

Covid-19 funding for local government in 2021-22: Consultative Policy Paper

Response to consultation for South Oxfordshire DC

Summary

We welcome the additional funding support being proposed for councils for 2021/22. However, are concerned that the additional funding appears to be premised on the financial costs of the pandemic starting to decline significantly from Easter onwards. This is also evidenced by:

- The local income tax guarantee scheme only supporting losses in 2020/21
- The sales, fees and charges compensation scheme (which does not cover all income losses and of those it does support only reimburses 75 per cent of losses after deducting 5 per cent) only supports losses during the first three months of 2021/22

Councils will feel the effects of the losses, particularly income losses, for some time to come, certainly beyond the end of June 2021.

We would call for all income losses to be recompensed, and for future local government funding to acknowledge that council revenues have taken a long term hit from the pandemic and that the support package, whilst very welcome, does not reflect all the financial consequences that councils have suffered.

Responses to questions

Question 1 - Do you agree with our proposed approach to distributing the £670m of local council tax support grant? If not, why, and do you have an alternative proposal?

Yes

Question 2 – Do you agree that we should use 2020-21 budgeted income as a baseline for the SFC scheme? If not, we welcome alternative proposals.

Yes. To use any other baseline would not fairly recompense councils for their losses to SFC income due to the pandemic.

Question 3 – Do you agree that we should use a quarter of 2020-21 baseline budgets to assess SFC losses? If not, we welcome alternative proposals.

Yes.

Question 4 – Do you have views for how we ask local authorities to report their COVID-related pressures in 2021-22? Do you have a view on the frequency of the collection cycle in 2021-22? We welcome your views and alternative proposals on the above.

It would be easier for councils to be asked to provide their best estimates of expenditure and income pressures due to COVID and not be prescriptive. Collection should probably continue to be monthly.

Simon Hewings
Interim Head of Finance
14 January 2021