



# **Rural Fair Funding**

**10 November 2025**

# The Rural Services Network

---



**Membership body of around  
475 organisations**

**Special Interest Group of the Local  
Government Association**

**National Champion for rural  
services ensuring that rural have a  
strong voice**

# Delivering for All

---



At the Rural Services Network, we believe that:

every person,  
in every place,  
deserves the chance to thrive,

including everyone in our rural communities.

# Delivering for All

---



Every Council should have the resources it requires to meet the needs of its residents.

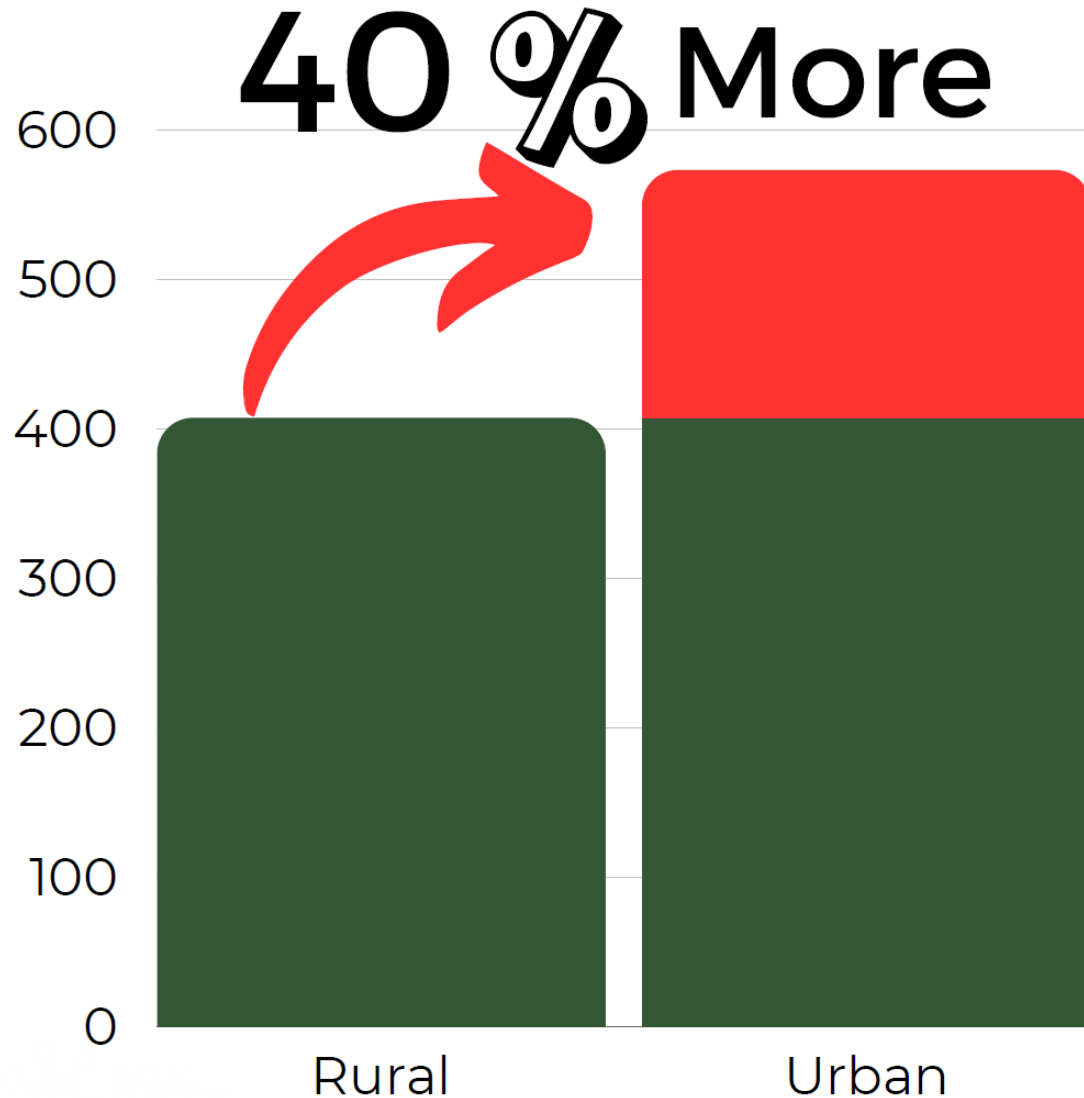
Rural Councils have historically been underfunded by successive governments.

This has led to rural councils increasing council tax to balance the books which disadvantages rural residents when wages earned in the rural economy are lower.

Councils are disadvantaged as they face additional costs of delivering services to sparsely populated areas.

It is crucial to address funding disparities that limit rural service provision, and infrastructure development, and therefore limit the potential of our rural communities.

# Rural councils receive less from Government



**Government Funded  
Spending Power in urban  
Councils is **40% MORE**  
per head than in  
predominantly Rural  
Councils for 25-26**

# Rural residents pay more in Council Tax

---



Rural Residents  
pay **20% more**  
in Council tax  
per head  
compared to  
Urban Residents



# Fair Funding 2.0

---



**“Economic theory suggests** that separation from major markets may, in some cases, increase the cost of service provision for local authorities. Outside of larger service markets, fewer providers can sustainably operate which may reduce competition and therefore increase the cost of procuring specialised goods and services.

The cost of council-run services may be higher in smaller and sparser markets due to lower economies of scale.”

To support the government’s proposal in this consultation to now include the remoteness adjustment, they invited respondents to provide additional evidence for the impact of remoteness on the cost of delivering services.

# Evidence provided in key areas

---



RSN provided evidence to the Fair Funding 2.0 consultation in these key areas:

- Travel Times
- Increased Service Centres
- Transport
- Markets and Lack of Competition



# Travel Times

---



## Vehicles have to travel further to service rural communities

### **Northumberland County Council**

in 2023/24, the council paid out £965,000 per annum in haulage costs. This does not include the cost of collection or directly delivered waste into transfer stations and processing facilities. Of this amount £653,000 was spent bulk hauling waste to various processing facilities outside of the area.

### **Westmorland and Furness**

have supplied evidence that average travel time in the South Lakeland area of their authority is more than four times higher compared to Barrow-in-Furness for reablement teams which impact on the total number of calls per 12 hour shift.

In South Lakeland it is only possible to deliver and assemble half as many beds compared to that in Barrow-in-Furness

### **Herefordshire Waste collection**

**services:** the collection of general waste and recycling in the fourth least densely populated area in England requires a unique approach – a variety of smaller sized collection vehicles including 4x4 vehicles to reach properties not accessible by regular waste collection vehicles results in additional expense for the council.

The distance between collections requires an increased number of vehicles compared with an urban area to ensure the frequency of collection rounds and schedules can be maintained to meet local needs.

# Increased service centres



Some areas will have to provide increased numbers of service centres, to ensure that residents can access services.

## Northumberland

Operates 12 household waste recycling centres for its residents compared to North Tyneside operating 1 and Newcastle City Council 3 sites.

Facilities serving smaller settlements in the most rural parts of the county may have similar fixed operating costs when compared to the larger facilities serving urban areas, but due to the sparsity of the area and low population densities have significantly higher unit cost per tonne of waste handled through the facility.

| Unit Cost per tonne of waste | Geography?                             |
|------------------------------|----------------------------------------|
| £179 to £241                 | Most rural area waste recycling centre |
| £29.91 to £75                | More Urban Sites                       |



# Increased service centres

---



## **Addiction services in Westmorland and Furness**

Recruitment and retention of staff is affected by travel both to and between multiple treatment hubs, with associated costs to the service (agency staff, repeated recruitment rounds etc.), and travel costs for staff team are high. A larger number of buildings is required to run a service than in areas with a smaller geography (3 hub sites) and people who live in the more highly populated areas of Westmorland & Furness such as Barrow and Kendal are better served as they can access the nearest treatment centre, with or without the encouragement of the local recovery staff.

**Individuals who struggle with addiction and who live remotely are some of the most vulnerable adults in Westmorland & Furness.** Engagement has shown many do not have the physical or financial means to get themselves to an urban treatment centre (Barrow, Kendal, Penrith) for an appointment, never mind the mental health or motivation. Outreach is seen as expensive by the current service and saved for those at highest risk. This creates an inequitable service.

**It is difficult to evidence how far service users need to travel, because those who can't do not engage with the service.** Tackling 'unmet need' relating to substance use is a huge part of the national agenda – yet without additional funding to plug that gap so the council can afford to take the service to the local communities, it will continue to be a problem.

# Transport

---



## Northumberland

Buses are our most used form of public transport and an essential resource. Improved bus services are a key enabler of our strategic objectives particularly as they relate to tackling inequalities and driving economic growth by connecting people to employment, education, healthcare and social destinations

In more rural areas, bus activity significantly reduces as the economics of serving sparsely populated areas and the longer distances between significant settlement means it is not commercially viable for operators to provide services at the frequency delivered in more urban areas.

In order to ensure that these underserved areas have adequate public transport **Northumberland County Council funds 60 services** these primarily operating in the north and west of the county providing key transport links that would not otherwise exist without the financial support provided by Northumberland County Council and its partners.

Any future funding formula needs to factor sparsity/rurality into its calculation as moving towards a deprivation-based metric will adversely affect Northumberland's largely rural communities.

| Subsidy     | Northumberland    |
|-------------|-------------------|
| £0.00-£2.50 | Urban Bus Service |
| £4.00-£7.00 | Rural Bus Service |

# Dead Mileage-Home to School Transport

---



Herefordshire Council commissioned a review of home to school transport costs.

As a result of the rural nature of the county, they were paying for 'dead mileage' which could have been the miles for example for taxis to come out from an urban area, to pick up a child in a rural community to take them to school.

Lack of sufficiency of SEND placements means an increase in transportation of pupils to out of county placements, placing additional pressure on council budgets. These factors represents significant additional costs for a rural county in addition to the nationally recognised cost pressures in this area of service delivery.





# Markets and Lack of Competition

---



## **Different rates for home care**

East Riding have had to set home care hourly rates in three zones, which correspond to rurality. The rates take account of the travel time required to reach isolated villages and travel back from there to the next call on a rota. The difference between the hourly rate in zone 3 (most rural) and zone 1 is 27%.

## **Lack of Tenders**

Within the Goods & Services Procurement Category of third party spend, the Council often encounters difficulty in attracting sufficient competitive bids due to the remoteness of delivery location and/or additional costs incurred by suppliers, or a lack of a local presence (depot's and distribution facilities) based in or adjacent to the Council.

In the 2024-25 financial period the conversion rate of tenders submitted (when compared to 'expressions of interest') was on average only 32%, i.e. suppliers chose not to submit a bid despite reviewing the Council's tender opportunity. A total of 24% of contracts above the PCR2015/PA2023 threshold for Goods & Services in this period attracted less than the minimum optimal number of competitive tenders (i.e. x3). For contracts below the threshold across all categories, this figure was 33%.

# Markets and Lack of Competition

---



**Westmorland and Furness Council** in respect of its Independent Advocacy Service for Children & Young People. They report a limited marketplace, with few or no bidders responding to tender opportunities. They say “despite provider engagement events prior to tender (intended to stimulate market interest), both contracts have been awarded to the same provider for over the last 10 years.

At the last tender opportunity, in Oct 2022, **no bids were received.**

The incumbent provider indicated that the financial envelope was insufficient and did not reflect inflationary cost increases. Other potential providers reported that it was **not feasible to deliver the service within the available budget, particularly as they were not already established in Cumbria.**

One bid was finally received when the financial envelope was increased



# Share your examples with us

---



Do you have similar case studies we can use to highlight the additional costs rural authorities face?

Please feel free to share them with us so that we can use them as part of our campaigning work

# What next?



## Press Release

Following reports in **The Times** that proposed changes to council funding allocations have been watered down after lobbying from London boroughs, the Rural Services Network (RSN) is urging government to ensure that rural areas are not left behind once again.

Rural councils already face higher costs in delivering essential services due to distance, sparse populations, ageing demographics and limited economies of scale — yet continue to receive less per head in central government grant than their urban counterparts.

Analysis by the RSN shows that for 2025-2026 urban areas are receiving around 40% more in Government Funded Spending Power per head, while years of underfunding has meant that council tax has increased in rural areas to help balance the budget. Rural residents are this year paying on average 20% more in Council Tax. Despite this, rural councils must still deliver vital services across wider areas, with smaller workforces and higher travel, fuel and maintenance costs.

