



**COMBINED AGENDA FOR A MEETING OF THE
SPARSE RURAL Sub SIG and Rural Economy Group**

Venue:- The LGA, Smith Square, London SW1P 3HZ

Date: Monday 25th June 2018

Time: 11.00 a.m. to 3.30 pm

The meeting is being held at the **LGA, 18 Smith Square, Westminster, London SW1P 3HZ**.

Visitor information and a link to the map for the venue can be found below:

[LGA Map](#)

The building is located nearest to Westminster, Pimlico, Vauxhall and St James's Park Underground stations and also Victoria, Vauxhall and Charing Cross railway stations.

1. Apologies for absence
2. To confirm the minutes of the last meeting of the SPARSE-Rural Sub-SIG held on the 29th January 2018 and to discuss any matters arising (Appendix A).
3. To confirm the Minutes of the last meeting of the Rural Economy Group held on the 29th January 2018 and to discuss any matters arising (Appendix B).
4. To receive the minutes of the Executive Meeting held on the 22nd May 2018 and to discuss any matters arising not on this agenda (Appendix C).
5. Rural Bus Services
 - (a) Thanks to the good offices of John Birtwistle (First Group Buses) who is a member of the RSN's Executive Committee we have been fortunate enough to have arranged for Ben Ridehalgh, Deputy Head of Buses & Taxis, at the Department for Transport to attend and make a presentation and discuss with member authorities various rural transport issues.
 - (b) Again - thanks to John Birtwistle, Anna Rothnie from Shyft Mobility will attend and make a Presentation on "Sustainable Delivery of Rural Public Transport?"
 - (c) Summary of Responses to Rural Public Transport Survey (Attachment D)
6. BUDGET REPORT:
(Attachment E)



7. Notes of the Meeting of the North East Regional Meeting/Seminar held on 25th May 2018 on the subject of the Rural Economy (Attachment F).
8. ANALYSIS of Responses from members to the LGA's "post-Brexit England Commission – Call for Evidence (Attachment G).
9. House of Lords Select Committee on the Rural Economy:
Verbal report from Graham Biggs
10. FAIR FUNDING REVIEW:
Briefing Report from Pixel attached (the Executive Minutes also refer) (Attachment H)
11. Any other business

Notes of last SPARSE Rural Special Interest Group meeting

Title: Rural Services Network Special Interest Group

- **SPARSE Rural Sub SIG meeting**

Date: Monday 29 January 2018

Venue: City of Westminster Archives Centre, 10 St Ann's Street, London SW1P 2DE

Attendance

An attendance list is attached as **Appendix A** to this note

Item	Decisions and actions
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SPARSE Rural Sub SIG Meeting 1.15 to 2.30pm

Members moved onto the meeting of the SPARSE Rural Sub SIG.

1 Apologies for Absence

Apologies were noted as read.

2 Minutes of Last Meeting 20 November 2017

The Minutes of meeting 20 November were noted and accepted.

3 Minutes of Executive Meeting - 15 January 2018

The note of the last Executive meeting was noted and accepted.

4 Provisional Finance Settlement 2018/19

Members noted an update on the Provisional Finance Settlement and details of the recently submitted RSN response to the consultation. The following key issues were noted:

- The transitional grant has been stopped.
- Inclusion of council tax In the calculation as to how government funding cuts should fall was unfair to rural areas
- Points had been raised with the Minister further to the last Executive meeting and it was felt that there he had a good understanding of the issues faced by rural communities. However, members noted that the Minister was adamant that all aspects of the new Needs Formula being developed should be backed by evidence. RSN had asked to should be contacted by government officials to give an indication of how they wished this to be collected and for which services.

Action:

RSN colleagues to remind Civil Service contacts that they are awaiting input as to what service costs they need captured and how evidence should be provided.

- Members raised concerns at the complexity of the formulas used and noted details of timelines for consultations.

5 Fair Funding Review

Members noted the preliminary report from PIXEL on the Fair Funding Review.

Members were encouraged to respond individually to the consultation, although a national average position will be sent as a response from the SIG. They discussed the data set which was needed to warranty justification for funding and which is therefore a big part of the current consultation. Members noted that the formula will be simplified but that rural authorities, best placed to provide evidence of impact, must respond with individual examples.

Where previous issues had been raised, members noted some successes and changes to the consultation. The Consultation will close on 12 March and the RSN will circulate a draft response to members for comment before submission.

Members were encouraged to note that their own input will be vital to impacting and reinforcing the rural case.

Action:

Members to individually respond on behalf of their own authorities and to ensure that their own individual finance officers follow the thread and are made aware of any issues.

6 Any other Business

There was no other business and the meeting was closed.

Attendance

Name	Representing
Graham Biggs	RSN
David Inman	RSN
Cllr Cecilia Motley	RSN
Andy Dean	RSN
Richard Quallington	ACRE
Cllr Les Kew	Bath & North East Somerset Council
Claire Walters	Bus Users UK
Cllr David Ireton	Craven District Council
Darren Peters, Staff Officers	Devon & Somerset Fire & Rescue
Greg Macdonald, Head of Economic & Commercial Development	East Northamptonshire Council
Henry Lee, External Research & Policy Co- ordinator	Hastoe Housing Association
Cllr Roger Phillips	Herefordshire County Council
Ashley Curzon	Isle of Wight Council
Helen Harris, Economic Growth Manager	Leicestershire County Council
Cllr Mark Whittington	Lincolnshire County Council
Heidi Turnbull	Maldon District Council
Alan Gray, Economic Development Manager	North Kesteven District Council
Steve Blatch, Chief Executive	North Norfolk District Council
Cllr Tom Fitzpatrick	North Norfolk District Council
Robert Heseltine	North Yorkshire Council
Janice Rose	Northumberland County Council

Malcolm Leading	Oxfordshire Association of Local Councils
Cllr Yvonne Peacock	Richmondshire District Council
Cllr Cameron Clark	Sevenoaks District Council
Revd Richard Kirlew	Sherborne Deanery Rural Chaplaincy
Cllr Gwilym Butler	Shropshire Council
Gill Heath	Staffordshire County Council
Peter Stevens	St Edmundsbury Council
Matt Jones	Suffolk County Council
Cllr Philip Sanders	West Devon Borough Council
Ian Knowles, Director of Resources	West Lindsey District Council
Cllr Owen Bierley	West Lindsey District Council
Cllr Andrew Hadley	West Somerset Council
Gordon Dwyer, Senior Economic Development Officer	West Somerset Council
Cllr Janet Dunton	West Sussex County Council
Steve Brain, Programmes & Performance Manager	Worcestershire County Council
Katie Ainsworth, Project Manager – Worcestershire LEADER Programme	Worcestershire County Council

Notes of RURAL ECONOMY GROUP meeting

Title: Rural Services Network Special Interest Group

- Rural Economy Group meeting

Date: Monday 29 January 2018

Venue: City of Westminster Archives Centre, 10 St Ann's Street, London SW1P 2DE

Attendance

An attendance list is attached as **Appendix A** to this note

Item Decisions and actions

Rural Economy Group Meeting 11.00am to 12.45pm

The Chairman welcomed members and noted apologies.

