Local Government East

The voice of our members and our region

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To whom it may concern,

Local Government East (LGE) Response to "The Fair Funding Review 2.0"

We are writing to you today in response to "The Fair Funding Review 2.0" consultation, which is due to conclude on 15 August 2025. This response follows engagement with LGEs members, which consist of the fifty local authorities within the East of England, and our affiliate partners, including the Cambridgeshire and Peterborough Combined Authority.

In summary the Fair Funding Review does meet some of the key asks that the local government sector has requested for a long time. The introduction of multi-year settlements and funding simplification are most welcome, as are the inclusion of some key adjustments for tourist areas. However, the Fair Funding Review does not operate in a vacuum, and without more information around how key local government demand pressures will be managed then it can be hard to ascertain much the Fair Funding Review will help. We also approve of a new approach to the New Homes Bonus and look forward to hearing the government's views regarding the various kinds of incentive available.

Funding Certainty and Simplification (3, 10, 11, 12, 13, 14, 15, 16, 30)

There are several elements of funding policy being undertaken by the government for which we greatly approve. The ongoing commitment to a three-year funding settlement between 2026/27 and 2028/29 will greatly assist local government in planning its spending in the face of increasing demand, and the ongoing work towards funding simplification, particularly the eradication of micro-grants, is exceptionally welcome (3). However, it is important the Government keeps this funding settlement updated, and maintains three-year reviews from now on. Given the speed that policy pressures can build up, it is important that the government maintains regular reviews, and avoid the situation that has emerged where local government funding has been left in an uncertain place.

As part of this ongoing funding simplification, we are pleased to see that the government acknowledges the strength of feeling in the sector for reduced funding complexity, easier accounting and audit processes, and simplification around data reporting and monitoring more generally (30).

We also appreciate some of the changes made to the funding formula. In particular, the inclusion of a daytime population adjustment feels valid, and will be of use to more coastal areas in our region. These areas often have thriving tourism sectors, and this change will help local authorities meet the needs of these visitors when they make use of local amenities (41).

Key Pressures Within Local Government (4, 5, 6, 7, 8, 9)

One issue touched on by the funding review, but not addressed in its totality, is the precarity of local government finances more generally. While more equitably distributed funding is welcome, and the increase of funding announced at the spending review is useful, there are some key areas of local government expenditure that existentially threaten the sector.

SEND funding is an example of this. Within this consultation, the government confirms that there will be a phased transition process for SEND, and that the full approach will be outlined in the Schools White Paper in Autumn, and the Provision Local Government Finance Settlement. We look forward to seeing the full detail, but until those details are published, it remains very difficult to plan within local government. Similar points – with their own threats of unsustainable fiscal pressure – can be raised around temporary accommodation, adult social care, and children's social care more broadly.

Housing Incentivisation (18, 19)

We agree with the government's position that the New Homes Bonus could be wound up, and the monies returned to local authorities through the Settlement Funding Assessment (18). Local authorities know where to spend their money most effectively, and the New Homes Bonus has not historically worked well as an encouragement as the costs to building more homes always outweighed the subsidy provided.

To incentivise the construction of more affordable and submarket housing, practical assistance around the unlocking of key sites in the region would be most welcome. The targeted use of funding and the provision of assistance to strategically important sites through the provision of key infrastructure, would enable local authorities to assist with the construction of much-needed affordable/social rent properties. Furthermore, should legislative or expert assistance be needed, this would assist with the unblocking of key sites.

A potential avenue of exploration would be the incentivisation of bringing housing back into the socially rented tenure. There are many empty dwellings in the UK, and a method of bringing these properties back into use would not only provide income for councils through council tax, but also provide much-needed homes for social rent for residents.

Finally, Right to Buy has made the process of building social housing a financially risky endeavour, as there is no guarantee that the housing in question will remain in council possession long enough

to pay itself back, let pay dividends that can be reinvested back into the community. We have read that the government is considering reforms to Right to Buy, and this is welcome.

Conclusion:

To conclude, we call for the following within this consultation:

- Continue the work towards the three-year funding settlement and greater funding simplification for local government finance.
- Provide clarity as soon as practicable around how the government intends to address key demand pressures within local government, including SEND, children's social care, adults social care, and temporary accommodation.
- Provide local authorities with the support needed to unlock key housing sites, whether that support is funding, legislative measures or expertise.

I hope that this response has been helpful, and I look forward to the opportunity to answer any questions you may have around the region's position.

Yours sincerely,

Cllr Graham Butland
Chair of Local Government East and Leader of Braintree District Council