



Department for
Communities and
Local Government

Provisional local government finance settlement 2015 to 2016: consultation

Summary of responses



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The scope of the consultation

1. The Department for Communities and Local Government published the provisional local government finance settlement for English authorities for consultation on 18 December 2014. The consultation closed on 15 January 2015.
2. A provisional local government finance settlement is published annually for the following financial year beginning on 1 April. The provisional settlement sets out the amount of money each local authority and fire authority can expect to receive from central Government through revenue support grant and retained business rates income. The provisional settlement for 2015-16 included: detail on how the amounts of grant were calculated; the estimated spending power of each authority; and a consultation document setting out 7 questions and a draft equalities statement. Those who responded to the consultation were asked to email or write to the Department for Communities and Local Government by the deadline.
3. During the consultation period Ministers and officials held meetings with individual authorities, representative bodies and campaign organisations. This engagement included Kris Hopkins, the Minister for Local Government, holding a phone conference with over 100 authority representatives to discuss the settlement.
4. The provisional local government settlement relates to local authorities and fire authorities in England only.

Overview

5. The consultation received 13,010 responses, of which 12,469 responses were as a result of 3 campaigns run specifically about the level of funding identified for Local Welfare Provision by organisations including Crisis, Child Poverty Action Group and 38 Degrees.
6. The consultation responses have been read and categorised in relation to the questions asked in the consultation. These have been given full consideration as part of the final local government finance settlement for 2015-16. We are grateful to everyone who took the time to respond to the consultation.
7. The table below gives a breakdown of consultation responses included in this analysis by the type of respondent:

Type of Authorities	Responses Received
London boroughs	21
Metropolitan Districts	21
County Councils	23
Shire Districts	48
Unitary Authorities	24
Fire Authorities	12
Police authorities	0
GLA	1
Local Authority Special Interest Groups	9
Other Special Interest Groups	27
Members of Parliament	10
Members of Public	12558
Local Authority Associations	5
Parish Councils	248
Combined authorities	0
Total number of organisations responding*	538
Total number of responses received	13,010
Total number of 'full' responses (contain responses to every question)	206

Consultation responses

8. This section provides a summary of the responses we received in response to the consultation on the provisional local government finance settlement 2015-16. The detail of each proposal is set out in the consultation document.

Local welfare provision funding

Question 1: Do you agree with the Government's proposal that local welfare provision funding of £129.6m should be identified within the settlement by creating a new element distributed in line with local welfare provision funding in 2014-15?

Number of respondents supporting the proposal: 17 (0%)
Number of respondents opposing the proposal: 12,551 (100%)

9. We received a total of 12,568 responses related to this question, including 12,469 responses as a result of online campaigns. The campaigns were run by Crisis, 38 Degrees and Child Poverty Action Group. All called for funding to be reinstated to the level for 2013/14 and many wanted a specific ring fenced grant.
10. Of respondents who provided individual responses, the majority of respondents argued the previous level of funding should be reinstated. They argued that reducing the amount would mean that those in need might turn to payday lenders or cost the state more in the long run by committing offences, children being taken into care or increased house fires as the result of faulty appliances. Some respondents also argued that the amount available for Local Welfare Provision should be ring fenced or provided as a separate grant to ensure the money is spent on those in need.
11. Many responses cited a recent survey by the Local Government Association¹ which found that of the authorities that responded, 73% said they would either end or scale back their local welfare schemes if separate funding was ended.
12. Several respondents cited how they, or someone they knew, had used local welfare schemes and explained how the funding had helped them deal with an unexpected event recover from a crisis.
13. We had a number of responses from furniture recycling social enterprises and charities. They outlined how they had formed partnerships with the local council to provide second hand furniture at reduced prices. Others highlighted how these projects

¹ Local Government Association: press release
www.local.gov.uk/media-releases/-/journal_content/56/10180/6583322/NEWS

also provide people with work experience which has led to formal work experience placements.

14. Of those who supported the proposal many felt the fact that an amount was identifiable within Revenue Support Grant was positive. Some also felt that because it is an identified amount of money but not ring fenced this gives local areas flexibility over how the money is spent.

Funding for the Improvement and Development Agency for Local Government

Question 2: Do you agree with the Government's proposal that the funding for the Improvement and Development Agency for Local Government for services to local government should be £23.4 million in 2015-16?

Number of respondents supporting the proposal: 46 (68%)

Number of respondents opposing the proposal: 22 (32%)

15. Of the 46 respondents that supported funding for the Improvement and Development Agency some stated that while they would usually prefer that money is allocated direct to authorities there is value added from having a national body in this case. Others highlighted that as authorities transform their services the Improvement and Development Agency has given them necessary structure and support or cited examples of where they had been helped by the Improvement and Development Agency.
16. Many of those who both supported and opposed the proposal pointed out that the reduction in funding for Improvement and Development Agency was smaller than the overall reduction in Revenue Support Grant.
17. Those who opposed the proposal felt that all money in the settlement should be directed to frontline services and therefore the Improvement and Development Agency should not be supported from the settlement.

