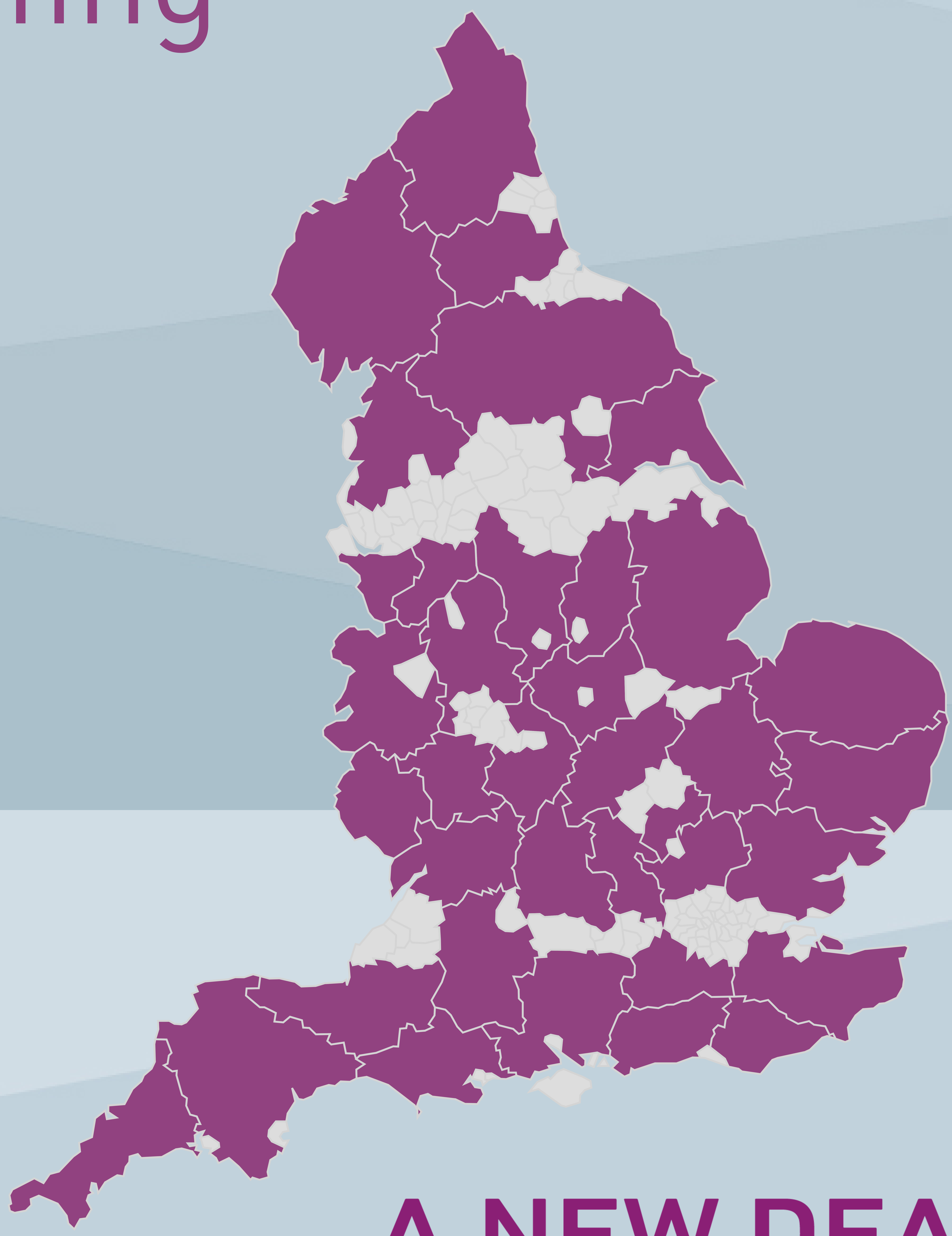
CCN

COUNTY COUNCILS NETWORK

your county matters

Autumn Budget Submission

Parliamentary Briefing



A NEW DEAL FOR COUNTIES:

Our Plan for Government

Fair & sustainable funding

- New CCN analysis estimates that counties currently have unfunded cost pressures of £800m. This is set to treble by 2021 to £2.54bn, or £70m per council. Within these figures, the largest cost pressures stem from the National Living Wage (£813m) and from delivering adult social care (£949m). As our infographic below shows, there are sizeable gaps in areas such as social services, education, and highways. Furthermore, these figures exclude inflation and the £300m annual cost of a 2% pay increase for county employees should government break the public sector pay cap.

- In addition to unfunded services, counties are getting a raw deal from the way funding is currently distributed to local government. This is different from the funding gap above, but still has a huge impact on services. On average, counties receive £650 per person, whilst inner London councils receive £1,190 per person; an 45% disparity. In health and social care alone, counties collectively received £1.98bn less than other parts of England. The Government has committed to a review of local government funding – but progress on this is slow and there is a risk these historic inequities will persist.

- With 100% business rate retention off the Parliamentary calendar, there is currently a question over how local government will be funded after 2021 when government grant funding runs out. In the period up to this, counties face the harshest reduction in funding – 93% on average.

Key proposals

- Priortise any additional funding from the easing of austerity in the Budget on council services facing the most pressure, such as social care
- The review of local government funding should be prioritised and not delayed. It is crucial it leads to real change - with councils funded based on demand for services
- Extend Transition Grants first introduced in 2016, up to 2020. This will offset some of the extreme financial pressures counties face in the coming years

Brexit & Industrial Strategy

- The government's Industrial Strategy is widely seen as the mechanism to ensuring the country's economy is growing as we leave the EU. However, the green paper released earlier this year contained a narrow focus on big city regions and London as the main drivers of growth. Recent independent analysis from Oxford Economics shows that the 37 counties in England represent the largest contribution to growth (41% of England's GVA), whilst collectively they contribute £54bn more in tax than they spend, and are responsible for 40% of the country's exports.

- The economic impact of Brexit will have significant implications for county authorities, but to date, much of the policy focus has been on London and the cities. Oxford Economics estimates that annual growth in the counties will be 1.8% per year up to 2027, behind the England average of 2%.

Key proposals

- Government should widen the focus of the Industrial Strategy, with a commitment to giving counties equal status to the cities
- Government should recognise the implications Brexit will have on the counties as well as cities, and counties should get a fair share of the replacement for the EU Structural Fund

Devolution and public sector reform

- The devolution drive has faltered, but the imperative for change has never been more compelling. Counties welcomed the government's manifesto commitment to drop the mayoral requirement for county devolution deals, and for a 'common framework' to be published, setting out an open and transparent approach to securing a devolution deal. However, the sector has seen a lack of activity since.
- County authorities, working with LEPs and other local partners, could lead local industrial strategies, if they had the right devolved powers and budgets. This would ensure that all local areas have the powers and tools to generate thriving economies – not just the cities.

Key proposals

- Government should reinstate its commitment to county devolution, and publish a 'common framework' that sets out a clear path to devolution, including what powers and funding are available
- Endorse counties as 'strategic authorities', to drive local industrial strategies and devolution deals, recognising their size and scale and ability to work with partners such as LEPs

Housing and infrastructure

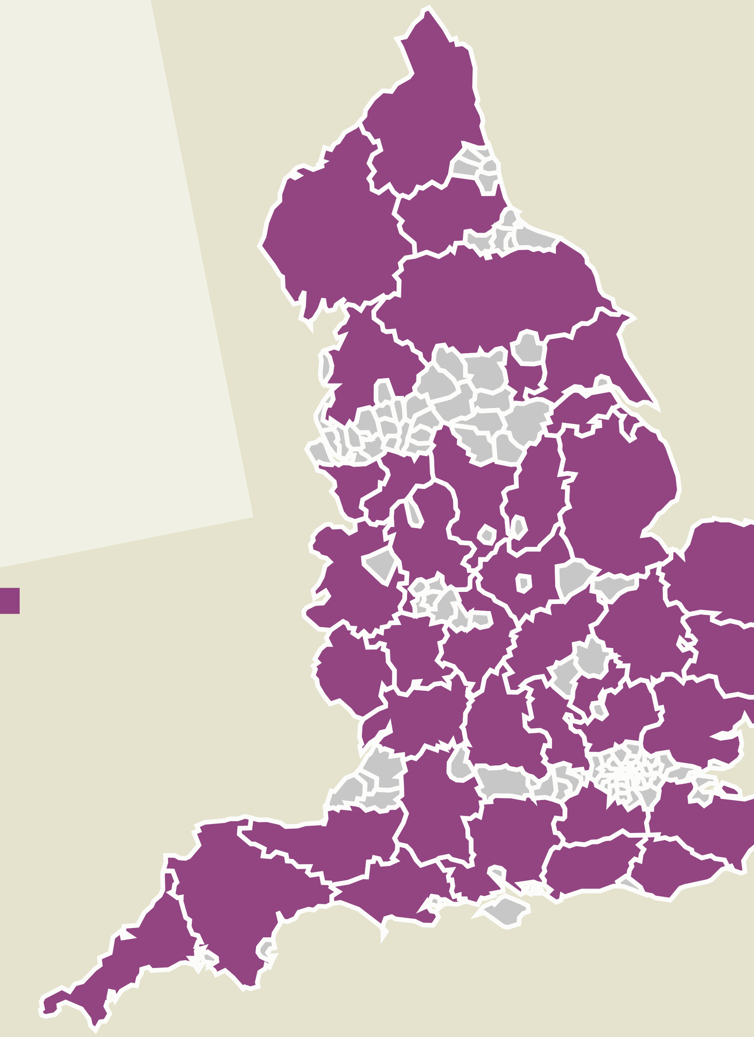
- Counties face the highest house price to wage ratio outside of London, with the average property price nine times higher than annual average salaries in counties, rising to twelve times higher in areas in the south east. At the same time, counties receive a fraction of what the capital receives for infrastructure that will both supplement and enable large-scale housing development.
- An increased focus on strategic planning, which supports counties and districts working together at scale could help overcome some of these challenges. This could join up planning and infrastructure, allowing homes to be targeted to the most appropriate areas and ensuring that public services, roads and amenities are in place to mitigate pressures on towns and communities.

Key proposals

- Join up planning and infrastructure allowing for counties and districts to plan homes over larger areas so development is in the most adequate locations
- A fairer approach to infastructure investment, where counties get a more equitable amount than they currently do compared to urban authorities

COUNTY FUNDING

Exploring the issues



The need for additional funding

£2.54bn

Funding gap in counties by 2021

- CHILDREN'S £316m
- ROADS £138M
- SOCIAL CARE £949m
- EDUCATION £167m

The need for fairer funding

FUNDING PER HEAD

Inner London: £1,190

Met Councils: £825

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Counties: £650

45%

DISPARITY IN FUNDING

Between Inner London and Counties