

Rural Services Network: Workshop

Adrian Jenkins

3 September 2019



Agenda

- Spending review 2019 and future spending prospects

How much funding does local government need?

- Fair Funding Review

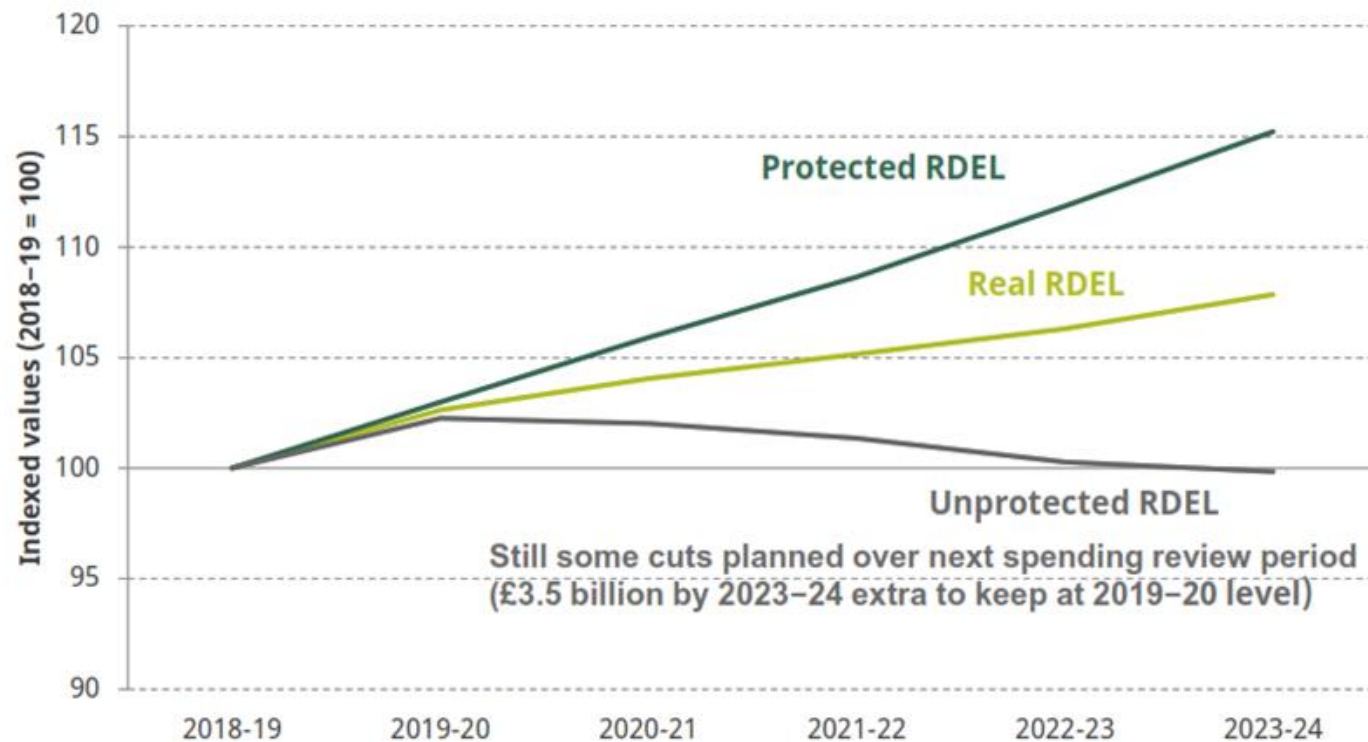
What share of funding should rural authorities get?

