

APPENDIX A

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29 January, 2008
BDR/DB/DEC14

Mr B D Roberts
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Dear Madam

Local Authority Finance (England) Revenue Support Grant for 2008/9, 2009/10 and 2010/11

This letter forms Leicestershire County Council's response to the above consultation covering the three year settlement for local government. The response has been approved by the County Council's Cabinet.

The County Council welcomes the proposed settlement. In contrast to previous years it is very pleasing to see that the Government has recognised the pressures faced by shire counties such as Leicestershire, particularly adult social care and waste which have been articulated over a protracted period, most recently in our 'Fair Share' campaign.

The benefits of having a three year settlement are readily acknowledged. Predictability of resources will greatly assist strategic, service and financial planning.

Whilst the County Council is pleased to have the opportunity to respond it has to be said that the consultation period of 4½ weeks is too short for such an important and complex subject.

Notwithstanding the Authority's overall support for the proposed settlement we would ask you to consider the points set out below.

The Four Block Model

Whilst the overall outcome of the settlement has gone some way to correcting for previous under funding of county councils such as Leicestershire, trying to explain how this has come about is impossible. The four block model is so complicated, and at times counter-intuitive that it needs a complete overhaul.

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On a specific point, given the continued pressures faced by local authorities in managing the costs of Waste Management, the County Council is once again disappointed to see that a separate Waste block has not been introduced. During this planning period it is likely that waste will exceed the cost of highways and transportation

Resource Equalisation

It is recognised that equalisation is an important element of a fair grant allocation system. However, the heavy dependence on ministerial judgement is unsatisfactory. Small judgemental changes can completely swamp any redistribution arising from the Relative Needs Formula further damaging the credibility of the system.

The level of resource equalisation within the formula should only be changed following exhaustive independent research, drawing on a wide range of evidence. This research needs to be based on a pre-agreed set of principles and objectives, and any changes arising from this research must be fully transparent and easily explainable.

Sub-block Damping

LCC supports the decision to end the in-block damping from the Children's and Adults' Social Services blocks. It made little sense to have a damping system within a damping system. This was delaying the redistribution of resources to those authorities who really need them to help ease the service pressures they are facing.

Timescales

With the provisional settlement announcement being made fairly late anyway, and the detailed figures for Area Based Grant not appearing until the following week, the timescales around the settlement are very tight this year.

Conclusion

It is acknowledged that not all authorities will welcome the settlement particularly those authorities which have benefited from higher increases in recent years. However the County Council supports it and requests that it be implemented for the 3 year period to give us a sound basis for planning.

Yours faithfully

Brian Roberts
Director of Corporate Resources