1 Why are we setting up this new Group?

Graham Biggs, RSN Chief Executive, opened up the meeting with a summary of current work under the remit of rural services network, Rural Assembly and the SPARSE Rural Sub SIG and outlined the reasoning for setting up this new group and its purpose.

Members agreed with the establishment of the Rural Economy Group

2 What should the Remit of the Group Cover?

Members discussed and agreed the remit of the group which aims to cover all matters related to and impacting on rural economies.

3 Current issues

Mr Biggs invited the group to discuss challenges in common and to share ideas and examples of best practice.

Members raised the following issues:

- Some had attended the recent LGA Councillors' Forum and referred to the speech by the attending Minister, Rishi Sunak MP, Parliamentary Under Secretary of State, Ministry of Housing, Communities and Local Government. They agreed that a proper evidence base was vital in the profile of rural issues and, especially, financial representations.
- Members noted that a digital connectivity group had been set up under the remit of the People and Places Board of the LGA and were concerned that the RSN Sub SIG would end up duplicating work. Mr Biggs reminded members that the LGA Group would be focussing on both rural and urban issues and therefore, there was a danger that rural issues might be overlooked.
- Members were concerned that they have no representation on the People and Places Board and agreed that RSN colleagues should talk to the Board to

identify any similar initiatives and in particular those related to rural economies.

- Connectivity generally remains an important issue across rural areas
- Transport provision in rural areas especially is still a major issue – this needs to be urgently addressed and is a key issue affecting residents and businesses. They agreed that subsidies are often not available and noted detrimental impact on residents of stoppages of vital services, such as dial a ride.
- Members referred to business rates and agreed that the impact on rural GDP was a huge part on National GDP. In rural areas. Authorities where many small businesses are not liable to pay must be raised and considered
- They agreed that there were issues around other industries too – including people and skills, utility supplies and provisions and there was therefore a need to take a more strategic approach in lobbying government about all services to rural areas – not just broadband.
- Members noted that bus services are also utilised by young people trying to reach entry level employment or training and is therefore key to improving the economy. Members agreed that rural transport issues are not just about buses – implications arise and have an impact on the rural economy if working age people cannot get to work they will move as there is no alternative – this is a major damage to rural economies. Fairer funding for transport in rural areas was raised
- The Brexit impact of the loss of ERDF funding and the establishment of the Shared Prosperity Fund were both raised as important issues
- Members discussed housing issues and how to fund affordable housing. Affordable Housing in National Park areas was a particular challenge
- Rural master planning –and the need for a much wider definition of Infrastructure was raised. Capacity of the Electricity supply, the stance of the Regulator created major disadvantage in rural areas and impacted detrimentally on the return on investment re employment land and buildings..
- Sustainability needs to be properly defined in the rural context and supported according to individual areas and what is right for them in particular in order to be sustained. Land, and getting planning consent, for business diversification were referred to
- Members discussed ‘air band’ and issues around coverage. Agreeing that there are still problems.
- Attracting families to locate to and remain in rural areas was referred to. It was commented that through Countryfile etc. many people are rurally minded but not rural people minded
- They agreed that communication is of vital importance, particularly with regard to rural deprivation and that large organisations need to be called upon to raise the profile of particular issues with differences between those affecting urban and rural areas as part of their remits. Engagement is vital – particularly with MIND etc. – people misunderstand the meaning of deprivation – they include hidden issues such as depression and loneliness, isolation etc. Urban vulnerability is different to rural vulnerability.
- Members referred to recent work of the Jo Cox Commission – but agreed that much of it will be about urban issues and little (if any) on rural.
- The future of agriculture was discussed – members were concerned that traditional farming will stop – there isn’t the realisation of how much the rural and national economies are currently dependent on continuation of its existence the issues in Upland areas and supply chain were highlighted. Some analysis of Defra’s 25-year plan was warranted.
- Members made the point that community buses are run by volunteers and community shops are very good – work should also endorse the very good things that rural areas have and benefits to the local population not just focus on

the problems.

- Evidence of how the positives impact GDP should also be included in any work.

Members agreed that the new group will be of value but will need to be aware of existing work being done by CCN and DCN and LGA People and Places Board. Members agreed that connectivity is the most major concern and that rural areas are really struggling which impacts greatly on businesses in particular.

Mr Biggs referred to the RURAL BREXIT round table, set up to discuss the possible impact of BREXIT on rural areas. He outlined details of groups involved – he summarised details of previous meetings and agreement was reached that rural white paper of 2005 should be re-addressed to look at success and sustainability. The RSN is doing this. They also agreed in principle that a rural strategy should be introduced post BREXIT by the government. They are seeking to articulate issues which may inhibit or benefit rural economies. They hope to build a plan to argue the rural case for an appropriately funded and accepted strategy covering at least 10 years.

Members were informed that a draft strategy should be available at the next meeting for them to consider – and allow sufficient time to work on its content further to members' input. Members discussed the Shared Prosperity Fund and questioned how it would be distributed.

Members agreed that looking at ways in using existing parliamentary channels to try and raise these points and move government and urban opinion to raise the perception of how rural areas live. Was essential They agreed that fundamental attitudes about rural living need to change and they discussed how engagement with the media will help address this. Rural areas should be promoted and work done to attract more people to rural areas – although the issue of connectivity is a major issue. They agreed that public perception of living in rural areas is a particular problem due to the media and television.

Action:

Discussion on the Industrial Strategy to be carried forward to the next Rural Assembly meeting on 9 April, as well as more discussion on the work of the Rural BREXIT Roundtable.

4 Industrial Strategy: What should the Rural response be?

Members had discussed some of these issues within the last item.

5 Items put forward by members

Apologies were received from Cllr Peter Thornton who had raised Rural Broadband and from Ian Hunter, Littoral Rural Arts Trust.

On behalf of Ian Hunter it was reported that CaDRE – Creative and Digital Rural Economy - R & D initiative is going ahead with a Creative Rural Economy conference planned for Tate Britain in the early Autumn

Members noted the following updates:

- Cllr Andrew Hadley, Lead Member for Economic Growth & Tourism and Gordon Dwyer spoke about the work of the South West Rural Productivity Commission and development of a task force set up to feed into, and progress key priorities

around the work of the commission. Further updates would be provided at future meetings.

Further information and the reports can be found at:

<http://heartofswlep.co.uk/wp-content/uploads/2017/10/HotSW-14332-A4-Overview-report-digital-doc-FINAL.pdf>

<http://heartofswlep.co.uk/wp-content/uploads/2017/10/Evidence-Report.pdf>

- They also gave an oral report on the work of their Opportunity Department for Education Programme in trying to increase social mobility and increase opportunities for disadvantaged young people. Members noted issues particular to West Somerset and details of current progress and estimated delivery.
- Clare Walters, Chief Executive Bus Users UK, discussed perceptions regarding the use of buses in rural areas. She spoke about how different areas have been creative in providing transport and referred to different schemes set up to ensure that the system is available and outlined the impact of the lack of these services including problems including accessibility to education, to work, and health and welfare of local residents. She referred to legal duties for provision of subsidies and the impact of withdrawing these on local communities. Research is to be carried out, once fully funded, aiming to show whether or not reducing public transport increases the adult social care budget and harms rural economies.

