



COUNTY COUNCILS NETWORK

Parliamentary Briefing: Queen's Speech Debate 14th January 2020

1. Introduction

- The County Councils Network (CCN) is the national voice for 36 English local authorities that serve counties. CCN's membership includes both upper tier and unitary authorities who together have over 2,600 councillors and serve 26 million people (47% of the population) across 86% of England. For more on CCN visit www.countycouncilsnetwork.org.uk.
- The CCN argues that a 'misconception' that shire counties are all affluent and city-centric regional devolution policies could prevent them being able to invest in their towns and deprived communities as part of the levelling up agenda. These councils span the North and Midlands alongside rural and coastal communities in areas of the south, west and east.
- The Queen's Speech presented an opportunity to tackle this by giving county areas a fair share of funding for public services, more investment in economic growth, and an extension of devolved powers to the shires.
- This briefing note sets out CCN's response to the Queen's Speech, the priorities that CCN believe the government needs to address in the next couple of years, and CCN's response to the Local Government Finance Settlement, which was published just before Christmas.

2. Queen's Speech

- CCN broadly welcomed the contents of the Queen's speech, which set out legislation in many of the areas where CCN members are looking for additional powers or support from central government so that they can continue to transform their communities.

Devolution White Paper

- Devolution, and the ability for shire counties to access funding and levers currently afforded to urban metro-mayors, will be crucial to the success of the government's **levelling-up** agenda. CCN therefore welcomes this government's re-commitment to publishing a devolution white paper in 2020.
- It is imperative that the proposals provide a clear framework to outline how local discussions can achieve deals, but crucially does not restrict the most ambitious

deals being limited to urban metro-mayors. County authorities must be the building blocks of future devolution deals and any supporting structural and institutional reform.

- The Whitepaper should provide as much parity with Mayoral Combined Authorities on devolution as possible. This includes powers for a Statutory Spatial Plan; responsibility for the Shared Prosperity Fund; delivery of the Education and Skills Funding Agency; and powers over Bus Franchising.

NHS Spending

- The confirmation of an uplift in NHS funding, alongside the additional £1bn per year for **social care**, is extremely welcome for our communities: over 65% of county expenditure is now dedicated to social care.
- However, the government must recognise that the health service and adult social care are two sides of the same coin. We support the government's aims for a consensus over funding and reform for care services and we urge ministers to begin these discussions as soon as possible. As the largest social care providers in the country, it is imperative that counties must be an integral part of these cross-party discussions.

Planning White Paper

- To assist in levelling up left-behind parts of the country, the government should consider formally re-introducing **strategic planning** in county areas in the forthcoming Planning White Paper. This would allow authorities to better plan and link up housing and jobs with strategic infrastructure – such as roads, bus routes, and rail – across areas, responding to local need and markets.

Business Rates Review

- High-streets and small businesses will welcome the reduction in **business rates**. In the short term, it is imperative that councils are fully compensated for any loss of income. Continuous centrally imposed reductions in business rates also undermine the arguments that business rates can incentivise councils to promote growth and provide a sustainable income stream for demand-led services.
- The government has committed to a 'fundamental' review of business rates: CCN believes that this review must consider whether the policy of making councils more reliant on this tax as a source of their income remains viable in the long-term.

3. County Councils' Priorities

- In December, the County Councils Network set out the priorities that its members want to see addressed, that will give them the powers to continue to transform their communities and the funding to tackle the long-term challenges facing them and their residents. These priorities are based around six themes which are outlined below.

Sustainable & Fair Funding

- Providing a multi-year funding settlement to meet councils' spending need, delivering the fair funding review and reforming local government finance so it is more efficient.

Reforming Adults & Children's Social Care

- A solution to social care funding and reforming care services across the life cycle; improving integration with health, investing in prevention and reforming special educational needs and disabilities legislation.

Devolution For All

- Extending 'ambitious' devolution deals to county areas to enable counties to access fresh powers in skills, transport, and regional growth.

Creating Communities

- A more strategic approach to planning, matched by new infrastructure financing, while enabling counties to continue to provide culture services, improve community safety and wellbeing.

Growing Our Economies

- Creating the conditions for thriving economies in our communities by utilising the role of county authorities in place-based growth, devolving skills budgets and investing in transport and connectivity.

Tackling Climate Change

- Equipping authorities with new powers and resources to tackle climate change and respond to extreme weather, including a fair distribution of new flood defence investment, particularly for rural and remote areas.

4. Local Government Finance Settlement

- When the 2020/21 Spending Round was announced in September, CCN said the new funding announced for councils was hugely significant. The confirmation before Christmas of individual allocations confirms that the government has made real inroads into reducing the funding gap facing councils next year.
- CCN's initial analysis of future funding forecasts for county authorities shows that, due to the additional funding provided by Government, the funding gap facing CCN member councils now stands at £1.8bn in 2020/21, 37% smaller than had been previously forecast. An assumed 4% council tax rise could reduce the gap by a further 18% to £1.3bn in 2020/21.
- The funding for **social care** will help councils meet rising pressures in both adults and children's care, alongside ensuring other resources are freed up to protect frontline services and to invest in local priorities.
- CCN strongly welcome the government's commitment to introduce a £2bn **pothole fund**. Shire counties are responsible for 70% of council-maintained roads, with county and rural roads historically not receiving the same level of support as London and City Regions.
- The ability to **raise council tax by 4%** will help councils to address growing demand for care services and meet other rising costs in the short term. We expect most counties will implement the rise ahead of next year's Spending Review.
- However, looking ahead, we must recognise there are limits to which rises can meet council funding needs going forward. Above inflation increases over the next five years would still leave county authorities facing a £7.7bn funding **shortfall**, down from £13.2bn without rate rises. At the same time, there must be a recognition that yearly increases add to the cost of living for families, especially in county areas. Historically lower funding has led to average council tax rates in some counties that are double those in Inner London, at the same time median incomes in counties are below the national average.
- CCN looks forward to working with government to deliver a sustainable, and crucially fairer, funding outlook for local government at next year's Spending Review. While this settlement has made very good progress in meeting the financial challenges councils face, further resources will be required to meet the funding shortfall in the future.
- Counties also want to see real progress in the new year on the next stages of the **fair funding review**, and therefore welcomed the government's renewed commitment to the review made at the Local Government Finance Conference in January 2020, and stand ready to work with ministers and officials to support the progress and implementation of an evidence-based funding formula that delivers a genuinely new and fair settlement for underfunded councils.