Services such as adult social care, home-to-school transport, waste collection and emergency response are all more expensive to deliver across dispersed rural geographies. For councils serving large rural areas, workforce travel time and fuel costs are unavoidable factors, with care staff often driving long distances between clients and vehicle-based services operating across many miles.

However, it's not just about the travel time though, as lack of competitive markets in rural areas means that councils are having to pay a rural premium for services such as home care services in more remote communities.

In education, rural authorities face far higher per-pupil costs for home-to-school and SEND transport than urban councils, due to longer routes, limited public transport options and the need for specialist provision across large areas.

The government's review initially included a 'remoteness factor' to reflect these additional costs. If this element is now to be downgraded, there is a real risk that rural communities will be further disadvantaged.

### Kerry Booth, Chief Executive, Rural Services Network:



*We fully support a funding system based on up-to-date evidence of need, but that must include recognition of the genuine and unavoidable costs of delivering services in rural areas. Too often, the measures used to assess need fail to capture the hidden deprivation and higher delivery costs faced by rural councils. Everyone, no matter where they live, deserves access to well-funded local services. Fair funding means fair outcomes for all communities.*

*The RSN will continue to make the case for a balanced settlement that properly reflects the realities of rural service delivery as government prepares to publish the final funding review.*

Rumours of formula being changed to the benefit of some London authorities and the remoteness factor being reduced.

