

Response from Croydon Council to the Provisional 2019/20 local government finance settlement.

Croydon Council welcomes the opportunity to respond to the Government's consultation on the Provisional Local Government Finance Settlement 2019/20.

We welcome the additional funding that has been confirmed as part of the provisional settlement and would urge the Government to be clearer on publishing the evidence based used to justify the distribution of this additional funding.

We continue to be extremely concerned about the level of funding for local government and the increasing pressures we are facing, notably in the areas of Adults and Children's Social care, Homelessness and Housing Need. We would therefore urge the Government to increase the additional funding for local government, with particular regarding to those authorities such as ours who have been Universal Credit pilots. We look forward to this being properly addressed in the spending review later this year.

We continue to be concerned about the impact of cuts or lack of adequate growth in other government funding streams, such as Public Health and Dedicated Schools Grant and the pressure that puts on the Council's core funding. In addition, the continued failure to fully fund Croydon for Unaccompanied Asylum Seeking Children puts an additional burden on this authority.

We also continue to be extremely concerned that there has been no recognition of population growth in the current funding allocations and with the increasing population in Croydon this has had a significant impact on our budget.

We are again concerned about the timing of the settlement and ask that consideration in the future is given to an early publication to help with financial planning.

We look forward to having input in to the spending review taking place later this year.

Question 1: Do you agree with the methodology for allocating Revenue Support Grant in 2019/20?

Croydon Council agrees with the proposed methodology for allocating Revenue Support Grant in 2019/19, this is on the basis of consistency with the previous three years. It seems sensible that central funding should be allocated in a way that ensures councils delivering the same set of services receive the same percentage change in Settlement Core Funding for those sets of services.

We believe that there should be much greater transparency around how the overall level of RSG has been determined and that the Government should publish a full breakdown showing how all funding made available to local government.

Question 2: Do you agree with the Government's proposed approach to allocating £410 million un-ringfenced funding for adult and children's social care according to the existing Adult Social Care Relative Needs Formula?

No. We believe this funding should be distributed using a combination of the adult social care Relative Needs Formula and the children's social care Relative Needs Formula. As the intention of the funding is to alleviate pressures in both adult and children's social care, we feel its distribution should reflect relative levels of needs in both services. We are concerned and disappointed that the Government has chosen not to use the children's social care Relative Needs Formula.

Question 3: Do you agree with the Government's proposal to fund the New Homes Bonus in 2019/20 with the planned £900 million from Revenue Support Grant, with any additional funding being secured from departmental budgets?

We welcome the decision not to go ahead with the proposed changes to New Homes Bonus.

We are concerned about the continuing reduction in the Government's contribution to the New Homes Bonus especially in the light of the increasing need for housing and the need to grow services in advance of new housing.

Question 4: Do you agree with the Government's proposed approach to paying £81 million Rural Services Delivery Grant in 2019/20 to the upper quartile of local authorities based on the super-sparsity indicator?

Croydon Council disagrees with the additional funding provided to rural areas, as this is redirecting funding away from other areas. The Rural Services Delivery Grant has increased by a further £16 million in 2019/20. We would have preferred to see this separate grant could being distributed to all local authorities on the basis of need.

Question 5: The Government intends to distribute £180m of the levy account surplus. Do you agree with the proposal to make this distribution on the basis of each authority's 2013/14 Settlement Funding Assessment?

We do believe that the surplus on the business rates levy account is rightly being returned to local government. We agree with its distribution based on 2013-14 SFA, as this is consistent with the method used to top-slice the Revenue Support Grant in previous years to fund the Safety Net account when the levy account was in deficit.

Question 6: What are your views on the council tax referendum principles proposed by the Government for 2019/20?

We are opposed to the principle of capping council tax increases, which represents central government control over the only locally determined tax.

The Government's preference to assign a notional average rate to all authorities raises some fundamental issues such as how areas that have historically set low tax rates would be able, in effect, to "catch up" to a notional rate.

We would prefer that the referendum limit be lifted completely, allowing councils to address spending pressures in the ways that most affect them locally.

We also feel that the Adult Social Care Precept represents unnecessary central government control over local policy-making. We also feel that this is a national responsibility being funded by local taxation.

Question 7: What are your views on the Government's approach to tariffs and top-ups in 2019/20?

Croydon Council broadly agrees with the principle behind the adjustment to top-ups and tariffs ensuring that, as far as possible, business rates income does not change solely as a result of the revaluation.

We believe that the methodology should be kept under close review to ensure that any other distortions besides appeals that result from the use of a single year of business rates income do not unfairly penalise any authority.

Question 8: Do you have any comments on the impact of the 2019/20 local government finance settlement on those who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide supporting evidence.

No.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Simpson'.

Richard Simpson
Executive Director Resources and S151 Officer