BETTER LIVES
STRONGER ECONOMIES
DISTRICT COUNCILS' NETWORK

Autumn Budget 2018 Submission

About the District Councils' Network

The District Councils' Network (DCN) is a cross-party member led network of 200 district councils. We are a Special Interest Group of the Local Government Association (LGA), and provide a single voice for district councils within the Local Government Association.

District Councils in Financial Context

District councils in England deliver 86 out of 137 essential local government services to over 22 million people - 40% of the population - and cover 68% of the country by area.

District councils have a proven track record of building better lives and stronger economies in the areas that they serve. Districts protect and enhance quality of life by safeguarding our environment, promoting public health and leisure, whilst creating attractive places to live, raise families and build a stronger economy. By tackling homelessness and promoting wellbeing, district councils ensure no one gets left behind by addressing the complex needs of today whilst attempting to prevent the social problems of tomorrow.

In relation to the current spending review period, as the NAO have recently confirmed "district councils will see a 13.9% real-terms reduction during this period. The majority of district councils… will stop receiving the revenue support grant by 2019-20[1]". Districts are continuing to see reductions in their core spending power for the whole period, compared to other councils who are all seeing an increase. Overall since 2010/11 the median reduction for district councils has been just over 30%. This will need to be addressed in the next spending review period.

In the face of these reductions, Districts Councils have been ahead of the game in delivering transformation. This is outlined in the Transformation in Localities toolkit produced by Grant Thornton and DCN.[1] They have been at the forefront of sharing management and services to make resources go further and to protect the frontline. In fact, the Local Government Association shared services database reports that the local government sector has achieved £644m in savings, with districts delivering more than a third of these savings, over £224m. Relative to the share of expenditure across the sector, districts have therefore made a disproportionate contribution to the savings achieved through the adoption of this model.

At a time when, due to the demands on the social care system in particular, many County Councils are struggling financially, it is crucial that the system is not further destabilised by more reductions in funding to District Councils that would undermine their ability to do work on prevention that saves money for both social care and the NHS. Now is actually the time to give Districts more financial flexibilities that will help them to deliver on their prevention role.

Summary:

Reduced Spending Power

In relation to the current spending review period, as the NAO have recently confirmed "district councils will see a 13.9% real-terms reduction during this period. The majority of district councils… will stop receiving the revenue support grant by 2019-20[2]". Overall since 2010/11 the median reduction for district councils has been just over 30%. This will need to be addressed in the next spending review period.

Growing the Economy and Housing Delivery

District Councils are the planning and housing authorities and therefore ideally placed to deliver growth and drive the economy, one local economy at a time, to raise additional revenue. This budget should ensure that local government has the long term incentives to grow the economy, with those areas investing the most being rewarded whilst providing a safety net for areas where growth is more challenging. This should be all within a fiscal envelope that provides longer term funding certainty to councils to enable sustainable budgeting and planning, taking forward the devolution of business rates and continuing to incentivise growth through measures such as New Homes Bonus.

The New Homes Bonus (NHB) has been a powerful incentive for housing and economic growth across the country as a whole. This is demonstrated in the consultation's own reference to "the continued upward trend for house building." Since the introduction of New Homes Bonus, the British Social Attitudes Survey shows that the proportion of people supporting new housing in their local area has almost doubled.[3] Permanent housing completions in District Areas have increased by 45% since the start of 2011.

Further measures are needed to empower Councils to play a full part in the delivery of the government's housing targets. The APPG inquiry into District Council Finances in July 2018 recommended that "further financial flexibilities should be extended to district councils by lifting the borrowing cap for the housing revenue account for those districts with housing stock, and by introducing greater borrowing powers for non-stock holding authorities. In addition, district councils can do more to deliver housing locally, especially the genuinely affordable homes that their communities need. These could include; amendments to the Right to Buy receipts, increasing the time available to spend them and allowing councils to retain the receipts; and the sale of high value assets."[4]

The District Role in Prevention

The Government's forthcoming consultation on future funding of adult social care must find additional long term central funding to address the severe funding pressures in this area, rather than short term fixes of just moving money around local government. The consultation should also recognise the important role that district authorities play in prevention. Districts are Housing and Planning authorities, which means they are responsible for a range of services critical to health - both directly and through their influence on the wider factors that affect public health. Through the provision of leisure and recreational services, installing home adaptations, tackling homelessness, offering debt advice and delivering social prescription, districts are reducing demand on acute end care. The Kings Fund report stated that every £1 District Councils invested in preventative services, for example home adaptions, can save the wider public sector up to £70.

