

# Fight Unfair Funding – Protecting London's Councils from the Fair Funding Review

**Submitted by:** Party member serving as an elected Member of Parliament representing a constituency in the Region

**Mover:** Luke Taylor MP

**Summation:** Cllr Simon McGrath

Conference notes that:

- A. The government's "Fair Funding 2.0" consultation is currently underway, with the objective of revising the Local Government Finance System.
- B. London Councils' analysis demonstrates that under the government's proposed formula, London boroughs are set to lose a significant proportion of their grant funding, with some inner London boroughs facing substantial reductions and a reduction of £700m for London overall
- C. The government has included a "remoteness" factor in its Area Cost Adjustment, which is based on economic theory rather than a rigorous assessment of the high costs of service delivery in dense urban areas.
- D. Analysis by The National Children's Bureau found that the formula for calculating deprivation among children did not take into account housing costs.
- E. While the government's transitional proposals include a cash funding "floor" to protect most authorities, it is explicitly proposed that a number of London boroughs would receive a funding floor of up to a -7% cut in the first year, before a cash floor in subsequent years.
- F. Liberal Democrats have consistently urged the government not to turn its back on London and to ensure that no council faces an actual cut in funding.

Conference believes that:

- I. Local government is the bedrock of our communities and must be properly and fairly funded to deliver essential services.
- II. These changes constitute a direct and unacceptable real-terms cut to vital local government services in some of the most complex and high-need areas in the country.
- III. A "fair funding review" must not be a mechanism for pitting one part of the country against another, nor should it be used to level down any area.

- IV. The proposed funding model is based on flawed and incomplete data, fails to recognise the unique costs and complexities of urban service delivery, and therefore is not fit for purpose.

Conference therefore calls on the Labour government to:

1. Ensure that no funding formula is adopted or enacted which would result in real terms cut to any council's funding.
2. Undertake a fundamental review of its Fair Funding proposals to ensure that every council receives a stable and sustainable funding settlement.
3. Ensure the formula accurately reflects the costs of providing services in urban and high-density areas.
4. Ensure the formula accurately reflects housing costs in urban and high-density areas.
5. Work with the Office for National Statistics to ensure that any revised funding formula uses accurate and up-to-date population data that corrects for the 2021 Census undercount in London.
6. Commit to a long-term funding plan for local government that ensures no council is left worse off and that provides the certainty needed to plan services effectively for all residents.