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The 2017/18 Local Government Finance Settlement: Technical Consultation Paper

Cornwall Council welcomes the opportunity to submit a response and contribute to this consultation.

Our responses to the specific questions within the consultation are detailed below. Where considered appropriate, a single response has been given to a group of questions.

Question 1: What other, additional grants, beyond those set out in para 2.2.2, could the Government consider including in the multi-year offer?

Cornwall Council considers that as many grants as possible should be included in the multi-year offer.

In particular it would seem appropriate that those grants which were published for four years at the time of the 2016-17 settlement could easily be included within the multi-year offer e.g. Homelessness Prevention, Learning Disability and Health Reform, Care Act Funding, Local Welfare Provision, Early Intervention, Lead Local Flood Authorities and Sustainable Drainage Systems.

The assurance of funding levels in future years is essential for all local authorities in order to support more effective financial planning and service delivery.

In the interests of transparency, all grants that the government is considering should be rolled in to the 100% Business Rate Retention (BRR) system should form part of the offer. This would give:

- i. greater assurance over planning and developing models for 100% BRR implementation
- ii. transparency that the Government doesn't seek to make any additional cuts to grants ahead of 100% BRR, having identified them as being suitable for roll in.

We would also ask that the Government provides clarification of any grant restrictions or ringfencing that might apply for grants brought into the offer. Our preference is that all grants should be unringfenced to ensure that local authorities have maximum flexibility to apply resources where they are most needed locally.

The multi-year offer shouldn't preclude authorities from any additional grant determinations that subsequently distributed by Government. Accepting the four year offer should not lead to a situation where an authority is actually worse off than it otherwise would have been.

Question 2: Do you agree with the proposed methodology for allocating funding for the improved Better Care Fund as outlined in paragraph 2.3.4?

Cornwall Council does not support an approach that provides more funding to authorities which benefit less from the Adult Social Care (ASC) levy as this unfairly penalises councils which are able to raise a greater proportion of their income through Council Tax.

The methodology also assumes that councils will implement the full increase of 2% for social care. In principle, Cornwall Council does not support the inclusion of funding which is subject to local decision-making in the calculation of funding allocated by central government.

The use of the ASC relative needs formula to determine overall funding is more appropriate.

Previous consultations have implied that money saved from the reductions in payment of New Homes Bonus (NHB) will be made available for the improved Better Care Fund (BCF). Whilst we welcome that the Government recognises the importance of finding additional funding for ASC, there is a significant difference between the savings being made and the funding being added according to the NHB calculator.

The difference between the current NHB and the proposed five year payment is approximately £230m. However, only £105m will be distributed to local authorities.

At the end of 2015 Government consulted on ways to "sharpen the incentive" for the NHB. Currently we are yet to see a response from ministers to the submissions that were made. We would ask that the department provides further clarity as a matter of urgency, on the estimates of savings from the changes to the New Homes Bonus and how that funding will be transferred in its entirety to help fund ASC.

It is also essential that the additional BCF money does not come with complex reporting requirements or additional duties to fund. Local authorities should have maximum flexibility to spend this funding in the way most appropriate to support care services in their local areas.

Question 3: Do you agree with the council tax referendum principles for 2017-18 proposed in paragraphs 3.2.1 to 3.2.2 for principal local authorities?

Cornwall Council agrees with the principle of the 2% ASC levy as this area remains the most significant risk within local government due to ever increasing service demands as people live longer.

Whilst not sufficient to resolve the issue in full, the levy certainly provides valuable additional resource that will be spent delivering Adult Social Care, although at the expense of the local tax payer, rather than through additional Central Government funding.

With regard to the core referendum principle we recognise need to keep Council Tax low and, on the face of it, the referendum principles have achieved this. However this does not necessarily mean that it is the wish of local people who have a difficult decision to make between Council Tax rises and availability of valuable services which many residents rely on.

It also needs to be recognised that the cost of a referendum itself represents a significant 'blocker' and would remove a large proportion of any gains achieved, certainly in the short term. That is made worse in the event of a lost referendum which would also see the additional cost of re-billing.

We maintain therefore that Council Tax levels should be determined locally and consider that the core referendum limit should be removed.

Moving forward, under 100% BRR, local authorities will be wholly reliant on local taxation and in the interests of local sustainability and accountability it would be inappropriate for Government to continue to impose referendum principles beyond the introduction of that system.

