|  |
| --- |
| Thursday 13 January 2022 |

|  |  |
| --- | --- |
|  | Consultation Response |
|  | The provisional 2022-23 Local Government Finance Settlement - consultation response by London Councils |

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  | London Councils represents London’s 32 borough councils and the City of London. It is a cross party organisation that works on behalf of all its member authorities regardless of political persuasion. |  |
|  |  |  |

# Introduction

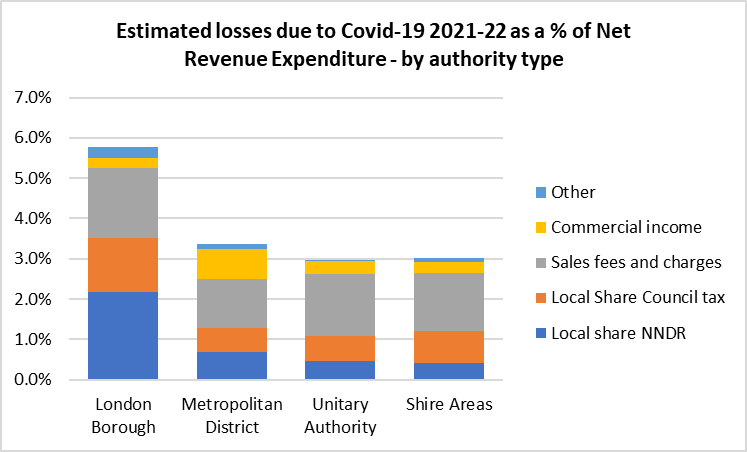
1. London Councils welcomes the opportunity to comment on the 2022-23 provisional local government finance settlement consultation.
2. We welcome the 4% real terms increase in Core Spending Power, which is significant by recent historical standards. However, prior to Spending Review 2021 (SR21), we estimated London boroughs would require £1.5-2bn over the SR period (at least 5% per annum) to meet the underlying demand, inflation and income pressures relating to the ongoing pandemic. The recent Omicron variant, rising inflation, and the adult social care funding reforms have added further financial risks. As such, while the new funding set out in the provisional settlement is very welcome, London boroughs will still need to make significant savings next year of up to £400m deliver balanced budgets.
3. While we recognise this consultation only covers the 2022-23 provisional settlement, we are very concerned about the funding outlook in years 2 and 3 of the Spending Review period where, excluding council tax and the funding assigned to cover the costs of adult social care reform, funding will decrease in real terms by 1% in both years.
4. This response firstly sets out London Councils’ general comments about the proposals within the consultation, before providing more detailed responses to the specific questions posed within it. In summary, the main issues raised include:
   * + the financial challenge facing London boroughs;
     + the need for greater funding certainty;
     + the need for more transparency in local government funding;
     + the continued hypothecation of council tax;
     + the growing financial risks relating to social care funding;
     + the need for certainty over the future of the New Homes Bonus;
     + the disparity in approaches to funding for rural and urban areas;
     + the need for certainty around other grants outside the settlement; and
     + our priorities for updating the local government finance system.

