

Open Report on behalf of Pete Moore, Executive Director Finance and Public Protection

Report to:	County Council
Date:	12 July 2017
Subject:	Lobbying for a Fairer Funding Deal for Lincolnshire

Summary:

The County Council has experienced consistently low relative levels of central government financial support over a long time period. Campaigns have operated in the past to engage government and a wide range of stakeholders to gain support for a better financial deal for the County Council. The last such initiative was two years ago in the build up to the four year funding deal offered by central government to local authorities. With a new government now in place the time is considered right to re-engage with relevant stakeholders to lobby for additional funding for the County Council.

This report seeks endorsement from the full Council on this approach and sets out the underlying case for additional funding. It also presents some suggested lobbying material which will be developed and refined as the initiative progresses.

Recommendation(s):

That the County Council support the proposal to engage in a lobbying strategy to achieve an improved funding deal for the County Council going forward.

1. Background

1. The pre-June 2017 Government was engaged in a substantial exercise to rebase local government funding. That initiative was based on 100% localisation of business rates by 2020 together with a resetting of the funding baselines for all local authorities – this was known as the fair funding initiative. Legislation to deliver this initiative was progressing through Parliament at the time the June 2017 General Election was declared. That legislation fell by the way as Parliament was wound down and no replacement legislation has featured in the recent Queens Speech which sets the legislative programme for the next two sessions of Parliament.
2. The basis of funding local authorities has not materially changed since the introduction of partial business rate localisation in 2013. It is widely accepted

that such matters as both absolute and relative changes in demography and other key cost drivers means that the current distribution of resources is no longer a fair reflection of underlying need.

3. There are, in effect, two distinct issues on which lobbying is required. Firstly, there is the issue as to whether the total amount of funding allocated to the local government sector is sufficient given increased service pressures coupled with ongoing reductions in government funding. It is suggested that on these matters lobbying is best undertaken at a national level with cross sector bodies such as the LGA, CNN and the Society of County Treasurer's being best placed to lead on that work. In a report titled 'Future Funding Outlook for Councils 2019/20' published earlier this year the LGA estimates a cross local government funding gap of £9.5bn by 2019/20 if nothing changes. Secondly, there is the case for an additional share of the national funding allocation for this County Council. It is in that regard that the proposals set out in this paper are framed as this Council needs to be proactive in making its case with the relevant stakeholders.
4. The DCLG have made the following statement regarding their intentions for reviewing local government funding in the new Parliament:

'I am emailing because as you will have no doubt seen, the Queen's Speech did not include a new Local Government Finance Bill and so it will not form part of the Parliamentary timetable for this session. However, Ministers remain committed to local government taking greater control of their income, as outlined in the Manifesto. We are engaging Ministers on the options for future reform without an immediate Bill and we will be touch once we are in a position to resume working with you on the future of local government finance reform. In the meantime, I wanted to thank you for all your constructive work on this issue, and I look forward to working with you in future.'

'Ministers also remain determined to address concerns about the fairness of current funding distributions. They have reaffirmed their commitment to a thorough, evidence-based review and we will continue to work with the LGA and local government on this.'

5. The DCLG's timeframe for undertaking this work is not presently clear but an element of clarity is expected over the next few weeks. The County Council needs to be prepared to make its contribution into whatever process emerges.
6. The County Council is presently in the second year of a four year funding deal secured with Government in 2016. The funding available under that deal is detailed in the table below.

Funding Summary	2016/17	2017/18	2018/19	2019/20
	£'m	£'m	£'m	£'m
Revenue Support Grant	70.351	48.292	33.964	20.139
Transitional Grant	0.011	0.009	0.000	0.000
Rural Service Delivery Grant	6.892	5.565	4.281	5.565
Top Up Grant	82.426	84.047	86.526	89.292
TOTAL	159.680	137.913	124.771	114.996

