



## **SOCIETY OF DISTRICT COUNCIL TREASURERS**

President: Norma Atlay, FCPFA

Date: 11 January 2017

Dear Sir/Madam,

### **SDCT response to Local Government Finance Settlement 2017-18**

This letter is in response to the consultation document published by the DCLG on 15<sup>th</sup> December 2016 in respect of the proposals for the provisional local government finance settlement for 2017-18. The Society of District Council Treasurers welcomes the opportunity to respond. By way of background, the Society represents Chief Financial Officers from the 201 district councils nationally. The response to this consultation is representative of the membership of the Society and as such reflects the potential for differing views dependent on individual circumstances.

#### **Question 1 - Do you agree with the methodology of Revenue Support Grant in 2017/18?**

**Response** - The allocation of Revenue Support Grant is consistent with 2016-17 and with the terms of the multi-year settlement. Therefore the methodology used is reasonable. The pressure on those Authorities that have zero Revenue Support Grant in 2017/18 and negative grant in future years is significant though. The DCLG should do all it can to support Local Authorities in managing with this significantly declining level of funding. If it is not possible to provide any more actual funding, then other flexibilities should be considered that would allow Local Authorities to better manage with less resource or to be able to raise more income. As examples, such flexibilities might include local setting of planning fees to recover full costs and removal of restrictions on use of parking income.

#### **Question 2 - Do you think the Government should consider transitional measures to limit the impact of reforms to the New Homes Bonus?**

**Response** - The Government should implement transitional measures to limit the impact of reforms to the New Homes Bonus. The cuts outlined in the draft settlement are severe and likely to impact on the financial sustainability of some districts. It is unacceptable that it took nine months from the consultation closing to the Government issuing a response. This delay has meant that the information has now been received so late in the budget process that many authorities will have little option at this stage apart from further reducing reserves. Imposing a baseline of 0.4% is far more drastic than the 0.25% mentioned in the

consultation and it is completely unreasonable to introduce this in one hit with one month's notice before budgets are set.

Authorities with mainly Band A to C properties may see substantial growth in terms of numbers of homes but thanks to the calculation being based on Band D equivalent will see no NHB benefit even though it is supposed to reward growth in housing numbers

Authorities are including substantial numbers of new homes in emerging local plans, often with some local Member resistance which has been tempered by the promise of NHB funding. That will not now be as much in cash terms and so resistance to the higher housing numbers is growing. This all set against the rising demand that the housing crisis is resolved by local authorities.

The changes to New Homes Bonus seem to show that the Government has lost sight of the original intention of the scheme which was to encourage housing growth.

**Question 3 - Do you agree with the Government's proposal to fund the New Homes Bonus in 2017/18 with £1.8 billion of funding held back from the settlement, on the basis of the methodology described in paragraph 2.5.8?**

**Response** – SDCT does not agree with the proposal. New Homes Bonus should be separately funded without requiring funds to be held back from the settlement. The top slicing of money does nothing to address the basic issue of the chronic under funding of district councils.

**Question 4 - Do you agree with the proposal to provide £240 million in 2017/18 from additional savings resulting from New Homes Bonus reforms to authorities with adult social care responsibilities allocated using the Relative Needs Formula?**

**Response** – SDCT does not agree with the proposal. By taking funding from District Councils (through the New Homes Bonus changes) it forces them to review discretionary services. This is likely to include community services that currently provide low level support to older people and other vulnerable groups. So any cuts are likely to have a detrimental impact on social care in the longer term.

The proposal is ill conceived and has a severe impact on district councils without adequately addressing the funding need for adult social care. New Homes Bonus should not be cut in this way and a proper solution should be provided to fund adult social care.

**Question 5 - Do you agree with the Government's proposal to hold back £25 million to fund the business rates safety net in 2017/18, on the basis of the methodology described in paragraph 2.8.2?**

**Response** - SDCT does not agree with the proposal. The safety net should be separately funded without requiring funds to be held back from the settlement. The top slicing of money does nothing to address the basic issue of the chronic under funding of district councils.

**Question 6 - Do you agree with the methodology for allocating Transition Grant payments in 2017/18?**

**Response** - In line with providing funding certainty to Local Authorities the amount of Transitional Grants should be the same as those announced last year. There should not be a need to recalculate the grant when it is only for a period of 2 years.

**Question 7 - Do you agree with the Government's proposed approach in paragraph 2.10.1 of paying £65 million in 2017/18 to the upper quartile of local authorities based on the super sparsity indicator?**

**Response** – SDCT does not agree with the proposal. Rural services should be separately funded without requiring funds to be held back from the settlement. The top slicing of money does nothing to address the basic issue of the chronic under funding of district councils.

**Question 8: Do you have any comments on the impact of the 2017-18 local government finance settlement on those who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide supporting evidence.**

**Response** -The draft equality statement focuses on adult social care funding. Whilst users of social care services have protected characteristics (e.g. age and disability), there should be a wider consideration of the impact across all protected characteristics (as detailed in the equality act). The significant part of this should be carried out by Government at a macro level by reviewing the correlation between decreases in funding by area and the population characteristics for those areas. For many District Councils, the overall decreases in funding will require a review of all discretionary services, and a number of these will need to be ceased. For community services there is likely to be an impact on certain protected characteristics (e.g. age, disability, race and sex).

The Society trusts you will find our responses helpful and should you have any queries, please contact me.

Yours faithfully,



Norma Atlay  
SDCT President  
Norma.atlay@north-herts.gov.uk