# General comments

## The financial challenge facing London boroughs

1. London boroughs’ overall resources have reduced by more than a fifth since 2010-11 in real terms. This is on top of a cumulative increase in pressures generated by councils delivering an increasing number of services to an increasing number of people. In London, there are a million more people using local services than in 2010.
2. Within this context, the 3.9% real terms increase in Core Spending Power (CSP) for London boroughs in 2022-23 is very welcome. Excluding the funding to help deliver the “fair cost of care” element of the adult social care funding reforms, which will not address underlying demand pressures, the real terms increase to the remainder of CSP is 3.5% (assuming all councils raise council tax by the maximum). This delivers around £470m of extra funding to London boroughs next year.
3. However, while very welcome, this will not be sufficient to meet the significant challenges facing London local government. London boroughs already faced underlying demand pressures of £400m per annum just to maintain services at pre-pandemic levels. They now face a much-changed environment due to the pandemic and its wider economic and social consequences, which could add a further £500m of pressures, from income losses, additional spending and growing inflation, leaving an estimated gap of £400m**.**
4. Firstly, they face substantial inflationary pressures. The ONS reported CPI of 5.1% in December and the Governor of the Bank of England has suggested it may reach 6% in the next few months[[1]](#footnote-2). The anticipated spike in wholesale gas prices will have direct and indirect cost implications for local authorities, and the rise in national insurance contributions to fund the health and social care reforms is expected to add around £40m to London boroughs’ supply chains next year. There will be similar pressures on contracts from the rise in the National Living Wage.
5. Secondly, London boroughs have been disproportionately impacted by Covid-19 related income losses, which have been nearly twice as large as those seen outside the capital when measured on either a per capita basis or as share of net revenue expenditure.
6. Our estimates suggest the legacy of uncompensated lost council tax and business rates income from 2020-21 and 2021-22 mean boroughs will have at least £300m less to spend next year, which alone exceeds their £243m share of the additional grant funding confirmed at the provisional settlement. The “Plan B” restrictions will have a further adverse impact on business rates and fees & charges income as footfall reduces, particularly in central London and office-reliant town centres. **We urge the Government to urgently reinstate the SF&C compensation scheme that ended in July for the reminder of the year and to 2022-23, and to reconsider the decision the decision not to directly compensate lost tax income for 2021-22**.
7. Thirdly, the rise in demand for key services caused by the pandemic - particularly adult social care, public health, homelessness & rough sleeping and children’s social care - will continue into 2022-23. London boroughs spent an additional £1.1bn last year and were forecasting to spend almost £700m this year before the Omicron variant. The heightened pressures on these services will not end in March. Even if additional spending halves compared with 2021-22, this will still eclipse London boroughs’ share of the additional grant funding being made available in the provisional settlement.

**Chart 1 - Estimated losses due to C19 in 2021-22 as % of Net Revenue Expenditure - by authority type**



Source: London Councils’ analysis of DLUHC monthly monitoring survey, Round 16

1. **To aid boroughs’ delivery of testing, contract tracing, and support for the vaccination programme** **we also urge the Government to:**

* **confirm that unspent COMF can be carried forward into 2022-23**
* **provide additional COMF funding to support boroughs between January and March (where a shortfall of £40m is estimated); and**
* **provide further COMF in 2022-23 if required.**

1. **We also urge the Government to reinstate funding support for those self-isolating, which ended in September, in recognition of rise in cases due to the Omicron variant.**
2. Finally, in addition to these pressures, we are very concerned about the financial risks that the adult social care funding reforms could bring to London boroughs. While the PLGFS has confirmed £162m in 2022-23 to support councils in preparing their markets to deliver the fair cost of care reforms, delivering these reforms will redirect resources away from frontline social care at a time when the pandemic is exerting major pressure on staff capacity.
3. Given the scale of these pressures, the 3.5% rise in CSP, while generous by historical standards, will not to prevent boroughs from needing to make considerable savings in the next year of up to £400m.

**Certainty**

1. Local authorities need certainty over how they will be resourced. Medium-term funding certainty breeds robust decision making and more strategic and efficient use of resources. Two single-year Spending Reviews have had a detrimental impact councils’ ability to plan for the future. It is, therefore, disappointing that, despite the three-year envelope provided by SR21, 2022-23 is another one-year settlement (effectively for the fourth year in succession).
2. We do, however, recognise the difficulties caused by the pandemic and the delays to the reforms to the finance system, which are necessary and overdue. We, therefore, welcome the visibility of the overall Core Spending Power envelope and council tax principles over the next three years, which we called for prior to the SR21.
3. Finally, despite the SR being a month earlier than last year in October, it was disappointing that the PLGFS was again delivered at the latest possible moment on the final day of the parliamentary term, which hinders the ability of councils to plan their budgets and deliver the maximum value for money for taxpayers. **We urge the Government to deliver on the commitment made following the Hudson Review and publish the provisional settlement in the first week of December this year.**