Members agreed that lobbying must show the impact on urban communities if rural connectivity is not enabled. Quality of life in rural areas will hugely diminish if this is not sustained. They also discussed issues around lack of further education and getting commitment for transporting young people to areas which have further education facilities, agreeing that it will be difficult to attract families with young children if they have concerns about their future education. Discussion continued as Ms Walters provided an operator's perspective and discussed the difficulties faced where there are not enough people reliant on the services to justify supply. There were problems around investment, enabling skills and costs and they noted that business growth is a different dynamic in a rural area which therefore means that they will not get the amount of investment as in the cities to take that risk. Devolution is key – it is vital to have the evidence about building investment in rural areas – there is also an issue about resistance from local people. There are always going to be issues around infrastructure.

Mr Inman offered the services of SPARSE to help Ms Walters with evidence and information and the Chair thanked her for her contribution.

- John Birtwistle, Head of Policy, UK Bus, First Buses – had sustained an injury at the weekend and had sent apologies.

Janice Rose – Northumberland CC – gave an uplifting presentation on (a) North of Tyne Devolution Deal; and its rural ambitions and (b) a perspective on the proposed Borderlands Deal covering Northumberland, Cumbria, Scottish Borders and Dumfries & Galloway. There was a real possibility that the North of Tyne Devo. Deal to become a Rural Champion for England. Contact details Janice Rose Northumberland CC Janice.rose@northumberland.gov.uk Tel 01670 624 747

6 Any other business

There was no other business.

Attendance

Name	Representing
Graham Biggs	RSN
David Inman	RSN
Cllr Cecilia Motley	RSN
Andy Dean	RSN
Richard Quallington	ACRE
Cllr Les Kew	Bath & North East Somerset Council
Claire Walters	Bus Users UK
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Katie Ainsworth, Project Manager – Worcestershire LEADER Programme	Worcestershire County Council

MINUTES OF THE SPARSE RURAL AND RURAL SERVICES NETWORK EXECUTIVE AND BOARD OF DIRECTORS OF THE RURAL SERVICES PARTNERSHIP LTD MEETING, TUESDAY 22nd MAY 2018 HELD AT THE SOROPTOMISTS, NO 63 BAYSWATER ROAD, LONDON

Present: - Cllr Cecilia Motley (Chair), Cllr Robert Heseltine (First Vice Chair Yorkshire), Cllr Peter Stevens (Vice Chair – East), Revd Richard Kirlaw (RSP Chair - Community),

Officers: - Graham Biggs MBE (Chief Executive), David Inman (Director), Andy Dean (Assistant Director)

Apologies: - Philip Sanders (Vice Chair – County 1), Cllr Rob Waltham (Vice Chair – Unitary), Cllr Peter Thornton (Vice Chair – Without Portfolio), John Birtwistle – Head of Policy, UK Bus, Gill Heath – Vice Chair (County 2), Stewart Horne – Federation of Small Businesses, Cllr Janet Duncton (Vice Chair – South East), Derrick Haley (Vice Chair – Without Portfolio), Cllr Adam Paynter (Vice Chair South West), Cllr Sue Sanderson (Vice Chair – Without Portfolio)

1. Notes of Previous Executive Meeting – 28th March 2018

Agreed as a correct record.

2. Notes of the Main Rural Assembly Sub SIG Meeting – 9th April 2018

Agreed as a correct record.

3. Notes of Rural Social Care and Health Group – 9th April 2018

Agreed as a correct record.

4. Membership and Response to Request for an Extra Levy

The Chief Executive explained the position over Purchase Orders and the later than usual situation in respect of despatch of invoices. Payment pattern was therefore slightly behind previous years. To date 37 Authorities have paid with 32 agreeing to pay the Research levy and five declining.

5. Meeting of Fair Share Group of MPs

This had taken place and had been reasonably successful. Graham Biggs updated the meeting.

6. Joint RSN/CCN Commission from Pixel Financial Management in Additional Evidence Required by MHCLG

MHCLG had confirmed that the rural case was one of special interest. However, in this severely contested political environment the additional cost case would have to be proved. It was accepted however, rural comparison by the RSN could only be up against rural Authorities with urban areas. . MHCLG would be consulting after the summer 2018 on the shape of the Foundation Formula, top ups, use of Council Tax in the formula, area cost adjustment and high- level transition. By spring 2019 MHCLG would publish potential indicative allocations for each authority.

Rurality/Sparsity may be employed in the area cost adjustment which Pixel felt was not necessarily favourable to the rural case and may need to be contested. Damping -Transition -may gradually be released over a 4 – 5 year period. The Department of Transport data on journey times could be used within the formula.

The Authorities being approached to work with Pixel were:
Districts - West Devon, South Hams, Selby and
Counties & Unitaries – Wokingham, North Yorkshire, Cornwall, Cumbria and
Oxfordshire.

The Pixel work – which was a joint RSN/CCN commission - would be completed by the end of July. Their work would then be shared with the rural group of MPs.

7. Fire Service Group

Graham Biggs raised the situation regarding the Fire Group. It was felt rural research work would be of real value but many of the Fire and Rescue Services had been reluctant payers sometimes. It was decided to write to the Group of 12 saying unless objection was raised by a set date, work would be commissioned and appropriate reimbursement would be sought.

8. Report on the Work of the Rural Services APPG

Graham Biggs reported on the Community Transport work which had involved the Transport Minister directly and the plans for July meetings to prepare a case for the rural aspects in response to the proposed Green Paper on future Adult Social Care Funding.

9. Rural Conference 2018 – Progress Report

The Chief Executive detailed the proposals. The programme would go live very shortly. A front line overall sponsor was being sought together with exhibitors. It was agreed that any front line sponsor would be allowed to address the Conference for a ten minute period.

10. RSN Budget 2017/18, 2018/19 and 2019/20

The Chief Executive presented budget papers showing the current position. Two Authorities had sought to leave and this position could not have been anticipated. The available balance at the end of the current financial year was now very slim. The Chief Executive detailed the RSN/Rural England position and notified members that the Policy Director was now in post, looking to concentrate on obtaining more income through RSP and Rural England Supporter recruitment.

11. Rural Panel and Rural Sounding Boards Verbal Report

David Inman gave a full report. It was hoped a partnership could be established with Gloucestershire University between Rural England and the CCRI for expansion work to be carried out by the University widening the existing panel, particularly by the incorporation of more young people. Two further surveys would be undertaken in July and in the Autumn to seek to do this.

The Sounding Board work was proceeding and working arrangements with UK Youth and the Rural Business Awards Group were being sought which would allow Young Persons and a Small Business Sounding Boards to be set up.

12. Regional Meetings Update

The third meeting and seminar in the North East was due to be held later in the week following the West Midlands and South West ones. These regional events did appear to be working well and were being well received. At each event some 20 to 25 Councillors had been present.

