



HOUSE OF COMMONS
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Dr Carolyn Wilkins
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Our Ref: SB/OMBC01002/01150345

24 July 2015

Dear Carolyn

Please find enclosed a copy of a reply I have received from the DCLG in response to my letter on the Council's behalf regarding the funding formula. This is yet another reply that does not even attempt to answer the questions raised and makes no effort to counter the argument that richer authorities receive larger funding amounts than poorer areas like Oldham.

I have attached the reply for your information.

Yours sincerely

The Rt Hon Michael Meacher MP
Oldham West & Royton
Including Chadderton & Hollinwood

Encl.



**Department for
Communities and
Local Government**

The Rt Hon Michael Meacher MP
House of Commons
London
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Marcus Jones MP
Minister for Local Government

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www.gov.uk/dclg

Our Ref: 1158963
Your Ref: SB/OMBC01002/01150345

14 JUL 2015

Dear Michael,

Thank you for your letter of 12 June on behalf of Oldham Council and the funding formula for local authorities.

The context for the reductions in grant funding to local authorities is of course the need to reduce the deficit. Every part of the public sector needs to do its bit to tackle the deficit including local government which accounts for a quarter of all public spending.

Local authorities have shown great skill in generating efficiencies and prioritising services, and in doing so helping to reduce the deficit. Budgets have been balanced and council tax has fallen by eleven per cent in real-terms since 2010, while public satisfaction with local government has been maintained. It is right that local authorities continue to make sensible savings and work innovatively to deliver services that offer value for money for the taxpayer. The Government, meanwhile, will continue to deliver local government finance settlements which are fair to authorities in all parts of the country, north and south, rural and urban, metropolitan and shire.

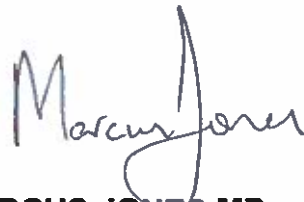
You noted concern that reductions to expenditure will eventually undermine councils' ability to protect the most vulnerable. I would also be most concerned and so I would be keen for details should such circumstances develop.

With regard to local authorities with the highest levels of deprivation, it remains the case that councils facing the highest demand for services continue to receive considerably more funding and have significantly higher spending power than less deprived authorities. In 2015-16 spending power per dwelling for the ten per cent most deprived authorities is around forty per cent higher than that for the least deprived ten per cent. Also for 2015-16 you will note that Oldham's Spending Power per dwelling remains significantly higher than the England average, £2,316 compared to the England average of £2,086.

The introduction of incentives to promote local economic growth by the introduction of retention of growth in business rates in 2013 marked a major shift away from previous policies which served to keep local authorities dependent on grant. Business rates retention instead gives local authorities tools and incentives so that they can share in the benefits of promoting growth in their local economies. All authorities, regardless of their level of dependency on grants, should make the most of these opportunities in order to increase the funding available to them, and also from the New Homes Bonus where there is demand for additional housing.

Finally, you mentioned devolution. The Government is committed to devolving greater powers away from Whitehall because those who live, work and do business in a place know best what their area needs in order to prosper. We have already seen that whereas before 2010, only one job in every three was created outside London and the South-East, since 2010 it has been three in every five. The Greater Manchester deal, referred to by the Leader of Oldham Council as "a major step forward" for Greater Manchester, will see the devolution of significant powers and budgets which will help the city-region to fulfil its potential and to deliver jobs and prosperity. This includes the consolidated transport fund, a £300m Housing Investment Fund, £30m a year 'Earn Back' infrastructure fund and £6bn worth of health and social care budgets.

Yours sincerely,

A handwritten signature in cursive script that reads "Marcus Jones". The signature is written in dark ink and is positioned above the printed name.

MARCUS JONES MP