

# Local Government Minister's speech at the LGA's local government finance conference 2020

## **Introduction**

Thank you for your kind introduction and for inviting me to speak here today.

Can I start by saying how grateful the government is for all of the excellent work the LGA does, supporting local authorities across the country on key issues throughout the year.

We are particularly grateful for your collaboration on last year's Spending Round. The strong arguments put forward by the sector helped me and the Secretary of State make a persuasive and successful case to Treasury ministers.

The work that you do on political development, with I understand, over 1,000 councillors booked onto the LGA leadership programme this year.

Your work on corporate peer reviews, with over 150 challenges this year.

And the advice, sometimes very forthright advice, that you provide on the sector's needs to ministers, is incredibly valuable. So we are incredibly grateful to you.

And I would like to take this opportunity to thank everybody here who is working in local government and elected members for all your efforts to deliver high quality and efficient services.

I know as a minister, a constituency MP and as someone who has been involved in my community in South Gloucestershire for many years the direct impact that well-run local authorities have on local residents' lives.

There are many people in this room who have made a big contribution to the sector over the past 12 months, but I would like to single out James Jamieson for his leadership over the last 6 months – it's been a pleasure to work with you.

And, whilst I didn't have the opportunity to work with Lord Porter direct, I would also like to publicly acknowledge and thank him for his work as chair – we will continue to see the legacy of your work for years to come.

Every New Year is an opportunity for us to reflect on the one that has just passed, and to look to the year ahead. I hope you will allow me to do that and reflect on our world of local government.

## 2019

One of the stand out events in 2019 was the rapid one-year Spending Round and the publication, some might say the very last-minute publication, of the [provisional local government finance settlement for 2020 to 2021](#).

And we believe that the proposals set out in the Spending Round and in our settlement consultation will give local authorities access to the largest year-on-year increase in spending power in a decade: 4.4% in real terms.

The local government finance settlement delivers significant extra resources to the priority areas of adult and children's social care: an extra £1 billion of grant across adult and children's services, plus an additional £500 million from a 2% council tax adult social care precept.

I am glad these resources have been welcomed by many for providing significant extra help for local authorities to support the most vulnerable.

We also committed to ensuring that local authorities receive the certainty and stability they need to confirm their plans for next years' service delivery. We did this in the Spending Round by providing protection for vital services by increasing core settlement resources in line with inflation.

We also maintained key grants from 2019 to 2020 – including continuing all existing social care grants, such as the £2 billion improved Better Care Fund.

There will be a new £900 million round of New Homes Bonus and a continuation of last year's £81 million Rural Services Delivery Grant, which was the highest paid to-date.

In our manifesto we committed to ensure that 'local people will continue to have the final say on council tax.'

We have proposed a package of council tax referendum principles which provide local authorities with the flexibility to address service pressures, while ensuring local residents have the final say on any excessive increases.

If the package is approved by Parliament, the expected average council tax increase for 2020 to 2021 would be the lowest since 2016 to 2017.

We have now also confirmed [Dedicated Schools Grant allocations for 2020 to 2021](#), including an increase in high needs funding for schools and colleges of over £700 million. This extra money will enable local authorities to think carefully about where best to invest in provision so that they can establish a more sustainable system in future.

Every school will get more money for every child – "levelling up" funding and helping to spread equality of opportunity for all. This government is determined to invest in the education and future of our young people and the dedicated teachers and staff who support them.

At the same time, we also recognise that it is not just about the money and the cross-Whitehall SEND review that the Department for Education is leading will be looking carefully at what other aspects of the system need to be improved or changed

There will also be an increase in Public Health Grant, to allow you to continue to invest in prevention and essential frontline health services.

Additionally, the NHS's contribution to the Better Care Fund will grow in line with the additional investment in the NHS in 2020 to 2021 – 3.4% in real terms.

I would like to thank colleagues in local government for your responses to our settlement technical consultation last year.

These allowed us to develop a set of proposals in this provisional consultation that we genuinely believe reflects the priorities of local government in this roll-forward year. Including extra resources where they are needed most and stability in other areas.

I look forward to hearing your views on our proposals through the [consultation](#), which is open until 17 January.

## 2020

Looking forward to the coming year, we have an exciting agenda in front of us.

One of our first announcements this Parliament was the [allocation of £263 million to local authorities](#) to support their work to reduce homelessness and rough sleeping.

In 2020 to 2021 we are providing a total £422 million to tackle homelessness and rough sleeping. This is £54 million more funding than in the previous year – a 13% real terms increase.

In 2018, rough sleeping fell nationally by 2%, the first reduction in a decade. As the Minister for Homelessness I will work tirelessly to build on progress and see these reductions go further – to end rough sleeping by the end of this Parliament.

Looking to the Troubled Families Programme, over the weekend we [announced £165 million of new funding for 2020 to 2021](#) which will provide intensive support for some of the most vulnerable families and place the programme on a stable footing for the future.

We have been clear that we will build on the success of the programme; the latest evaluation results show that the Programme is reducing the proportion of children going into care, of adults going to prison and of juvenile convictions, and helping people back into work.

I am always struck by the extraordinary skills of the family key workers in

building trust and gaining a true understanding of the issues confronting the whole family so they can support them in moving forward with their lives.

This new funding will enable local authorities across the country to achieve even more in the year to come.

There will be a longer-term Spending Review, alongside reviews of the allocation and distribution of those resources, and a review and upcoming revaluation of the business rates tax.

We will set out our plans to fix the social care system once and for all, to give everyone the dignity and security that they deserve. We will work with political parties from all sides of the House of Commons to seek consensus around the very best solutions.

And we will publish an 'English devolution white paper', aiming for full devolution, so that every part of the country has the power to shape its own future.

The Spending Review will not just settle the amount of resources available to local government over the period and the approach to distributing these, but also important related questions including:

- which programmes are the most effective in delivering outcomes for local communities?
- how do we balance resources for mainstream programmes with much-needed investment in prevention?
- what is the best approach to incentivising local housing supply and economic growth? For which we have already committed to reform of the New Homes Bonus
- how do we provide the certainty to support investment in improving services?
- and how do we best support local authorities to improve; helping you become more efficient and transform services around the needs of local people? I want to have a wider look at how we can do this more effectively, and will make an announcement soon on next steps.

## **Fair Funding Review**

As you know, the review of relative needs and resources is progressing – finding ways to ensure authorities receive the right allocations to meet their needs.

This is a large and complex project – and expectations are high on all sides. We are making good progress and will continue to try to build consensus – or at least the recognition and confidence that everything has been thoroughly tested – as we start to take decisions to narrow the range of options for the future of local authority funding.

But successful delivery of the Fair Funding Review will require everyone to recognise the need for trade-offs which will be necessary in order to deliver the review as planned.

Compromise will be needed to ensure that the formula works for everyone.

The direction of the review has been welcomed by many, but we must deliver a sustainable formula that works for the whole sector.

This is a time when a well-argued sector position with a clear consensus would be helpful, not only in delivering the Fair Funding Review, but also in building a strong position going into the Spending Review.

And we will be consulting on further detail of the proposed reforms as soon as we can, allowing time for your feedback before final decisions are made; and we aim to release some exemplifications in advance of this, to allow dialogue on technical issues.

## **Business rates retention**

We also know that business rates retention has been a popular part of the local government finance system, with many councils benefitting from keeping additional business rates growth.

But we also know there are questions about some aspects of the way the system operates – like the volatility caused by business rates appeals; like whether all councils benefit from the same opportunity for reward; and whether there could be stronger incentives for councils to work together across their areas.

We have been examining these issues alongside local government and are still genuinely welcoming views on the best way forward.

## **Business rates tax**

Everybody here will appreciate how important it is that the system of local government finance works well if we want to deliver top flight public services.

Which is why we have committed to carrying out a fundamental review of the business rates tax.

It is therefore vital that we are hearing the perspectives of those who are administering the system in this review.

It is also important that we consider alongside you how business rates income is used, and how well that meets councils' funding needs, whilst we consider the future direction of reforms.

## **Conclusion**

We have a bold and ambitious agenda for change, and a working majority in Parliament now gives us the ability to achieve this.

But we will not be able to succeed in this without working in close collaboration with local government. We need your help to achieve these bold

and ambitious objectives. I am looking forward to doing just that in the year ahead.

Thank you so much.