One-year spending review 2019

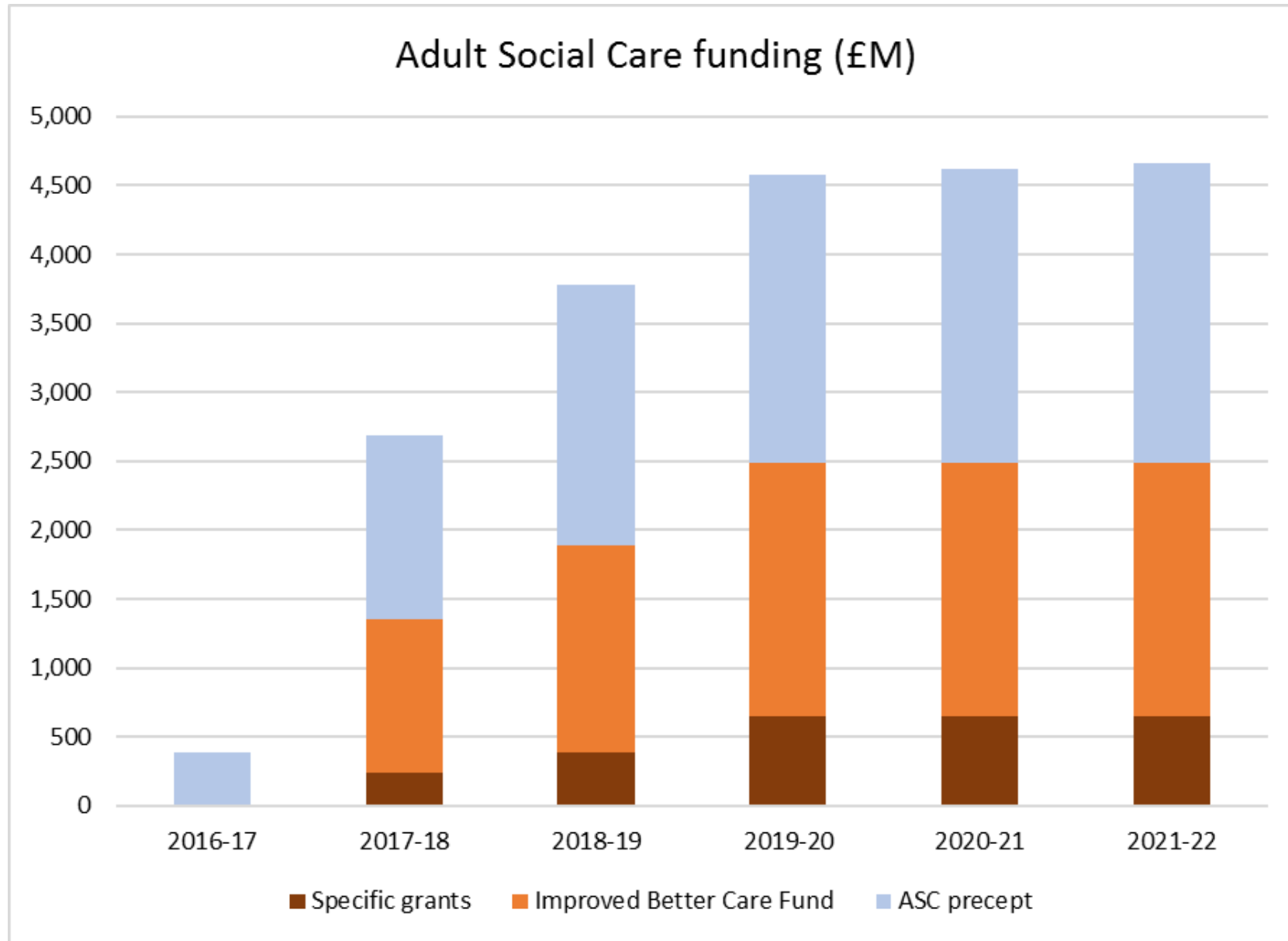
- Default: assume same cash figures for 2020-21 as for 2019-20
- SFA: no change in cash terms
- BFL: indexation as normal
- RSG: reduced RSG in line with BFL indexation
- Negative RSG: fully funded in 2020-21 (est. £170m+)
- Adult social care grants: at least in line with current allocations
- Council tax increase: same as 19-20 (possibly 1.99%), no additional precept
- Business rate pilots: maybe (most likely in “devo” areas)