## Transparency

1. We are concerned that the headline 4.1% real terms increase in Core Spending Power (CSP) nationally (3.9% across London boroughs) overstates the scale of the increase in resources available to councils. CSP was established as a broader measure of funding available to authorities than just Formula Grant or Settlement Funding Assessment (SFA) in the early 2010s, and comprises SFA, estimated council tax, and several specific grants. It remains unclear why only some specific grants are included within CSP (for example the new adult social care reform funding) and others (such as the £3.3bn Public Health Grant or the £316m Homelessness Prevention Grant) are not. If the changes in other grants outside the settlement were included, the overall 4% figure would be much lower, as these other grants are increasing by less than overall CSP.
2. With regard to the use of SFA, this itself is not an accurate or tangible number that councils recognise in their budgets, as it comprises Revenue Support Grant (RSG) and Baseline Funding Level (essentially the baseline target for retained business rates set by government). In reality, some authorities will retain more than their baseline, but many will be below it. This is increasingly likely in 2022-23 as the ongoing impact of the pandemic on the economy will depress business rates revenues significantly.
3. Finally, and most significantly, the assumptions being made with regard to council tax are potentially misleading. The CSP figures assume all authorities raise council tax and, for those eligible, the adult social care precept, by the maximum amount possible in 2022-23 (3% for London boroughs). Council tax rises are local decisions that must be taken in light of the regressive nature of the tax and the impact on local residents. It is, therefore, inappropriate to assume maximal increases when presenting official funding figures. It would be more accurate for the Government to assume the average level of increase within the permitted rules using historic trends, rather than assuming maximum increases, which will overstate the actual level of resources.
4. We would also challenge the assumption that each authorities’ council tax base will continue to increase by the same as the average annual change over the last 5 years. This understates the potential impact of the pandemic on the tax base – both through lower collection rates and through the increased number of LCTS claimants. The £670m of LCTS support funding awarded to councils in 2021-22 will end in 2022-23. Many of the recipients of this support will struggle without it, which will put pressure on collection rates. The level of council tax included within CSP in the provisional settlement will, in our view, significantly overstate the true level of resources available to councils next year (as it has done in previous years).
5. More broadly, London Councils believes the local government finance system should be underpinned by the principles of stability, certainty and transparency. Local authorities should be able to understand clearly how much funding is available, and where it comes from, for the services they are required to deliver. The current system remains incredibly complex and opaque, enabling changes to be made to the distribution of funding allocations which are extremely difficult to understand and assess accurately.
6. Without significant levels of prior knowledge, it is not clear from the settlement how the £1.5bn of new funding is being allocated, or indeed how the underlying £9bn of Local Government DEL is distributed as different grants. Without a breakdown of the LG DEL and other relevant departmental expenditure limits which fund local authorities, it is unclear how the central share of business rates funds grants inside and outside of the settlement. **We continue to urge the Government to publish a full reconciliation between the funding made available to local government and the Local Government DEL figures published annually by HMT.**
7. **We also urge the Government to be clearer about how the national business rates yield is used to fund different local authority grants (as the 1988 Local Government Finance Act states it must), so that allocation decisions can be understood by the lay person and given the appropriate scrutiny.**

**Council Tax Principles**

1. While we welcome the visibility of council tax referendum principles for the next three years, it is disappointing that the Government has continued the Adult Social Care Precept, rather than funding adult social care through a needs-based grant, as this not only represents unnecessary central government control over local taxation, but it fails to deliver funding where it is needed most, while placing the greatest burden on those who can least afford it. **We urge the Government to reconsider its plans to continue the precept beyond 2022-23, so it does not become a permanent hypothecation of council tax.**