# MP Briefings

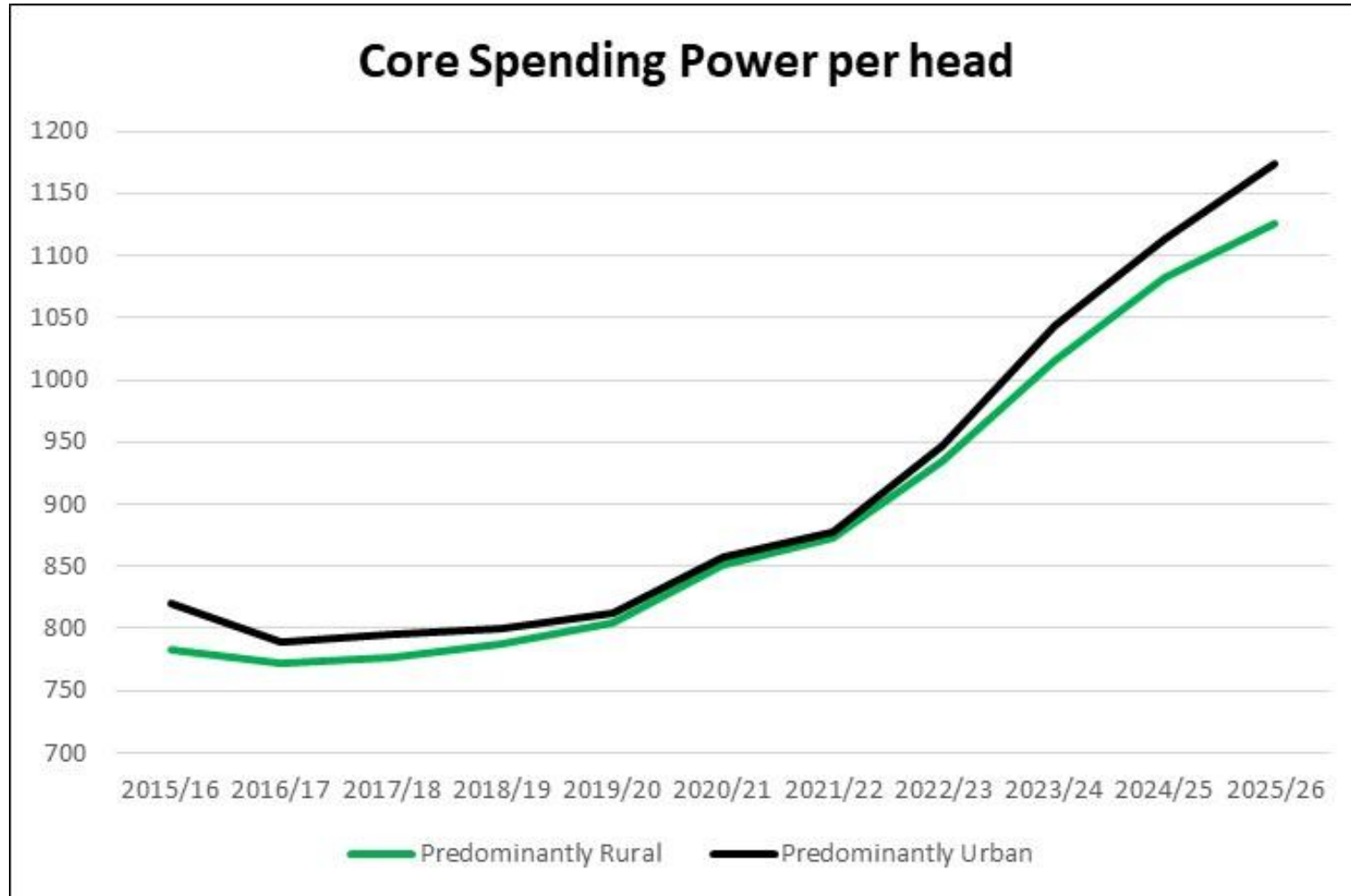
---



2 online MP briefings being held focusing on key topics for the All Party Parliamentary Group For Rural Services:

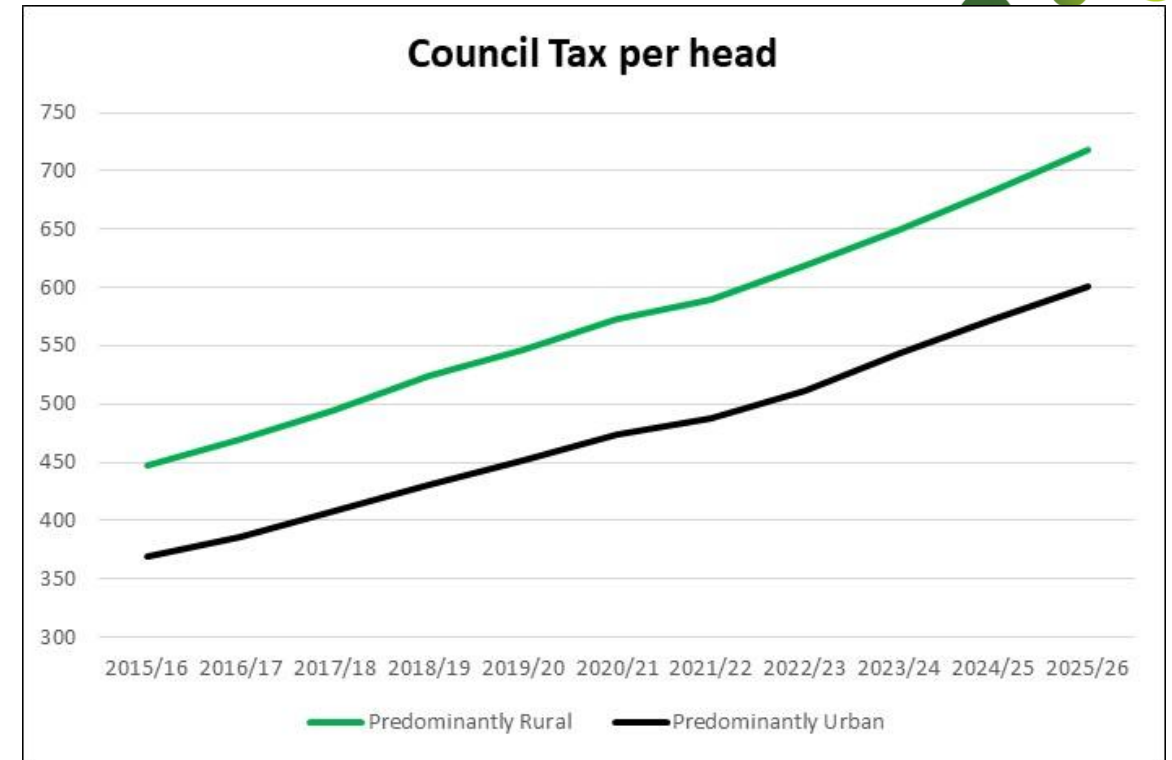
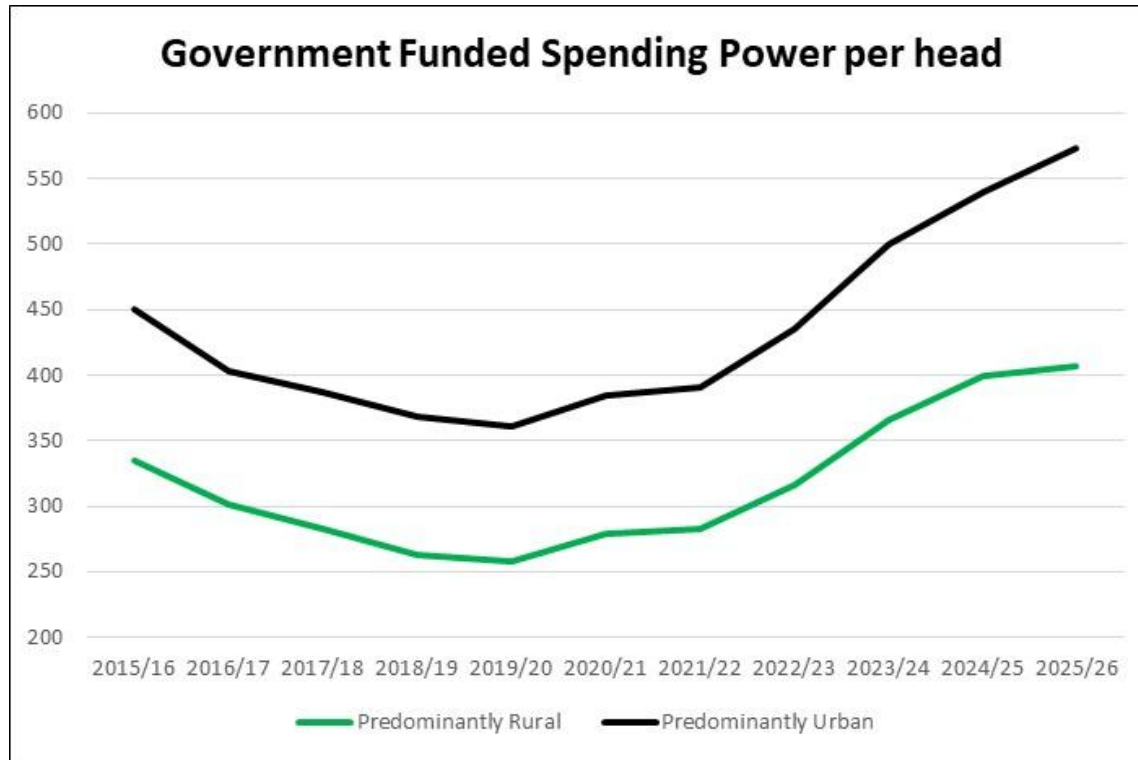
- Rural Fair Funding
- Rural Transport
- Rural Economy
- Rural Affordable Housing

