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Chapter 2: Determining local authority funding allocations

1 What are your views on the updated SFA resulting in zero allocations, and the use of mitigations to avoid zero allocations?

What are your views on the updated SFA resulting in zero allocations, and the use of mitigations to avoid zero allocations?:

Given that the sector is significantly overspending, then a zero allocation suggests either the formulae are not reflective of needs, or the total core spending power is way below the true needs of local government. Nevertheless, BCP Council agrees that mitigations be used to avoid zero allocations.

2 Do you agree with how the government proposes to determine the Council of the Isles of Scilly's Settlement Funding Assessment?

Agree

Please provide any additional information, including any explanation or evidence for your response.:

Chapter 3: Funding Simplification

3 Do you agree with the government's plans to simplify the grant landscape?

Agree

Please provide any additional information, including any explanation or evidence for your response.:

We welcome the simplification of grant funding. We agree that the government should be looking to reduce the number of specific grants. However, the needs related to these grants must be reflected in a fair settlement to avoid authorities losing funding and receiving settlement that is less than the needs they face in these areas.

Chapter 4: Measuring differences in demand for services

4 Do you agree with the formulae for individual services the government proposes to include?

Agree

Please provide any additional information, including any explanation or evidence for your response. :

BCP Council agrees that the new RNF cover the main cost drivers. However, we have concerns about how the formulae have been calculated, which is reflected in our responses later in this consultation.

5 Do you agree with the areas of need the government proposes to no longer include in the assessment through the Foundation Formula?

Agree

Please provide any additional information, including any explanation or evidence for your response. :

BCP Council agrees with the removal of legacy capital finance from the formulae. Through a sound treasury management strategy, we have refinanced to reduce the impact of legacy borrowing and do not believe this should be reflected in a council's assessed needs. BCP Council agrees that fixed costs can be removed, providing that the RNF adequately reflect the fixed costs of providing services.

6 Do you agree with the government's approach to calculating the control total shares for the relative needs formulae?

Agree

Please provide any additional information, including any explanation or evidence for your response. :

BCP Council agrees that using expenditure is a reasonable approach to calculating control total shares.

Chapter 5: Measuring differences in the cost of delivering services

7 Do you agree with the Labour Cost Adjustment (LCA) and Rates Cost Adjustment (RCA) equations set out in this chapter?

Disagree

Please provide any additional information, including any explanation or evidence for your response. :

BCP Council does not agree with how the Labour Cost Adjustment (LCA) has been calculated. The LCA is based on median wages as a proxy for the labour costs faced by the county. As median wages in Dorset are (£33,800) approximately 92% of the national average, and the LCA is heavily weighted in the ACA (67% of both the ASC and the Children and Young People's RNFs), BCP Council's assessed need have been markedly reduced. The operational cost of social care is not aligned to local median wages, so our assessed need is lower than the true cost of the fees we pay to our providers to support adults and children with social care needs. We would urge the government to use a more sophisticated approach to the labour cost adjustment based on industry sector wages – in particular health and social care sector in the ASC and Children and Young Peoples RNFs.

8 What are your views on the proposed approach to the Area Cost Adjustment (ACA)?

What are your views on the proposed approach to the Area Cost Adjustment?:

As with the previous question, we do not agree with the approach to calculating the LCA using local median wages as a proxy for the labour costs faced by BCP Council. However, the principle of including labour costs, rates, remoteness, and the approach to weighting are reasonable.

9 Do you agree or disagree with the inclusion of the Remoteness Adjustment?

Agree

Do you have any evidence to support or contradict the theory that rural areas face additional costs due to separation from major markets? :

BCP Council agrees with the Remoteness Adjustment.

Chapter 6: Measuring differences in locally available resources

10 Do you agree with the government's proposal to set a notional Council Tax level at the national average level, to achieve the objective of full equalisation?