The DCN welcomes the new money that the Government has made available to local authorities that deliver adult social care through the social care precept on council tax, and we urge the Government to enable District Councils to introduce a ‘prevention precept’ of up to 3% on council tax. If all districts raised an additional 3% prevention precept on their existing council tax charge, this has the potential to raise up to an additional £42m funding per year. In order to access this additional precept, we would expect Districts to work with partners to set out a strategic “Prevention Plan” showing how the additional Council Tax raised will be invested in services that manage demand and reduce costs elsewhere in the public sector, particularly in social care and health.

Council Tax and Funding Flexibility

We propose a number of funding flexibilities that would enable District Councils to achieve financial sustainability

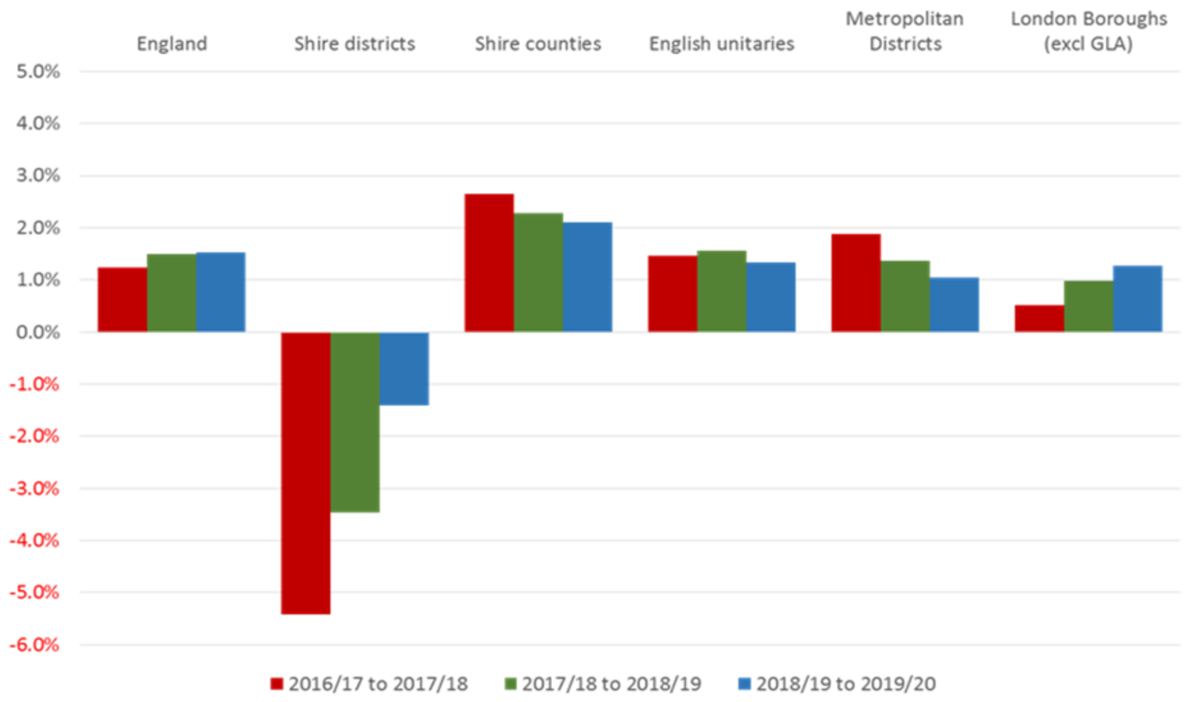
- We advocate that in the spirit of devolution and localism, decisions over the level of Council Tax should be made by locally elected politicians and not subject to nationally set referendum principles.
- Localising the setting of licensing and planning fees so that district councils make the decision as to what fees to charge to cover their costs and to facilitate delivering economic and housing growth
- In addition to greater flexibility on Council Tax, we would welcome greater flexibility on local revenue-raising powers. The APPG inquiry into District Council Finances sets out a number of potential revenue-raising measures that we would want to explore further with central government.

Detailed Proposals

Spending Power and Fair Funding

In relation to the current spending review period, as the NAO have recently confirmed "district councils will see a 13.9% real-terms reduction during this period. The majority of district councils… will stop receiving the revenue support grant by 2019-20[3]". Districts are continuing to see reductions in their core spending power for the whole period, compared to other councils who are all seeing an increase. Overall since 2010/11 the median reduction for district councils has been just over 30%. This will need to be addressed in the next spending review period.

Year-on-year changes in core spending power in the Local Government Finance Settlement from 2016-2020



We welcome the proposals in the technical settlement consultation to deal with the issue of negative RSG, however this remedies an unfairness rather than dealing with the major issues in spending power reductions as highlighted above.

Districts have delivered greater efficiencies through collaboration and shared services than would be expected for their size, as shown below.

