for Council Tax increases by local authorities yet allowing the Mayoral Combined Authorities to precept without limit.

We maintain our view that Councils should have the flexibility to increase Council Tax, taking account of local circumstances, without the need for a referendum.

Appendix A

Equally, if self-funding of local government is the Government's intended model there should also be greater flexibility for Councils to vary council tax discounts for example. In particular, we can see no reason why there continues to be a Single Persons Discount at all or, at the very least, why Councils do not have the freedom to vary the level of discount according to local circumstances.

Question 4: Do you have any views on the proposed package of Council Tax Referendum principles for 2020/21?

We agree that there should not be referendum limits for Council Tax for either Mayoral Combined Authorities or Town and Parish Councils on the basis of our view that referendum principles should not apply to any local authority. Decisions on Council Tax should be a matter for local politicians to determine.

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

We agree that the Government should provide additional funding to address social care pressures. We are concerned that the funding is not ringfenced, has no reporting requirements attached to it and that there is no prescription on how much should be spent on Adults/Children. Our view is that, at the very least, the Government should require that the funding is used on Social Care given this presents a significant demand in those Councils responsible for that service.

It is also our view that some of the wider determinants of issues that result in additional demands for social care relate to activities that are the responsibility of District Councils, eg quality of housing standards, availability of leisure facilities etc. It is also our view that these issues are not properly – if at all – reflected in the funding settlement for District Councils. In particular, we support the District Councils Network proposals for a Prevention Precept which allow District Councils to raise funding specifically directed at preventative measures as a contribution to dealing with Social Care demands.

Question 6: Do you agree with the proposals for iBCF in 2020/21?

We agree with the Government's proposals to continue iBCF funding for Adult Social Care Pressures.

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?

We agree that there should be a new round of New Homes Bonus funding. However, as we have always stated, funding for New Homes Bonus should be additional to the amount of Revenue Support Grant available and not top-sliced from that funding. To that end, our view is that the £900m should not be top-sliced from the Revenue Support Grant but that the Government should fund the 1-year New Homes Bonus allocations in 2020/21 from new funding.

Appendix A

In the event this does not happen, we agree with the Government's proposal that there should be a new round of New Homes Bonus allocations for 2020/21. However, we disagree that the new allocations should be for one year only. We believe that the Government should honour New Homes Bonus payments – both the existing legacy payments and the new funding in 2020/21 – for the 4-year rolling period agreed when the Scheme was reset in 2016 so as to provide certainty of funding on which to develop medium term financial plans.

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 super-sparsity indicator?

As we have said previously, the grant for rural services delivery seems to address a specific factor impacting on needs. In this case it is sparsity and whilst we acknowledge the additional costs that stem from this it is but only one factor amongst a number that drive funding needs. Another factor would be deprivation which, in a previous consultation on Review of Local Authorities' Relative Needs and Resources, the Government acknowledges as 'an important driver for some specific services'.

To that end, we are unclear why the Government has chosen to make available increasing amounts of additional funding (the proposal here is to grant £81 million) for this factor but chooses to ignore other factors that impact on the costs of many other local authorities.

We would strongly urge the Government to reconsider whether additional funding should be made available for Council areas recognised as being within the upper quartile of deprived areas according to the Index of Multiple Deprivation (IMD). According to the latest IMD statistics, Pendle is now ranked 36th (out of 317) most deprived place in the Country, a position which is worsening partly as a consequence of underfunding local service provision.

Question 9: Do you have 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 observations to make in this respect and rely on the Government to comply with the same requirements as are applicable to individual councils when assessing the equality impact of policy decisions.