**Social Care Funding**

1. London Councils is concerned that the £3.6bn funding over three years to implement fair cost of care reform, the care cost cap and extension of the means test threshold will not be sufficient. The LGA estimates the existing provider market funding gap is £1.5bn nationally. Tackling this alone is more than the funding allocated for the fair cost of care reforms, leaving nothing for other practical implementation matters. Delivering these reforms will redirect resources away from delivering frontline social care when the pandemic is putting huge pressure on staff capacity. Moreover, boroughs will be unable to play their part in delivering the Government’s White Paper ambitions if the existing pressures within ASC, including the rising demand and significant overspending caused by the pandemic, are not addressed as an immediate priority. **We, therefore, call on the Government to redirect a greater share of the Health and Social Care Levy to frontline adult social care**.
2. London Councils recognises that delivering the social care funding reforms, including transitioning to funding social care via the Health and Care Levy, will take time to implement. We, therefore, welcome the continuation of the iBCF and Social Care Grant (SCG) in 2022-23. The 37% uplift in the SCG is particularly welcome as this will support not only adult but children’s social care. However, the increase across London (amounting to just over £100m) will not keep pace with the growing funding gaps presenting in adult and children’s social care, which together had an annual shortfall in excess of £300m in London even *before* the pandemic.
3. We continue to oppose the proposed methodology for distributing the SCG based solely on the adult social care Relative Needs Formula (RNF). If the intention is for this funding to alleviate pressure on both adult and children’s social care, its distribution should reflect relative levels of need in both services. The proposed approach disadvantages London boroughs as a whole, whose aggregate share of the adult social care RNF is 15.5%, while their aggregate share of the children’s social care RNF is 25.5%. We estimate that London Boroughs would receive over £200m more if the total £2.3bn Social Care Grant used both the ASC and CSC RNFs, for example, in equal weighting. **We believe that the evidential basis for this decision must be clearer. We urge the Government to reconsider the distribution at the final settlement.**

**New Homes Bonus**

1. London Councils welcomes the proposed new round of New Homes Bonus (NHB) allocations. We are, however, disappointed in the continued diminution of this funding stream, and the continuation of the phasing out of legacy payments. The scheme has already seen significant reductions in eligibility and generosity that have reduced its effectiveness as an incentive.
2. The scale of the reduction in London boroughs’ 2022-23 allocation (to just 13.5% of the England total when historically it has been over 20%) suggests that housebuilding in the capital has slowed considerably and is further evidence of the disproportionate impact of the pandemic on London’s economy.
3. Having consulted in the spring, it is unclear why the outcome of the consultation has not been published or why confirmation over the future of the NHB was not provided until the PLGFS, leaving authorities with no certainty to plan for this significant funding stream. This is the third year the existing scheme has been rolled forward and **a more permanent solution is required to provide longer term certainty. Any reforms to the bonus, or indeed a successor scheme, must ensure it truly incentivises house building in areas of the country facing the greatest housing pressures.**

**Lower Tier Services Grant and 2022-23 Services Grant**

1. London Councils welcomes the new one-off “Services Grant”, of which London boroughs will receive £152m. This represents more than half of the new £1.5bn of grant funding in the settlement. However, it is unclear why the 2013-14 SFA formula is being used as the basis for distribution rather than 2022-23 SFA. The Government should clarify the rationale behind this decision.
2. We also welcome the continuation of the un-ringfenced Lower Tier Services Grant, of which London boroughs will receive £25m. We further welcome the decision to update the minimum funding floor from 2021-22 to ensure no authority sees an annual reduction in Core Spending Power in 2022-23.

**Rural Services Delivery Grant**

1. London Councils continues to question why the additional funding allocated to meet unique challenges in rural areas through Rural Services Delivery Grant is not mirrored by a comparable grant funding stream to address unique challenges in urban areas. While there are likely to be higher costs for delivering a few services in rural areas, there is more evidence of higher delivery costs in urban areas[[2]](#footnote-3). This has not been equally recognised through bespoke additional grant funding. If the Government is minded to further recognise some of the financial pressure on rural authorities, **London Councils believes that it is reasonable to expect further consideration to be given to the unique pressures faced by urban areas, particularly the impact of population underestimation, daytime visitors and high levels of population churn**.

