

Provisional Local Government Finance Settlement 2022 -2023

If the consultation survey link is inoperable and you are responding to this consultation by email or in writing, please reply using this pro-forma, which should be read alongside the consultation document.

There are 10 questions. If you do not wish to answer a question, please select not applicable in the relevant dropdown. Should you wish to attach further evidence or supporting information, you may attach and send this with the pro-forma.

Please **email responses to:**
LGFsettlement@communities.gov.uk

Alternatively, **written responses should be sent to:**

Local Government Finance Settlement Team
Department for Levelling Up, Housing and Communities
2nd floor, Fry Building
2 Marsham Street
London
SW1P 4DF

Your opinions are valuable to us. Thank you for taking the time to read the consultation document and respond.

Your Details (Required details are marked with an asterisk (*))

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Who is this an official response from? Please pick from the list below

Shire District

Question 1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2022/23, including the rolling in of two New Burdens grants?

Strongly Disagree

Additional comments

Given that this another one-year settlement and that there are ongoing delays to the fair funding review and the review of business rates retention in reality there is little alternative to the proposed methodology at this time.

However, this council is scheduled to receive only £414 in Revenue Support Grant and has gained very little from the Business Rate Retention Scheme despite doing many things to encourage business growth. Overall, the settlement represents a 5.2 per cent reduction in government funding for the council. This reduction includes additional New Burdens funding for increased National Insurance costs. This is at a time when some services are still dealing with the lasting financial implications of the pandemic, alongside high inflation and other pressures that the current funding mechanism clearly does not allow for.

Question 2: Do you agree with the proposed package of council tax referendum principles for 2022/23?

Strongly Disagree

Additional comments

In principle we do not agree with the concept of council tax referenda as the level at which the council tax is set should be wholly a local decision.

However, if Government insist on this then for councils with a low band "D" council tax 2 per cent or £5 does not give scope for increasing council tax to cope with the rising costs of delivering services, which have been exacerbated by the pandemic. We would recommend that, in line with this year's proposal for the Police, the principle for shire district councils should be, as a minimum, the ability to increase by 2% or £10, whichever is the greater.

The Band D council tax (excluding parish precepts) for 2021/22 for this council was the 8th lowest in the country at £131.24. This compares to a national average of £198.96.

Setting a universal referendum principle that means that councils, such as this one, are bound by the same rules as others where nationally the average council tax is over £67 per Band D property greater. This is neither fair nor equitable and does not give the capacity to allow the council to respond to changing demands and circumstances, particularly given the housing growth the council has experienced to the same extent that other councils, the majority of which have higher Band D council tax levels, are able to.

As the current referendum principles continually lock in the council into being unable to increase the Band D council tax to anything like the national average, this will have the likely impact of reserves being required increasingly to balance the budget to maintain essential services, a situation which cannot carry on indefinitely.

Question 3: Do you agree with the Government's proposals for the Social Care Grant in 2022/23?

Not Applicable

Additional comments

Consultation response pro-forma

Question 4: *Do you agree with the Government's proposals for iBCF in 2022/23?*

Not Applicable

Additional comments

Question 5: Do you agree with the Government's proposals for distributing the Market Sustainability and Fair Cost of Care Fund in 2022/23?

Not Applicable

Additional comments:

Question 6: *Do you agree with the Government's proposals for a one-off 2022/23 Services Grant distributed using 2013/14 shares of the Settlement Funding Assessment?*

Please pick from the drop-down list

Additional comments

Whilst we welcome additional government funding, as noted above this funding forms part of an overall 5.2 per cent reduction in government grant funding that this council will receive in 2022/23. The use of 2013/14 data to distribute the grant is currently the only viable way to distribute funding but that this is the case merely reinforces the urgent need for review of local government funding.

We also believe that this funding should be included within any proposed baseline for transitional support.

Question 7: Do you agree with the Government's proposals for New Homes Bonus in 2022/23?

Please pick from the drop-down list

Additional comments:

Whilst we welcome the continuation of New Homes Bonus for another year we are concerned that, in the absence of any certainty around a replacement scheme, it is becoming more and more difficult to plan ahead with any certainty when we do not know the future of a significant component of our core spending power.

We are also concerned at the continual erosion of funding from New Homes Bonus. When originally set up, New Homes Bonus earned in a year was payable for six years. This has been steadily reduced over time. In its present form, New Homes Bonus provides a very short term, albeit important financial assistance but does not provide ongoing funding to cover the costs that arise from growth in dwellings.

As a council with one of the lowest Band D council tax rates in the country, and one which has experienced significant housing growth, New Homes Bonus has been crucial in allowing the council to set sustainable budgets that can mitigate the additional costs arising from additional housing. Reductions to New Homes Bonus funding for the council, together with existing referendum principles, will make it difficult for the council to be able to set sustainable budgets that reflect the ongoing costs of housing growth.

Question 8: *Do you agree with the Government's proposals for the Rural Services Delivery Grant in 2022/23?*

Agree

Additional comments:

Question 9: *Do you agree with the Government's proposals for the Lower Tier Services Grant, with an updated minimum funding floor in 2022/23 so that no authority sees an annual reduction in Core Spending Power?*

Please pick from the drop-down list

Additional comments:

Whilst we welcome government's commitment to ensuring no reduction in core spending power in 2022/23, for this council and as noted above this amounts to a 5.2 per cent reduction in government grant funding.

To give councils certainty over future funding, we would ask that government commits to at least ensuring that the core spending power of councils does not fall below their current core spending power in future years, so that 2022/23 core spending power represents the minimum future funding level for councils.

Question 10: Do you have any comments on the impact of the proposals for the 2022/23 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft policy impact statement published alongside the consultation document? Please provide evidence to support your comments

No

If yes, please leave any additional comments here: