

Future funding of services in B&NES

Now that 14 years of Tory mismanagement of the economy has been consigned to history, attention will need to turn to the shocking legacy they have bequeathed to the country. In local government the position is particularly acute with some councils already effectively insolvent and subject to central government intervention.

The Tories systematically stripped funding away from local government during their time in office and progressively transferred the cost of running local government from central government to local taxpayers. B&NES council alone lost approximately £300m in grant funding between 2010 and today. Other councils will have lost more.

The election of a new Labour Government and the arrival of a significant LD caucus in Parliament together with a re-elected LD MP for Bath provides a potential conduit into government to advance ideas about how the funding crisis in local government can be addressed but in particular how this council can begin to set out its own solutions to the funding gap.

The council needs to clearly set out the options it prefers for placing the funding of local services on a long-term sustainable basis. Whether this refers to the urgent reform of social care funding, the creation of new income streams such as tourism levies, or the broader reform of council tax and business rates is not for me to describe, that is your job as elected representatives. I have attached the current LGA ask of government, but B&NES will have its own unique circumstances to feed into the debate particularly managing the costs of the high level of tourism as a double World Heritage site and dealing with the loss of income that having two popular Universities in Bath creates.

My plea to you is that you take this issue very seriously and act swiftly because the window will rapidly close, decisions will be made, and once again you will be into the depressing cycle of cuts and council tax increases that have been the feature of local government and this council for so long. If any doubts exist about the course of action I am suggesting, then you only have to look at the two financial reports elsewhere on this agenda which clearly demonstrate the long-term lack of sustainability in the council's finances.

What I believe you should do (working across party) is to generate and analyse ideas for raising regular new income streams for the council. These need to be politically supported and made publicly available. These ideas can then be promoted through to ministers and civil servants in the way that was very successfully undertaken during the covid pandemic. The LGA list provides at least a starting point but no doubt councillors will have other ideas of their own.

The chancellor has made it clear that her cheque book will not readily be opened to plug the funding gap and so it is up to local government to make its own case to the government. If you agree with me, do it now. Be Leaders not followers.

Richard Samuel
11.7.24

Appendix

The LGA shopping list

- **Funding fit for the future.** Sufficient, multi-year funding for local government with combined funding pots so that local services can develop and transform in a planned way, alongside a cross-party review of, and debate on, options to improve the local government finance system. This includes: updating the formulas and the underlying data used for the assessment of relative needs and resources combined with transitional mechanisms to ensure that no council experiences a loss of income in the move to new formulae; reform of, and freedoms and flexibilities over, council tax, business rates and sales, fees and charges; assignment, to local areas, of a proportion of nationally collected taxes paid by citizens in each area; and the freedom to collect different taxes in different ways to support local priorities, or introduce new local levies, such as a tourism tax, an e-commerce levy, and the power to introduce a workplace parking levy.
- **Ensure future growth funding cycles are allocated on a six-to-eight-year basis as consolidated pots** for councils to invest according to local need.
- **An increase in Affordable Homes Programme (AHP) grant levels** per unit to deliver more new affordable homes and ensure inflationary pressures do not jeopardise continued delivery.
- **Continue to uprate Local Housing Allowances (LHA) rates** to the 30th percentile of local rents beyond 2025/26.
- **Increase the subsidy for temporary accommodation**, so that it is no longer frozen at 90 per cent of 2011 LHA rates.
- **Strengthened Housing Revenue Accounts via a long-term rent settlement** and restoration of lost revenue due to rent cap/cuts, to give councils certainty on rental income and support long-term business planning.
- **The Government should meet existing cost pressures to stabilise the children's social care system and invest in solutions that work.** Fully funding placements for unaccompanied asylum-seeking children and care leavers. Programmes that reduce demand for placements and expand placement capacity. Review the

new burdens funding for Staying Put policy for children in care to address current underfunding.

- **Dedicated action to increase the number of children’s social workers**, including Government-funded training programmes and bursaries to encourage retraining from other professions and £500,000 to fund an extension to the Return to Social Work programme to bring 200 social workers back to the profession. This will help to address challenges in recruiting sufficient children’s social workers and support improved stability for children and young people.
- **The DWP should work with the DfE to share data and automatically enrol all children who are eligible for free school meals**, as well as automatically providing pupil premium funding for all children who are eligible – regardless of whether they wish to claim a meal.
- **The Government should review the current £7,400 income threshold for free school meals**, which has remained unchanged since its introduction in 2018, to reach more children who are on the cusp of experiencing food poverty as household budgets are squeezed by rising prices and inflation.
- **Allow councils to build maintained schools if that is the local preference** (new schools currently must be academies).
- **Extend funding for Household Support Fund (£500 million) to the end of March 2025**. Work with the LGA and councils to design a more preventative and sustainable approach to local welfare support.
- **Empower and adequately fund councils to better shape locally how they engage with their communities**. Recognise and support the value of innovative forms of community engagement in shaping places, tackling entrenched inequalities and reaching marginalised communities.
- **Avoid funding cliff edge in drug treatment**. The current three years’ worth of drug treatment funding (£533 million) comes to an end in March 2025, whilst Government is only three years into its 10 year strategy.
- **Review the public health grant and the mandated functions that local authorities deliver**. Sufficient ongoing funding is needed to ensure all councils can meet their statutory public health

responsibilities. A review of the public health grant and how it is distributed should consider changes in population, deprivation and need.

- **Fund adult social care adequately, sustainably and with trust** in councils as democratically accountable bodies. The exact funding requirement should be identified through a collaborative process.
- **Dedicated funding for apprenticeships and recruitment programmes related to the regulatory services workforce** to boost the future pipeline of officers entering local government. There is currently an ageing workforce and in regulatory services and a shortfall of new recruits, leading to under inspection in food safety and threatening the ability to deliver regulation in the future.
- **A shift in the allocation of funding resources towards a more substantial investment in prevention and early intervention programmes to reduce the number of people entering the criminal justice system and re-offending.** This will have the long-term benefit of reducing crime rates, as well as reducing costs around policing and community safety. Such programmes could also reduce instances of violence against women and girls and with issues like domestic abuse.
- **Further and continued investment in measures that build community cohesion and resilience within communities.** Specifically, resume funding for the LGA Special Interest Group on Countering Extremism.
- **Fire and rescue authorities should be funded according to risk and have access to capital funding.** Fire and rescue authorities do not currently have access to capital funding. It is clear that the risks facing the fire service are changing in terms of adapting to climate change and capital funding would support services to respond to these risks.
- **Funding the LGA to provide improvement support to the fire and rescue sector.** The LGA is currently not funded to provide improvement work to the fire sector through the Home Office. We believe we could provide useful improvement support to the sector. This would be particularly meaningful given the issues around culture that have come out through the media. Members play a significant role in driving change, and this would support them to do that, improving culture within the sector and enhancing the service's connection with communities.

- **Increased investment in local government mental health support to adults and reform the Mental Health Act.**
- **Increase investment in supported housing.**
- **Reinstate local suicide prevention funding.** The NHS Long Term Plan invested in local suicide prevention services through integrated care boards. This funding has now come to an end and valuable local services are facing a funding cliff edge if councils are unable to reallocate funding from already stretched budgets. Many individuals at risk of suicide have not engaged with mental health and clinical services, meaning local suicide prevention initiatives are crucial.
- **Allow councils appropriate freedoms to borrow and invest,** without the need to seek prior approval from government and make the flexible use of capital receipts.