# Core Spending Power over last 10 yrs



- Graph shows CSP per head in predominantly rural and predominantly urban areas.
- Over a ten year period when there was no needs or resources assessment.
- Council tax freezing ended in 2016/17.
- RSDG significant for rural authorities from 16/17 to 24/25 when worth £110m.
- Significant increases in Social Care Grants from 2021/22.

# Core Spending Power over last 10 yrs



- Council Tax per head gap has slowly increased over the period and is £117 (20%) in 2025/26.
- Government Funded Spending Power significantly increased in this year's settlement (2025/26) with the introduction of recovery grant and scrapping of Rural Services Delivery Grant.





# How will Fair Funding 2.0 impact rural?

---



The extent of the redistribution in 2025/26 (Labour Government's first financial settlement) did not bode well for rural areas ahead of the consultation.

However, on balance, FF2.0 reasonable fair to rural areas.

New Accessibility and Remoteness elements within the Area Cost Adjustment (ACA) – compensate rural authorities for higher unit costs (travel time, market dysfunction).

Removal of the sparsity (and density) indicators from the children's, adult social care and EPCS formulas.

Generally, favourable as density indicator always distributed much more than sparsity.

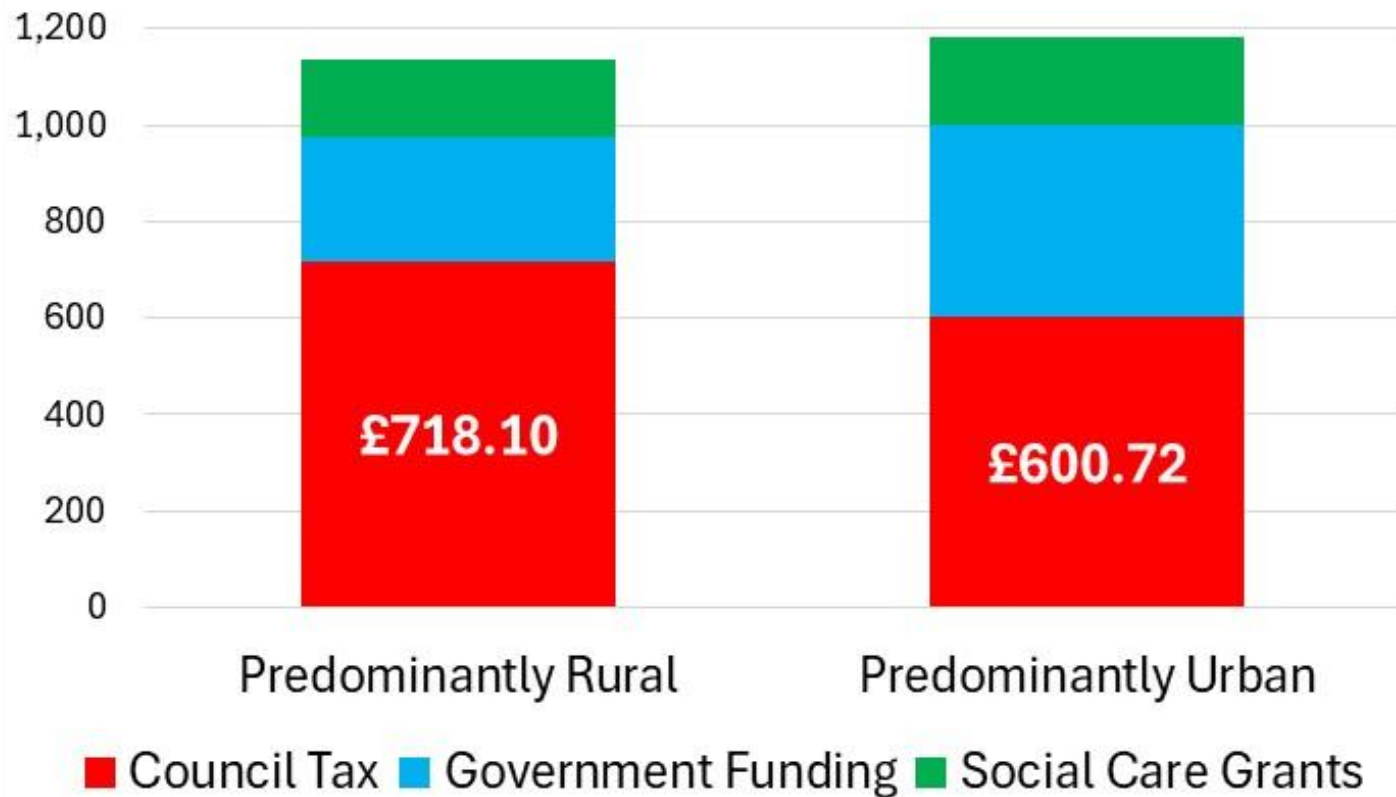
Scraping of sparsity in the RNFs most significant in very sparse areas compounding loss from RSDG.

Rural areas do very well from Home to School Transport, Highways Maintenance and the Area Cost Adjustment.