Projected spending increases

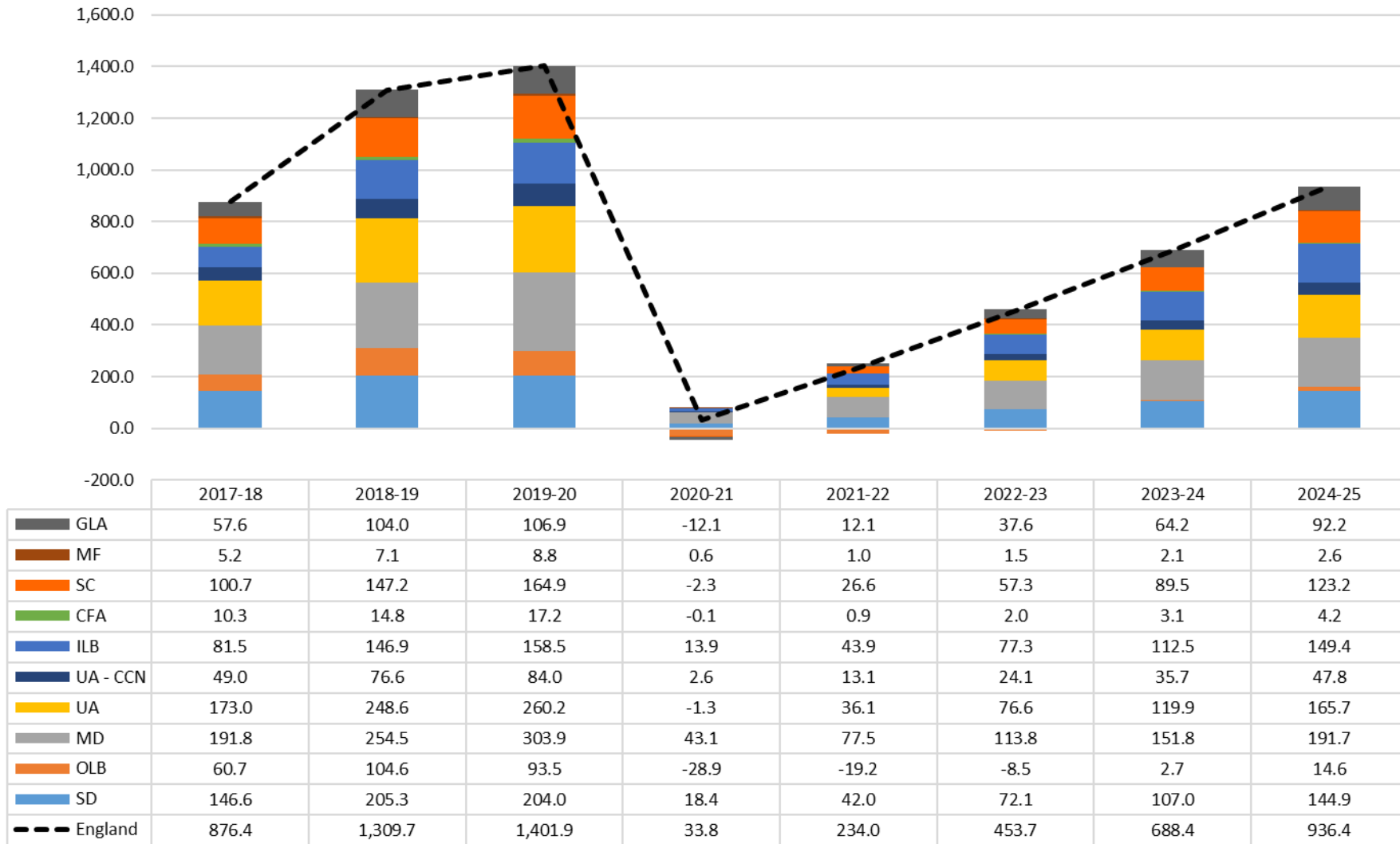
**Real freeze for unprotected departments
between now and 2023-24**



