



Dear Rt Hon Michael Gove MP

Re: Local Government Funding

Thank you for the opportunity to meet with us earlier in the summer to talk about the Local Government Finance Settlement and the unfair funding for rural councils.

I am now writing ahead of your department's work on the Provisional Local Government Finance settlement for 2024/2025.

As we explained in the meeting, rural councils have been underfunded by successive governments which has resulted in 2023/2024 urban councils receiving 38% more than rural councils per head in government funded spending power. These years of underfunding have meant that rural councils have had to raise council tax to balance the books. Rural residents now pay on average 20% more in council tax compared to urban.

This is simply unfair and an additional tax on those living in rural communities where the cost-of-living is higher.

Our analysis shows that urban councils were able to budget to spend double that of rural councils in 2023/2024 for discretionary areas. This limits the services that rural councils are able to provide their communities.

The government accepted the additional costs of delivering services to sparsely populated areas and changed the formula for 2013/2014. Unfortunately, the majority of these changes never flowed through to rural areas due to the damping process being frozen in place.

Whilst we appreciate the fair funding review will take time to complete [it was started in 2016 but various factors have caused it to stall] we are asking for the government to release the damping process and actually apply its own formula. There are local authorities currently receiving millions more than the government's own formula says they should, due to this damping process being locked in place.

At the meeting I refer to, you commented that you did not think it was a good idea to try to change the decisions of 2013/14. Whilst we do not accept that position, it is a fact that the formula should have only been frozen until 2021. Therefore, unfreezing it and applying it in full accords with the 2013/14 decisions.

We are asking for:

Providing a voice for rural communities and service providers

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- **The existing formula to be applied from 2024/25 in full without damping, but with the £248 million pounds exemplified so the overall benefit to rural councils is increased to reflect inflation.**
- **If the formula is not applied as set out above, then in 2024/25 the amount necessary to do so should be distributed via the RSDG mechanism and all authorities exemplified as benefiting from the 2013/14 formula changes should receive the exemplified amount as adjusted for inflation.**
- **The Needs and Resources Review to conclude in the first 12 months of the next Spending Review period (with full implementation in 2026-27). In so doing Rural Services Delivery Grant should remain as a discreet fund to reflect the non-travel costs of rurality in any future funding formula.**

40% of constituencies are rural. It is time that their needs are considered, and rural councils are fairly funded. We know that there is a finite amount of resources available, but we want our fair share of the pot.

If you need any further information, please do not hesitate to contact me.

Yours sincerely

Kerry

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