



**WELWYN
HATFIELD**

Chancellor of the Exchequer
Jeremy Hunt MP,
11 Downing Street,
SW1A 2AA

CC: Grant Shapps MP

Cllr Paul Zukowskyj
Welwyn Hatfield Borough Council
Campus East
Welwyn Garden City
Hertfordshire
AL8 6AE

Email: p.zukowskyj@welhat.gov.uk

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Dear Jeremy Hunt MP,

In our roles as Cabinet members in the Joint Administration at Welwyn Hatfield Borough Council, we are calling on you, on behalf of our residents, to acknowledge and address the budgetary pressures facing local authorities when you set the local government finance settlement later this year.

In Welwyn Hatfield, we have seen the money we receive from the Government cut in real terms by a staggering 64% since 2010.

In that year, Welwyn Hatfield Borough Council received £7.90m a year in Government funding, the equivalent of £11.56m today. Today, following years of successive cuts to funding settlements, we receive just £3.76m, a reduction in real terms of £7.38m.

Of course, the reduction in the local government finance settlement is just one area of financial pressure as we continue to be impacted by spiking inflation, high energy costs, and increases to the National Living Wage and pay awards agreed by National Joint Council.

We are continuing to see a rising demand in many of our much needed, statutory services which have added to this pressure and are a direct result of government policy causing unbudgeted and substantial overspends on areas like housing, homelessness and audit fees. We are currently experiencing an overspend of £600k this year due to benefit subsidy losses associated with temporary accommodation and we expect this overspend will increase further due to the recent government decision to close refugee hotels, passing more burden directly onto local authorities.

We appreciate the additional grants that we have received to cover some costs, but these fall substantially short on the services we are being expected to provide.

Our hands are severely tied when attempting to respond to these financial challenges. Our fees are capped in some areas by regulations, we do not have full flexibility over our council tax setting, and our housing rental income can, and has been, capped at any point and at short notice.

The importance and impact that district council services have on people's lives and wellbeing, and how failures in these services can have wider ranging impacts on other critical services, including the NHS and social care, is well documented. As pressures increase, it is these services which are at most risk, and reductions or cuts in these services, will, in turn, push further burdens onto other public sector organisations at a time when they too face their own financial challenges.

Our residents are increasingly having to shoulder the gaps in our budget, caused by the Government, to the figure of a 17% increase in Council Tax and much larger increases in other charges where we have had no choice but to do so. Despite this, the council is forecasting it still faces a worrying 34% reduction in service budgets due to inflation and further reductions in funding over the next three years.

The planned end of one-off grants and new homes bonus, alongside the governments planned business rates reset, present a substantial cliff-edge to the council. This cliff-edge, and the regular use of one-year settlements, make it impossible to put adequate plans in place to ensure medium-term financial sustainability. Our general fund reserves are depleting, and this year we have had to rely on utilising reserves equivalent to 4.3% of our cost of services. The continued use of our reserves in this way is unsustainable.

We welcome any funding from government departments but urge you to reconsider the bureaucratic practices involved in securing this which adds to our resourcing pressures. A recent example is the UKSPF which could have been greatly simplified by paying the grant allocation directly to authorities with clear grant conditions, replacing the application and monitoring process.

As a stock holding authority it is also important for us to highlight that government policy has also impacted significantly on our housing revenue account. Hundreds of millions of pounds have been wiped out of our business plan due to rent caps and freezes, and yet councils across the country have not been compensated for these decisions, which could have been addressed through a retrospective adjustment to the level of debt taken on from the government when self-financing was introduced.

There is a desperate need for certainty and clarity as we set our budgets, and a long-term plan that includes restoring local authority funding. Rather than cutting vital support to the most vulnerable and those who rely on us in our community, we urgently need adequate funding to meet the demand for services that the government has passed responsibility on to us for.

We believe that there are a range of measures that would provide us with the support and certainty that this sector desperately needs. We have included these measures in Annex 1 of this letter and would welcome the opportunity to discuss these with you.

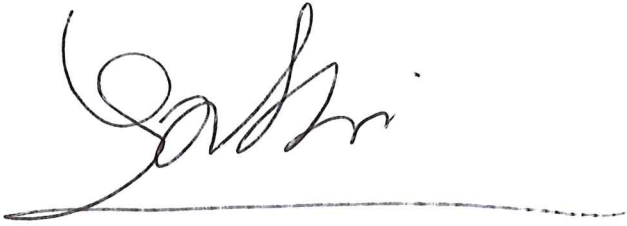
Yours sincerely,



Cllr Paul Zukowskyj, Leader of the Council



Cllr Lynn Chesterman, Deputy Leader and Executive Member for Housing



**Cllr Sandreni Bonfante, Executive Member
for Environment**



**Cllr James Broach, Executive Member
for Governance**



**Cllr Max Holloway, Executive Member
for Community and Leisure**



**Cllr Duncan Jones, Executive Member
for Finance**



**Cllr Jane Quinton, Executive Member
for Planning and Development**

Annex 1 – Measures needed to provide District Councils financial sustainability.

- Provide the urgently needed additional financial support to local government for 2024/25.
- Commit to, and follow through with, a fundamental review of funding in local government to ensure our statutory and essential services are adequately funded, which should include:
 - Ending one-year grants and set funding at a fair level for the services local councils have to provide.
 - Committing to a three-year settlement to provide medium-term certainty to local government for the years 2025/26 – 2027/28.
 - Bringing forward a review of the Business Rates Retention Scheme and substantially increasing the share retained by local government.
 - Reducing the number of grants local government has to bid for, and end new homes bonus - instead including these allocations in councils core funding settlement.
 - Fully fund any new burdens, on an ongoing basis through adjustments to the core funding settlement rather than through one-off grants.
- Remove restrictions on councils to pass on the cost of services through fee caps (for example removing planning and licensing fee caps).
- Increase the Local Housing Allowance limits to ensure they are comparative to Private Rental Sector (PRS), thereby increasing the likelihood of residents successfully accessing PRS accommodation.
- Allow local authorities to claim 100% of the benefit entitlement of a household when placing them into temporary accommodation.
- Remove subsidy caps on bed and breakfast used for temporary accommodation.
- Conduct a review of the Homeless Prevention Grant given to local authorities to ensure that allocations fully fund the increased demands.
- Compensate councils for income losses associated with changes to government rent policy, since the introduction of self-financing, through a reduction in the debt those authorities took on.
- Allow councils to retain 100% of right to buy receipts on an indefinite basis and remove restrictions in relation to time period and proportion of costs for use.