Reducing the New Homes Bonus holdback

Question 3: Do you agree with the Government's proposal to reduce the New Homes Bonus holdback from £1bn to £950m?

Number of respondents supporting the proposal: 111 (97%)

Number of respondents opposing the proposal: 3 (3%)

18. Respondents overwhelmingly supported this proposal. Many were pleased that the amount of money being held back was being reduced. Others highlighted that they would rather have the money distributed as part of the settlement than later in the year.

19. Those who opposed the proposal argued that either the distribution of New Home Bonus should be changed or New Home Bonus should be abolished.

Additional funding for rural authorities

Question 4: Do you agree with the Government's proposal that the rural funding element should be increased from £11.5m as previously proposed, to £15.5m?

Number of respondents supporting the proposal: 70 (62%)

Number of respondents opposing the proposal: 43 (38%)

20. Of the 70 respondents who supported the proposal, the majority argued that there should be more than £15.5m in the rural funding element. They argued there is still a significant gap between the funding for rural and urban authorities which £15.5m will not close.

21. Those who opposed the proposal often argued that providing specific money for rural authorities because they had a greater need was inconsistent with the Government's approach to other needs based elements of the settlement, such as deprivation.

Firefighters' Pension Schemes adjustment

Question 5: Do you agree with the Government's proposal to reduce the fire funding element of Revenue Support Grant for each fire and rescue authority, by an amount equal to 0.24% of the total pensionable pay for that authority?

Number of respondents supporting the proposal: 11 (25%)

Number of respondents opposing the proposal: 33 (75%)

22. A quarter of respondents agreed the rationale, that a reduction in Revenue Support Grant should be made to ensure that an expected reduction in pension costs as a result of a new valuation should be fiscally neutral for both the sector and the Government. A proportion of these respondents stated that if costs are expected to increase as a result of subsequent valuations, that funding should increase to meet those costs and that the same principle should also be applied to future changes to employer's National Insurance rates as a result of the cessation of contracting out.

23. The majority of respondents opposed the changes. They indicated that fire and rescue authorities will make differing employer contributions into the pension scheme as a result of differing workforce composition and therefore some authorities will see a net gain as a result of the grant change, while others will see a net loss. Respondents believed that the proposed changes passed the risks associated with the cash flow of the pension scheme onto fire and rescue authorities and was a fundamental change in the way that the scheme was funded. Some authorities indicated that as the results of the valuation of the pension scheme are not yet published, it is difficult to make a full assessment of the proposed changes.

Compensation for the 2% cap on the small business multiplier in 2015-16

Question 6: Do you agree with the Government's proposal to compensate local authorities for the cap on the multiplier in 2015-16, calculated on the same basis as in 2014-15?

Number of respondents supporting the proposal: 117 (98%)

Number of respondents opposing the proposal: 2 (2%)

24. Many who supported this proposal did not give reasons for their support. Several asked for clarification of how the allocations were made in 2014-15. Some stated that they would like the funding to continue in future years and that it should be index linked. One respondent argued that although they agreed with the proposal it makes an already complex system more complex.
25. One of the respondents who opposed the proposal stated that authorities should be compensated for the full amount of the cap, and that it should be up-rated by RPI for 2015-16 and protected in future years.

Equalities Statement

Question 7: Do you have any comments on the impact of the 2015-16 settlement on persons who share a protected characteristic, and on the draft Equality Statement?

Number of respondents who commented on the Equalities Statement: 38

26. Some of the respondents who commented specifically on question 2 (about local welfare provision) also responded to this question, focussing on the treatment for local welfare provision. They highlighted that local welfare often helps those who are homeless and that research shows that people with Black and Mixed ethnicity are more likely to report having been homeless in the past than other ethnic groups. They argued that they would therefore expect these groups to be affected by the loss of local welfare provision funding.
27. Some respondents to the consultation commented on the equality statement for the provisional settlement more broadly. Some argued that although the Government cannot assess how decisions will be made at a local level the actual reductions in grant in the provisional local government settlement particularly affect those authorities who are more reliant on government grant. They also argued that local authorities are often more grant dependent because they have high proportions of those in protected groups in their area, and that the government should assess the impact in more detail and consider other options for grant distribution. Others also argued that the equality statement should include an analysis of how effective the mitigations mentioned in the equalities statement have been.

Government response

28. The responses were analysed and considered as part of decisions on the Local Government Settlement 2015-16, published on 3 February 2015.