7. Factoring that funding into the future funding model for the Council gives a budget shortfall of £18m this year (funded by reserves) and predicted shortfalls of £29m in 2018/19 increasing marginally to £30m in 2019/20.
8. The scope for funding that £30m shortfall from further revenue budget savings is suggested as limited given the extensive programme of efficiency savings and service budget reductions that have been in place since 2011/12. Since then and up to the current year total savings of £288m have been made from the revenue budget. At the same time the Council has had to fund unavoidable cost pressures of £246m like the growth in demand for adult and children's care services. Simultaneously Government funding in form of revenue support grant (RSG) has declined from £146m in 2013/14 to £48m this year and will decline to £20m by 2019/20.
9. Given this situation and the intention expressed in the above DCLG comment regarding acceptance of the need to undertake an evidence based review of funding distribution, it is considered essential that this Council adopts a proactive approach to lobbying for a fair share of government funding.
10. Attached as Appendix A is an initial draft lobbying document that will be both customised for different audiences and developed further as the initiative progresses. Within that document there are specific examples of how the current funding regime disadvantages the County Council, especially in relation to other classes of local authority.
11. It is therefore suggested that the County Council fully engages, as appropriate, with national initiatives being undertaken by the Local Government Association, County Council's Network, etc. regarding the total amount of government funding allocated to local government services. In addition, more locally based activity is proposed that will lobby the groups listed below to facilitate their support in making the case for a fair funding settlement specifically for the County Council:
 - Government Ministers
 - Local MP's
 - Other public sector bodies

- Local businesses
- The general public

12. It is also suggested that the County Council would wish to work constructively with other public sector organisations within the County area in order to secure improved funding outcomes for all such bodies to the ultimate benefit of local residents.

13. In parallel the Council will work with the CNN and LGA to press the case for increases in the overall funding level for local government.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process

These matters have been considered and there is not considered to be any direct impact of the decisions called for by this Report on the Equality Act duty or any of these strategies and obligations. The paper is aimed at lobbying for an improved funding package for the Council and, if successful, should provide additional funding to deal with equality related matters. Funding decisions will continue to have regard to equality act obligations and the various strategies and obligations referred to as they are taken.

Joint Strategic Needs Analysis (JSNA and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision

The Joint Strategic Needs Analysis have been considered and there is not considered to be any direct impact on this matter as a result of the decisions called for by this Report. The paper is aimed at lobbying for an improved funding package for the Council and, if successful, should provide additional funding to assist with these obligations. Funding decisions will continue to have regard to JSNA/JHWS obligations and the various strategies and obligations referred to as they are taken.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area

Section 17 of the Crime and Disorder Act 1998 have been considered and there is not considered to be any direct impact on this matter as a result of the decisions called for by this Report. The paper is aimed at lobbying for an improved funding package for the Council and, if successful, should provide additional funding to assist with these obligations. Funding decisions will continue to have regard to Section 17 obligations and the various strategies and obligations referred to as they are taken.

3. Conclusion

The County Council continues to face significant budget shortfalls in future years exacerbated by reducing funding from Government. There is clear evidence that the County Council is not presently funded on a fair basis compared to other local authorities. Given the Government is undertaking to review the funding basis for local government going forward now is an appropriate time to undertake proactive lobbying activity to ensure a better financial deal for the people Lincolnshire

4. Legal Comments:

The Council has the power to press its case in relation to fair funding.

In issuing communications to the public or a section of the public the Council will need to have regard to the Code of Recommended Practice on Local Authority Publicity.

5. Resource Comments:

There are no material financial implications from accepting the recommendations in this report. Clearly the recommendation is, in itself, important in seeking to achieve an improved funding settlement from Government for the County Council.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

n/a

c) Scrutiny Comments

There has been no pre-decision scrutiny of this matter.

d) Have Risks and Impact Analysis been carried out??

No

e) Risks and Impact Analysis

N/A

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Draft Fair Funding Lobbying Pack

8. Background Papers

Document title	Where the document can be viewed
Future Funding Outlook for Councils 2019/20	Available from the LGA Web-site Published 11/01/2017 Ref: L15-260

This report was written by David Forbes, who can be contacted on 01522 553642 or david.forbes@lincolnshire.gov.uk.

This page is intentionally left blank