Disagree

Please provide any additional information, including any explanation or evidence for your response. :

BCP Council believes that a 100% equalisation is grossly unfair. BCP Council would strongly favour a partial equalisation – for example 85%. 100% equalisation means many authorities, including BCP Council, will see their overall settlements reduce significantly (assuming overall core spending power increases in line with the CSR), despite recognition of increased need. This is destabilising to the system, will risk the financial sustainability of affected authorities, and impact services provided to residents. To be removing funding for councils that are heavily overspending and rapidly running out of reserves is absurd, only intensifying the idea that these reforms represent a 'shifting of the deckchairs' rather than a fair and just solution to the system of

funding in local government. Alternatively, the council tax base should be adjusted to reflect council tax collection rates. The assumption that these are 100% does not reflect reality and means the resources deduction will be far greater than the amount of council tax that could realistically be collected at the notional rate. An assumed collection rate of 95% would balance reality with incentivising councils to maximise collection. BCP Council would urge that the government recognises that council tax is a local tax. Excessive equalisation undermines the connection between locally raised council tax, and locally funded services. Residents expect their council tax to be spent locally and recognition it is a local tax is required to maintain trust between residents and local authorities. If council tax equalisation is to be at 100%, based on a council's tax base, then councils should be given greater flexibility on setting council tax otherwise the argument that areas with a high base are more able to mitigate the loss of grant funding is completely undermined. We would strongly recommend that all local authorities who are below the national average are given powers to catch up beyond any referendum limits set.

11 Do you agree with the government's proposal to fully include the impact of mandatory discounts and exemptions in the measure of taxbase?

Agree

Please provide any additional information, including any explanation or evidence for your response. :

BCP Council agrees with the proposal to fully include these discounts. As local authorities have no influence or control over them, it is correct they are included within the measure of tax base.

12 Do you agree with the government's proposal to use statistical methods to proxy for the impact of Working Age Local Council Tax Support in the measure of taxbase?

Agree

Please provide any additional information, including any explanation or evidence for your response. :

Given the vast differences in schemes across the country, BCP Council agrees that a proxy is the preferred method.

13 What are your views on the proposed statistical approach to proxy for the impact of Working Age Local Council Tax Support?

What are your views on the proposed statistical approach to proxy for the impact of Working Age Local Council Tax Support?:

BCP Council are working through the implication of this.

14 Do you agree with the government's proposal to assume that authorities make no use of their discretionary discount and premium schemes in the measure of taxbase?

No view

What are your views on the proposed statistical approach to proxy for the impact of Working Age Local Council Tax Support?:

BCP Council are working through the implication of this.

15 Do you agree with the government's proposal to apply a uniform Council Tax collection rate assumption to all authorities?

Neither agree nor disagree

Please provide any additional information, including any explanation or evidence for your response. :

BCP Council agree with a uniform collection rate but it is unrealistic to assume 100% collection and means that councils such as BCP Council will lose even more from the resources deduction than can realistically be collected. It would be simpler and fairer to apply the national average of 95%, in the same way that the national average has been proposed for Council Tax level.

16 Do you agree with the government's proposal to split or allocate the resource adjustment in multi-tier areas according to the average share in council tax receipts in multi-tier areas?

Agree

Please provide any additional information, including any explanation or evidence for your response. :

This approach is reasonable

Chapter 7: Running the Business Rates Retention System

17 Noting a potential trade-off of an increased levy charged on business rate growth for some local authorities, do you agree that the level of Safety Net protection should increase for 2026-27?

Agree

Please provide any additional information, including any explanation or evidence for your response. :

Chapter 8: The New Homes Bonus

18 Do you agree with the government's proposal to end the New Homes Bonus in the Local Government Finance Settlement from 2026-27 and return the funding currently allocated to the Bonus to the core Settlement, distributed via the updated Settlement Funding Assessment?

Agree

Please provide any additional information, including any explanation or evidence for your response. :

BCP Council agrees with the principal of allocating NHB within the settlement. However, as with other grants rolled into the settlement, this is predicated on the SFA being correct.

19 What measures could the government use to incentivise local authorities to specifically support affordable and sub-market housing?

What measures could the government use to incentivise local authorities to specifically support affordable and sub-market housing?:

Not implement 100% council tax equalisation.

Chapter 9: Transitional arrangements and keeping allocations up-to-date

20 Are there any further flexibilities that you think could support local decision-making during the transitional period?

Are there any further flexibilities that you think could support local decision-making during the transitional period?:

Given the government is committed to simplifying the grant landscape consideration could be given to the un-ringfencing of ring-fenced grants.

21 What are the safeguards that would need to go alongside any additional flexibilities?

What are the safeguards that would need to go alongside any additional flexibilities?:

N/A

22 Do you agree or disagree that we should move local authorities to their updated allocations over the three-year multi-year Settlement?

Agree

Please provide any additional information, including the impact this measure could have on local authorities' financial sustainability and service provision. :

BCP Council agrees with moving authorities over a transition period.

