

Foreword

Although the vote to leave the EU took place in 2016, the political implications have continued into 2019 since an earlier than anticipated general election ushered in a period of uncertainty. For local government, the calling of the election had the important initial consequence that a number of important initiatives, including notably the 100% business rate retention scheme, were deferred.

Against this backdrop of uncertainty, a continuing theme has been local government's need to address financial austerity arising from reduced Revenue Support Grant (RSG) and limitations of council tax increases combined with a rising demand on services. Individual local authorities have sought to balance budgets in innovative ways and the increase in commercial activity and business transformation continues. But for the sector as a whole there remains an uncertainty about whether funding for all authorities is sustainable into the future. The financial failure of Northamptonshire County Council highlighted the scale of the challenge.

Social care is one aspect of the local government finance agenda that regularly commands media attention. School finance is another aspect of local government finance that periodically broke through into national media coverage but again it remains impossible to anticipate the direction of national policy. The implications of the Grenfell Tower tragedy of 2017 for local government housing finance remain to be seen.

Whatever the circumstances and by whichever means local authorities finance their activities, one enduring feature of local government finance is its complexity. This is increasing because services are being delivered in new and innovative ways, often motivated by the benefits of working with partners from within or outside the sector. Added to this is increased devolution which, while generally welcomed by local government, adds to the complexity by introducing a patchwork of local variation.

This guide, covering England only, seeks to provide the reader with a comprehensive overview of the local government finance system as a whole, explaining some of the challenges and introducing the reader to its essentials. While the reader is encouraged to read the whole guide to appreciate the relationship between the different aspects of local government finance, each module of this guide is designed to be relatively freestanding and so can be read in isolation.

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