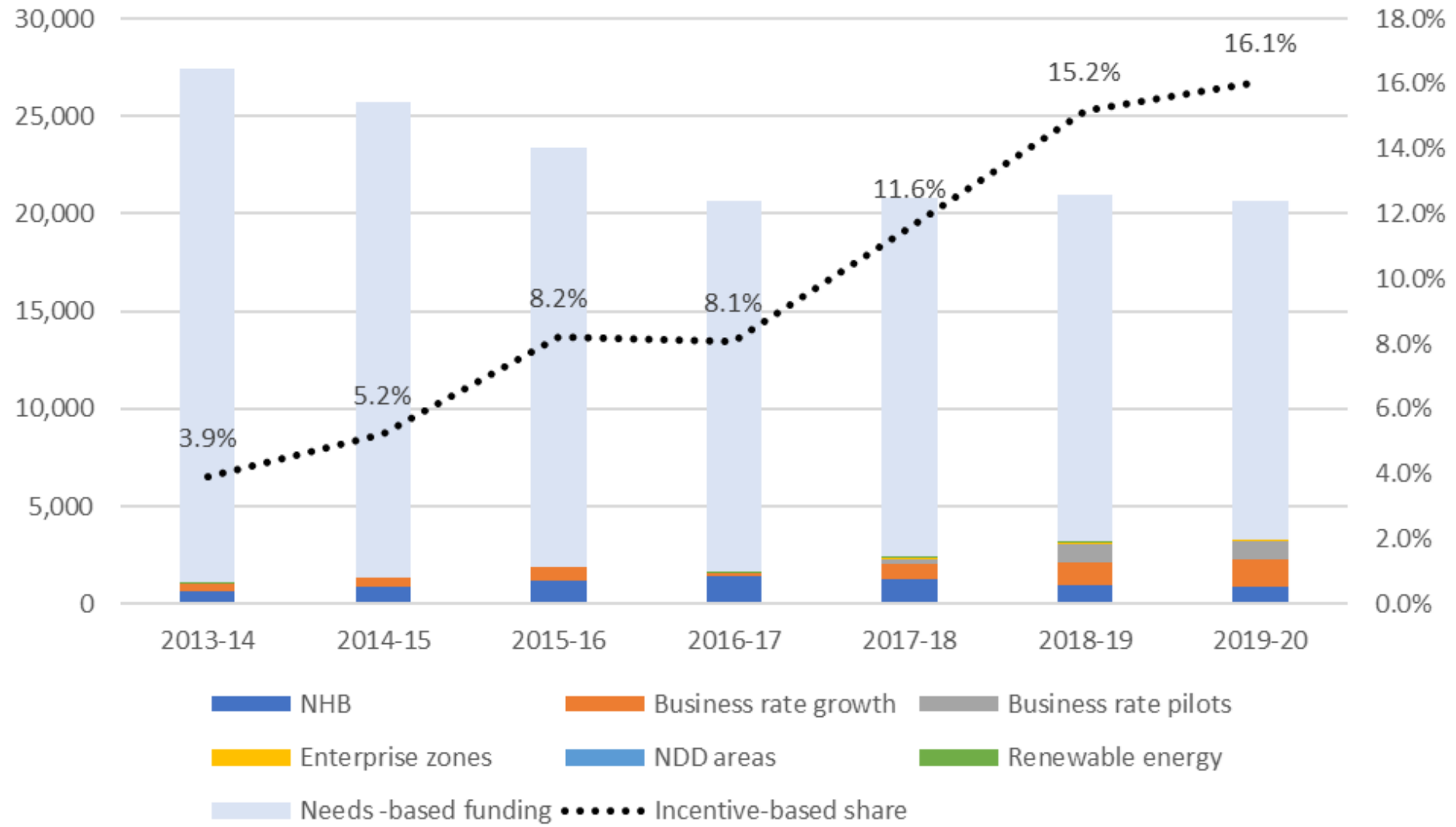
Note: RDEL refers to Public Sector Current Expenditure in Resource Departmental Expenditure Limits (PSCE in RDEL).
Source: Author's calculations using OBR Economic and Fiscal Outlook, October 2018