23 Do you agree or disagree that we should use a funding floor to protect as many local authorities' income as possible, at flat cash in each year of the Settlement?

Agree

Please provide any additional information, including on: (i) the level of protection or income baseline, considerate of the trade-off with allocating funding according to the updated assessment of need and resources; and (ii) the possible impacts on local authorities' financial sustainability and service provision.:

24 Do you agree or disagree with including projections on residential population?

Agree

25 Do you agree or disagree with including projections on Council Tax level?

Disagree

26 Do you agree or disagree with including projections on Council Tax base?

Agree

27 If you agree, what is your preferred method of projecting residential population, Council Tax level and Council Tax base? Please provide any additional information, including any explanation or evidence for your response and any views on technical delivery.

Please provide any additional information, including any explanation or evidence for your response and any views on technical delivery. If you agree, what is your preferred method of projecting residential population, Council Tax level and Council Tax base?:

N/A

Chapter 10: Devolution, local government reorganisation and wider reform

28 Do you agree with the approach proposed to determining allocations for areas which reorganise into a single unitary authority along existing geographic boundaries?

Agree

Please provide any additional information, including any explanation or evidence for your response. :

29 Do you agree that, where areas are reorganising into multiple new unitary authorities, they should agree a proposal for the division of existing funding locally based on any guidance set out by central government?

Neither agree nor disagree

Please provide any supporting information, including any further information areas would find helpful in guidance. :

BCP Council does not have a strong view on the proposal to allow existing LA areas that are splitting into more than one authority to determine their own allocations. However, any future funding formula should be fair and consistent, with new areas having their own formal needs assessment. Please provide any supporting information, including any further information areas would find helpful in guidance.

30 Do you agree that the government should work to reduce unnecessary or disproportionate burden created by statutory duties?

Agree

If you agree, what specific areas of statutory duties impose significant burden without significant value for residents? Please provide any examples of changes you would like to see to statutory duties, being as specific as possible. :

BCP Council would agree that the government should work to reduce unnecessary or disproportionate burden created by statutory duties.

- Reduced range of statutory functions undertaken by Qualified Social Workers
- Funding statutory Special Educational Needs Team and Educational Psychologists from Dedicated Schools Grant
- Introduce means tested charging for home to school transport
- Children's services commissioning: capping profit margins for providers of children's homes, national consistency in approach to placement fees, introduction of post-16 regulations and regionalised commissioning
- Charging for use of Household Waste Recycling Centres
- Charging for concessionary fares and issuing bus passes
- Enforcement for Pavement (footway) parking

Chapter 11: Sales, fees and charges reform

31 Do you agree with the proposed framework outlined at paragraph 11.2.3 for assessing whether a fee should be changed?

Neither agree nor disagree

Please provide any additional information, for example any additional criteria which would strengthen the above assessment framework, and any data which would be used to assess against additional criteria. :

BCP Council would urge the government to increase flexibility for raising fees and charges. BCP Council understand that there are certain constraints and the framework the government has set out seems reasonable. However, BCP Council would want the review to prioritise increasing flexibility and trusting local authorities to set the right fee levels that recognise effects on demand, businesses and financial sustainability, to ease the financial strain on local government. Local authorities are best placed to know how to balance the need to maintain fee values and the original policy intent of the fee whilst minimising cost of living impacts for service users, so emphasis should be on devolving decision to local authorities as much as possible.

32 The government invites views from respondents on how best to balance the need to maintain fee values and the original policy intent of the fee whilst minimising cost of living impacts for service users.

The government invites views from respondents on how best to balance the need to maintain fee values and the original policy intent of the fee whilst minimising cost of living impacts for service users.:

BCP Council would support any move to increase flexibility for raising fees and charges and would urge the government to progress with any review that prioritises increasing flexibility and trusting local authorities to set the right fee levels that recognise effects on demand, businesses and financial sustainability, to ease the financial strain on local government. Local authorities are best placed to know how to balance the need to maintain fee values and the original policy intent of the fee whilst minimising cost of living impacts for service users, so emphasis should be on devolving decision to local authorities as much as possible – for example, by allowing means testing of Home to School Transport and Concessionary Fares.

33 Do you agree that the measures above provide an effective balance between protecting charge payers from excessive increases, while providing authorities with greater control over local revenue raising?

