

Shafi Khan
Department for Communities and Local Government
2 Marsham Street
LONDON
SW1P 4DF

15 January 2015

Dear Shafi

Worcestershire County Council response – Provisional Local Government Finance Settlement 2015/16

Worcestershire County Council welcomes the opportunity to respond to the provisional Local Government Finance Settlement (the Settlement) announced on 18 December 2014. The County Council has answered the questions as part of the consultation process below, and in addition wishes to make a number of further comments for consideration as part of this covering letter.

The County Council continues to be supportive of Central Government's plans to help businesses through reduced business rates subject to the Treasury keeping to its commitment to fully fund the County Council for the forgone business rates. This compensation, by way of a Section 31 Grant, continues to be based on an annual allocation by Central Government to Local Government, but it will need to be permanent if this is not to adversely affect County Council funding in the future.

The County Council shares the concerns of the Society of County Treasurers (SCT) at the way the Settlement is presented to the general public. In particular, for 2015/16 it is unhelpful for Central Government to continue to use "spending power" figures and the narrative accompanying the Settlement from Central Government is deeply misleading. The County Council has made these points before and so will not rehearse them again. However Central Government's narrative of an increase in Spending Power of 0.9% or £3.6 million hides the most significant reduction made by Central Government to Worcestershire's Revenue Support Grant since 2010/11 of £19.4 million or 26%. This, together with £6.6 million of forecast increased demand for the County Council's services as well as inflation on pay and prices, requires the County Council to develop, consult and introduce savings and efficiency plans of over £26 million for 2015/16. Since 2011/12 the County Council will have delivered savings of just under £100 million.

The County Council would like to provide some specific feedback on two matters of concern with particular reference to Worcestershire. Those being:

- the decision by Central Government, following a short consultation in the autumn of 2014, to hypothecate an allocation of funding for the Local Welfare Provision Scheme to the Revenue Support Grant within the County Council's 2014/15 and 2015/16 Settlement Funding Assessment but without actually increasing cash funding; and
- the permanent locking in of the County Council's funding level from the 4-block model which still dampens its needs based funding by £7 million.

Local Welfare Provision Grant

The County Council does not agree with the approach taken by Central Government on the Local Welfare Provision Grant and alongside the Local Government Association and SCT strongly opposes the premise on which Central Government have made a hypothetical allocation to the County Council within its re-casted 2014/15 Settlement Funding Assessment with the only purpose of allowing it to be taken away in 2015/16.

Sean Pearce
Chief Financial Officer

County Hall
Spetchley Road
Worcester
WR5 2NP

Tel 01905 766268
Fax 01905 766073
Minicom 01905
766399

Email

spearce@worcestershire.gov.uk
www.worcestershire.gov.uk
DX29941 Worcester 2

The County Council has worked proactively with its District Council partners, since Central Government passed the responsibility for the delivery of services from the Department of Work and Pensions in 2013. Together, local schemes have been developed to support some of Worcestershire's most vulnerable residents in times of significant crisis or critical need. The County Council delegated all of the £1.1 million of Local Welfare Provision Grant in 2013/14 and 2014/15 to District Council partners which have allowed innovative partnerships to develop with voluntary and community organisations to design and deliver local solutions. This funding has been making a significant impact on people's lives and has reduced the potential for those residents to require much more intensive and costly services from the NHS and Local Government organisations across Worcestershire as their need becomes more acute.

This funding reduction has been made after the summer 2014 technical consultation on the Settlement and it is deeply confusing not only for the County Council, but also its partners, in this case the District Council, voluntary organisations that support the delivery of local schemes, residents and service users. The County Council finds it difficult to believe that any respondents to the recent consultation indicated a preference for this option and would welcome transparency on the consultation responses.

The County Council is concerned that this may set a precedent for the way in which Central Government ask local government to accept transfers of services delivered by others in the future. It certainly is not helpful in developing constructive relationships with Local Government, who have delivered a significant part and more than its fair share of cuts in support of Central Government's austerity agenda. It is deeply unhelpful to pass services to the County Council, creating an expectation of local delivery, state that the County Council has funding to deliver the service when in fact it is required to deliver the service after the funding previously received has been cut.

In this instance, the County Council requests that Central Government add £129.6 million nationally, which includes £0.9 million for Worcestershire County Council, to Revenue Support Grant in order to not actually cut the County Council funding previously received to be able to support vulnerable people in genuine need. If Central Government decides not to provide the County Council with the funding that it previously received and instead continues to cut this funding, it should not be presented as a hypothecated amount in the 2014/15 settlement (only to be taken away); the line should be removed from the settlement funding assessment and Central Government should make it clear this funding has not been continued.

Continued Settlement Funding Assessment that does not reflect Central Government's own assessment of need

The County Council wishes to express its continued disappointment over the use of baselines underlying the funding distribution system. The County Council continues to receive £7 million less than Central Government's own assessment of funding required to meet need due to the locking in of dampening prior to the move to the new Business Rates Retention system. The County Council requests that dampening is removed in full and therefore the County Council receives funding that Central Government itself has assessed as required to meet need.