**Grants outside of the settlement**

1. While the confirmation of the main funding streams within the settlement prior to Christmas is welcome, several other funding streams outside of the main finance settlement had not yet been confirmed at the time of drafting. These include: The Public Health Grant; Independent Living Fund; Rough Sleeping Initiative Fund; the Better Care Fund; and Housing Benefit and Council Tax Administration Subsidies.
2. With regards to Public Health Grant, London Councils is very concerned that this is being held flat in real terms for the next three years (as confirmed at the SR). This makes no sense during an ongoing pandemic when many pre-existing public health functions are likely to have been adversely affected by the capacity and resources needed to cope with the ongoing emergency response and vaccination programme. **We urge the Government to reconsider this decision and provide an increase in funding to support not only the ongoing response to pandemic but the delivery of this key service as we move back to “business as usual”.**
3. **We also ask that the public health grant formula is reviewed in the next year, to take account of significant changes in demography and deprivation since 2013 and the increases health inequalities that have been exacerbated and highlighted by the pandemic.** A new formula should be in place by 2023-24.
4. Although it was published later than the PLGFS, we welcome the continuation of the Homelessness Prevention Grant, and the confirmation at the SR that this will continue for three years. However, given this is the case, it is unclear why allocations could not be set out for the three-year period to enable more strategic planning of resources. We are concerned that London’s share of funding allocations in the last few years has decreased. This is particularly disappointing given London’s disproportionate housing and homelessness challenges, which have been worsened by the pandemic. London has 57,000 households in Temporary Accommodation: two thirds of the England total and an increase of over 50% since 2010. This crisis is one facing many metropolitan areas, and London has a set of specific factors that mean it is most pronounced in the capital. **We remain concerned that there is no long-term plan to find a sustainable solution to London’s unique homelessness pressures.**
5. While outside of the core funding settlement, the funding shortfall in the High Needs block of the Dedicated Schools Grant (DSG) for pupils with Special Educational Needs and Disabilities (SEND) has become the single biggest financial pressure for some London boroughs who are fast running out of options for recovering deficits. If left unaddressed, it could place several boroughs in extreme financial difficulty in the next few years. Over half of London boroughs will have an accumulated DSG deficit by the end of the year, collectively totalling over £300m. The scale for those in deficit averages around 13% of the DSG – but for some it will be almost 40% - meaning they have little prospect of recovering deficits over the next three years. Although the £1bn increase in 2022-23 is very welcome, the 9% average HB block increase for London boroughs is below the recent annual increases in EHCP numbers (10% in 2021) and is barely enough to stand still. The £136m increase for London boroughs next year is less than half of the existing deficits.
6. We welcome the DfE’s attempts to tighten the ring-fence on the DSG via secondary legislation and the statutory override introduced last year. However, these changes are temporary and do not resolve the underlying deficits. The current “Safety Valve” approach focusses only on a handful of the worst affected authorities, providing no assistance to the growing number of authorities where deficits are now typically £20m or more. If action is not taken to support these authorities, the numbers requiring an emergency intervention will only grow. **We therefore continue to urge the Government to set out a robust strategy to support *all* councils to clear DSG deficits alongside its SEND Review, which must be published as soon as possible.**
7. We are also disappointed that there was no additional funding within SR21 or the settlement to support councils with the considerable costs associated with supporting people with No Recourse to Public Funds. London Boroughs spend £40-50m per annum were supporting households with accommodation and/or financial support. These are often extremely vulnerable people. **We urge the Government to provide financial support to help with this cost pressure, if not by a separate grant, then through core funding as part of the new needs assessment.**

**Funding reforms**

1. Finally, London Councils welcomes the Government’s commitment to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. We welcome the Government’s intention to engage with the sector, and consult on potential future changes to the system. This process should be as open and transparent as possible. We note that both the Written Ministerial Statement and the consultation document only refer to updating data and not to reviewing the structure of the formulae which determine core funding. **We urge the Government to clarify the scope of the reforms to the relative needs and resources assessment as soon as possible.**
2. By April 2023, it will have been a decade since the funding formula has been updated, in which London’s population will have grown by almost 800,000[[3]](#footnote-4) and when the gap between wages and housing costs grew starkly in many parts of London. The pandemic has further deepened inequalities and has hit London particularly hard.
3. As such, our key priorities for updating the relative needs assessment will be to:

* **ensure any measures of deprivation properly take into account housing costs** – Londoners have higher wages but also far higher housing costs than other parts of the country. 27% of Londoners live in relative poverty after housing costs are taken into account: the highest of any region[[4]](#footnote-5).
* **ensure reliable and robust population projections are used** that take account of any temporary, short-term impact of the pandemic within the 2021 Census data.
* **ensure any measures of need are up-to-date in light of the pandemic**, which has exacerbated inequalities in many areas and has disproportionately impacted on London and Londoners.
* **ensure any new formula accurately takes into account the different costs of delivering services in different parts of the country** and that any changes to the area cost adjustment are based on robust evidence and are consistent with other public funding formulae.

