

Hansard from Local Government
Finance Settlement Speech 8th Feb 2023

**Relevant comments relating to rural local authorities and the
funding of rural local authorities**

Peter Aldous MP
(Waveney) (Conservative)

In challenging circumstances, the Government have come up with proposals that are broadly acceptable and will enable local government, on the whole, to function properly and to deliver a wide range of services for the benefit of local communities. This is vitally important, because it is local government that best understands the needs of local people and is best able to ensure that funding delivers the benefits for which it is intended. There are some drawbacks to the settlement, which I shall briefly outline; and there is also the need to carry out that much-needed review of the funding formula, about which we have already heard and which, indeed, has been talked about throughout my 13 years in the House.

Sally-Ann Hart MP
(Hastings and Rye) (Conservative)

As a member of the all-party parliamentary group on coastal communities, my hon. Friend will be well aware of a report by Pragmatix Advisory that draws attention to the need to change the local government funding formula to better reflect deprivation and the needs of coastal communities with strategic, long-term, sustainable funding, and to see projects to the end. Does he agree that the Department must consider that as we move forward?

Peter Aldous MP
(Waveney) (Conservative)

The short answer is that my hon. Friend has a crystal ball, because she has anticipated the conclusion of my speech, and we have been reading the same report.

In the circumstances, as we have heard, some might liken this settlement to a sticking plaster, but I would suggest that it resembles a bandage more, and that in itself reinforces the need for a fundamental overhaul.

Let me now comment briefly on the settlement's drawbacks, which the Government should seek to ensure are not repeated next year. First, as others have said, this is the fifth one-year settlement in a row. Such short-termism makes it very difficult for councils to plan properly, to deliver world-class local services, and to fully implement key policies such as levelling up. I therefore urge the Government to come forward

with a multi-year settlement next year. We have heard that they have made a start, but let them finish delivering that particular strategy.

Secondly, as we have heard, rural areas continue to get a raw deal, notwithstanding the fact that wages in those areas are invariably lower, the cost of living is higher, and it is much more expensive to deliver services. In this context, it is very disappointing that the increase in the rural services delivery grant has been wiped out for rural district authorities, as it is linked to another grant which reduces by equal measures. That makes it more difficult for authorities such as east Suffolk to deliver vital services such as waste collection, recycling and planning. I suggest that next year, the existing formula should be applied in full, without dampening.

Thirdly, the additional funding for children's social care will help to tackle the most immediate pressures, but it is insufficient to invest in preventive and early help services, nor to invest in the workforce or additional homes needed for children in care. Moreover, it falls short of the £1.6 billion required simply to maintain current service levels. As I have mentioned, there is a need to review the local government funding formula. One of several reasons that the review remains outstanding is that the debate on whether it should take place, and what changes should be made, has been conducted in a way that pits rural communities against urban communities. The result is stalemate—nothing happens, to the detriment of areas where a better funding formula is urgently required. As we have heard, nowhere is that more needed than in coastal communities all around England and the UK, including in the constituency that I represent.

Coastal communities such as Lowestoft face significant challenges: a higher proportion of children living in workless households; household incomes £3,000 on average per annum lower than elsewhere; disabled people less likely to find work; people facing greater health challenges and inequalities, including shorter life expectancy, obesity and higher rates of depression. Those challenges are exacerbated by the fact that in coastal areas, funding must go further and stretch that extra mile. There is a higher cost of delivering services: the population is much older, and in the holiday season there is a need to provide services for visitors.

It should also be pointed out that there is enormous potential in coastal communities that properly funded local government services can help unlock. That includes jobs in the low-carbon energy sector, sustainable fishing and leisure and staycations. Therefore, the local government funding formula must be urgently adjusted to better reflect the needs of coastal communities. I urge the Government to commit to doing that straightaway, so that for 2024-25, coastal communities that have been forgotten for far too long finally get that fair deal that they need.

Chris Loder MP
(West Dorset) (Conservative)

It is always a pleasure to follow the right hon. Member for North Durham (Mr Jones); I am sorry that every Member except me was on their phone. I hope to be a little more entertaining and, shall we say, to come at this from a different perspective. If I

have this correct, Durham Council had £29 million last year from the revenue support grant, compared with Dorset, which had zero, so it might be worth his while going back to his local council and others to ask them a few questions about that, rather than the Government.

I rise this evening to make the case for rural England, and West Dorset in particular. I am conscious that, 12 months ago, a number of us were in this place when we last debated such a motion. I am delighted to support the comments of my hon. Friend the Member for Waveney (Peter Aldous), particularly in respect of rural areas. It is very clear that a disparity exists both in this motion and the report before us. It is not necessarily the disparity that some share; it is very clearly, in my mind, one that exists between rural and urban areas, and it is important that we fully digest that.