Retained Business Rates above baseline (£M)



Incentive-based funding



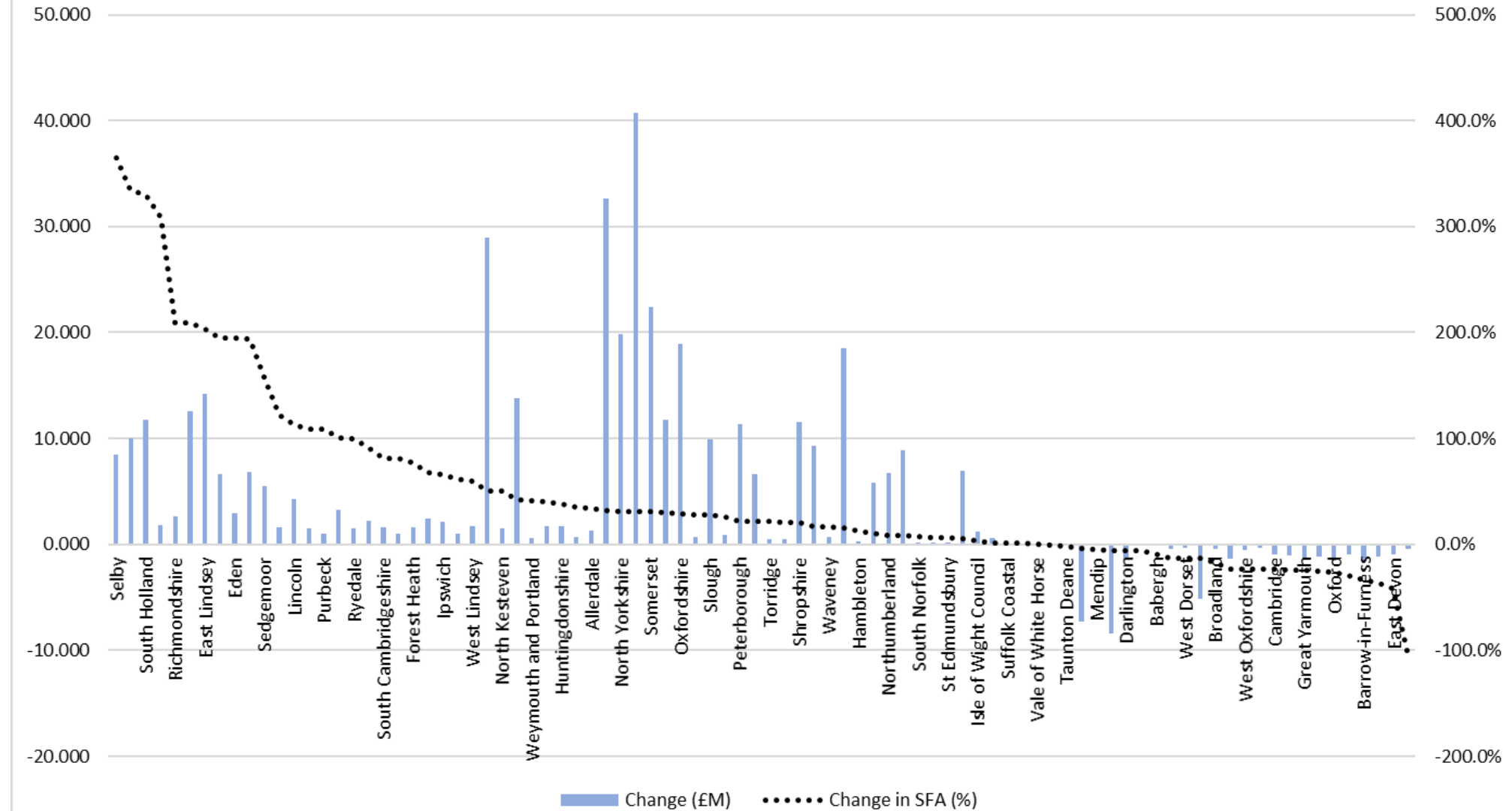
Questions: spending review 2019 and the future

