

Rt Hon Sajid Javid MP
Secretary of State for Communities and Local Government
2 Marsham Street
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Dear

The 2017/18 Local Government Finance Settlement: Technical Consultation Paper

My council welcomes the opportunity to provide input into the technical consultation on the local government finance settlement for 2017/18.

Surrey County Council's detailed, point by point, response to the consultation is included as an annex to this letter. However, I also wanted to take the opportunity to set out the severe pressures that we are facing as a county council – and highlight why, without significant reform of the approach to needs and resources assessment – our residents will be at major disadvantage compared to residents in other areas.

Council Tax and Precept

The most acute pressures for Surrey County Council are upon Adult Social Care services. Despite efficiency savings of £190 million from Adult Social Care in the past six years and plans to make a further £200m within the next five years, the demographic demand for this service is increasing at £24m every year. Whilst the flexibility to raise the additional precept is welcome, the arbitrary limit of a 2% increase provides for £12m per year. The cost of rising demand has to be met – either by central government or the local taxpayer by removing this limit.

Unfair funding model

The current local government funding model has focused overwhelmingly on deprivation and resources, while completely underrepresented regional variations relating to the cost of providing services and demographic changes. The move to core spending power as a consideration has further increased this pressure. Where government gives with one hand (for example the adult social care precept) it takes with the other (a grant reduction based on spending power, similar in size to the amount that can be raised by the precept).

The outcome has left Surrey County Council with the promise of just £1.5 million from the entire £1.5 billion Improved Better Care Fund. If my council's share according to national relative need were used for the calculation Surrey County Council would receive £25 million.

Negative Revenue Support Grant – a £17 million tax on Surrey residents

The Government's current funding proposals for Surrey County Council will see Revenue Support Grant go negative in 2019, leaving the county's residents with a new £17 million tax. Put another way, Surrey County Council would have to raise council tax by 3% so local residents could pay an extra £17 million to the exchequer for the provision of council services elsewhere in the country.

Surrey County Council funding gap

This unfair funding model has left Surrey County Council with a funding gap next year of £36 million, rising to £77 million in 2019.

A solution for the short term would be:

- a) Enable an additional ASC precept – to allow my council to increase the precept to meet need – and not impose an arbitrary 2% cap.
- b) Review Improved Better Care Fund allocations so my council receives the £25m it is entitled to
- c) Agreement that my council's RSG will not go negative in 2019/20 i.e. restoration of £17m

I am copying this letter to all Surrey MPs.

Yours sincerely