

NORTH LINCOLNSHIRE COUNCIL

CABINET

Local Government Funding Review

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1. To provide Cabinet with an update on Local Government Funding Review.
- 1.2. To propose that North Lincolnshire Council works in collaboration with the Greater Lincolnshire councils to identify evidence of the benefits a revised funding mechanism would bring to the area.
- 1.3. The main points of the report are:
 - 1.3.1 The Department for Communities and Local Government (DCLG) and Local Government Association co-chair a Needs and Resources Technical Working Group to support the shape and progress of the fair funding review.
 - 1.3.2 An indicative timeline proposes that implementation of the fair funding review would be April 2020/21.
 - 1.3.3 There is an opportunity to work with councils in the Greater Lincolnshire Area, to inform the evidence base required by the DCLG in taking this agenda forward.

2. BACKGROUND INFORMATION

- 2.1. The current arrangements for local government funding were last updated in 2013, when the partial business rate localisation was introduced. In October 2015 the government announced their intention to introduce 100% business rate retention at a local level and phase out the main local government grants. To achieve the reforms, it was identified that the whole local government finance system would require to be reviewed and changed. DCLG working with the Local Government Association set up a technical working group to shape and progress the necessary reviews.
- 2.2. DCLG launched a consultation with councils and stakeholders in July 2016: Self Sufficient Local Government 100% Business Rates Retention and simultaneously published a Call for Evidence on Needs and Redistribution

in respect of Business Rates retention. The summary of responses and government response was subsequently published in February 2017.

2.3. Following the election of the new government in June 2017, the new Local Government Finance Bill was not included in the Parliamentary timetable for this session of parliament. Ministers have stated an ongoing commitment to consider options for future local government finance reform without an immediate Bill and DCLG working with the LGA are progressing this work through the Needs and Redistribution Technical Working Group.

2.4. The DCLG/LGA Technical Working Group have considered an indicative timeline for the fair funding review for implementation in April 2020/21. The fair funding review will:

- **set new baseline funding allocations** for local authorities, deliver an **up-to-date assessment of the relative needs** of local authorities,
- examine the **relative resources** of local authorities,
- focus initially on the **services currently funded through the local government finance settlement**, and
- be **developed through close collaboration with local government** to seek views on the right approach

2.5. There is an opportunity to work with local authority partners across the Greater Lincolnshire area to provide necessary evidence to inform a fair funding review and options for re-distribution.

3. OPTIONS FOR CONSIDERATION

3.1. For Cabinet to note the current position in respect of the national fair funding review, and to endorse collaborative working with the Greater Lincolnshire councils to identify evidence that supports a better funding outcome for North Lincolnshire.

4. ANALYSIS OF OPTIONS

4.1. Working with the Greater Lincolnshire councils will better inform the case in respect of consideration of rural factors in a fair funding distribution.

4.2. Further updates will be reported to Cabinet regarding the likely implications for North Lincolnshire's local government funding allocations.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Based on the 2017/18 core spending power, there is a difference between North Lincolnshire and England Authority average of £294 per dwelling. North Lincolnshire council is also below the Unitary Authority average.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 Not Applicable

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

7.1 Not applicable

8. RECOMMENDATIONS

8.1 That Cabinet note the current position in respect of the national fair funding review and endorse the collaborative working with the Greater Lincolnshire councils to identify evidence that supports a better funding outcome for North Lincolnshire.

DIRECTOR OF GOVERNANCE & PARTNERSHIPS

Civic Centre
Ashby Road
SCUNTHORPE
North Lincolnshire
DN16 1AB
Author: Becky McIntyre
Date: 25/09/2017

Background Papers used in the preparation of this report:

DCLG Self-sufficient Local Government: 100% Business Rates Retention
Consultation Document and Summary of Responses & Government Response
DCLG Business Rates Retention: Call for Evidence on needs and redistribution
DCLG Technical Working Group Fair Funding Review papers