

The Rt Hon Robert Jenrick MP,
Secretary of State Housing, Communities
and Local Government
Ministry of Housing, Communities and
Local Government
2 Marsham Street
London
SW1P 4DF

**Councillor Sue Cooper
Leader of the Council**

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24 December 2019

Dear Mr. Jenrick,

On Thursday 19 December, South Oxfordshire District Council passed the following motion:

“Recognising the financial position of the Council, and the need to ensure that residents are represented by a robust and sustainable council, officers are asked to bring forward proposals for South Oxfordshire District Council to consider whether or not a formal merger with the Vale of White Horse District Council, with the same total number of District Councillors, creating a single district council based on their combined geography with increased financial resilience would be beneficial. This work should also consider the options for the development of Area Committees within this model, to ensure that decision making is devolved to the lowest appropriate level.

Should any formal merger proposal be developed in future, the Constitution Review Group will be asked to recommend appropriate constitutional models for consideration by Council.”

Further, in recognition of the recent General Election and the fact that Local Government finance has been cut by nearly 50% in the last 10 years, with funding often short term in scope and tied to national government goals, Council requests the Leader in the first instance to:

· Write to the Minister for Housing, Communities and Local Government and the Chancellor of the Exchequer to urge that a Local Government Financial settlement is devised as a matter of the utmost urgency that is sufficient to give stability to all councils across the Country and will support the ability of local councils to make decisions on their statutory duties in line with their local elected mandate.”

I would also like to draw to your attention, the final part of my Leader’s report to Council:

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“Our financial situation is poor, following years of holding down our Council Tax to levels well below the national average and even further below that of other neighbouring districts (with the exception of the Vale which also has severe but different funding problems from ours). I am hoping that we shall have all-member briefings in the new year to explain the financial situation following the removal of government grant and drastic reduction of the New Homes Bonus on which we have been over-reliant in recent years.

One way round our current problem would be for the government to relax, even if just for this year, the restrictions which are put on increases in council tax. The small percentage or £5 per year won't do much at all for councils in our position and we mustn't forget we are an extremely efficient and low-spending council when compared with our peers. It is not our spending or our number of staff, both of which are comparatively very low, but the means by which they have been funded which are problematic. Funding from non-sustainable sources is risky and we are about to pay the price.

Another financial pressure we face is that the 5 Councils outsourcing contract with Capita has not delivered all of the savings we were promised when it was announced with a fanfare many years ago now.

This means that if the funding problem is not sorted out, the people of South Oxfordshire will face service reductions.”

We have now received the draft local government settlement which confirms our funding for 2020/21 only. We have no indication therefore as to what our future government funding will be. We do however know that our core spending power in 2020/21 is lower in cash terms - and even lower in real terms - than in 2015/16. If government funding is to reduce further, our financial situation will get even worse. Along with all councils, we need future settlements to provide us with financial sustainability and certainty if we are to remain in a position to deliver key services to residents.

Given that we are a low spending, efficient council when compared with our peers, the uncertainty in our position seems very unfair. By having maximum increases in Council Tax effectively restricted over many years, the income gap between historically high and low spending councils widens. Recently we have been given the alternative of the higher of a £5 increase in council tax or a 2 per cent increase but this really does not go very far. Surely it should be councils with above average council tax who are subject to the greater restriction rather than those below that threshold?

The letter I received dated 20th December from the Minister of State for Housing points out that the New Homes Bonus is “a flexible, non-ringfenced fund, for local communities to spend as they see fit – from reinvesting it in housing or infrastructure, supporting local services or local facilities, or using the funds to keep council tax down”. Supporting local services and keeping council tax increases within referendum limits whilst overall government funding has fallen in real terms is exactly how the New Homes Bonus has been used for over many years in South Oxfordshire.

If overall government funding for South Oxfordshire continues to fall in real terms, and we continue to be restricted in our ability to raise council tax, there will be an even larger financial gap between our expenditure and income. It is not reasonable for us to ask for special treatment over funding, but given our years of low council tax it does seem reasonable to ask that we should be able to increase council tax here to a more realistic level. If we cannot do this, in the short term we shall have to make significant cuts to services. This is very unfair, when as mentioned before we are an efficient council with comparatively low levels of staff. It also makes it very difficult to find capacity to work up proposals to bring in additional income to support longer term financial stability which is our aim.

If you or your officers can think of any other ways out of our financial dilemma we would be very pleased to hear about them. I am sure our long-standing local MP, John Howell, would be able to confirm the position I outline.

I look forward to a practical reply in the new year.

With best wishes for a happy Christmas

Yours sincerely



Councillor Sue Cooper
Leader of the Council

cc. David Johnston MP
John Howell MP