13. LGA – Post Brexit Commission – Analysis of Responses

Eight replies had been received back and it was felt these gave an accurate snap shot of member consideration of the position. These, it was felt, would be really useful towards the preparation of a rural strategy.

14. RSN Statement on GDPR

A document in relation to GDPR was tabled and agreed by the Executive and formally adopted by the RSP Directors.

15. New News Arrangements – The Bulletins

The Executive had been considering the Group's Communication Strategy for some time and Officers had been considering previous feedback. They presented to members an option for a combined publication which would be sent out every Tuesday.

The intention was:

- (a) To prevent the current situation, where members received information frequently (at least 3 times) during the week (it was felt this might lead to some information getting lost).
- (b) That information would be strengthened because it would be able to use the details and style of the new website.
- (c) That as much information as possible was provided 'in house'. The new arrangement would go under the title of 'The Rural Bulletin' and it was hoped would provide a definitive rural product once a week that would be fully recognised across rural areas.

The Executive approved the change. Enquiries would now be made to test the going market rate for the news service being provided to the Group to ensure RSN received continued value for money.

16. Proposed New Arrangements – RSP

It was accepted that work was necessary to revitalise the RSP and thought had accordingly been given as to how the RSP could operate in a slightly wider way.

It was decided that in future the RSP would have two meetings a year (one being the AGM) concentrating on RSP issues but mainly around topics pertinent to the consideration of Rural Vulnerability and the related service implications.. These meetings would be chaired by Rev Richard Kirlew, as the current RSP Chair.

The drive would be to make Rural Vulnerability and its service and community implications a central plank of the Organisation's work at MP (Rural Vulnerability Group of MPs) RSN (Social Care and Health meetings) and at research (Rural England) level in an annual meeting of RE Supporters' consideration of the topic.

17. New Members from the North East

Cllr Trevor Thorne from Northumberland Council would be approached to see if it was possible to interest him becoming involved with the Group to ensure North East coverage on the Executive. Any formal decision would be for the AGM in November.

Summary of responses to rural public transport survey

The Rural Services Network (RSN) has opened a dialogue with the Department for Transport (DfT) to consider the future of local bus services in rural areas. In preparation for this, DfT has requested information from RSN's constituent authorities on two particular topics – the nature of the commercial and contracted bus operations in their areas, and take up of the "Total Transport" concept.

These questions were put to the RSN membership in Spring 2018 and the following is a summary of the responses received.

What proportion of services are commercial and what proportion tendered (supported) – and how has that changed recently? (reported by total mileage unless noted otherwise)

Authority	commercial	tendered	change
Bath & North East Somerset	90%	10%	nil last 2 years
Devon	80%	20%	not since 2015
East Riding of Yorkshire	88%	12%	nil last 2 years
East Sussex	>90%	<10%	not since 2015
Essex	85%	15%	loss of commercial services/operators
Gateshead	88%	12%	
Herefordshire (pax journeys)	40%	60%	both in decline
Isle of Wight	100%	0%	no change last 2 years
Lancashire	90%	10%	budget up 50%
Leicestershire	vast majority		currently consulting on budget cuts
North Somerset (routes)	80%	20%	
Staffordshire	95%	5%	from 85%/15% last 2 years
Worcestershire (routes)	76%	24%	minimal change last 2 years

Typically 2015 is when cuts were made to tendered service budgets with approx. 50% reductions in many cases

What take up has there been of Total Transport?

Bath & North East Somerset	Mainstream bus/schools integrated. Problems when trying to integrate non-emergency patient transport
Devon	Bus and non-emergency patient transport integrated successfully now looking at adult social care
East Riding	Good community engagement with parish transport champions – good potential
East Sussex	nil
Essex	nil
Herefordshire	Mainstream bus/schools integrated
Isle of Wight	Good integration of commercial volunteer and community transport including integration with health and social care
Lancashire	Commercial, community transport, dial a ride and Council fleet integrated
Leicestershire	See difficulty in achieving this using community transport; need for sophisticated IT booking and management systems
North Somerset	Mainstream bus/schools integrated
Staffordshire	Bus and non-emergency patient transport success; private education resource has proved difficult
Worcestershire	Community transport services for health facilities

Other points

Bath & North East Somerset	Dial a ride covers most of council area; looking at rural taxi feeders
Devon	Devolved BSOG helps with network support
Isle of Wight	Also looking at innovative methods for medical supplies delivery etc.
Staffordshire	Interested in taxi integration/feeders for rural

General:

Many authorities concerned about uncertainty over Community Transport services following the recent clarification of the legal status of these.

Short term challenge schemes/funds not favoured – long term funding solutions needed.

There is a general desire to explore ideas with DfT and work towards new solutions.

	B	C	D	E	F	G	H	I
2	RSN (INCOME & EXPENDITURE) 2018/19 AND							Attachment E
3	ACTUAL TO END MAY 2018 AND							
4						ACTUAL	ESTIMATE	ACTUAL TO
5						END 2017/18	18/19	END MAY 18
6	INCOME					£	£	
7								
8	DEBTORS FROM PREVIOUS YEAR (NET OF VAT)							
9	SPARSE/Rural Assembly held by NKDC at year end					2873	5345	3000
10	SPARSE Rural Assembly Outstanding NK)					745	2645	
11	RHA - Website Contribs.						300	300
12	RSP Subscriptions					990		
13	Rural Crime Network					5918		
14	Rural Health Conference					175		
15	Coastal Communities Alliance (Gross)					1037		
16	CCN re Bexit Roundtable						381	381
17	Rural England Website Re-charge						2241	
18	SPARSE Rural/Rural Assembly					269267	303344	124366
19	Ditto Held by NKDC at Month End							58017
20	RSN Extra £350Levy							12950
21	Extra Levy held by NKDC at month end							7350
22	RSP					9679	9170	5535
23	Commercial Partner First Group Buses					10000	10000	
24	Income from Rural Housing Group					6895	8135	5185
25	Income from Fire & Rescue Group					1985	1390	
26	OTHER INCOME							
27	Conferences/Seminars					9427		
28	Rural Conference Income							
29	Rural Conference Surplus						4000	
30	Assumed additional Income Generated						4500	
31	Recharges ro Rural Crime Network (5 months 17/18)					4063		

	B	C	D	E	F	G	H	I
32						ACTUAL	ESTIMATE	ACTUAL TO
33						END 2017/18	18/19	END MAY 18
34						£	£	
35	Contras re RCN@					1895		
36	Recharges to Rural England Back Office Support £1200)					1200	1400	
37	RE recharge re Amazon Contract					3500		
38	RE recharge re Elec NW Commission					1375	1100	
39	Coastal Communities Alliance Gross)					4150	4358	
40	Contributions to RHA Website Development/Maintenance					3280		
41	Miscellaneous							
42	Contras					15089		214
43	VAT							
44	VAT Refund					10983		694
45	VAT Received					10996		2280
46	TOTAL INCOME					375522	358309	220272

