

# **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.

A fair funding review has been required for years. However, significant transition arrangements are necessary to ensure financial stability for councils. In assessing the ability to raise council tax locally, consideration needs to be given the impact council tax referendum limits are currently having on that ability.

**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.**

Council Tax referendum limits run contrary to local democracy and devolution of power, are inconsistent across different tiers of government and do not allow councils with historically low council tax levels to increase their funding to improve their financial sustainability and maintain services. Council tax revaluation is long overdue

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

Agree.

Simplicity is fine in principle though there may be a danger that being over-simplistic may be detrimental.

The principles should also be capable of being adaptable i.e. they can be amended if they are having unintended consequences.

**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.

**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.

Agree in principle but do note that some councils are by the nature of their location significantly impacted by homelessness.

Given there clearly is a fixed cost to running a local authority this should continue to be included in the formula.

**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.**

No View.

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

No View.

**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.

**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.

'Ability' to raise income rather than whether they have 'taken the opportunity' to raise income should be the consideration. Future local political choices should not then affect how funding is distributed nationally.

**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.

Agree but only if referendum limits are removed and decisions are devolved.

**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)?**

No View.

Different councils provide different levels of service for a number of reasons which will impact the level of council tax.

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

Agree.

**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.

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

Blend in updated allocations over several years, Other transitional arrangements.

Transitional arrangements are essential otherwise council will fail financially.

**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.

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

The current Government has committed to ending competitive bidding processes which, if accompanied by adequate, sustainable funding, would likely free-up some capacity within local government and enable councils to focus on service delivery rather than collating vast amounts of evidence to submit a bid, with no guarantee of winning the bid. However, there are still issues around non-competitive bidding processes, in that councils are often still required to submit detailed plans of how funds will be spent, as a prerequisite to receiving those funds. This mirrors the burden of a competitive bidding process, in that it requires a significant amount of local government resource which could be better diverted to service delivery – albeit there is less risk (compared to competitive bidding processes) of developing detailed proposals which are then not awarded funding. In addition, reporting and monitoring returns to the Government should be reviewed and redesigned in a way that reduces the resource burden on councils. Consideration should be given to revising the Government's approach to awarding funds to local government, and the associated reporting and monitoring returns that councils are required to complete, so that they more closely align with councils' existing project governance and reporting mechanisms – thus reducing additional burden on already stretched local government resources.

There are also opportunities to review how the Government interacts and engages with local government to understand the sector's views on different issues. At the moment, a key mechanism for engagement seems to be through Government consultations, however multiple important consultations are often opened up for responses at the same time, with response deadlines in close proximity. This can leave councils grappling with the sheer amount of resource required to respond to multiple consultations and having to make difficult decisions around which consultation responses to prioritise, while balancing this with prioritising service delivery. It would be helpful if the spread of consultation deadlines across the year was more evenly distributed – and in particular avoiding consultations that close around significantly busy periods for local government (e.g. Budget-setting). Using the example of the large number of Government consultations launched in December 2024, councils (including this council) are having to reluctantly divert resource in order to avoid losing out on having their views heard. For example, our Head of Finance is currently spending a significant amount of time responding to consultations, time which would be of greater local benefit being diverted towards Budget-setting matters.

The full exploitation of new and cutting-edge technologies, including Artificial Intelligence (AI) would also help to free-up significant local government capacity as a result of reducing the burden of performing many administrative tasks manually. However, being able to implement technology such as AI would require significant investment in the sector and long-term financial sustainability. It would also require a common approach across local government to ensure that any risks and challenges were appropriately managed and mitigated.

In addition, there are many statutory processes within local government which require review and modernisation to ensure they are fit for purpose. For example, requirements to publish documentation such as planning applications and Member allowances in hardcopy newspapers is costly and does not reflect the increasingly digital age we live and work in. Similarly, the statutory requirement to print hardcopies of agendas and councils' Forward Plans for public inspection at council offices does not necessarily reflect the way in which many people choose to consume this type of information online. Printing is costly and does not support councils in their climate change ambitions. The processes around Compulsory Purchase Orders also require simplification, which would make them less resource intensive.

As a key commissioner and purchaser of services, local government procurement is a vital component of councils' activity. Our council is looking forward to benefitting from the flexibilities that the new Procurement Act 2023 will bring when it comes into force in the next few weeks and would welcome the opportunity to provide detailed feedback on the impact it has on local authority procurement after the first twelve months. However, in the short term an increase in the UK Find a Tender (FTS) Threshold would allow the council more flexibility in procuring lower value goods and services. The current form of the statement of accounts is also too long, too complex, and is impenetrable to the vast majority of residents. The need to comply with international financial reporting standards which are not aligned with legislation and regulation governing council finance means the accounts take too long to produce and too long to audit – and this is a significant contributing factor to the local audit backlog. Permanent resolution of the local audit backlog is at risk whilst councils continue to be required to prepare accounts of this length and complexity.

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

Disagree.

Rolling in grants gives less transparency of the overall grant being received, and by doing this there is a real risk that the reasons for the specific grants are lost altogether.

**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.

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

No Response.