

MHCLG Consultation “Local Authority Funding Reform: Objectives and Principles”

Question 1: Do you agree with the government’s objective to allocate grant and retained business rates income in a way which accounts for differences between local authorities in demand for services, the cost of delivering them and ability to raise Council Tax locally?

Agree – Neither agree nor disagree – Disagree – No view (Choose one option)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

Whilst we agree with this principal, the accuracy and validity in using the recent information is key, in that these details should be no more than two years old.

Question 2: In addition to the areas included in this consultation, are there elements of the local government finance system that are not fit for purpose and require improvement and reform? If so, please provide information on what reforms are required and why.

If you have views, please share these and any supporting explanation or evidence. (Free text)

Regional variations in employment and housing costs need to be reflected within settlement areas. London Authorities have received additional funding on this basis for a number of years, however, the South East are now in direct competition for employment and housing need and this should be reflected accordingly.

Question 3: Do you agree that the suggested principles should inform our approach to updating local authority funding allocations?

Agree – Neither agree nor disagree – Disagree – No view (Choose one option)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

Question 4: Do you agree with our proposal to use the best available evidence and most up-to-date data in the assessment of need, including using the most recent census data?

Agree – Neither agree nor disagree – Disagree – No view (Choose one option)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

Question 5: Do you agree with our proposal to simplify the assessment by reducing the number of Relative Needs Formulae? If you disagree, please explain why and which service areas you are concerned about.

Agree – Neither agree nor disagree – Disagree – No view (Choose one option)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

Whilst we agree with the proposals, the supporting evidence for such a calculation should be transparent but also open to challenge and if necessary correction.

Question 6: For the children, young people and family services formula, do you agree that the variables set out are the right ones to consider in an assessment of relative need? If you recommend the addition or removal of variables, please provide supporting evidence and recommend a suitable dataset.

Agree – Neither agree nor disagree – Disagree – **No view** (Choose one option)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

Question 7: Do you agree that the government should consider updating the data in the fire and rescue services Relative Needs Formula?

Agree – Neither agree nor disagree – Disagree – **No view** (Choose one option)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

Question 8: Do you agree we should assess differences in cost using an Area Cost Adjustment based on the structure of 2024 ACA? If not, please provide evidence for alternative approaches.

Agree – Neither agree nor disagree – Disagree – No view (Choose one option)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

Question 9: Do you agree that (other than locally retained business rates) we should only adjust for Council Tax when assessing local resources? If you do not agree, please include details of what other sources of income you think should be included (if any), and how the government should adjust for them.

Agree – Neither agree nor disagree – Disagree – No view (Choose one option)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

Question 10: Do you agree that we should measure Council Tax income by making uniform assumptions on the Level of Council Tax charged by local authorities and factors which determine their ability to raise Council Tax?

Agree – Neither agree nor disagree – Disagree – No view (Choose one option)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

Question 11: To what extent should we adjust for Council Tax when determining local authority allocations (i.e. what assumption should we make on Council Tax Level)?

Fully – **Partially** – Not at all – No view (Choose one option)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

In recent years the Government's Core Spending Assessment has assumed that authorities have achieved the growth levels estimated and that they will increase Council Tax to the maximum referendum limit. The question that is begged is how is this then leaving scope for elected councillors to make financial decisions on the levels of Council Tax that could be charged?

Question 12: Do you agree Transitional Arrangements should account for a Business Rates Reset? If not, please explain why.

Agree – Neither agree nor disagree – Disagree – No view (Choose one option)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

Whilst the system has its flaws the reset of the baseline is overdue. However, a partial reset may be appropriate given that some local authorities have worked hard to achieve the economic growth in their areas and the risk is that a full reset could take it all away. Over this time those authorities who have been above this baseline have used these funds to supplement 'normal' revenue expenditure. The transitional arrangements proposed in the paper only give 3 years of transition and could give rise to difficulties for local authorities in this position.

Question 13: Do you agree or disagree we should enable and encourage local authorities to support housebuilding in their areas through the Local Government Finance Settlement? Please provide any explanation or supporting evidence for your view.

Agree – Neither agree nor disagree – Disagree – No view (Choose one option)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

Whilst the development of more homes does allow for further Council Tax yield, the position of getting to the point of development is massively underfunded through the national setting of planning fees. The New Homes Bonus has assisted with the compensation of this underfunding.

Question 14: What measures should we use to support local authorities to move to their updated funding allocations?

We would suggest a minimum 5 year transition period to allow for dampening of the gains previously accrued.

Blend in updated allocations over several years – Other transitional arrangements
(Check options that apply)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

Question 15: Do you agree we should keep funding allocations up-to-date dynamically by using the most up-to-date data possible? If so, how?

Agree – Neither agree nor disagree – Disagree – No view (Choose one option)

Please provide any additional information, including any explanation or evidence for your response. (Free text)

Question 16: What are the most excessively burdensome activities or requirements for councils, which if changed, could significantly free up local government capacity?

If you have views, please share these and any supporting explanation or evidence.
(Free text)

Question 17: Do you agree with our proposals to reduce the number of grants and New Burdens payments issued to local government?

Agree – **Neither agree nor disagree** – Disagree – No view (Choose one option)

Please provide any additional information, including any explanation and evidence.
(Free text)

Question 18: Do you agree or disagree that the government should provide local authorities with greater control over Sales, Fees and Charges? Please provide supporting evidence, considering specific fees where greater control would be of most benefit, and expected impacts on charge-payers.

Agree – Neither agree nor disagree – Disagree – No view (Choose one option)

Please provide any additional information, including any explanation and evidence.
(Free text)

As with all things the devil will be in the detail. At a district council level the biggest element of fees and charges 'in scope' is Planning Fees. Greater control over the setting of such fees would help councils to better support the significant costs of the planning function.

Question 19: Do you have any views on the potential impacts of the proposals in this consultation on persons who share a protected characteristic?

If you have views, please share these and any supporting explanation or evidence.
(Free text)