1. The WMS and consultation document did not explicitly refer to the reset of the business rates retention scheme, which had previously been due to be implemented alongside the new needs and resources assessment. The baselines, which were set in 2013, no longer reflect the distribution of business rates yield across the country and have changed considerably since the start of the pandemic.
2. The fact that the Government will be providing over £1bn of grant funding next year to compensate for historical decisions it has taken affecting retained income, shows how the scheme is still subject to annual central government decisions which not only add complexity but move the scheme further away from its intended purpose to incentivise local economic growth. The retention scheme must be made simpler and fairer, with the costs of business rates appeals being borne by central government rather than at the individual local authority level. **We urge the Government to clarify whether it intends to deliver the business rates reset alongside the updated assessment of need and to set out a clear timeline for the delivery of the reforms.**
3. **As set out previously,** **we urge the Government to ensure the transitional mechanisms needed to deliver the outcome of the reforms ensure that no council experiences a loss of income.**

# Responses to specific questions

**Question 1: Do you agree with the Government’s proposed methodology for the distribution of Revenue Support Grant in 2022/23, including the rolling in of two New Burdens grants?**

1. London Councils broadly agrees with the proposed approach to distributing RSG. We understand the rationale for rolling in the two new burdens grants for simplicity and given their small scale.
2. However, the Government should publish the existing distributions of the two grants, worth £2m in total, so local authorities can see whether they will be better or worse off from the proposed methodology (using 2013-14 SFA). Transparency must be a key principle underpinning any allocation of public funds, and we urge the Government to publish the previous grant distributions alongside the final settlement.
3. The proposal to continue to eliminate negative RSG is welcome for those London boroughs who receive it, although its very existence continues to show why overall SFA funding distribution formula needs to be updated urgently.

**Question 2: Do you agree with the proposed package of council tax referendum principles for 2022/23?**

1. As set out in paragraph 26, London Councils continues to oppose hypothecation of council tax through the ASCP as a matter of principle. Council tax is the only locally determined tax and local authorities should have full flexibility in how it is used as well as how it is set that strikes the appropriate balance between local needs and local resources. The Adult Social Care Precept not only represents unnecessary central government control over local taxation, but it fails to deliver funding where it is needed most, while placing the greatest burden on those who can least afford it. We urge the Government to reconsider its plans to continue the precept beyond 2022-23, so it does not become a permanent hypothecation of council tax.
2. **Question 3: Do you agree with the Government’s proposals for the Social Care Grant in 2022/23?**
3. The 37% uplift in the SCG is very welcome. However, the increase across London - which amount to just over £100m - will not keep pace with the growing funding gaps presenting in adult and children’s social care, which together had an annual shortfall in excess of £300m in London even before the pandemic.
4. We continue to oppose the proposed methodology for distributing the SCG based solely on the adult social care Relative Needs Formula (RNF). If the intention is for this funding to alleviate pressure on both adult and children’s social care, its distribution should reflect relative levels of need in both services. The proposed approach disadvantages London boroughs as a whole, whose aggregate share of the adult social care RNF is 15.5%, while their aggregate share of the children’s social care RNF is 25.5%. If both formulae were used equally, London boroughs would receive at least £200m more.
5. Previously, the Government set out the rationale for using only the ASC formula as it was more up to date than the CSC one. We believe it is illogical to use a formula that is specifically designed for one service area for a funding allocation that is meant to fund two service areas. Even if the ASC formula was more up-to-date than the CSC formula, an out-of-date CSC formula still better reflects the need for children’s social care than an updated adult social care formula.

