

DERBYSHIRE COUNTY COUNCIL

**CABINET MEMBER FOR STRATEGIC POLICY, ECONOMIC
DEVELOPMENT AND BUDGET**

10 February 2015

Report of the Chief Executive

A FAIRER DEAL FOR DERBYSHIRE PETITION

1 Purpose of the Report

To seek approval to establish a petition to enable residents and other Council stakeholders to call on the Government to provide a fair funding deal for Derbyshire.

2 Information and Analysis

Since 2010 the Government has implemented a number of austerity measures to help it reduce the fiscal deficit, which has resulted in significant cuts to local authority funding. In 2015-16 nearly three-quarters of the Council's funding will come direct from the Government. By 2018 the Council's budget will be reduced by £157million which represents almost a third of the 2013 budget.

The Provisional Local Government Finance Settlement was published on 18 December 2014 and highlights a 27% reduction in the Council's Revenue Support Grant (RSG) in 2015-16. The Council has the highest percentage cut in RSG when compared to other county councils which do not have fire and rescue authority responsibilities.

The financial implications of the Provisional Settlement are illustrated in the Revenue Budget report 2015-16 which is being considered by the Council on 4 February 2015.

Impact on Services

Alongside the Government cuts, the Council is facing unavoidable demands on its services including:

- An increase in the number of vulnerable children who need protection, foster care or adoption
- Looking after an ageing population and increases in the number of disabled adults and people with the early onset of dementia
- Increases in the cost of dealing with the county's waste including paying the national Landfill Tax.

Funding

The Government has reduced its funding to local authorities by 37% over the period 2010-11 to 2015-16. A recently published Public Accounts Committee report in respect of the financial sustainability of local authorities stated that the funding reductions have not impacted on local authorities equally, with reductions ranging between 5% and 40%. There is a well-established debate amongst local authorities regarding resource equalisation, which is the movement of funding from one area of the country to another, an issue that the Council is keen to see addressed by Government.

From April 2013, the Government introduced a new funding methodology for local authorities, the Business Rates Retention Scheme. The Scheme is intended to incentivise growth in the region. Whilst the Council understands the need to incentivise local growth, the current funding arrangements fail to recognise the needs of local authorities, such as the increasing costs of an ageing population.

As well as reductions in its RSG the Council will also see significant reductions in the following grant streams in 2015-16:

- Education Services Grant – the Government's Comprehensive Spending Review 2013 announced a 20% funding cut in the national amount payable. The Council's allocation in 2015-16 is £2.7m less than the 2014-15 allocation
- Local Welfare Provision - from April 2013 local authorities became responsible for the administration of local welfare provision schemes. The Council has received funding of £1.8m per annum to help support the scheme, but this will cease from April 2015.

It is also worth noting that the Government introduced the NewHomes Bonus Scheme in April 2011 in order to incentivise local authorities to build new homes. The Government top-sliced RSG from local authorities and used it to reward local authorities for each new home built or empty property brought back into use. Recent analysis shows that if the funding had remained as part of RSG, over the period 2011-12 to 2014-15 the Council would have been nearly £9m better off.

Community Engagement

Local community and business leaders and residents have expressed concern about inequitable Government funding for the county and particularly the impact on services for vulnerable people.

The proposal is to create an online petition with paper copies also available in libraries and other Council buildings to provide a facility for

Derbyshire residents to urge the Government to provide a fairer funding deal for Derbyshire. The wording of the petition will reflect this report.

3 Financial Considerations

The costs of publishing and distributing the Fair Deal petition will be met from within existing budgets.

4 Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, legal, human resources, equality and diversity, environmental, health, property and transport considerations.

5 Key Decision

No.

6 Officer's Recommendations

That the Cabinet Member approves the establishment of a petition to enable residents and other Council stakeholders to call on the Government to provide a fair funding deal for Derbyshire.