

Local Government Finance
Ministry of Housing, Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF

Response to the consultation on Local Government Funding Reform

Name: Adam Richens

Type of Organisation: Local Authority

Name of Organisation: Bournemouth, Christchurch, and Poole

Position: Director of Finance

Address: Civic Centre, Bourne Avenue, Bournemouth, BH2 6DY

Email address: adam.richens@bcpcouncil.gov.uk

Telephone number: 01202 123027

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?

Response

Disagree.

This should not be based on the ability to raise Council tax locally which is an entirely false and misleading measure based on historical decisions taken over the last 30+ years. Each local authority has the ability to raise the same council tax locally. It has been the historic vagaries of the local government funding formulae and local decision making that has created the current disparities.

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.

Response

Business Rates as a funding source is an incredibly complex system which needs to be simplified in its operation with any reset.

We are not convinced any Area Cost Adjustments are still appropriate in which staff work from home and then work for the local authority with the best remuneration package which tends to be the London Authorities.

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

Response

Agree

The transitional arrangements are particularly important to allow authorities time to make thoughtful and considered responses to any changes.

In regard to transparency to the public it is important they understand what councils actually deliver, particularly the significant cost of social care. How councils are funded is fairly well understood.

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?

Response

Agree particularly focus on adult and children social care being of the utmost importance.

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.

Response

Agree particularly focus on adult and children social care being of the utmost importance.

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.

Response

These indicators intuitively would be the right ones but is there a clear link with the data for numbers of looked after children and children in need with the associated costs? Local childcare markets can significantly impact on placements costs unrelated to general local labour markets or levels of local deprivation. Unrelated to council funding, government action is needed to tackle excess profits being made in children's social care markets.

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

Response

No view

This is a matter for Fire and Rescue authorities.

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.

Response

Disagree

The relevance of the Area Cost Adjustment has significantly diminished with staff working from home. BCP Council has certainly lost a significant number of staff who now work for higher paying local London authorities but at home from Bournemouth, Christchurch, Poole area. All the Area Cost Adjustment does it perpetuates the ability of London authorities to attract staff.

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.

Response

Disagree

Do not believe you should be adjusting for Council Tax as government has the ability to reset the system and allow all local authorities to apply a consistent rate. Account should not be taken of other forms of income such as Sales, Fees and Charges as these generally should be set to cover costs, costs which are not recognised in the various assessments of need.

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?

Response

Agree

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)?

Response

No view

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

Response

Agree. The system was always designed for a reset. Transitional arrangements must avoid cliff edges for councils. We have concerns around a percentage of business rates income going toward strategic authorities without a clear understanding of what costs will also be removed at the same time.

The council would have concerns around any system which leads to local resources, be that Council Tax or Business Rates, which are redistributed nationally.

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.

Response

Agree

However, this needs to be supported by significantly higher capital grant rates than are currently available and investment in other infrastructure key to developments such as the electrical power network, water and sewage works, and NHS Service.

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

Response

Blend in updated allocations over several years

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?

Response

Agree

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

Response

No strong view.

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

Response

Agree too many grants but a clear link must still be maintained where new demands are placed on local authorities to ensure they are adequately funded. An example would be the requirements of the Children's and Families Act 2014 which created the need to establish Education, Health and Care Plans (EHCPs) and the ballooning annual shortfalls in the Dedicated Schools Grant (DSG) high needs block government funding and the corresponding DSG deficits.

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.

Response

Agree

All fees should be set to at least cover the cost of providing those services, including the full on-costs, not just headline costs. Most fees set by government do not cover the full cost of providing those services. Councils should also be given the power to set penalties such as parking fines at rates which will act as a deterrent based on local parking fees.

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