- *What do rural authorities need in a one-year spending review?*
- *How positive should we be about our medium-term spending prospects?*
- *What is the most appropriate balance between incentive-based and needs-based funding?*

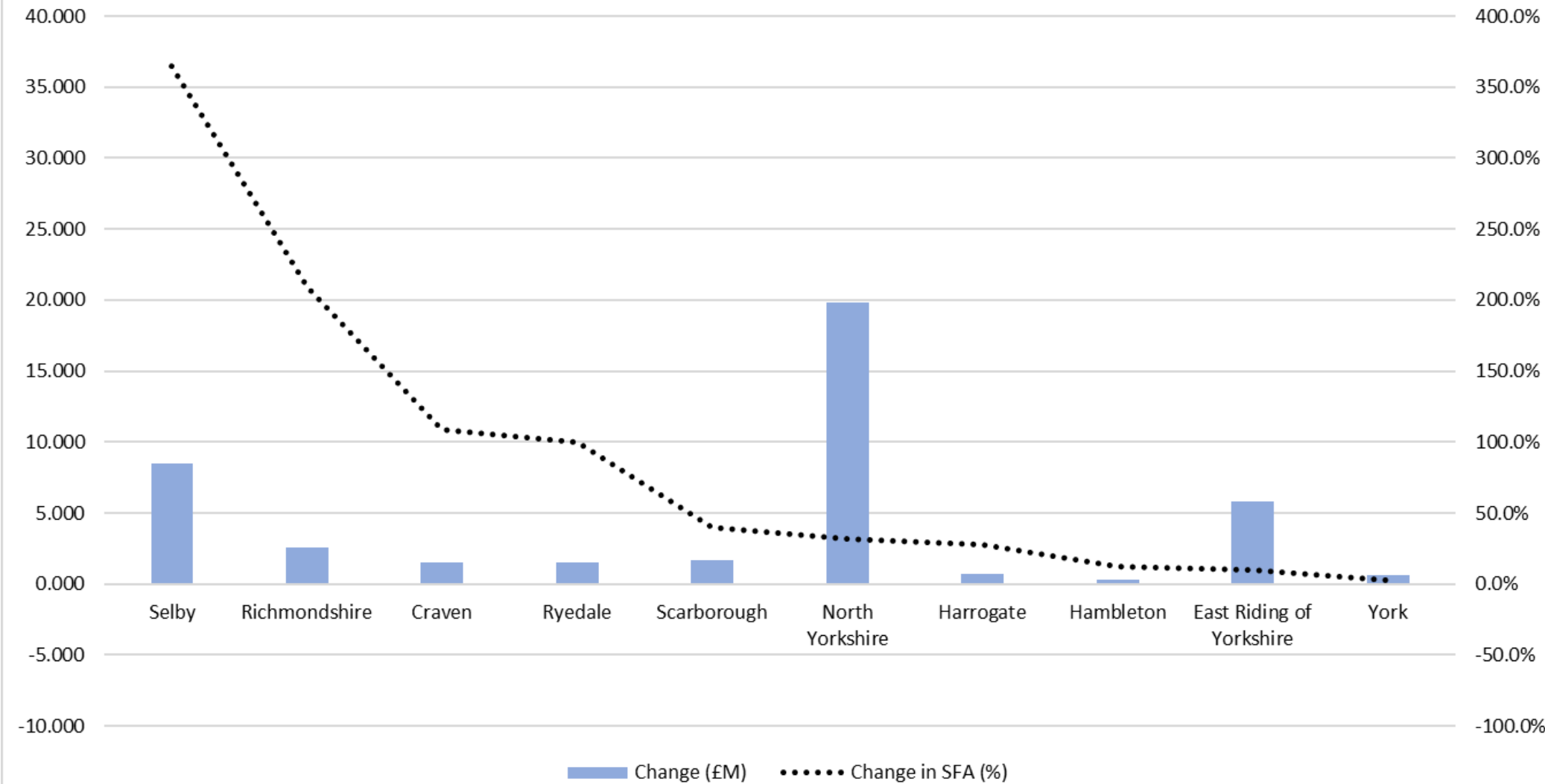
Fair Funding Review