**Question 4: Do you agree with the Government’s proposals for iBCF in 2022/23?**

1. We welcome the continuation of the iBCF in 2022-23, however the inflationary increase in the grant will not cover the scale of the pressures facing adult social care, particularly the ongoing impact of the pandemic on hospital discharges and long covid.

**Question 5: Do you agree with the Government’s proposals for** **distributing the Market Sustainability and Fair Cost of Care Fund in 2022/23?**

1. In the absence of robust data, distributing the Market Sustainability and Fair Cost of Care Fund in 2022-23 via the existing ASC RNF seems reasonable at this stage. Looking ahead, we will work closely with the Government to develop appropriate grant conditions, national guidance and distribution mechanisms for future funding allocations in 2023-24 and 2024-25 and urge the Government to undertake the necessary data collection it needs to establish a robust formula that reflects the costs of implementation.

**Question 6: Do you agree with the Government’s proposals for a one-off 2022/23 Services Grant distributed using 2013/14 shares of the Settlement Funding Assessment?**

1. London Councils welcomes the new one-off “Services Grant”, which represents more than half of the allocation from the new £1.5bn of grants funding in the settlement. However, it is unclear why the 2013-14 SFA formula is being used as the basis for distribution rather than the 2022-23 formula, and the Government should clarify the rationale behind this.

**Question 7: Do you agree with the Government’s proposals for New Homes Bonus in 2022/23?**

1. As set out in paragraphs 30-32, London Councils welcomes the proposed new round of NHB allocations but are disappointed in the continued long-term uncertainty about this funding stream. This is the third year the existing scheme has been rolled forward and a more permanent solution is required to provide longer term certainty. Having consulted in the spring, it is unclear why the outcome of the consultation has not been published or why confirmation over the future of the NHB was not provided until the PLGFS, leaving authorities with no certainty to plan for this significant funding stream.
2. The scale of the reduction in London boroughs’ 2022-23 allocation to just 13.5% of the England total (when historically it has been around 20%) suggests that housebuilding in the capital has slowed considerably and is further evidence of the disproportionate impact of the pandemic on London’s economy. Any reforms to the bonus, or indeed a successor scheme, must ensure it truly incentivises house building in areas of the country facing the greatest housing pressures.

**Question 8: Do you agree with the Government’s proposals for Rural Services Delivery Grant in 2022/23?**

1. London Councils continues to question why the additional funding allocated to meet unique challenges in rural areas through Rural Services Delivery Grant (RSDG) is not mirrored by a comparable grant funding stream to address unique challenges in urban areas. While there are likely to be higher costs for delivering a few services in rural areas, there is more evidence of higher delivery costs in urban areas. This has not been equally recognised through bespoke additional grant funding. If the Government is minded to further recognise some of the financial pressure on rural authorities, London Councils believes that it is reasonable to expect further consideration to be given to the unique pressures faced by urban areas, particularly the impact of population underestimation, daytime visitors and high levels of population churn.

**Question 9: Do you agree with the Government’s proposal for the Lower Tier Services Grant, with a new minimum funding floor in 2022/23 so that no authority sees an annual reduction in Core Spending Power?**

1. We welcome the continuation of the un-ringfenced Lower Tier Services Grant and the decision to update the minimum funding floor from 2021/22 to ensure no authority sees an annual reduction in Core Spending Power in 2022-23.

**Question 10: Do you have any comments on the impact of the proposals for the 2022/23 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft policy impact statement published alongside the consultation document? Please provide evidence to support your comments.**

1. We have no comments at this time.

1. <https://www.bbc.co.uk/news/business-59682521> [↑](#footnote-ref-2)
2. We fully support the paper by SIGOMA and Core Cities to the FFR technical working group on this issue in September 2018: <https://www.local.gov.uk/sites/default/files/documents/Consideration%20of%20population%20concentration%20by%20SIGOMA%20%26%20Core%20Cities%20%28NR%20TW....pdf> [↑](#footnote-ref-3)
3. SNPP estimate for 2023 compared with the 2013 population figures used in the 2013-14 settlement [↑](#footnote-ref-4)
4. <https://researchbriefings.files.parliament.uk/documents/SN07096/SN07096.pdf> [↑](#footnote-ref-5)