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To whom it may concern,

Local Government East (LGE) Response to the "Provisional Local Government Finance Settlement 2026 to 2027"

We are writing to you today in response to the "Provisional Local Government Finance Settlement 2026 to 2027" consultation, which is due to conclude on 14 January 2026. This response follows engagement with LGE members, which consist of the fifty local authorities within the East of England, and our affiliate partners, including the Cambridgeshire and Peterborough Combined Authority.

To summarise the contents of our consultation response, while additional funding is welcome, as is the certainty of a three-year settlement, the local government sector remains in a perilous position. We therefore ask for the funding to assist the Government with its missions, delivered in a transparent and timely manner. Furthermore, we were disappointed to hear that the amount of funding Essex, Suffolk and Norfolk will receive through their Mayoral Strategic Authorities would be reduced by two-thirds until a mayor is elected, and we would like to see that money invested into the East of England as quickly as possible to both support the creation of these new authorities, and to invest in key projects across the region. We also ask that Temporary Accommodation costs be recognised more fully, with local authorities to be reimbursed at 90% of current Local Housing Allowance Rates, rather than at 2011 rates.

Funding: Insufficient to Meet Rising Pressures

The amount of money coming into the Local Government Sector following the Spending Review has increased, and we note that some local authorities in our region have received a substantial increase in funding. The duration of the spending review is also

very welcome, providing certainty for the sector. However, for many of our local authorities it is felt that the funding provided is enough only to stand still in the face of increased demand pressures. Not only has the need for council services increased, but costs have increased as well, such as wage and material cost increases.

In addition, this funding comes at an exceptional time for local government. With 30 councils in receipt of Exceptional Financial Support, one being in the East of England, there are legitimate concerns about the resilience of the local government sector. Furthermore, it is a period of great upheaval and reform for the sector, with both devolution and local government reorganisation weighing down on the sector. Funds that our councils may have used to plug gaps in finances are being used to get ready for the shadow authorities due to come into being in 2028.

Furthermore, while we recognise the Government's position on reserves, we believe this approach is inequitable and misrepresents the purpose of reserves, which are often earmarked for essential projects – including devolution and local government reform.

A lack of transparency

While the simplified local government finance structure is welcome, there have been some concerns around the transparency of the funding. It has been difficult to identify how the Government has come to its conclusions sometimes, and this has led to concerns around its legitimacy.

There are also new services that local authorities are being asked to provide, and yet it is unclear how they will be funded. In particular, the introduction of food waste collections was highlighted as a new burden that is included in the new Funding Settlement. This is a service that could cost a large amount for local authorities to deliver, and yet it is hard to see where the money to run this service has been provided in the settlement.

Housing costs

The inclusion of temporary accommodation in the funding formula, and the recognition of the pressure that this can place on local authorities, is a welcome shift of attention from the Government. However, there are concerns that this is still not enough to adequately address the costs being incurred. Reform in the housing market that the Government is instigating is both increasing the cost of maintaining social housing and squeezing the private rental market. This is pushing up costs in both sectors.

This means that pressures on temporary accommodation budgets have increased yet further and require immediate support from the Government. We urge the Government to reset the rate at which local authorities are reimbursed for temporary accommodation, by updating the amount to 90% of current Local Housing Allowance (LHA) rates, rather than 2011 LHA rates. In addition, LHA rates should be updated to better reflect market rents. Without an update to LHA reimbursement rates, councils face unsustainable deficits that compromise their ability to deliver statutory services.

Timeliness

The Funding Settlement is an important part of how councils establish their budgets in any given year. Therefore, it is disappointing that the provisional settlement is released so late every year. This gives officers within councils very little time to

examine the Funding Settlement over the Christmas break and can put unnecessary strain on officers during the annual budget-setting period. Such late publication of figures can also lead to decisions being made in the absence of facts, resulting in difficult decisions based on assumptions alone. We therefore call on the Government to publish the Provisional Funding Settlement earlier in the year.

Mayoral Strategic Authority Funding (6)

As a region, we are concerned about the impact any delay in the mayoral elections within Greater Essex and Norfolk/Suffolk will have on funding arrangements. When the Government delayed the mayoral elections to 2028, the funding set to be received by the mayoral authorities was also reduced by two-thirds. This only further raised concerns, as there is a perception that due to the lack of mayors in the East of England, the region is being ignored in favour of urban areas with mayors further north.

The East of England is a crucial part of the Government's growth picture, home to key growth clusters of important industries. Therefore, it is important that it is offered the powers and funding that enable it to succeed.

Conclusion

In summary, we call for the following within this consultation:

- With the local government sector still precarious in terms of funding, a significant boost to the spending power of all local authorities is needed.
- In future spending reviews, we ask for better transparency regarding how the figures were established, so we can be clearer on what is – and isn't – being paid for.
- While the Government has made its long-term commitment to the housing crisis clear, we ask the Government to make a commitment to addressing issues in the short term as well by resetting LHA rates to reflect market value, and link reimbursement to 90% of those newer, more reasonable, rates. We ask the Government to present the Provisional Funding Settlement to the sector earlier, to allow councils more time to consider the outcomes.
- We ask the Government to fund the new Mayoral Strategic Authorities in the East of England to the full amount they are entitled to assist with setting up the authorities, and to ensure that valuable projects across the East can begin.

We trust this response provides a clear representation of the region's position and priorities, and I look forward to the opportunity to answer any questions you may have around the region's position.

Yours sincerely,

Cllr Carl Smith

LGE Lead member for Local Government Finance and Leader of Great Yarmouth Council