- Flatter distribution (lower weighting or even removal of deprivation indicators, removal of density indicator)
- Council tax equalisation (somewhere between 75% and 100%)
- Area Cost Adjustment (replacing sparsity with travel-time data)

Fair Funding Review - Predominantly Rural Authorities



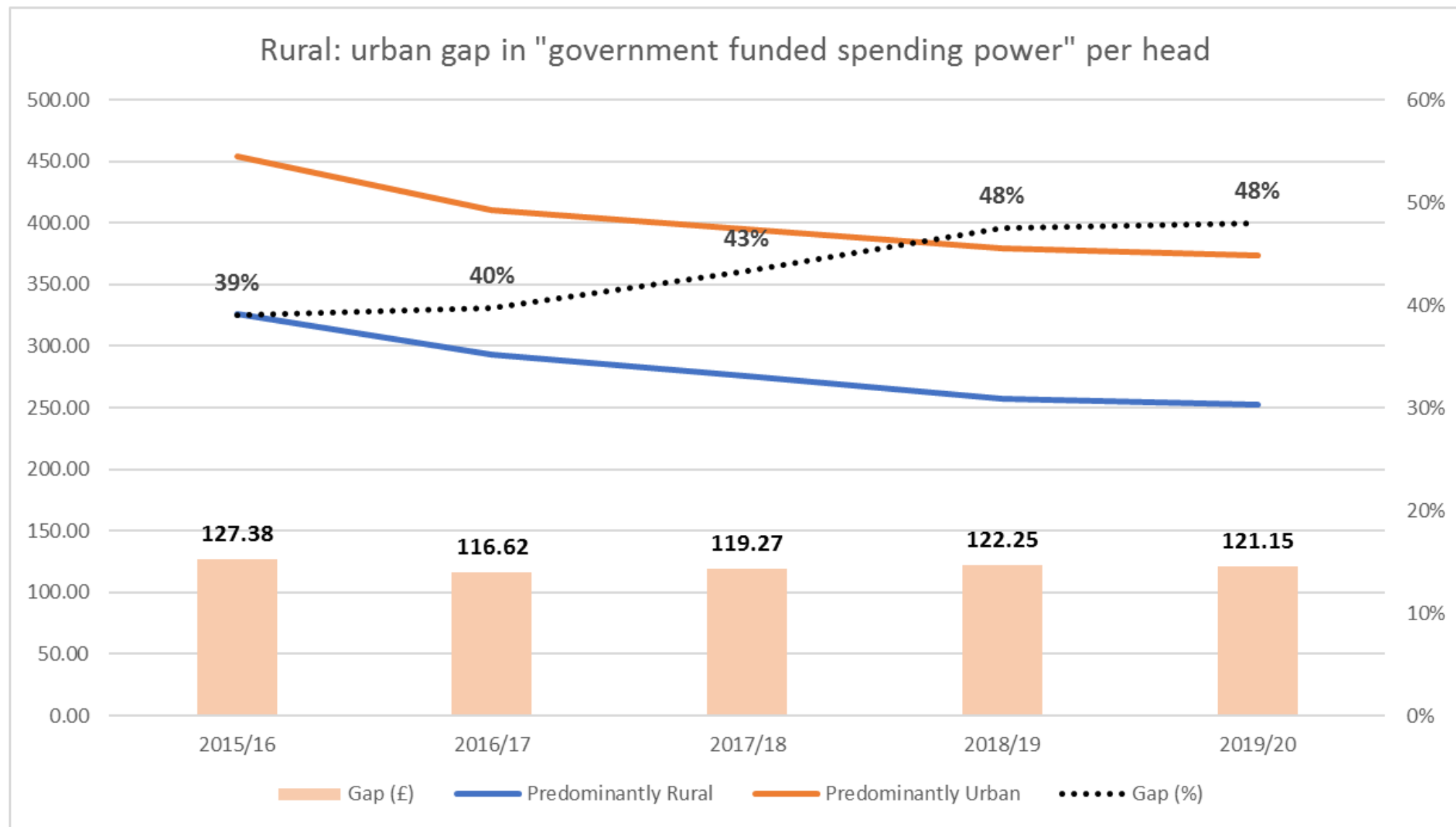
North Yorkshire - Speculative change in SFA (FFR)