Agree

Please provide a rationale or your response. We are also interested in any further mechanisms which could be applied to fees that are updated or devolved, that will help strike a balance between those objectives.:

BCP Council believes the measures are reasonable.. We are also interested in any further mechanisms which could be applied to fees that are updated or devolved, that will help strike a balance between those objectives.

34 Do you agree that we should take action to update fees before exploring options to devolve certain fees to local government in the longer term?

Neither agree nor disagree

Please provide any additional information, including any explanation or evidence for your response. :

BCP Council does not have a strong view but would again stress the need to move towards a more flexible system.

Chapter 12: Design of relative needs formulae

35 Do you agree or disagree that these are the right Relative Needs Indicators? Are there any other Relative Needs Indicators we should consider? Note that we will not be able to add additional indicators for a 2026-27 update.

Agree

Are there any other Relative Needs Indicators we should consider? Note that we will not be able to add additional indicators for a 2026-27 update.:

Note that we will not be able to add additional indicators for a 2026-27 update

36 Do you agree or disagree with including population projections in the ASC formula, when published, that have been rebased using Census 2021 data?

Agree

Please provide any additional information, including any explanation or evidence for your response. :

We agree with the principle that adjustments should be based on up-to-date information about the population, and that the size and demographics of the population are relevant to the share of funding a local authority receives. We agree with using Census 2021 data for this purpose.

37 Do you agree or disagree with our proposal to include a Low-Income Adjustment (LIA) for the older adults component of the ASC RNF model?

Neither agree nor disagree

Please provide any additional information, including any explanation or evidence for your response.:

Theoretically, a low-income adjustment to recognise the ability of the population to contribute to their own care is reasonable, and it is recognised that this was first introduced in the 2011 to 2012 LGFS2. However, it is of concern that the government notes 'that the statistical evidence for this relationship is weak' with regards to the use of benefits data. On balance, it may be better to exclude such a measure given that the wealth of the population is already considered within the ACA for adult social care in relation to PIP, DLA and Attendance Allowance, as well as home ownership, all of which may correlate with the capacity for charging and collection. It is also noted that this would have minimal effect on the overall outcome of the allocations (paragraph 12.1.27 of section 2 <https://www.gov.uk/government/consultations/the-fair-funding-review-20>) hence it would be genuinely within the spirit of simplification to remove this adjustment. Therefore, we disagree with the inclusion of the LIA within the ASC RNF model.

38 Do you agree or disagree that the overall ASC RNF should combine the two component allocation shares using weights derived from the national ASC net current expenditure data on younger and older adults (in this case 2023 to 2024)?

Agree

If you disagree, what other weightings would you use? Please provide details for why you would use these weights and what data it would be based on? :

Agree that the overall ASC RNF should combine the two component allocation shares using the 2023-24 net current expenditure on younger and older adults, a split which should be regularly updated to avoid a drastic shift as this will trigger by updating from 2013-14 data. However, we feel strongly that the disproportionate cost of supporting the very old population (i.e. over 85s) has not been taken account of in the ASC RNF. For BCP Council, we have the largest number of over 85s in the country, Dorset has one of the oldest populations in the UK and the corresponding rate of dementia and other chronic health conditions inevitably has a drastic impact on the cost of care to meet the statutory Care Act duties, and yet our assessed need for ASC has dropped by 3.4%. A suggested addition to the formula would be the incorporation of average population age as a factor. Whilst this is somewhat incorporated in both the older adult and younger adult RNF calculations by the adjustments for over 80 years of age (an increase) and for the age group 16-24 (a decrease) it does not reflect that having a consistently older population impacts on the complexity of both population splits, particularly the amount of family support available for the older working age population and the complexity of care required for a generally older population.

39 Do you agree that ethnicity should be removed as a variable in the CYPS formula?

Agree

Please explain your reasoning.:

40 Do you agree overall that the new CYPs formula represents an accurate assessment of need for children and family services?

Agree

Please share any reflections or suggested changes. :

The key indicators of spend for BCP Council are deprivation

41 Do you believe that the components of daytime population inflow should be weighted to reflect their relative impact on demand for services?

Neither agree nor disagree

Please provide any additional information, including any explanation or evidence for your response. :

The components of daytime population inflow should be weighted to reflect their impact on service demand; however, further details on the proposed system of weighting are needed to make informed comments on this.

42 Do you agree with/have any comments on the design of the Foundation Formula?

Neither agree nor disagree

Please provide any additional information, including any explanation or evidence for your response. :

It is noted that deprivation is now included as a factor in the foundation formula, which is consistent with the government's targeting of deprivation. The removal of specific formulae related to flood defence and coastal protection is also detrimental to councils such as BCP Council and we would prefer these cost drivers to be captured in some way in the new Foundation RNF.

