

APPENDIX 1

DERBYSHIRE DALES DISTRICT COUNCIL'S RESPONSE TO THE CONSULTATION ON THE PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2021/22

This response represents the views of Derbyshire Dales District Council.

Question 1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2021-22?

Yes. It is a reasonable and consistent methodology although Derbyshire Dales District Council does not receive any Revenue Support Grant (RSG) funding now.

We are especially pleased that there will continue to be no adjustment for "negative RSG" (i.e. "negative RSG" continues to be funded). The previous level of RSG was set at £362,000 (that would equate to £12 per band D tax payer in 2021/22) and the loss of this would have serious implications for our financial sustainability. We would urge the government to build this in to future years' funding methodology and to announce its approach for negative RSG for future years as soon as possible to assist with our medium term financial planning.

We have noted that the uplift of 0.55% is low and does not address overall funding gap.

Furthermore, Derbyshire Dales District Council recognises that the current methodology is based on funding formulae that are now 8 years out-of-date and that do not reflect current spending patterns or levels of council tax. The increases in sparsity – which were introduced in 2012/13 – have not been fully implemented and were largely "damped away". Rural authorities, such as Derbyshire Dales District Council, have therefore received lower funding allocations than they deserved for over 8 years. We look forward to the implementation of the Fair Funding Review and the correction of the historic under-funding of rural authorities.

We would urge the government to outline their plans regarding the Fair Funding review as early as possible during 2021/22. Looking ahead to the 2021 Spending Review, this must be a multi-year review and we would appreciate the information as soon as possible to enable us to plan for the coming years.

On a broader point, the Spending Review announced £200m for indexation which consisted of two elements: inflationary increase for RSG and compensation for the Retail Price Index (RPI) cap on business rates income and baselines. The RSG increase is funded through redistribution of New Homes Bonus (NHB), so the £13m cost of doing this shouldn't form part of this £200m. The settlement contains an increase of £150m for compensation on BR (£500m in 20/21 increasing to £650m in 21/22) so it would appear that the £200m announced in the Spending Review has not been fully reflected in the settlement.

Question 2: Do you agree with the proposed package of council tax referendum principles for 2021-22?

Partly.

While Derbyshire Dales District Council supports the proposals to give greater scope to shire districts to increase council tax in 2021/22 by the higher of 2% or £5 (which means £5 for us and helps us to cope with financial pressures and to close the funding gap for 2021/22), we note that the Government policy on council tax is inconsistent. Different classes of local authority are treated differently and have different referendum limits. Shire districts are disadvantaged in relation to the 2% cap on council tax compared to unitary authorities and county councils. Both unitary and county councils can generate an additional 3% for social care whilst districts do not have the same opportunity to raise any additional precept to fund their vital welfare, housing and leisure roles which contributes to the wider public health and preventative agenda. Police and Crime Commissioners can increase their precept by up to £15, representing an average precept increase of 6.84% for next year.

We are also concerned that the burden of funding local services is being placed largely on local taxpayers with central government providing very little additional funding. We estimate that in 2021/22 the local taxpayer in Derbyshire Dales will be funding 71% of our spending, a significant increase on the 58% share in 2013/14.

Question 3: Do you agree with the Government's proposals for the Social Care Grant in 2021-22?

Yes. Derbyshire Dales District Council supports this funding but would urge the government to consider a more sustainable funding framework for social care as part of the next Spending Review.

We would also call on the government to provide new funding to the sector for social care rather than recycling £150m of the £278m New Homes Bonus surplus for this purpose, which in previous years has been returned to the sector through the Start-Up Funding Assessment.

Question 4: Do you agree with the Government's proposals for the Improved Better Care Fund (IBCF) in 2021-22?

Yes. The methodology is unchanged and so consistent with previous years.

We would continue to call for the Disabled Facilities Grant funding to revert to being paid directly to district councils as there seems no rationale for the current arrangements.

Question 5: Do you agree with the Government's proposals for New Homes Bonus in 2021-22?

Partly.

New Homes Bonus (NHB) is a critical funding source for district councils and whilst we welcome another round of allocations for 2021/22 we do not agree with the way that the surplus has been used.

NHB has been part-funded by a top-slice from Revenue Support Grant (since 2013/14), and it has always been intended that any unused amounts will be returned pro rata to the original top-slice. However, the £278m surplus on the scheme for 2021/22, is proposed to fund new and increased grants including:

- the uprating of RSG,
- the new Lower Tier Services Grant,
- the increase in the Rural Services Delivery Grant and
- a contribution to the Social Care grant.

We are supportive of a proportion of the surplus being distributed to support district councils to ensure that they do not see a reduction in the core spending power as the New Homes Bonus scheme is withdrawn, but we do not agree with the significant proportion of the surplus being used to fund rural services and social care pressures. There is no clear rationale for funding these pressures from New Homes Bonus funding and instead new funding should have been directed to these areas.

We note the government's intention to consult on fundamental reform to the NHB scheme during 2021. The £398,000 allocated to DDDC in 2021/22 equates to £13.28 per band D tax payer, so the loss of this source of funding in future years could have a significant impact on our financial sustainability (as we cannot increase our council tax by an amount that would offset this loss). We would also like to point out that both the uncertainty and year-on-year reductions (we received £233,000 less in 2021/22 than in 2020/21) make financial planning very difficult. We are pleased that the government plans to consult on options to replace NHB and would urge the government to issue this consultation in the first quarter of the year so that district councils can adequately plan and manage the impact of any changes on their Medium Term Financial Plans.

Question 6: Do you agree with the Government's proposal for a new Lower Tier Services Grant, with a minimum funding floor so that no authority sees an annual reduction in Core Spending Power?

Yes, we are supportive of this grant as it ensures that core spending power does not reduce in cash terms. We request that it is built into funding baselines for future years. Whilst the additional funding is welcome for 2021/22, one-off funding is not helpful for longer term planning.

Question 7: Do you agree with the Government's proposals for Rural Services Delivery Grant in 2021-22?

Yes.

Derbyshire Dales District Council welcomes the increased funding as it demonstrates financial support for the specific needs of rural authorities. However, we are of the view that new funding should have been identified for this rather than recycling the

NHB surplus. We would ask that the funding is built into funding baselines for future years.

Question 8: Do you have any comments on the Government's plan not to publish Visible Lines?

We support the decision not to publish Visible Lines because they lacked credibility within the sector.

Question 9: Do you have any comments on the impact of the proposals for the 2021-22 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft equality statement published alongside the consultation document? Please provide evidence to support your comments.

No

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