Area Cost Adjustment

	Upper Tier				Lower Tier		
Class	New ACA Factor	2013-14 ACA factor	Percentage point reduction		New ACA Factor	2013-14 ACA factor	Percentage point reduction
LB	4.2%	14.2%	-10.0%		2.8%	14.0%	-11.2%
MD	-2.8%	1.0%	-3.7%		-3.3%	1.0%	-4.3%
UA	-1.0%	2.2%	-3.2%		-0.9%	2.2%	-3.2%
SC	-0.2%	2.4%	-2.7%				
SD					0.4%	2.4%	-2.1%
TOTAL	0.0%	4.7%	-4.6%		-0.2%	4.3%	-4.6%

E-code	Authority	Class	Dispersal	Traversal	LCA	RCA	Remoteness	Foundation Formula – Lower Tier ACA	Variance with 2013-14 EPCS ACA
E2231	Ashford	Sig Rural	1.452	1.212	0.981	1.007	0.997	1.012	0.005
E2232	Canterbury	Other Urban	0.983	0.970	0.972	1.090	1.236	1.009	0.002
E2234	Dover	Rural 50	1.041	1.121	0.972	0.809	1.366	1.008	0.001
E2237	Maidstone	Sig Rural	1.357	1.133	0.979	1.066	0.726	0.986	-0.021
E2243	Tonbridge & Malling	Rural 50	1.105	1.076	1.007	1.167	0.572	0.986	-0.021
E2244	Tunbridge Wells	Sig Rural	1.224	1.098	0.958	1.188	0.820	0.985	-0.022
E2240	Folkestone and Hythe District Council	Sig Rural	1.264	1.062	0.947	0.801	1.172	0.981	-0.026
E2242	Thanet	Other Urban	0.693	0.740	0.958	0.739	1.456	0.977	-0.030
E2241	Swale	Sig Rural	1.079	1.019	0.953	0.885	1.058	0.974	-0.033
E2201	Medway	Major Urban	1.018	0.779	0.968	0.964	0.792	0.954	-0.053
E2236	Gravesham	Major Urban	1.010	0.789	0.991	0.917	0.590	0.947	-0.060
E2233	Dartford	Major Urban	0.968	0.808	1.048	1.420	0.400	0.996	-0.066
E2239	Sevenoaks	Rural 50	1.018	1.205	1.027	1.147	0.443	0.988	-0.074



Questions: Fair Funding Review and rural funding shares

- *Will the Fair Funding Review improve rural authorities' share of funding?*
- *And how can we measure any improvement for rural authorities?*

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