Authority type	Partnerships	Savings
Shire County	79	£76,036,004
English Unitary	90	£199,959,451
Shire District	**174**	**£224,110,523**
London Borough	39	£30,069,500
Metropolitan District	27	£47,625,968
Fire	64	£20,470,953
Trusts	4	£68,000
Police	4	£20,500,000
Ambulance Service	3	£0
Misc	2	£25,000,000
Total	**486**	**£643,840,399**

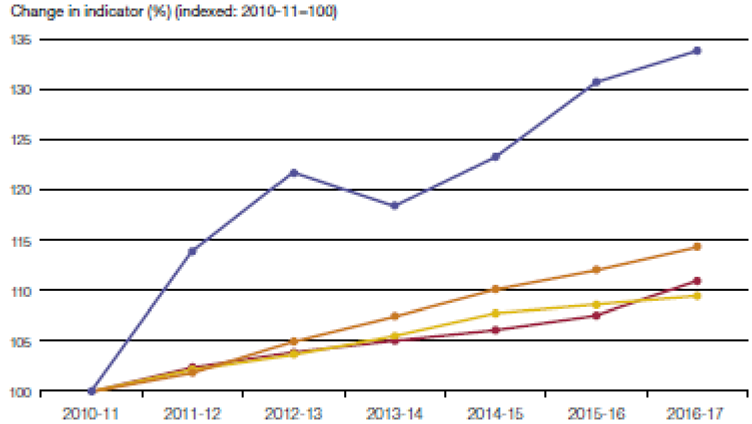
Source: Local Government Association. Shared Services dataset: https://www.local.gov.uk/our-support/efficiency-and-income-generation/shared-services/shared-services-map

The Fair Funding Review must reverse the decline in district council spending power: District councils have seen the biggest reduction in core spending power since 2015 compared to other types of council. This steady decline must be reversed, through the fair funding review and greater flexibilities for districts to generate more freedoms, with an increase in spending power for district councils in the next spending review period from 2020. The Fair Funding review must also reflect the financial challenges facing district councils in both rural and urban areas and the issues of housing faced by district councils as the housing and planning authorities for 68% of the country. While the principle of simplicity is a good one, it is not an end in itself. Therefore, the formula for Districts needs to use sufficient granular data to reflect the real pressures on districts in services like housing and waste.

At a time of reduced spending power, districts are facing rising demand for services with consequent costs, such as increased homelessness (34% increase over the last 6 years in the demand for homelessness services), as outlined by the NAO in the graph below.

Change in demand in key local authority service areas in England

There has been growth in actual or potential demand in a range of core service areas



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Number of children looked after	100	102.4	103.9	105.1	106.1	107.5	110.9
Estimated population in need aged 18 to 64	100	102.2	103.7	105.5	107.8	108.7	109.5
Estimated population in need aged 65 and over	100	101.9	105.0	107.4	110.1	112.0	114.3
Households accepted as unintentionally homeless and priority need	100	113.9	121.8	118.4	123.3	130.7	133.9

Source: National Audit Office analysis of departmental data. See standalone methodology

Additional cost pressures continue to rise, for example, the apprenticeship levy, National Minimum Wage and the National Living Wage (NLW). Whilst we support the ambitions of the apprenticeship policy and the principal of the NLW, these are new unfunded costs to local government which adds additional pressure.

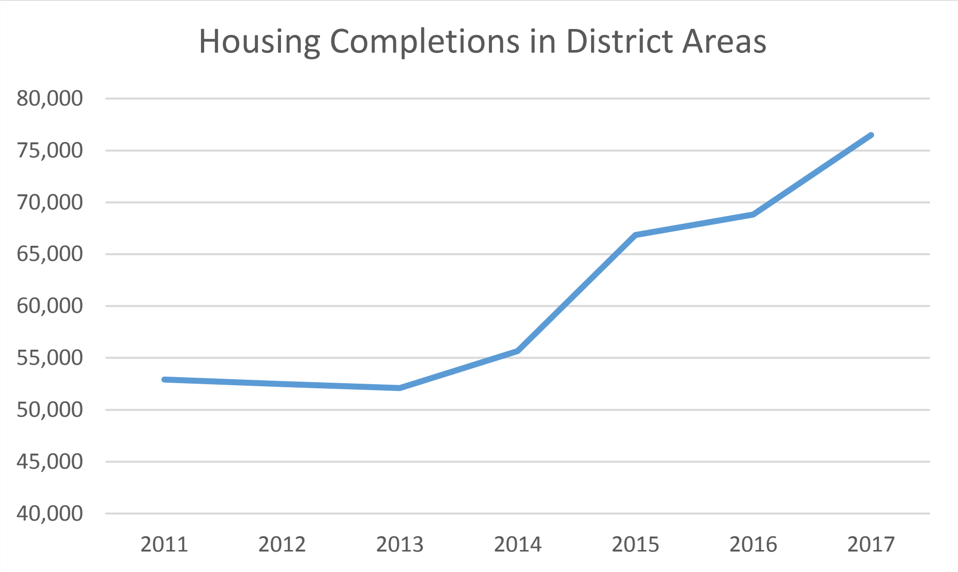
It is therefore vital that this Budget recognises that district councils cannot continue to provide essential local services without sufficient and sustainable funding. Local councils are disproportionately affected by the NLW compared to other parts of the public sector given that they employ significant numbers of part-time staff, in leisure centres, housing and environmental roles, which impact positively on quality of life and reduce demand for services. The Fair Funding formula must be specific enough to reflect District needs in housing and waste.