Question 4: Do you agree that referendum principles should be extended to larger, higher-spending town and parish councils in 2017/18 as set out in paragraphs 3.3.3 to 3.3.4?

Question 5: Do you agree with the proposed approach to take account of the transfer of responsibilities to town and parish councils as outlined in paragraph 3.3.5?

Question 6: Do you have any comments on the suggestion that referendum principles may be extended to all local precepting authorities as set out in paragraph 3.3.6? If so what level of principle should be set?

Question 7: Do you have views on the practical implications of a possible extension of referendum principles to all local precepting authorities as set out in paragraph 3.3.7?

We recognise the assimilation to other District Councils. However we do not consider that this is really a like for like comparison as Town and Parish Councils form a further tier of public service delivery within the local context and with very different roles and responsibilities to District Councils.

Cornwall Council strongly opposes the idea of Government controlled referendum principles which goes against local democracy and we consider that to impose further restrictions on Town and Parish councils is a further step in the wrong direction. The matter was debated at our Localism Policy Advisory Committee on 18th October and the Members of that committee expressed total opposition to the capping of

Parish Councils and stressed the need to draw attention to the practical difficulties this will cause for future devolution of Council services to Town and Parish Councils.

We believe that locally elected councillors are the best people to consider the needs of their area and set Council Tax rates as they consider appropriate. These representatives are held to account at the ballot box.

We are specifically concerned that the proposal will:

- Reduce local control and accountability.
- Serve as a 'blocker' to local devolution, albeit acknowledging proposals to adjust calculations for services transferring.
- Lead to a very bureaucratic, complicated process. There appears to be no clarity as to whose responsibility it would be to manage the process if a breach of the proposed referendum limit is made.
- Not take account of fluctuations in the taxbase which will have an unavoidable impact on the Council Tax rise. Unlike major precepting authorities, local Town and Parish councils will not necessarily have the resources to manage that volatility.
- Create additional cost through the requirement to hold a referendum and potential re-billing.
- Create a two tier system where small Town and Parish councils are free to increase precept levels whilst larger local councils are unable to generate the necessary revenues to maintain services in their local areas (e.g. small local areas can afford to maintain local public conveniences, whilst the busier, larger areas – with greater visitor numbers and arguably greater demand for services – are forced to close public toilets due to lack of affordability).

Question 8: Do you agree with the methodology for calculating the revaluation adjustment to business rates tariff and top-up payments as outlined in paragraphs 3.4.1 to 3.4.8?

We accept that there is no easy way to accurately identify the impact of revaluation and that the calculation as presented would serve as an adequate proxy for this exercise.

However, and as alluded to in the accompanying notes (section ii on page 23) of the consultation, we consider that the calculation would be more accurate and transparent by first stripping out completely the impact of inflation from the revaluation adjustment by adopting a 'zero inflation' SB multiplier for the purposes of this calculation.

Question 9: Do you agree that the methodology, as outlined in paragraphs 3.5.5 to 3.5.13, for calculating changes to the local share of business rates and tariff and top up payments is correct and does not adversely affect non-pilot areas?

Yes. The calculations as proposed make sense and have been used as the foundations of our own rural pilot proposals effective from 2017/18.

Question 10: Are you contemplating a voluntary transfer of funding between the Combined Authority and constituent authorities?

This does not impact on Cornwall Council.

Question 11: Do you have any comments on the impact of the proposals for the 2017-18 settlement outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

The confirmation of the continuance of the ASC levy is a positive step and will help the Council to maintain vital services to the most vulnerable.

We would like to ensure that ministers are fully aware that our acceptance of the four year funding settlement offer does not mean that Cornwall Council considers this to be a fair settlement nor that the funding is adequate to fulfil our statutory duties. The four year offer 'locks in' significant government funding reductions and cannot be absorbed without impacting, at least in part, on services offered to the most vulnerable.

A needs review should look not just to redistribute resources more fairly, ensuring that rural authorities like Cornwall Council get a fairer share of resources, but should also review the level of resources available to ensure that Local Government, as a sector, is adequately resourced.

If you have any questions regarding this submission, in the first instance, please contact Anthony Humphreys on 01872 324506 or ahumphreys@cornwall.gov.uk

Yours sincerely



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