	B	C	D	E	F	G	H	I
47						ACTUAL	EST	ACTUAL TO
48						END FIN YEAR	2018/19	END MAY 18
49	EXPENDITURE					£	£	£
50	VAT Paid on Goods & Services					18255		5736
51	VAT Paid to HMRC					178		
52	General Provision for Inflation							
53	NET WAGES & CONTRACTS FOR SERVICES							
54	Corporate Management				DI,GB,AD, JT, 100% KB 40%	74531	109283	16041
55	Finance/Performance and Data Analysis				, DW, 100%, KB 20%	29456	30045	4024
56	Communications (incl Seminars)				RoseR,RCM,,AD3 100%	6503	8530	255
57	Additional Comms Activity by RCM					4003	5763	
58	Administrative and Technical Support				RI, WI,WC,BA,MB 100%	53902	55349	7918
59	Research and Monitoring				BW, JH, 100%	10238	8950	
60	Service Group Networking				KB40%	8432	8601	1184
61	Economic Development Service				AD5 100%	5100	5100	850
62	Coastal Communities Contract					3650	3650	
63	Rural Communities Housing Group				AD2 100%	6630	6630	1105
64	Rural Transport Group				AD6 100%	2040	2040	340
65	Employee Deductions							2230
66	Less March 19 Employee Deductions						-2146	
67	Provision for Inflation on Contracts (2% p.a.)							
68	PAYE - Employers NIC (11 mths)						8269	
69	PAYE ADMIN (Accountants)						252	
70	NEST PENSIONS (Employee & Employer in Actual to date)						2533	505
71	OTHER EXPENDITURE							
72	Budget for Brexit Project					1421		
73	Rural Fair Shares Campaign etc.					9646	7500	
74	Pixell Financial Service (core Annual Service)						8500	
75	Fair Shares and Other Campaign Media Relations						2000	

	B	C	D	E	F	G	H	I
76	SPEND FROM VOL CONTRIBS (BUSINESS RATES)					8500		
77	SPEND FROM 2018/19 £350 VOL CONTRIB							1958
78	Conferences/Seminars							
79	Rural Conference 2018					9329		330
80	Rural Conference Drinks Reception					1300	1000	
81	Seminar Costs					972		
82	Regional Meetings/Seminars					404	2000	
83						ACTUAL	EST	ACTUAL TO
84						END FIN YEAR	2018/19	END MAY 18
85						£	£	£
86	Service Level Agreements							
87	RCN -CONTRAS @					1425		
88	Rural Housing Group (RHG)					955	1000	121
89	RHG Website Maint					345	1224	204
90	RE Website Maint						2040	340
91	Rural England CIC to re-charge)					786		
92	Rural Inland CIC transfer of part of First Group Support					7000	7000	
93	APPG/Rural Issues Group Costs					487	500	200
94	Parlia Rural Vulnerability Group					199	500	
95	Rural England/Vulnerability Service Contrib					3000	3000	
96	Business Expenses							
97	RSN Online etc.					13569	18239	
98	Database Update (media contracts)							
99	Website Upgrade					4750	250	
100	Ongoing Website Updates							
101	Travel and Subsistence					20765	17500	4920
102	Print, Stat,e mail, phone & Broadband@					5549	4000	670
103	Meeting Room Hire					3618	1000	160
104	Website and Data Base software etc					3757	3000	201

	B	C	D	E	F	G	H	I
105	Rent of Devon Office & Associated Costs					5119	7800	1265
106	Accountancy Fees					740	800	118
107	NKDC Services						2525	
108	Companies House Fees					13	13	
109	Bank Charges					78	90	13
110	IT Equipment & Support & Other Capital					1701	1000	
111	Insurance					597	650	55
112	Corporation Tax							
113	Membership of Rural Coalition					250	250	
114	Refunds of Overpayments/ Contras@					13693		291
115								
116						ACTUAL	EST	ACTUAL TO
117						END FIN YEAR	2018/19	END MAY 18
118						£	£	£
119	ARREARS - PREVIOUS FINANCIAL YEAR							
120	Regional Meetings/Seminars						450	450
121	Rural Housing Alliance					792		
122	NKDC						2345	
123	Contract for Service (ADMIN)					1775	1660	1660
124	Contracts for Service (CORP MAN)					1100		
125	Communications					500	500	500
126	Extra Media by RCM						963	963
127	Rose Regeneration					333	2000	2000
128	Seminar Costs					71		
129	PIXELL					5203	13000	13000
130	B Wilson Arrears					3525	2350	2350
131	RSN Online arrears					9874	4523	4523
132	RHA website Maint						300	300
133	Travel and Subsistence arrears					1281	823	823

	B	C	D	E	F	G	H	I
134	Printing, Phone and Stationery (arrears)						13	9
135	Office Costs					3424	6748	
136	Data base etc (arrears)					1130	433	433
137	Rural England					8		
138	TOTAL EXPENDITURE					371902	382338	78045
139								
140								
141	TOTAL INCOME					375522	358309	
142	LESS TOTAL EXP					-371902	-382338	
143	DIFFERENCE BETWEEN IN YEAR INC & EXP					3620	-24029	
144	ADD GEN BALANCE BROUGHT FORWARD					13755	25875	
145	ADD RESERVE BALANCE B/FWD					8500		
146	BALANCE CARRIED FORWARD					25875	1846	
147								
148								
149								

**Notes from the Rural Services Network
North East Regional Seminar/Meeting
Kindly hosted by Durham County Council
25th May 2018**

Present

Cllr Kevin Beaty, Eden District Council – Chair of the meeting
Cllr Heather Liddle, Durham County Council
Cllr Joanne Carr, Durham County Council
Cllr John Shuttleworth, Durham County Council
Cllr John Clare, Durham County Council
Helen Wright, East Riding of Yorkshire Council
Cllr Patricia Jopling, Durham, County Council
Graham Black, Durham County Council
Cllr Ossie Johnson, Durham County Council
Cllr Eunice Huntington, Durham County Council
Ian Hunter, Littoral Arts
Claire Watts, East Riding Council
Clive Gray, Blyth Tall Ship
Tony Kirsop, Northumberland County Council
Cllr Marianne Overton, Lincolnshire County Council & North Kesteven District Council
Ivan Annibal, Rose Regeneration
Andy Dean, RSN

1. **Apologies:** Due to the amount of apologies, these can be [downloaded here](#)

2. **Introduction**

Kevin Beaty welcomed everyone, setting out the context for the meeting and the benefits of RSN in relation to financial and other outcomes.

3. **Andy Dean, Assistant Director RSN**

Andy set out the background to the operation of RSN and its services. Helen Wright asked whether RSN have connections with the Regional Food and Farming Networks. It was confirmed that some connections do exist but that the operation of these Networks varied across the country.

In response to a question about the Rural Housing Alliance, Andy confirmed that this is a network of 35 Housing Associations with a rural specialism for which RSN provide the secretariat. 20 of the members were also members of RSN, one of which is North East based.