Kind Regards



Adrian Hardman
Leader of the Council



Sean Pearce
Chief Financial Officer

Local Government Finance Settlement 2015/16 – Consultation

December 2014

Question 1: Do you agree with the Government's proposal that local welfare provision funding of £129.6m should be identified within the settlement by creating a new element distributed in line with local welfare provision funding in 2014-15?

No.

The County Council does not agree with this proposal and is deeply disappointed that the Local Welfare Provision Grant has been discontinued resulting in a funding cut for 2015/16 as part of the Government's deficit programme.

The County Council requests that Central Government add £129.6m to Revenue Support Grant, in order to not actually cut the County Council funding previously received to be able to support vulnerable people in genuine need. If Central Government decides not to provide the County Council with the funding that it previously received and instead continues to cut this funding, it should not be presented as a hypothecated amount in the 2014/15 settlement (only to be taken away); the line should be removed from the settlement funding assessment and Central Government should make it clear this funding has not been continued.

The identification of an amount relating to welfare provision in the general grant creates an expectation on spending levels without the provision of additional funding. This will also increase the confusion over who makes the choices on how the general grant to local authorities is spent.

The County Council alongside local partners has created some innovative schemes delivering real outcomes on the ground since taking the services on from the Department of Work and Pensions. Key features include:

- Enabling the organisations across Worcestershire to take a flexible approach to tailor support appropriately for each individual, and also to try to help with the root cause of the problem, rather than just the presenting demands.
- Closer working relationships between the front line contact centres, revenues, benefits and housing staff have greatly increased the ability to take a systematic approach to provide the emergency support to meet customers' needs.
- Specific funding has been allocated to Areas of Highest Need projects which has resulted in health improvement outcomes, including funding healthy meals for children and community food initiatives.
- There is evidence that those who have received emergency support through the welfare provision schemes have not turned to social care services as a result.
- The South Worcestershire Scheme has been commended by the Department of Work and Pensions and has been highlighted as a centre of good practice.

Specific local examples of where the funding from the Section 31 Grant that is now proposed to be removed include:

- **Extending the NewStarts project**, a community project, located next to the most deprived area of Bromsgrove and Redditch. Core activities have included: collecting unwanted re-usable furniture, providing free household goods to people in genuine need, an emergency 'food bank', and financial/budget management training for individuals. The service has also provided 13 new volunteer opportunities. In all cases of those receiving emergency food
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reported that the immediate crises were alleviated. The majority of those receiving debt and financial advice reported a significant positive change in their debt and financial position.

- **Bromsgrove Basement Project**, a Drop In Centre and Outreach Support for young people in and around North Worcestershire who are homeless or facing homelessness. Basement has seen 220 young people over the last financial year which consisted of 1156 visits. They have given out 336 food parcels.
- **Food Banks** set up in partnership with local churches have been supported, meaning opening hours have been extended and given opportunities for delivering food to those in need. Individuals helped have reported that their personal situations have improved at a time of desperation.
- **Access to Housing recipients of household items** providing them with the "step up" that they needed and enabled them to access housing or maintain tenancies. A man leaving prison with no furniture for a property was helped, reported that following assistance he was encouraged to take his life forward and has recently secured employment.

Feedback on all District schemes has been excellent, concluding that the schemes have made a positive difference to people's lives – not only through the provision of financial support but also through the holistic approach to try and resolve underlying problems.

Following on from the Local Government Finance Settlement Conference call, specific case studies have been provided to Kris Hopkins MP that provide some more detail on how individual lives have been impacted on the ground through these schemes and outcomes for residents have been improved.

Question 2: Do you agree with the Government's proposal that the funding for the Improvement and Development Agency for Local Government for services to local government should be £23.4 million in 2015-16?

The County Council agrees that the funding for the Improvement and Development Agency should be reduced but note that this reduction is less than that suffered by local government.

Question 3: Do you agree with the Government's proposal to reduce the New Homes Bonus holdback from £1bn to £950m?

The County Council agrees with this proposal to reduce the New Homes Bonus (NHB) holdback but considers it unfair that upper tier authorities are disadvantaged by the mechanics of the NHB. This inequity arises because a greater proportion of upper tier authorities' RSG is removed to fund the NHB than received back from the NHB grant.

Question 4 Do you agree with the Government's proposal to increase the rural funding element from £11.5m, as previously proposed, to £15.5m?

The County Council agrees that there should be recognition for the additional costs of providing costs in rural areas and is supportive of the RSN SPARSE response to this consultation.

Question 5: Do you agree with the Government's proposal to reduce the fire funding element of Revenue Support Grant for each fire and rescue authority, by an amount equal to 0.24% of the total pensionable pay for that authority?

Although not directly affected by this proposal, the County Council is opposed to the decrease in funding relating to specific policy changes such as pensionable pay and also the Carbon Reduction scheme particularly after indicative figures have been announced.

Question 6: Do you agree with the Government's proposal to compensate local authorities for the cap on the multiplier in 2015-16, calculated on the same basis as in 2014-15?

The County Council agrees with this proposal. It would be useful to know how the compensation has been calculated and also receive some assurance that it will continue after 2015/16.

Question 7: Do you have any comments on the impact of the 2015-16 settlement on persons who share a protected characteristic, and on the draft Equality Statement?

Other than the impact of the Local Welfare Provision Grant ceasing, there are no other comments that the County Council would wish to make.
