

Appendix B: LGA RESPONSE TO THE LOCAL GOVERNMENT FINANCE SETTLEMENT

Today's Local Government Finance Settlement confirms that councils across England will receive 8.8 per cent less funding from government to run local services in April 2015.

Initial analysis by the Local Government Association, which represents councils, shows that:

- Savings of £2.6 billion will need to be found from council budgets for 2015/16.
- The cut announced today brings the total reduction in core government funding to councils since 2010 to 40 per cent. Over this period councils will have made £20 billion worth of savings

Research carried out by the LGA earlier this year found 60 per cent of councils said they were considering stopping at least some services next year because efficiency savings are fast running out. This was based on the expected cut for 2015/16 set out in last year's Local Government Finance Settlement.

Responding to today's settlement, LGA Chair Cllr David Sparks said:

"Today's settlement confirms the huge financial challenge local services now face.

"Councils have spent the past four years finding billions of pounds worth of savings, while working hard to protect the services upon which people rely.

"But those same efficiency savings cannot be made again. The savings of more than £2.5 billion councils need to find before April will be the most difficult yet. We cannot pretend that this will not have an impact on local government's ability to improve people's quality of life and support local businesses.

"It is individuals who have paid the price of funding reductions, whether it is through seeing their local library close, roads deteriorate or support for young people and families scaled back.

"If the services which underpin people's daily lives are to survive the next few years then it will be essential that this and the next government commit to a much faster and bolder approach to English devolution.

"We need a better way of funding public services which shares public money more fairly and gives people a greater say over how it is spent in their local area. All the evidence shows that greater local decision making improves outcomes and saves money. With further public spending cuts expected in the next Parliament, the current overly centralised system is unsustainable. For some areas it's now devolution or bust."

On the 2 per cent council tax referendum threshold, Cllr Sparks said:

"Councillors know how important it is to keep council tax down and are well aware that they will be held to account for these decisions at the ballot box.

“By deciding not to lower the threshold government has at least acknowledged councils’ warnings about the significant additional strain this would have placed on services at a time when these are already dealing with billions of pounds worth of cuts.

“However, it should not be the place of Whitehall to interfere in discussions between councils and their residents about how local services are paid for.

“The 40 per cent cut in funding from central government, combined with the cap on council tax increases and restrictions on raising income in other ways, has left local government with few options in dealing with the rapidly-rising cost of adult social care. Keeping the referendum threshold will place a further limit on those options.

“With only a few weeks remaining until next year’s budgets need to be finalised, councils are unlikely to go through the costly process of staging a referendum, which itself would need to be paid for by local taxpayers.”

On the announcement that government will not be providing additional money for Local Welfare Assistance schemes in 2015/16, Cllr Sparks said:

“It is hugely disappointing that government has not listened to councils and charities which have been urging it to provide funding to support local welfare assistance.

“Instead of providing separate money for councils to help the vulnerable, government has instead suggested that councils will have to find this money from existing budgets, at a time when these are being cut by more than £2.5 billion.

“This would be robbing Peter to pay Paul, and would effectively amount to an additional £130 million cut for other vital services like fixing the roads, collecting the bins and caring for the elderly.

“We will continue urging government to reconsider its decision ahead of this settlement being finalised in February and note that the minister promised on the floor of the house to consider further responses on this issue.”