4. **Claire Watts, East Riding Council – Measuring Impact**

Claire outlined the approach developed in East Riding to measure the impact of economic development, particularly in rural areas. This recognised the need to include social as well as economic value as a mechanism for analysing the wider impacts of service and investment decisions.

The Joseph Rowntree Foundation have developed an 'Inclusive Growth Monitor' for use at the geographic level of Local Enterprise Partnerships (LEPs).

The model developed by East Riding Council, in partnership with Rose Regeneration, is called the 'Social Value Engine' (SVE). This uses financial proxies to arrive at an estimate of impact. For example, an analysis of the Council's homelessness service demonstrated that every £1 invested generated £11.59 in social impact.

Claire confirmed that the SVE methodology had already been used to accompany funding applications and influence funders. Northumberland County Council have also found SVE to be a useful tool.

5. Clive Gray & Tony Kirsop, Blyth Tall Ship project

Tony introduced himself and the social enterprise background to this project. 2019 will mark the 200 year anniversary of the discovery of Antarctica by a Blyth based vessel. The Blyth Tall Ship project set out to work at the heart of the local community and to inspire the hearts and minds of local people. The project has evolved into a dynamic skills and employability initiative with the refurbishment of a second hand tall ship from Denmark at its heart.

The project now trains 40 young people per annum with 30% moving direct into employment and 40% into further education. Training is to NVQ levels 1, 2 and 3. The project employs just 5 people whilst utilizing an extensive bank of 80 local volunteers.

Clive Gray has led the project since its inception and has been pivotal to the success so far. A specific issue was raised in relation to funding from the Skills Funding Agency which does not recognise the subjects taught at the project. This means that only Level 1 qualifications have been able to register with the Skills Funding Agency for financial support.

During discussion the opportunity to work with small niche companies was recognised together with success in developing entrepreneurialism as well as employment.

6. Councilor Marianne Overton – A perspective on rural economic development

Marianne introduced the role of the Local Government Association (LGA) in supporting member initiatives and spoke about some of the challenges of seeking funding through Government from an LGA perspective. Local authority commercialisation was identified as a very important agenda in this context. Marianne suggested that increasing housing isn't the solution to local economic development but that matching infrastructure is the challenge in this context.

The importance of the new 'UK Shared Prosperity Fund' was identified with the LGA keen to ensure the dividend from investing in the EU is returned to local authorities. Marianne suggested that new funding should be linked to local need in the context of this dividend. IN relation to consultation regarding the future replacement of the Common Agricultural Policy (CAP), Marianne reported that the LGA has put a case for local authorities to receive some of these resources in the context of local economic development.

The role of the Council of the Regions was seen as important in the context of the EU. It was suggested that the loss of this mechanism could diminish the voice of local government overall.

Marianne also identified the National Planning Policy Framework as an important issue from the economic development perspective.

7. Issues raised through discussion:

Specific points raised included the following:

- The planning system can prove restrictive, particularly in relation to definitions used for so called 'sustainable settlements.'
- The relationship between neighbourhood plans and the NPPF needs careful explanation and understanding. In this context it was noted that a North East regional event was taking place on 20 June concerning community-led, affordable housing. The booking link for this event is: <https://www.eventbrite.co.uk/e/north-east-community-led-housing-conference-tickets-46062944507>
- The need to address the lack of implementation associated with numerous planning permissions in the context of land-banking was raised along with Local Plan weaknesses in terms of the need for a 5 year land supply and the erosion of developer's obligations to provide affordable housing. It was noted that land-banking can relate to retail development as well as housing.
- Emerging from a rural Brexit roundtable exercise, RSN had identified a need for a dedicated 'Rural Strategy' as a focus for government policy towards rural communities and their economies. A draft was currently under development.
- In the context of local authority agendas in relation to local action, sometimes functioning economic geographies or environmental geographies are important rather than local authority boundaries.
- The recent announcement of a House of Lords Select Committee looking into the Rural Economy was noted. RSN will be feeding into this direct.
- It was important to note that the private sector is stepping back from service provision in many rural communities meaning that there is a need to influence the private sector too.
- The social enterprise approach will be part of the solution to rural economic development. This requires a different series of delivery models which should be recognised by local authorities. "There has never been a greater need for innovation in delivery of local services." It was noted that this is the very theme of the RSN Rural Conference scheduled for September details of which will be announced shortly.
- Devolution of funding was seen as critical to successful delivery of rural economic development in the future and efforts to attempt to achieve this were applauded. Local solutions are required in local areas.
- With respect to County Durham, it was felt very strongly that the rural nature of much of the county should be recognised. It was perceived that Durham often seems too urban to benefit from rural-specific funding and vice versa.

- It is important to learn from previously successful pilot programmes when developing new government initiatives. The Rural Growth Network programme in the North East was identified as one such successful pilot.
- It was agreed that any additional comments which members wished to make could be sent via email to RSN.

Durham County Council were thanked for hosting the meeting and all members for their attendance and positive contributions.

Appendix E

Post-Brexit England Commission – Call for Evidence

On 28 February 2018, the Local Government Association (LGA) launched a call for evidence from non-metropolitan areas to feed into its Post-Brexit England Commission. The extract below sets out the background to the call for evidence.

On 29 March 2019, in just over a year's time, the United Kingdom is scheduled to withdraw from the European Union. While the terms of Britain's departure and indeed its future relationship with the remaining EU27 continue to be subject to detailed negotiations, it is clear that preparations for Brexit and its implications are likely to dominate the legislative and political agenda for much of the next decade.

However, while Brexit will present a range of risks and opportunities, it is crucial to recognise that, whatever the shape of the final deal, the country will face a number of significant long-standing challenges such as flat-lining productivity, rising intergenerational inequality and unevenly distributed demographic change. And because the combination of these challenges will impact each part of the country differently, it is clear that national top-down solutions will not work; they can only be effectively addressed at the local level.

Non-Metropolitan England¹ makes up 62 per cent of England's population, provides 56 per cent of England's Gross Value Added and between 2010 and 2015 increased its GVA per head by 13 per cent, double the rate of growth of London.² Yet despite being the economic backbone of the country, thus far the Government has proved unwilling to devolve significant power beyond a select number of city-regions.

The Local Government Association's People and Places Board, the body responsible for representing non-metropolitan councils in England, believes that the time is now right to reassert the case for devolution to non-metropolitan England and to consider in detail what local powers and resources will be required if we are to achieve the best possible outcomes for communities and businesses across the country.

Set out below are some of the key areas the Post-Brexit England Commission will explore, with examples of where the LGA believe local councils in non-metropolitan areas can make a real difference in helping to deliver:

- improved productivity and increased inclusive growth;
- a better skilled workforce;
- more effective employment services;
- better transport and digital infrastructure;
- more and better housing;
- increased exports and foreign direct investment; and,
- tailored public services that meet the specific needs of deeply rural areas.

LGA, February 2018 <https://www.local.gov.uk/devoforall>

A number of members of the Rural Services Network (RSN) responded to this call for evidence. The key elements of these responses are summarised below.

Improved productivity and increased inclusive growth

- Strong support for the joint commitment between local authorities and LEPs with a number of examples outlined where this works in practice.
- Real opportunity exists for the UK to review and adopt a policy for food and farming which regulates and supports the agricultural sector effectively, and which is tailored to the UK's unique farming landscapes.
- The agricultural and food sectors are very important but rural economies are very diverse and should not be pigeon holed as just about farming and the environment.
- Similarly, the prevalence of small businesses and self employment reflects a wide variety of activities including high growth and innovation. A simplistic view of such enterprises as 'lifestyle businesses' is incorrect.
- Small amounts of funding can have a significant impact and funding programmes need to be able to be responsive to such a variety of business activity in terms of sector and business size.
- There is a requirement for good quality, coordinated business support to make the most of rural economic opportunities.
- Disappearing EU funding, coupled with the continuation of local government cuts, will have a massive impact on the level of support and creation of new assets to promote business growth; this may have impacts on productivity, job creation, turnover etc. Many local authorities rely on current EU funded programmes to deliver support to local businesses (revenue and capital.) There is a real risk that the current benefits and economic impact of these investments will be lost if new programmes do not effectively replace them.
- Brexit presents an opportunity to devise policy objectives that better-reflect England's economic circumstances than the structural funds have allowed. Local decision making, local accountability and local flexibility will be key elements of any successful new programme.
- Some call for single-pot investment programmes that can achieve a holistic approach to economic development that is efficient and inclusive and has maximum impact.
- Measurement of impact by outputs should shift to one by outcomes to avoid distorting the apparent value for money of grant in rural areas.
- Broadband, digital and mobile connectivity are critical issues for rural areas, their productivity and growth.

A better skilled workforce

- Some rural areas have the highest aggregate exposure to structural labour market risks – migrant labour supply, automation of manual jobs and skills base – often caused by high concentrations of jobs in food production and the tourism/hospitality sector where wages are low.

- Shortfalls in workers is already being reported and production of some crops is at risk. Farmers and food producers say there are not enough workers available to meet current needs.
- Government plans to invest in research and development to increase farm productivity is welcomed.
- Many rural areas have high concentrations of jobs in manufacturing which is particularly vulnerable to changes in global trading terms.
- Numbers of people in rural areas are often insufficient to justify college and other training provision. Coupled with transport difficulties (particularly in no car or one car households) the availability of appropriate training is a major concern.

More effective employment services

- Transport to jobcentres and jobs/training is a major issue for many people out of work.
- Centralisation of employment services has made accessibility from rural communities even more difficult leading to real problems.
- Key issue is the numbers of people affected in rural areas tend to be small and geographically spread out making it expensive for providers to deliver support.

Better transport and digital infrastructure

- Broadband and digital connectivity is seen as fundamental to economic growth in rural areas. This point is reinforced in all the submissions made.
- Superfast broadband and mobile infrastructure needs to cover all areas not just urban settlements.
- Road and rail improvements and resilience are key as is radically improved provision of public transport to and from rural areas. An over reliance on the car puts certain employment locations out of the reach of many rural settlements. Dealing with this properly will help inclusive growth.

More and better housing

- Any shift in population trends (e.g. reductions in the number of migrant workers) might have an impact on housing demand. Keen to work with the LGA and others on understanding these shifts in greater detail.
- Development of new homes will require a substantial investment by developers and it will require a qualified workforce. Should there be a significant reduction in non-UK construction workers this will impact on the ability to achieve housing targets.
- Truly affordable homes are needed for local people and for workers.

Increased exports and foreign direct investment

- A recent study of the longitudinal small business survey by Rural Enterprise UK (part of Newcastle University Centre for Rural Economy) showed that rural businesses are more likely to export and more likely to produce products which are 'export ready'. Of those that do export, around 35 per cent of the average turnover comes from exports. However, some of the main barriers are around e-commerce, marketing and regulation. Similarly there are areas of concern from businesses whose 'made in the UK' product requires input from the EU.

- Export support tends to focus on getting companies out to visit new markets, where really it should be focusing on helping companies be able to adapt their product to the needs of different markets.

Tailored public services that meet the specific needs of deeply rural areas

- Fundamental importance of broadband, digital and mobile connectivity.
- The predominance of small businesses in rural areas is frequently not provided for in national and regional funding and support service provision.
- Ageing population is changing to both the labour force and the nature of work. This impacts on rural areas more than urban areas.
- Access to funding is key to rural businesses and the withdrawal of RDPE funding will have a significant impact. Similar funding programmes tailored to working with large numbers of small businesses will be imperative if we want to see continued job creation from a diverse range of SMEs.
- The health and social care sector is particularly likely to be affected as a consequence of Brexit. Whilst the proportion of EU nationals taking on jobs in the NHS in some areas has risen, the number of those leaving has also increased creating a significant concern for the post Brexit period.

LEP views

A number of rural LEPs are collaborating in order to identify Brexit implications to the rural economy and to inform discussions as they take place on the shape of the planned UK Shared Prosperity Fund. Identified common challenges can be grouped into four areas:

- **Workforce:** In particular a dependency on migrant labour. This is not restricted to agriculture.
- **Future Funding:** This includes the role of rural in the Industrial Strategy and the Shared Prosperity Fund, and ensuring the model is rural proofed. LEPs are committed to ensuring that the contribution of the rural economy is fully understood.
- **Rural Productivity :** The need to drive productivity in rural areas
- **Rural Delivery:** Understanding the additional challenges of delivering in rural areas, both from a service and a business support perspective.

EU legislation

A raft of legislation and regulation will be affected by Brexit and changes need to be monitored in detail. This includes trade agreements, environmental legislation, procurement, data protection, employment & equality, clay & waste regulation, bathing water quality and many more.

Rural Services Network: Update on the review of local government funding

1. The Government is reviewing the funding of local authorities and the operation of the Business Rate Retention Scheme (BRRS), both of which will be implemented in 2020-21. The latest papers from these reviews are available on the LGA website:

<https://www.local.gov.uk/topics/finance-and-business-rates/business-rates-retention>

2. In this briefing note, we cover the latest meeting of the Technical Working Group on the Fair Funding Review (18 May 2018) and the Implementation Working Group (22 May 2018). Specifically we consider the implications for rural authorities.

Fair Funding Review (18 May 2018)

NR TWG 18-07: Discussion paper regarding the Public Health Grant allocation formula by the Department of Health (18 May 2018).

3. Public health grant was transferred to local government in 2011, and it is proposed that it will be funded from retained rates from 2020-21. Current allocations are broadly based on those that were given to primary care trusts, and therefore largely reflect the way that the NHS used the funding.
4. The Department of Health (DH) is reviewing the formula prior to its transfer. It looks likely that it will revert to the formula that it created in 2015 – but did not implement. That approach will lead to a formula that more closely reflects the way that local authorities use the grant. It will also use a larger number of specific services, categories and components. And will rely less on generalised link to deprivation.
5. From the information that has been made available it is not possible to predict the effect that this review will have on distribution, and whether it will favour rural authorities. It should certainly be a more relevant and technically defensible funding formula. And the move away from a general deprivation-linked approach ought to favour rural authorities.

NR TWG 18-08: Discussion paper on the fire funding formula by the NFCC (18 May 2018).

6. The National Fire Chiefs Council (NFCC) has reviewed the current fire formula, which was last updated in 2008-11. The current formula is based on a correlation between deprivation and the number of calls/ incidents. Whilst this relationship is likely to remain at the core of the new formula, the NFCC wants to expand the formula to include an assessment of risk, and to encompass non-fire incidents, which are now a large part of work of fire authorities. The latter is correlated more with road length and traffic flow than with deprivation.

7. Generally, this approach might increase the share of funding for rural authorities, particularly those with large and busy road networks. The potential for more judgement might also help. The paper also makes a direct reference to sparsity: it states that sparsity should be included either as a top-up or in the area cost adjustment. Most importantly, though, it states that minimum response times mean that there has to be a reasonable level of service provision even in rural areas (e.g. more area locations, retained staff).
8. There are some risks for rural authorities with long coastlines. The NFCC is concerned that coastline has too high a weighting currently, and that there is some duplication with sparsity.

NR TWG 18-06: Summary of the responses to the consultation on relative needs and next steps for the review by the Ministry of Housing, Communities and Local Government (18 May 2018)

9. There was nothing really surprising in the MHCLG's response to last December's consultation paper: this suggests that their proposals will go forward more or less intact. The consultation has not unearthed any new data set or striking insight.
10. However, the paper does make the point that sparsity and density are increasingly being linked, with the conversation becoming more about travel times. It was always to be expected that there would ultimately be greater focus on density. It is important, however, that the MHCLG recognise that the costs of sparsity are wider than just travel times.
11. For rural authorities, concessionary fares is a classic example of unmet need because the current formula is based on current usage. An alternative would be to use population rather than usage.
12. Many authorities have said that the "fixed cost" factor is important – and indeed for districts and smaller councils generally it is, particularly in rural areas.

NR TWG 18-09: Discussion paper regarding the divergence of relative needs over time by the University of Essex / LGA (18 May 2018)

13. The LGA has commissioned the University of Essex to update the 2013-14 funding formula with the latest population, demographic and other data. 2013-14 was the last time that the funding formula was properly updated.
14. Only some of the datasets could be updated in the researcher's modelling, largely because benefits data is no longer available in the same format (because of Universal Credit). However, the impact of updating the formula is highly disruptive and will lead, in itself, to a "high divergence in assessed relative need". The results show a local authority increase of up to "27 per cent, and a drop of up to 19 per cent. For 52 per cent

of authorities, the change would have been within plus or minus 4 per cent. For 38 per cent of authorities the change is greater than 5 per cent in either direction”.

15. The paper suggests that once taxbase and other indicators are updated the huge swings in funding distribution will be mitigated. Our view is that this is very unlikely and that a simple updating of the current funding formula will lead to very large and disruptive changes in funding. The effect on the type of authorities is not made clear in the paper, and so we do not know how rural authorities have fared. We do know that some rural authorities have below average population growth, and it is these authorities that will potentially lose-out from the updating of the current formulae.

NR TWG 18-10: Criteria for evaluating Fair Funding Review proposals by the LGA (18 May 2018)

16. The LGA is proposing a set of criteria that would allow it to evaluate proposals for the future funding formula. Those criteria proposed in the paper will not surprise anyone: simplicity and transparency; completeness; credibility and future-proofing; and distributional impact. In theory, such a framework will help the LGA to engage in the review process without being drawn into any distributional arguments.
17. One paragraph that is interesting is the final one: “LGA politicians might in the future wish to specify a percentage change in funding which they would deem is practically impossible for any one local authority to handle over a short transition period.” This has practical implications both for the pace-of-change that individual authorities can handle, and for the design of any damping arrangements.

NR TWG 18-12: Progress update on the Children’s services research project (18 May 2018)

18. This hugely important research project has received permission to access various datasets, and will start working with 5 pilot authorities. Ultimately the researchers will obtain data from 40-50 authorities. Given the scale of the data collection/ matching, the research project is unlikely to conclude until Summer 2019, with exemplifications not until the Autumn.

Implementation Working Group (22 May 2018)

Terms of reference/ work programme.

19. Detailed work on the BRRS will take place over the Summer and into the Autumn. A consultation paper is expected in the later part of this year or in early 2019. New baselines might be published in October or November 2019, but will not be confirmed until the provisional settlement in December 2019.

Reset 2020: Setting Business Rates Baselines – Issues (Paper: IWG (18-05) 1-01)

20. This paper outlines how the Business Rate Baselines (BRB) were set in 2013-14, when the current system started, and the options for re-setting each authority's BRB in 2020-21. We are expecting that will be a full (100% baseline reset), although this paper does not say definitively that there will be a full baseline reset.¹
21. In 2013-14 baselines were established using a "top-down", "two-stage" process. A national Estimated Business Rate Aggregate (EBRA) was calculated, based on the expected amount of business rate income nationally in 2013-14, and this was then apportioned to each authority to create individual baselines.
22. The paper discusses the decisions that have to be made in order to create new baselines for authorities:
 - How should business rate income be measured? 2013-14 baselines were based on an average of 2010-11 and 2011-12, but improved recording now means that it ought to be possible to rely on 2018-19 alone. MHCLG will only use NNDR3 returns, not NNDR1s.
 - Should there be any adjustments to business rate income before creating baselines? There are good reasons for making adjustments to various elements within Non-Domestic Rating Income, including transitional relief, appeals, non-collection and prior-year effects. Adjustments to appeals will have the greatest redistributive effect; broadly, any use of actual appeals data will tend to favour more urban authorities.
 - Should authorities benefit from growth in 2019-20 and 2020-21? There are options in the paper that would remove – or limit – any growth that authorities would be able to retain from these years. To do this, there would have to be revisions to the baselines in 2021-22 based on the 2019-20 NNDR3. This would adversely affect any authorities with high business rate growth, particularly district councils.

Reset 2020: Setting Business Rates Baselines – Measuring Income (Paper IWG (18-05) 1-02)

23. This paper sets out some of the problems inherent in measuring business rate income. An estimate of business rates income will have to be made to create both the national business rates baseline and those for individual authorities.
24. Most of the issues are technical, but there is one in particular that has rural implications. MHCLG recognises that there has been a consistent upward trend in mandatory reliefs. By including them in the baselines at a point in time, the future growth in those reliefs is

¹ Indeed, options for either a partial or rolling baseline reset will be explored in future meetings. Both these options are more complicated.

effectively (unfairly) under-valued in the baselines. We are not sure whether MHCLG will want to deal with this in the setting of baselines or elsewhere in the system. If MHCLG do take this into account, it will be good for authorities with high and growing levels of mandatory reliefs (many of which are rural authorities).

Business Rates Growth (Paper IWG (18-05) 1-03)

25. MHCLG has produced some analysis to help understand the drivers for business rate income. The model that MHCLG has produced is very useful (for individual authorities, and the sector generally), and the exercise might produce some insights into the drivers of business rate income that are not already available.

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12 June 2018

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