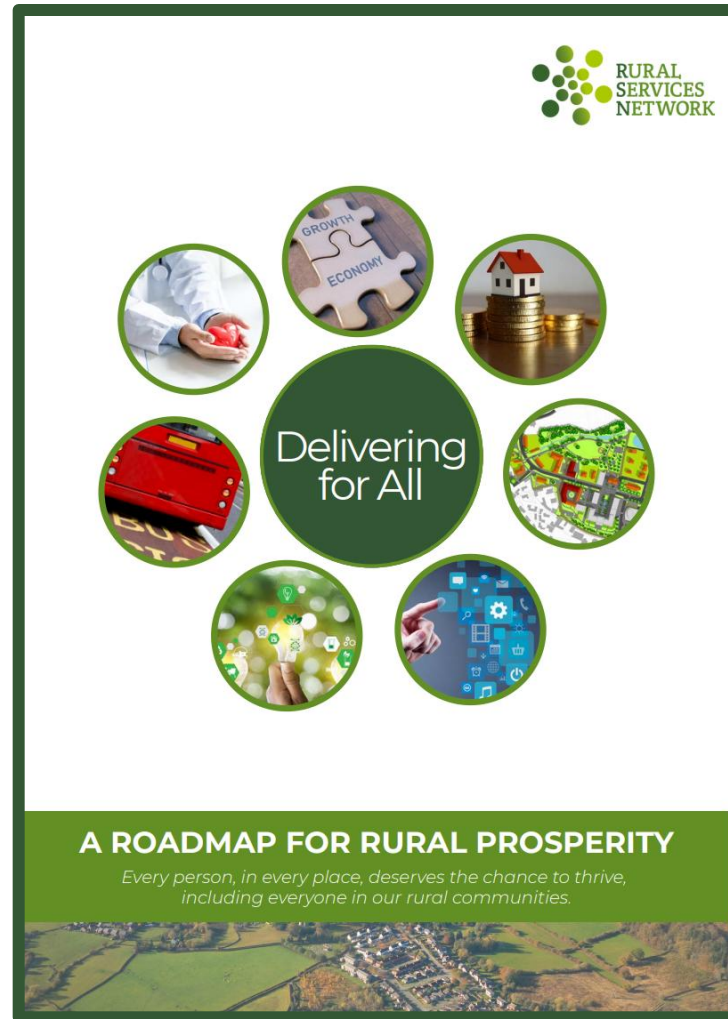
# Changes will be complex so...



**Core Spending Power per head: 2025/26**



- The settlement will have areas where rural areas gain and areas where they lose.
- Its possible to win technical arguments and still lose funding!
- So analysis of total core spending power composition between council tax and government funded spending power will provide a commentary on how well rural areas have fared.




The infographic has a green header with the title "Rural Public Sector Fair Funding" and a small "Rural Fair Funding" logo. Below the header is a paragraph explaining that successive governments have underfunded rural councils, leaving rural residents at a disadvantage. It states that urban residents receive 25-26, 40% more in Government Funded Spending Power per head compared to rural residents, and that rural voters also pay, on average, 20% more per head in Council Tax because their local council gets less government grant. Another paragraph adds that council services cost more to deliver in rural areas, where residents are spread across wide areas but still depend on vital services. Communities in these areas deserve their fair share of funding to ensure they remain functional and sustainable—especially in the face of the cost of living crisis, which hits them hardest.

Two circular statistics are shown:

- 40%** Government funded spending power in Urban Councils is **40% MORE** per head than in predominantly Rural Councils in 2025/26.
- 20%** Rural residents continue to pay **20% MORE** in Council Tax compared to their urban counterparts in 2025/26.

**Key Asks** (indicated by a checkmark icon)

- 1. Fair Funding**  
Create Public funding formulae which ensure the unique service needs, delivery constraints and the whole range of extra costs of delivering services in rural areas (and not just travel costs) are properly reflected.  
Ensure funding for the Social Care Reform proposals uses a formula which recognises the whole range of costs faced by rural councils and care providers. This includes financially addressing the current backlog in assessments etc.
- 2. Metrics and Measures**  
The Government should monitor the impact of funding formulae on all areas across the country, including those in rural and urban areas to ensure that residents in our market towns and villages are not paying more for their services compared to those in more urban areas.
- 3. Rural Policy**  
Protect rural council taxpayers by fairly funding public services to ensure they are not asked to pay more to fund local services than their urban counterparts.  
Public sector bodies should have the resources they require to meet the needs of their community and deliver services effectively. Residents should not be disadvantaged due to living in a more rural community.

A question mark icon is followed by the text: "Every Council should have the resources it requires to meet the different needs of their community. This includes Councils serving our market towns and villages as well as those in our cities."

<https://www.rsnonline.org.uk/delivering-for-all>