

STRICTLY EMBARGOED UNTIL: 00:01 FRIDAY 10 FEBRUARY, 2017

2017 STATE OF LOCAL GOVERNMENT FINANCE SURVEY
RESULTS SUMMARY

TOTAL NUMBER OF RESPONSES

- 163 responses
- 131 councils represented across England and Wales

RESPONSES BY REGION

- | | |
|-----------------------|-----------------------------|
| - 18 in East Midlands | - 45 in the South East |
| - 20 in Eastern | - 22 in the South West |
| - 14 in London | - 18 in West Midlands |
| - 3 in the North East | - 9 in Yorkshire and Humber |
| - 8 in the North West | |

TOP LINES

Council Tax

- 94% of councils surveyed said they would be increasing council tax in 2017/18

	Increase	Freeze
2017	94%	6%
2016	86%	14%
2015	50%	50%
2014	35%	65%
2013	35%	65%
2012	5%	95%

- 94% said they intend to raise council tax by over 1.5%
- No one said they would be reducing council tax

Fees & Charges

- 94% said they will use increased charging to fund their 2017/18 budget
- 25% said over 5% of their 2017/18 budget would be funded by increased charging
- Examples of the types of services councils say they will be charging for this year include: parking, green waste collection and planning advice

Council Services

- Adult social care remains the greatest pressure on council finances – 52% said it was their greatest immediate priority, and 40% said it was their greatest long term priority
- Housing and homelessness was the second greatest pressure with 22% of respondents putting it as their greatest immediate pressure and 15% saying it was the greatest long term pressure. Recent changes to housing and homelessness duties for councils has added to this pressure.

Greatest immediate pressures	2017	2016
Adult social care	52.4%	42.9%
Housing and homelessness	21.8%	22.7%
Environment and waste	8.8%	8.4%
Children's services and education	6.8%	12.3%
Culture and leisure	4.8%	7.1%
Roads, planning and economy	3.4%	3.2%
Council support and public engagement	2.0%	2.6%

Greatest long term pressures	2017	2016
Adult social care	39.8%	53.6%
Housing and homelessness	15.4%	20.9%
Children's services and education	12.2%	5.2%
Environment and waste	12.2%	8.5%
Roads, planning and economy	12.2%	5.2%
Culture and leisure	6.5%	5.2%
Community safety	0.8%	0%
Council support and public engagement	0.8%	1.3%

- 42% said that this year's budget will lead to cuts that are evident to the public
- 76% of respondents believe the quality of frontline services has been sustained over the last year; 14% improved; and 10% deteriorated
- 13% said there was a danger they would no longer have enough funding to fulfill their statutory duties in the coming year

Alternative Income, Reserves & Borrowing

- 88% of respondents said it was a high priority or essential to explore other sources of income
- 77% said they are considering commercialising council services as a new source of income; 78% said they were considering housing and commercial developments; 75% said purchasing investment properties, and 62% said asset sales
- 46% said they were considering energy projects as a new source of income
- 64% said they used their reserves in the last year and 65% said they would be using their reserves in the coming year (down from 82% last year)
- This year, we have see a spike in proportion of respondents who intend to borrow to fund infrastructure over next 2 years, up to 79% from 57% in 2016/17
- Sources of borrowing include:
 - Public Works Loans Board (71% up from 57% in 2016)
 - Capital Markets (14%)
 - Municipal Bonds Agency (10%)
 - Other local authorities (8%)

Do you intend to borrow to fund infrastructure over the next two years?

	Yes	No
2017	79%	21%
2016	57%	44%
2015	59%	42%
2014	65%	35%
2013	61%	39%
2012	59%	41%

Social Care Precept

- 80% said they are likely or very likely to take up all/part of the increased social care precept
- By region (% likely or very likely to take up the precept)
 - London & South East: 90%
 - Midlands & East of England: 61%
 - Yorkshire, North East & North West: 86%
- By political control (% likely or very likely to take up the precept)
 - Conservative control: 78%
 - Labour control: 91%
- Only 4% of councils believe the additional 3% social care precept will close the funding gap
- 91% of councils feel council tax rises are a *not* viable way to address the social care funding gap

100% Business Rate Retention

- Nearly 50% of councils believe they will lose from the transition to 100% business rate retention
 - 23% said they will gain
 - 47% said they will lose
 - 28% said they will stay the same
- Some of the main concerns raised by councils include: lack of detail in the plans; uncertainty around equalisation measures and the scale of appeals.
- We found that it was roughly evenly split between respondents who believe that 100% Business Rate Retention will incentivize local economic growth (41%), and those who don't (37%)

Future of Local Government Finance

- 79% of respondents have none or very little confidence in the sustainability of local government finance
- 84% think the current needs assessment formula is not fit for purpose
- 39% believe the decision to leave the EU will have a negative impact on their upcoming budget; however 57% say it will have no impact
- 76% think the requirement for a referendum for council tax increases above 2% should be scrapped – the same proportion as 2016, and up from 62% in 2015
- 56% think council tax bands should be revalued
- 47% want increased powers over charging and trading
- 39% want to be able to raise locally specific taxes