Rural areas will receive £111 per head less than their urban counterparts, according to the settlement funding assessment, yet rural residents often pay on average £110 more in council tax than those in urban areas. We get 13% less per head in social care support overall, which means that, on those few points alone, we have real issues to contend with, especially in constituencies such as mine.

It is worth noting that London, as an authority area, gets £236 million more in Government grant than the formula says that it should. I appreciate the comments made last year and more recently about the funding formula—it is very difficult to change it—but it feels to me that it might not be as difficult to change in one direction as it is in another. In the interests of parity and fairness, it is important that we understand why it is easier to adjust it in an upward direction in some cases, but not in others.

The rural services delivery grant is very relevant to me as a representative of a rural area. My hon. Friend the Member for Waveney made mention of that earlier, and I echo his comments. In 2022-23, rural councils were able to budget a spend of only £67 per head on so-called discretionary services. That is totally unacceptable, especially when we compare that with urban areas, which have a spend of £131 per head. That is primarily because, in constituencies such as mine, two thirds of the council's income goes to support those in adult and child social care, which is a huge amount, partly because the average age in Dorset is so high.

The services that we have in Dorset are more expensive to deliver, which is partly because of our sparse geography and a number of other issues. What is relevant here is that if England's rural communities were treated as one distinct region, in the same way that mayoral authorities and others are, the need for levelling up would be singularly greater than in any other area in the country. That is an important point to note.

I mentioned this earlier, but I reiterate the key point: local authorities are not just here to empty bins. There is an increasingly difficult issue with adult social care, and it is growing. We have also heard about transport, which I understand faces great upcoming difficulties. I understand that there is no solution to bus funding locally from 1 April onwards. People in rural communities, especially older people who do

not drive, are very dependent on public transport to get to the doctor or do their shopping, and any solution to that will mean the local council stepping in.

In fairness to my hon. Friend the Member for North East Derbyshire (Lee Rowley) and my right hon. Friend the Member for Surrey Heath (Michael Gove), I am somewhat delighted that we have taken a step forward on revenue support grants. I remember we were at zero this time last year. We have taken an enormous stride forwards—£654,000—which is an important and welcome step. I should say, however, that some of that has been cancelled out in other ways, which means our net effect is even smaller than that.

The primary issue I have in Dorset relates to council tax, which is where we are picking things up. For many years, we have had a zero-revenue support grant, which has meant the council having to fund important and crucial services through council tax. That is why our average band D level is the third highest in the country—£800 more than what some constituents of hon. Members in this Chamber pay. That is a huge amount, particularly because when we take care of people who have moved into or retired to Dorset, that has an associated social care requirement. That points even more strongly to the need for local government funding mechanisms to be reformed and adjusted.

There is a perception—I have heard it in this debate and others—that the south-east and the south-west are well off compared with the north and the north-east. That is absolutely not the case. My hon. Friend the Member for South Dorset (Richard Drax), who is not able to be here, and I share an area in Weymouth and Portland that is the worst area for social mobility in the whole country, according to the Social Mobility Commission. When we look at the situation with council tax and the comments made earlier about how people in poverty, particularly urban poverty, struggle in this area, we have to ask ourselves: why does rural hardship not matter in the same way? We on the south coast, particularly in Dorset, have a good number of difficult issues to contend with, and that makes it hard for us to justify the situation with council tax and the revenue support grant.

I kindly ask my right hon. Friend the Secretary of State for Levelling Up, Housing and Communities to consider a few things, and I would be delighted to hear in the wind-ups about whether he can make some progress. I hope that he will expedite the reviews that we have talked about for some time, whether that is the formula for revenue support grant funding or other ones. I am particularly keen to meet him, along with the leaders of rural councils in England, to discuss how we can make real progress on sorting out this enormous disparity and unfairness in how the formula supports urban areas much more than rural ones, and I do not think we should have that challenge. I would be pleased to hear whether he would agree to such a meeting. Finally, I would be grateful to hear what commitment he might offer us in Dorset on better support for rural communities to address the issues we face.

Sir John Hayes
(South Holland and the Deepings) (Conservative)

I cannot comment on the specifics of St Albans or the question, but it is absolutely right that local authorities should put the interests of local people above the interests of soulless, heartless corporate institutions, including developers, that might ride roughshod over those local interests. I spend a good deal of my time as a Member of Parliament fighting unsuitable developments in my constituency, including onshore wind turbines, solar panels on greenfield land, and all kinds of other elements of urban or suburban sprawl into the open countryside. I hold no candle for developers, and that is a well-known fact in my locality.