The current multi-year Settlement ends in 2019-20 and there is no future certainty for Councils when setting budgets and medium term financial plan past this time period. District Councils need certainty to enable long term sustainable budgets to be set. We believe there is a need for the Government to change its timetable for local government finance announcements. Announcements in December are far too late to support good financial planning.

DCN proposes that there should be a further 4 year multi-year settlement following the spending review and that MCLG should set itself the aspiration of publishing the Settlement at the same time as the Autumn Budget or no more than a few days later.

Growing the Economy and Housing Delivery

Previous Government reviews have concluded that the New Homes Bonus (NHB) provides a powerful incentive to deliver new homes. This is illustrated by the 45% increase in the number of housing completion in District areas since the introduction of NHB in 2011, as set out below.



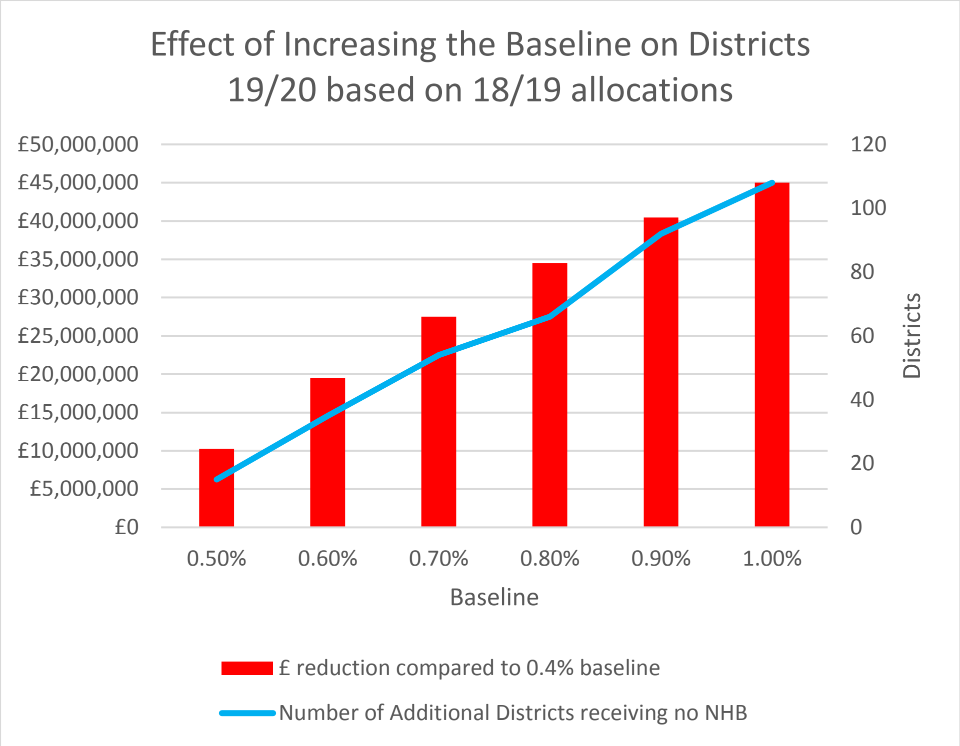
Source: https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building Live Table 253a

The APPG report sought views from districts about the effectiveness of the New Homes Bonus (at its current level) in providing an incentive to build more homes, with nearly two-thirds (63%) saying it does. A recent British Attitude Survey (2017) showed that since 2010 "the percentage of people who were supportive of new homes being built in their local area" has almost doubled from 28% to 55%.[3] The APPG notes that this shift coincides with the introduction of the New Homes Bonus in 2011.

The recent technical settlement consultation states "Due to the continued upward trend for house building, the Government expects to increase the baseline in 2019-20". This is an obvious perverse incentive. New Homes Bonus has acted as a powerful driver for housing growth. This is reflected in the upward trend for house building noted in the consultation and shown above. In line with the government's stated intention of avoiding perverse incentives in local government funding, DCN does not support the proposal to increase the baseline in 2019/20 and our view is that the baseline should be removed altogether. Increasing the baseline would penalise the very councils who have succeeded in delivering on government policy.

The All Party Parliamentary Group for District Councils published its inquiry into District Council Finances in July 2018.[4] The report commented that "The introduction of the 0.4% baseline threshold for the New Homes Bonus (under which no New Homes Bonus is received) removed funding of over £70 million from district councils in 2017-18, and was passed to adult social care authorities. Despite this, 57 adult social care authorities were worse off as a result, since they also lost the New Homes Bonus."

Already for 2018/19, 30 District Councils were below the 0.4% baseline, despite adding 4,358 net new homes to the national housing stock. We calculate that the 0.4% baseline removed further funding of £45 million from District Councils in 2018/19. The effect of higher baselines for 2019/20 would mean further reductions in funding and more Districts receiving no New Homes Bonus at all, as shown below:



We are concerned about the government's proposal to consult on potential changes to the rewarding of delivery of housing need. New Homes Bonus is now a well-understood and tested mechanism for rewarding councils that deliver housing growth, one that is actually resulting in more new homes being built. We are concerned that a change of approach beyond 2019-20 would lead to further unnecessary uncertainty when all Councils, not just Districts, will already be grappling with the major changes to Fair Funding and Business Rates Retention that are due to impact from 2020-21. The DCN is happy to work with central government to get a fair but incentivised system that enables maximum housing delivery.

Further measures are needed to empower Councils to play a full part in the delivery of the government's housing targets. The APPG inquiry recommended that "further financial flexibilities should be extended to district councils by lifting the borrowing cap for the housing revenue account for those districts with housing stock, and by introducing greater borrowing powers for non-stock holding authorities. In addition, district councils can do more to deliver housing locally, especially the genuinely affordable homes that their communities need. These could include; amendments to the Right to Buy receipts, increasing the time available to spend them and allowing councils to retain the receipts; and the sale of high value assets." In comparison to housing associations, local authorities have a low level of indebtedness for the size of their housing stock, so it would ensure a level playing field for the borrowing cap to at least match the borrowing levels of other social landlords.

Recent Government Budgets have announced important funding for infrastructure projects. District Councils have a lead role to play in enabling local sites for economic or housing growth (such as introducing power and other utilities onto sites) and are well placed to deliver this enabling role. Access to funding for these projects is essential and it is important that Government recognises the ability that Districts have in this area and ensure that funding is available equally to all principal councils.

Whilst the DCN welcome Government's recognition that economic geographies often cross administrative boundaries, we remain concerned that the removal of overlaps may limit the ability of district councils to drive growth across multiple LEP areas. It is very welcome that every area will have a Local Industrial Strategy. However, to ensure these are successful it remains crucial that district councils, as the housing, planning and local growth authorities with the tools to deliver local economic growth, are fully represented on LEPs to align strategic policies and ensure democratic accountability and that in future there remains the flexibility to cover other functional economic areas that exist in the UK

Our position is that the Government should completely remove the 'baseline' from the NHB funding.

However, if Government are fixed to this 'baseline', then Government should commit to no further increases in the NHB 'baseline' from the existing 0.4% level.

The Government should lift the borrowing cap for those councils with housing stock and introduce greater borrowing powers for districts without housing stock to enable the delivery of new affordable housing.

The role of Districts in growing the economy means that their voice needs to be heard clearly in Local Enterprise Partnerships and we call for the outcome of the LEP review to reflect this.

The District Role in Prevention

Building a sustainable model for the funding of adult social care is one of the biggest domestic public policy challenges faced by the Government. The DCN welcomes the recognition that the Government has given to this issue over recent years, in giving greater freedom to raise revenues to authorities that deliver adult social care through the social care precept on council tax.

The DCN acknowledges the intense pressures on social care, and supports additional funding from central government to address these unavoidable demands on the public services. We would emphasise that measures that simply move money around local government are not sustainable responses to this issue. The last attempt to do this, via cuts to New Homes Bonus, actually reduced overall funding for 57 adult social care authorities, which is clearly not the desired outcome.

Moreover, it is vital that any future funding model places a bigger emphasis on prevention. The combination of funding pressures and rising need - driven by an ageing population, health inequalities and increasing levels of multi-morbidity - leave demand on public services at an unsustainable level. Government must urgently invest in prevention in order to reduce the burden on adult social care and improve long term outcomes.

Here, District Councils can and do play a leading role. As the Housing and Planning authorities, districts are responsible for a range of services critical to health both directly and through influence of the wider determinants. District Councils have a central and fundamental role in providing leisure and recreational services, tackling homelessness, supporting troubled families, joined up help services, improving air quality and improving and adapting housing. The scale districts operate at provides them with in-depth knowledge and close connections to their communities, volunteer groups and business. This local leadership leaves districts best placed to implement and coordinate locally driven initiatives, build community capacity and work with residents to deliver the services localities need. For these reasons, the DCN believes that districts should be given a more prominent role in delivering prevention services.

District Councils' core responsibilities and innovation in discretionary service areas reduce the burden on county councils and the NHS, they help prevent residents needing to access services both in the short and long term. With an increasingly ageing population, the work district councils do keeping people well, safe and happy within their homes and communities is critical. However, the district council role in adult social care is not formally recognised by government and district councils are not funded for public health. In addition, districts have no statutory representation on Health and Wellbeing boards and only 2 district councils are referenced in sustainability and transformation partnerships (STPs).

A separate funding stream for prevention would ensure key interventions are viable and is essential in tackling the currently unsustainable costs of adult social care. Providing this funding directly to districts, who are ideally placed to lead on preventative action by virtue of their services areas and unique local insight, would ensure money is targeted effectively to those who need it most.

We would therefore argue for an additional 3% prevention precept for all District Councils. A 3% precept would reflect the key role that districts play in prevention and demand reduction for the wider public sector across the country. This is in addition to existing council tax arrangements for district councils. If all districts raised an additional 3% prevention precept on their existing council tax charge, this has the potential to raise up to an additional £42m funding per year (based on an approximate £5.42 increase on the district council charge on an average Band D property). In order to access this additional precept, we would expect Districts to work with partners to set out a strategic "Prevention Plan" showing how the additional Council Tax raised will be invested in services that manage demand and reduce costs elsewhere in the public sector, particularly in social care and health.

Potential Savings from allowing Districts to invest in prevention include:

- every £1 spent adapting 100,000 homes where a serious fall is likely to otherwise occur could save the NHS £69.37 over 10 years
- every £1 spent dealing with overcrowding in 100,000 homes that is otherwise likely to lead to health problems could save the NHS £6.71 over 10 years.
- every £1 spent improving 100,000 homes where residents are otherwise likely to require treatment due to issues of excess cold could save the NHS £34.19 over 10 years
- the average cost to the State of a fractured hip is £28,665. This is 4.7 times the average cost of a major housing adaptation (£6,000) and 100 times the cost of fitting hand and grab rails to prevent falls
- estimates suggest that the use of acute hospital services for people sleeping rough, or in a hostel, squat or on a friend's floor, is around four times higher costing at least £85 million per year
- Sport England has estimated the economic value of sport in terms of its health benefits as £11.2 billion per year (2011-12), £1.7 billion of which is thought to be via savings to health care-associated costs.

The DCN advocates additional long term central government funding for social care, not short-term solutions that move money from one part of local government to another

The DCN propose that Districts be allowed to set a 3% prevention precept to reflect the role that districts play in prevention and reducing demand for the wider public sector

Council Tax and Funding Flexibility

The DCN believes that decisions over the level of Council Tax should be a local decision and not subject to nationally set referendum principles. In the spirit of devolution and localism, it should be for democratically elected local councils to determine the most appropriate level of council tax, to drive growth and deliver those services that matter most to communities. Local politicians are already accountable for these decisions through the ballot box. Council tax referendums are an expensive alternative to existing accountability mechanisms through regular local elections.

The DCN propose that the mechanism of referenda on council tax increases is removed by Government and local councils are free to set their own level of Council Tax.

DCN also propose that local authorities should be able to vary all local tax discounts (i.e. the 25% single persons discount).

Government should consider introducing new property values bands into the Council Tax system – this is a simple way to proceed without the need for a wholescale revaluation exercise.

The majority of fees and charges levied for public services are set locally, by the relevant authority, to reflect local costs, however those fees which are set nationally (i.e. planning and licensing) do not cover the costs of delivering the service and thus represent a cross-subsidy from taxpayers to developers. District Councils have invested heavily in online planning systems with the result that many more people than ever before are engaging with the planning process and making representations which need to be taken into account. This democratisation of an administrative process has produced better decisions but has added to cost. It is imperative that local authorities are able to set fees and charges locally so their income reflects the costs of the service provided, in order that authorities can continue to invest and deliver high quality services.

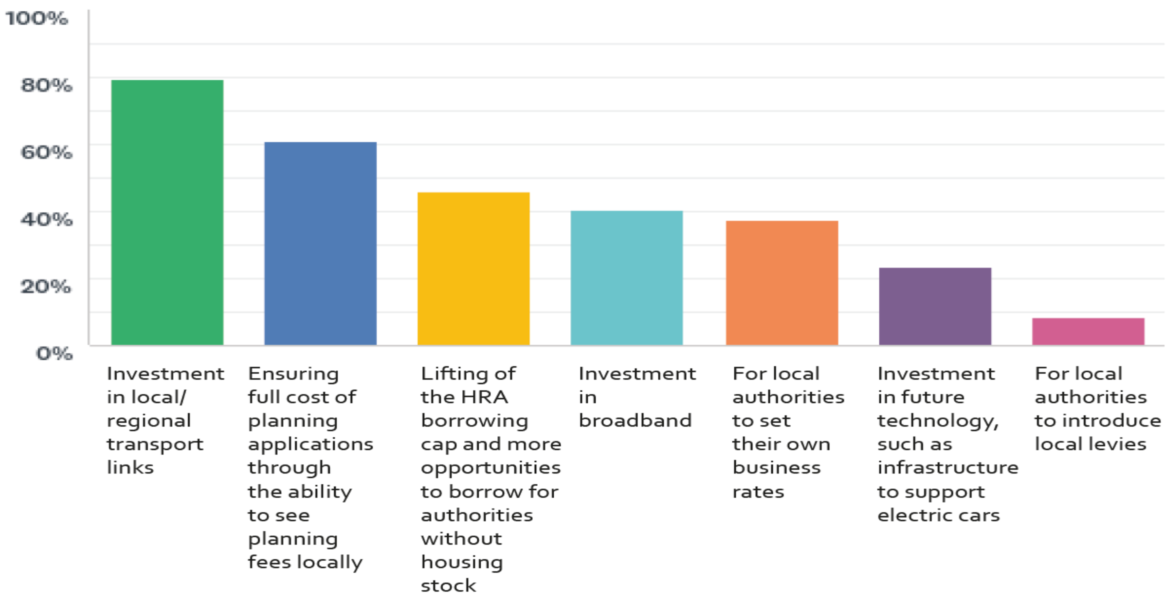
The DCN has long called for locally set planning fees so as to increase the capacity of our planning departments. LGA analysis of planning application costs clearly shows that the current level of nationally set fees are adding further financial pressure on local authorities and putting councils' ability to deliver housing growth in a timely manner at risk.[5] There is no doubt that district councils play a fundamental role in boosting growth, as the authorities responsible for housing and planning. However, as demand for council planning services increases, pressure caused by wider council funding cuts, and the ongoing inability for local authorities to recover the true cost of processing planning applications, continues to grow. This research demonstrates the importance of the Government agreeing to locally set planning fees going forward.

DCN proposes that Government allow councils to set ALL fees and charges locally, allowing them to cover the full costs of the service. Matching income with expenditure would give councils security in meeting the costs of this work and

investing in improving the service delivery, whilst protecting other resources that support housing growth and economic regeneration.

In addition to greater flexibility on Council Tax, we would welcome greater flexibility on local revenue-raising powers. The APPG inquiry into District Council Finances sets out a number of potential revenue-raising measures that we would want to explore further with MHCLG. It also surveyed Districts to assess their support for various incentives, the results are shown below:

Which three of the incentives listed below would you most like to see introduced?



Potential measures that were suggested to the inquiry include:

- A levy on outline planning permissions to pay for infrastructure and affordable housing.
- Levies to support and enable prevention activities linked to health and social care.
- A potential to raise levies for non-use of vacant land to encourage regeneration or housing construction.
- Levies to support the recycling of plastics.
- Flexibility around fee setting.
- Expand housing developer levies to cover the ongoing revenue costs of servicing a new development or increase in housing e.g. additional costs of collecting domestic waste from the new properties.
- Greater ability to set licencing fees for restaurants, pubs and betting offices.
- Conversion of Irrigation and Drainage Boards levies into a separate precept on the Council Tax.
- Levies on tourism or hotel accommodation

Not all councils would choose to implement these suggestions, but having the flexibility to use them would be welcome and would help to make local government more financially sustainable in the long term.

Internal Drainage Board Levies

Flooding is a high impact, high cost event when it happens but the financial system that underpins flood prevention and internal drainage is unsatisfactory. The current levy system of funding of Internal Drainage is not transparent for the local taxpayer. The costs of local drainage measures are managed and controlled by the Internal Drainage Boards (IDBs) and under legislation these costs are levied on the local authority. For many years much of the sum levied was reimbursed through the Revenue Support Grant. The significant reductions in Revenue Support Grant in recent years are perceived to substantially erode the proportion of the cost of drainage levies reimbursed to local authorities. As a consequence, local authorities now find it necessary to raise their council tax or make savings against their own services to meet increases in the drainage levies voted for by the Board Members of IDBs.

The Special Levy is not separately identified within the council tax bill and consequently there is no awareness or visibility to the council taxpayer that a part of their council tax payment contributes towards the vital work of the IDBs locally in terms of drainage, water management and flood defences.

If Internal Drainage Boards (IDBs) levied a separate precept onto Council Tax, this would enable their costs to be funded locally in a more transparent manner and avoid distortions to Council Tax increases for Districts generated by IDB levies over which they have no control.

The DCN and the Association of Drainage Authorities (ADA) have worked together to put forward these joint proposals:

- **That the Special Levy is 'decoupled' from the relevant local authorities' council tax**
- **That the Special Levy is established as a precept in the same way as other precepts are levied and shown as separate entries on council tax charges**
- **That the DCN and ADA work with MHCLG to address the technical details of the implementation of the proposal.**

Business Rates Reform

It is important that the move towards 75% business rates retention continues to reward and incentivise growth, while enabling greater predictability of funding where possible. This needs to go hand in hand with a commitment that any top down changes to business rates made in the budget do not adversely affect local government, so that local services do not suffer from changes decided centrally.

We welcome the government's commitment to move to 100% business rates retention and ask for the budget to set out a clear timetable for this to happen after 2020.

The issue of appeals is a major risk issue for District Councils in the current 50% business rates retention system and this risk could increase further when 75% retention is implemented (and become an even greater risk when 100% retention is implemented).

Due to the risks and uncertainty regarding appeals, many District Councils have chosen to set up earmarked reserves to help them to manage this risk, which is one factor leading to an overall increase in earmarked reserves at District Council level.

Initially, Government must address the current significant delays with VOA decisions. Improved and more timely decisions on appeals would make a significant impact on the current level of appeals which could potentially release unnecessary provisions back into the retention system, prior to the move to 75% retention. The government should ensure that the valuation system is properly funded, to enable the backlog of appeals to be dealt with as quickly as possible and to ensure that the 2021 and future revaluations are as accurate as possible.

The principle of a centrally managed appeals risk system is supported by DCN, but this is a reactive approach to 'valuation errors' as opposed to a proactive/preventative measure to avoid or minimise errors. The issue around 'valuation errors' needs to be solved initially which would then remove the significant requirement for 'loss payments', thus leading to more financial resource being available within the overall system.

The cost of appeals which are backdated to before the start of the business rates retention scheme and which would have been funded centrally prior to 50% retention should be funded separately from the new proposed scheme.

Further consideration also needs to be given to those events which cause a significant shock to the system, such as a legal decision on mandatory reliefs for NHS Trusts, decisions on rating methods, for example doctors' surgeries, and the knock-on effect of Government policy decisions, such as the expansion of academy schools.

We would urge the government to consider the approach to appeals and relief challenges nationally (for example the current application for charitable relief by some NHS Trusts) and take a proactive stance on these issues with other government departments. External companies will be the financial winners from these appeals, but the impact on Government funding as a whole is simply the unnecessary movement of funds from one Government area to another. Instances where money is simply passed from one public sector to another in relation to business rates should be minimised or eradicated, with local government fully compensated for this.

The DCN seeks a clear trajectory towards 100% business rates retention where growth is incentivised and central changes to business rates not to be at the expense of funding for local services.

Brexit

We welcome that the government is involving councils in addressing the technical challenges posed by Brexit and preparations in case of no deal being reached. District Councils look forward to being fully involved in the operation of the UK Shared Prosperity Fund to replace the money that local areas currently receive from the European Union. This EU funding has been essential to create jobs, support small and medium enterprises, deliver skills and boost local growth across the country. The successor arrangements for EU funding should fully enable local areas to set their own priorities and enhance their capabilities to adapt to the unknown challenges that will need to be addressed after Brexit.

The Government should adopt the following principles for the successor scheme:
- **Opportunity for different & better arrangements that are more flexible and responsive to local needs in all types of areas and available to all principal**

councils with the broadest possible parameters with decision making at the local level within the framework.

- **We strongly support local democratic decision making and that this must involve all the principal councils in a functional economic area on an equal footing.**
- **At least equal in value to the current full sum of EU structural funding for the 2014-2020 period.**
- **Maximum integration with other funding schemes for local growth (such as the national growth fund) to maximise potential.**
- **Funding distributed over a stable period.**
- **Funding is easier to access and manage, with a simplified and more proportionate approach to financial management.**
- **Space for experimental and creative approaches.**
- **Accountable to people and places: leaders of local government are united around the call for further devolution to local communities after Brexit.**

Notes

1. http://districtcouncils.info/dcn-and-grant-thornton-transformation-in-localities-toolkit-2/
2. https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2018/
3. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714160/Public_attitudes_to_house_building_BSA_2017.pdf)
4. http://districtcouncils.info/influencing/appg-for-district-councils-report-delivering-the-district-difference/
5. (https://www.local.gov.uk/about/news/taxpayers-subsidise-planning-application-costs-ps1bn-over-next-five-years)