The recently closed Defra consultation on the future funding of flood defences clarified (via an online forum during the consultation run by Defra) that routine maintenance funding is not under review as part of that consultation, as it is considered the responsibility of MHCLG rather than Defra. However, in this MHCLG consultation the funding also seems to be ducking the issue.

Local Authority funding for Flood Defence and Coast Protection from MHCLG is not currently ringfenced and is often reallocated by Chief Finance Officers (Section 151 Officers) to other non-FCERM Local Authority priorities given service pressures. The significant reduction in Revenue Support Grant for Local Authorities in recent years has thus left them unable to maintain FCERM assets adequately.

In practice, this shortfall means that routine maintenance of flood defences and coast protection assets is not occurring, shortens asset lifespans and increases carbon emissions due to more frequent refurbishments. The overall effect is that national investment in constructing these assets in the first place is not maximised, leading to the need to replace assets sooner than would be expected. It is well established that every £1 spent on maintenance of FCERM assets generates £7 of savings on new flood and coastal erosion defences (see Section 9 of Coastal_Change_Report_final_4Jun24.pdf).

We therefore believe that including the costs for Flood Defence and Coast Protection within the overall Foundation Formula, rather than calculating on a Relative Needs basis that takes account of not only the population at risk but also the type, extent and number of FCERM assets in an area, risks massively underfunding this area of Local Authority service delivery.

The routine maintenance of key Local Authority FCERM infrastructure is vital to both protecting existing communities but also supporting the housebuilding and growth agenda of Government by enabling development in areas that would otherwise become at risk of flooding or erosion due to assets failing as a result of lack of maintenance.

In addition to the maintenance issues, it should also be noted that historical payments provided to Upper Tier authorities after their nomination as 'Lead Local Flood Authorities' under the Flood & Waters Management Act 2010, have also been un-ringfenced. This again means that the significant pressures on public finances have caused a reduction in resource in these authorities. These issues are long understood, as detailed in the government report 'Surface Water Management – An Action Plan 2018' (surface-water-management-action-plan-july-2018.pdf) where 'building Local Authority capacity' is a key deliverable. Funding must be ringfenced to enable that growth in LLFAs.

43 Do you agree with/have any comments on the design of the Fire and Rescue Formula?

No view

Please provide any additional information, including any explanation or evidence for your response. :

N/A

44 Do you agree with/have any comments on the design of the formula for Highways Maintenance?

Disagree

Please provide any additional information, including any explanation or evidence for your response. :

BCP is an urban authority with a port. This results in a greater than average proportion of HGVs through buses and freight which have a proportionally greater impact on the carriageway. It is suggested that Million Standard Axles (MSA) is considered instead of AADT to reflect this difference.

The current and proposed approach is seen as less favourable to urban authorities which we flag here along with a recognised alternative used by DfT and highway engineers in other contexts.

45 Do you agree with/have any comments on the design of the formula for Home-to-School-Transport?

Neither agree nor disagree

Please provide any additional information, including any explanation or evidence for your response.:

While the addition of a specific Home to School Transport RNF is welcome, BCP Council does not agree with its calculation. The 20-mile capping risks underfunding authorities like BCP Council where long distance travel is often necessity rather than choice, with around 10% of journeys over 20 miles. These longer journeys are often our most expensive, supporting Alternative Provision and Education Otherwise than at School. BCP Council would prefer a tiered weighting system that reflects the cost of longer journeys, rather than excluding them from the calculation. The straight road formula discounts BCP Council's rural roads and appears quite reductive for a big county. It doesn't reflect the reality of our transport networks and Dorset has limited direct routes, especially to special schools. BCP Council would prefer to use actual road distances or a weighted proxy that accounts for rurality/travel time. Bcp Council does not know how the figure of SEND travel costing 6.6 times more than mainstream travel was arrived at, nor whether it accounts for regional variation. If BCP Council includes public transport (freedom passes) in its costs, the difference is greater than 6.6. This will understate the complexity of provision especially for children who need medical support on transport. There should be consideration of rurality, need for solos, personal assistants or nurses, specialist vehicles, and longer travel times.

Chapter 13: Equalities impacts

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

Please provide any additional information, including any explanation or evidence for your response.: