



## SPARSE: Costs of Providing Services in Rural Areas

29 June 2011

# Format of presentation

- Background/approach
- Sparsity in the local government finance system
- Service pressures associated with sparsity
- Potential scale of additional costs
- Next steps

## Background/approach

- Commenced research for SPARSE in Feb 2011
- Set in the context of Local Government Resource Review
- Key aim is to consider the “rural premium”
- Confirm the need for sparsity funding
- Combination of analysis, literature review, survey data
- Not detailed statistically representative sampling
- Range of local authority services

## Services considered

- Fire services
- Waste collection/recycling
- Domiciliary care
- Home-to-school transport
- Primary education
- 'Visiting' services e.g. housing benefit/council tax; nuisance pollution; premises inspection
- (i) Urban (>£10k), (ii) Town & Fringe, (iii) Village, Hamlet & Isolated Dwellings

## Current use of sparsity

- Based on proportion of population living in areas with 'less than' or 'between' specified number of people per hectare
- Different 'thresholds'
- Different 'weightings'
- Even where weighting higher, also depends upon proportion of population applied to e.g. density vs. sparsity

## Estimate of sparsity within the funding system

- Total for 2010/11 around **£742m (only 0.9% of indicators)**
- **£357m** local authority central education - 12% of total vs. 10% for deprivation
- **£33m** older people's personal social services (0.4% vs. 33% deprivation, 8% age)
- **£351m** environmental, protective and cultural services (4% of total vs. 20% density, 22% deprivation)
- Of this sparsity funding, SPARSE members receive **£417m (56%)**
- Also within Dedicated Schools Grant for primary pupils

# Illustrations for Authority Types

Authority Type	Name	Sparsity Funding	Sparsity per Head	% of total RNF
District	Eden	£2.5m	£48	27%
County	Rutland	£2.3m	£61	9%
County	Herefordshire	£12.0m	£68	8%
Unitary	East Riding	£13.9m	£42	5%
Metropolitan	Doncaster	£5.3m	£18	2%
Outer London	Bromley	£600k	£2	0.3%
Inner London	Greenwich	£60k	25p	0.02%
<b>SPARSE</b>	<b>All members</b>	<b>£417m</b>	<b>£23</b>	<b>6%</b>

- Only Islington; Kensington & Chelsea; Lambeth; Tower Hamlets; and Haringey receive zero sparsity funding

## Literature review

- **Need** e.g. deprivation often spread out/hidden; higher fuel poverty; low-wage sectors; mental health concerns
- **Benefits take-up** e.g. pension credit non-recipient 7% higher in rural; FSM urban 19%/33% and rural 7%/25%
- **Access** of core education, care, health, as well as amenities e.g. GP surgery -20%; NHS dentist -43%; primary -18%, secondary -50%
- **Health** outcomes impacted by rurality e.g. distance to screening/treatment centres/support
- **Market choice** - challenges in benefitting from personalisation agenda
- **Technology** - lack of high speed broadband connections



# Key issues impacting on service delivery/costs

- Relatively little supporting evidence on cost implications
- Time to attend clients/deliver the service
- Difficulty in efficiently planning time/visits
- Need for larger numbers of service points
- Costs of travel
- Question over equity of access

# Fire Services

- **10%** more **primary fires attended** – less safety advice/prevention; older style properties
- **44 vs. 24 RTCs** per 100,000 population - longer journeys/more accidents; faster vehicle speeds; unfamiliar layout; more hazards; specialist rescues
- **25 vs. 3** incidents of **first aid** and **43 vs. 8** incidents of **assistance** per 100,000 population - ambulance service spread thinner
- **2x** as many **operational appliances** and **2.5x** as many **fire stations** – attendance times and non-permanent staff
- **35%** higher **transport** costs – longer distances; poor road conditions; increasing fuel costs (average +10%)

# Primary education

- Rural have **25%** of schools, **17%** of pupil numbers
- More schools with fewer pupils in each school – higher mgt and buildings costs
- Greater proportion of very small schools (<100 pupils)
- Smaller schools required to minimise distances travelled
- One SPARSE member identified **£8,014** cost for a small **rural** school vs. **£3,956** for an **urban** school
- Requirement for more specialist teachers as spread thinner
- Limited resources can require more expensive buy-in
- Partnership, collaboration and federation considered as options to support sustainability

# Home to school transport

- Not a consistent picture of a rural premium but .....
- Relatively small numbers make comparison difficult
- Larger numbers in rural areas can result in economies of scale
- Less public transport, contract costs are higher
- Journeys above recommended times
- Significant increases in fuel costs

# Waste collection/recycling

- Strong evidence of a rural premium
- Mixed round has on average 2.6x more properties than a rural round
- Urban round has on average 3.4x more properties than a rural round
- Mixed round on average was 1.3x higher cost than urban round
- Rural round on average was 2.7x higher cost than urban round
- No difference in collection policy for waste/recycling, but 1 LA identified green waste only available to 97%
- Specialised vehicles for difficult access
- Further proximity from tipping points
- Higher employee costs and fuel costs from longer rounds

# Domiciliary care

- One authority identified premium of up to £6 per visit for rurality
- Another authority identified 13.1% premium
- Spot purchasing can drive up rates
- Skilled staff shortages
- Difficulties recruiting Direct Payment personal assistants
- Difficulty responding to double calls
- Travel per visit:
  - Urban 5 mins, 3 miles
  - Mixed 7.5 mins, 5 miles+
  - Rural 12.5 mins, 6.5 miles+

# Housing Benefits/Council Tax visits

- Reductions in staff and numbers of visits
- Unmet need/access raised
- Outreach required with higher cost
- Fuel costs a major pressure
- Reduced contact time and delays to benefit payments
- Housing Benefit travel per visit:
  - Urban 10-20 mins, 2-12 miles
  - Mixed 10-30 mins, 4-25 miles
  - Rural 20-45 mins, 14-30 miles
- Council Tax travel per visit:
  - Urban 5-15 mins, 2-10 miles
  - Mixed 9-28 mins, 4-25 miles
  - Rural 17-30 mins, 9-30 miles

## Premises inspection

- Inspection of food businesses and non-HSE inspected premises
- High risk situations means visits cannot be combined
- Opening hours can impact upon work planning
- Specialised vehicles for farm premises
  - Travel per visit:
    - Urban 30 mins, 13 miles
    - Mixed 38 mins, 19 miles
    - Rural 48 mins, 31 miles

## Nuisance pollution

- Travel per visit:
  - Urban 25 mins, 14 miles
  - Mixed 55 mins, 30 miles
  - Rural 68 mins, 37 miles



# Summary

- Sparsity distributes low levels of funding (£742m/0.9%)
- But, crucially important to members – up to 5% of formula for unitary, 8% county, 27% district (£2.5m district, £13m upper tier)
- Range of issues associated with rurality – need; markets; benefits take-up; health outcomes; access; technology
- Travel costs; travel time; more service points
- Question over equity of access/service provision
- Obtaining detailed costs difficult, but increase in evidence base
- Next step is to produce research report, drawing together findings