Moving back to the matter in hand, the Government have chosen over a long period to fund local authorities and top up what they can raise locally. The trend that has emerged in my time in politics has often been a grant-funded process, and that local authorities have bid for particular chunks of money in particular circumstances. I share the view that that has disadvantages—uncertainty, and perhaps inconsistency—but it also has a profound advantage because it sharpens minds and focuses attention on what is really required. I was delighted that through the levelling-up fund I was able to work closely with South Holland District Council to put forward a bid, which was successful, to deliver a new leisure and wellbeing centre in the heart of Spalding in my constituency. Working with the local authority and refining that bid was an extremely valuable exercise. It was educative and a real opportunity for me as the Member of Parliament to engage with local councillors and officers of the council, to get that bid in in a highly competitive field, and to win.

I appreciate that not every bid succeeded, and far be it from me to comment on those who did not, but I think that was a useful process. As I say, it obliged us to work together, but it also obliged us to make sure our bid was fit for purpose. There are some virtues to that approach, although I accept that one would not want to fund the whole of local government through a series of competitions and bids. That has not been a recent change but something that has prevailed for a long time.

The problem I want to address with the Minister, which I hope he will deal with when he winds up, is that as we have a mix of locally raised funds and central Government support, which sometimes takes the form of particular competitive bids, it is important that we recognise the challenges faced by rural counties such as Lincolnshire, both at county and district level. Some of those challenges are too subtle to fit neatly into the models developed by central Government.

For example, sparsity is of profound importance in delivering public services in my constituency and my county. A sparse and scattered population makes it very difficult for public services to be accessible and effective, unless the funding is adequate to recognise the challenges that sparsity brings. It is all very well to say that Lincolnshire is well off in particular ways. I chose to live there, represent a seat there and bring my children up there, so of course I think it is a glorious place to be, but it is quite difficult for local people to access the services they need to sustain their wellbeing, and difficult too for the local authority to deliver services in a large, rural county such as Lincolnshire.

I gather the police funding formula is being revised and there will be a consultation. That has taken long enough—I have been fighting the battle for 26 years—but, none

the less, it is good news that it is coming. When we look again at the funding formula for local government, the issue of sparse and scattered populations needs to be taken into greater account. That applies to other things too: ambulance services are a good example, I have already spoken of policing and I could name many other services that are hard to deliver in such circumstances.

May I also mention drainage? Again, the subtlety of the subject may be lost on some Members, but in an area such as Lincolnshire, unless we are perpetually drained through the good work of the internal drainage boards, we risk severe flooding, given the topography of my constituency and, indeed, the whole of the fens. I have met the Minister with colleagues from local government to discuss the subject, again working in partnership with local representatives, and I have also spoken to him personally. I know he is looking at the issue. Extra fuel costs have made drainage difficult in the short term, but in the long term we have to look at local authorities that levy a drainage rate on behalf of the drainage boards and face a burden that is not commonly faced by places with a different character and topography.

I raise those two matters with this pitch, bluntly: I want a fair funding deal for Lincolnshire. I recognise that people from all parts of the country are represented in the Chamber who will make a case for their own locality. Although Lincolnshire has many virtues—too many for me to name—it is peculiarly and particularly disadvantaged by its geography, demography and topography. Those challenges will be met only with a funding formula that is sensitive and sophisticated enough to identify those peculiar and particular needs.

I give notice through you, Mr Deputy Speaker, to the Minister that today I launch my campaign for fair funding for Lincolnshire. I hope that, far from that campaign falling on deaf ears, the Minister and the Secretary of State will have their ears pricked up and, when they consider matters more carefully, will respond by not just listening but acting on behalf of the people of Lincolnshire, who deserve a fair deal.

The Secretary of State for Levelling Up, Housing and Communities

Michael Gove MP

I thank Members from my own party for their comments. My right hon. Friend the Member for South Holland and The Deepings (Sir John Hayes), and my hon. Friends the Members for Waveney (Peter Aldous) and for West Dorset (Chris Loder) are all highly effective advocates for their constituencies. My right hon. Friend the Member for South Holland and The Deepings reminded us of local government's history, and the vital importance of the institutions that safeguard our communities. He made a point consistent across the Benches, which is that rurality needs to be a key feature when thinking about local government funding. That is why in the settlement that he laid before the House, the Under-Secretary of State for Levelling Up, Housing and Communities, my hon. Friend the Member for North East Derbyshire, increased the recognition of rurality in the way we distribute funds.

I acknowledge that, as my right hon. Friend the Member for South Holland and The Deepings, my hon. Friend the Member for Waveney and—particularly powerfully—my hon. Friend the Member for West Dorset pointed out, more is required to be done. Indeed, the name of my hon. Friend the Member for West Dorset is never far from the lips of the leader of Dorset Council, Spencer Flower, as an object of praise for his assiduity in pressing the case for his constituents. I am more than happy to say that his persistence and passion has not gone unnoticed, and I would be delighted to meet him and the representatives who he would like to come to the Department to discuss the concerns he has specifically raised. I also extend that invitation to my right hon. Friend the Member for South Holland and The Deepings and my hon. Friend the Member for Waveney.