AGENDA FOR A MEETING OF THE **SPARSE RURAL Sub SIG** **Venue:- The LGA, Smith Square, London SW1P 3HZ** **Date: Monday 28th January 2019** **Time: 11.00 a.m. to 12.45 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 12th November 2018 and to discuss any matters arising (Appendix A - starts on page 2).

3. To receive the minutes of the Executive Meeting held on the 14th January 2019 and to discuss any matters arising not on this agenda (Appendix B - starts on page 6).

4. Local Government Finance:
(a) 2019/20 Provisional Settlement – RSN response (Appendix C - starts on page 12)
(b) Needs and Resources Consultation – draft RSN response (Appendix D - starts on page 15)
(c) Business Rate Retention Consultation – draft RSN response (Appendix E - starts on page 24)

5. BUDGET REPORT:
(Appendix F - starts on page 31)

6. Any other business

Appendix A

Note of last SPARSE Rural Special Interest Group meeting

Title:	**Rural Services Network Special Interest Group** **AGM Meetings:** • **SPARSE Rural Sub SIG** • **Rural Services Partnership Limited** • **Rural Services Network**
Date:	Monday 12 November 2018
Venue:	The Westminster Archives

Item	Decisions and actions
1	**Appointment of Chairman for the ensuing year (to also be the Chair of the SPARSE-Rural sub-sig)**
	Nominations for the existing Chair to continue in her position were accepted without opposition. Cecilia expressed her gratitude to SPARSE Members for their confidence in her position as Chairman and to the officers for all their efforts.
2	**Apologies for absence**
	The Chair noted apologies for the meeting as listed on the Appendix.
3	**Note of the Previous Meeting**
	The notes of the previous meeting were agreed.
4	**Appointment of Vice Chairmen for the ensuing year (to also be the Vice-Chairmen of the SPARSE-Rural sub-sig)**
	It was moved that, in addition to the existing members willing to continue in office, Cllr Mark Whittington, Lincolnshire County Council, and Councillor Jeremy Savage, South Norfolk Council, be appointed as Vice-Chairmen of SPARSE for the year. This was agreed by members. The Chairman expressed her gratitude to Cllr Robert Heseltine for his support as First Vice-Chairman.

Local Government Association

5 IF DEEMED NECESSARY AND BENEFICIAL. To appoint a Chair and Vice Chair(s) of the RURAL ASSEMBLY SUB-SIG

It was agreed that there would not be a separate Chair for the Rural Assembly Sub-Sig.

6 CONSTITUTION: SUGGESTED CHANGES TO REFLECT EVENTS SINCE LAST REVIEWED SHOWN IN TRACKING (Attachment 2)

Graham Biggs, Chief Executive of the Rural Services Network, introduced the attachment detailing suggested changes to the constitution.

Members agreed the suggested changes to the constitution subject to the ballot procedures currently in force in the constitution.

7 NEXT MEETING: Next RSN AGM to be held on Monday 11th November 2019

Members agreed to move the date of the next RSN AGM to be held on 18 November 2019, as the previous proposed date was on Armistice day.

8 Minutes of the last full meeting – 9th April 2018

The minutes of the last full meeting, 9 April 2018, were agreed.

9 RURAL CRIME SURVEY 2018: Presentation by Julia Mulligan PCC North Yorkshire and Chair of the National Rural Crime Network

Julia Mulligan, PCC North Yorkshire and Chair of the National Rural Crime Network, gave a presentation on the Rural Crime Survey for 2018. Julia explained they had 20,252 responses, including nearly 4 thousand business owners, and that 50 per cent of responders were aged 55-75. Key findings from the responses to the survey included:

- County lines had continued to be a growing issue in rural areas.
- That the perception of policing in rural areas had worsened in recent years, an 11 per cent drop in people who think the police are doing a good job in their rural community since the 2015 survey.
- That for the most part rural communities think that crime is worsening.
- The issue of fly tipping was also raised often.
- There was a significant sense that a lot of rural crime was organised.
- That the financial impact on rural residents has gone up by 13 per cent in recent years.
- The survey results also indicated rural communities feel they are not understood.

As a result of the Rural Crime Survey, the National Rural Crime Network has proposed a number of recommendations which Julia highlighted:

- It was evident more had to be done to understand rural crime and the impact.
- More work needs to be done to counter organised crime in rural areas.
- Additional help was needed for residents around crime prevention.

- The need to ensure victims of fly tipping are not left to pay the price of others actions. This was emphasised as a major issue, as the only crime where the victim has to pay for the clear up.

In the discussion that followed, the following points were raised;

- Views were expressed that policing in rural areas had been struggling in its interactions with traveller communities.
- It was highlighted that "county lines" was now designated as a national threat and that policing was starting to get to grips with the issue, in particular the importance of police forces sharing information was emphasised.
- A view was expressed that a further look into scams would be necessary.
- A concern was raised that the changing nature of crime had been taking more police officers off the streets and focusing on online crime.
- It was emphasised rural policing was at a disadvantage and that this needed to be addressed.

The Chair thanked Julia for her presentation – a copy of Julia's slides is attached to these minutes.

10 To approve (with or without amendment) the RSN Draft Rural Strategy Template(Presentation by Graham Biggs)

Graham Biggs outlined the RSN Draft Rural Strategy Template (copy of slides attached to these minutes) that had been developed and asked the RSN AGM to approve and agree the draft subject to some changes to reflect the recent Budget.

In the discussion that followed, the following points were raised;

- The importance of parity in the availability of mental health services between rural and urban areas.
- Including mention of the ACRE network on page 59 of the strategy was suggested.
- The importance of affordable housing in rural areas was emphasised.
- A new Affordable Housing Commission chaired by Lord Best has been established with funding from the Nationwide Foundation.

The RSN AGM was very supportive and approved and adopted the RSN Draft Rural Strategy Template , with the inclusion, as appropriate, of suggestions from RSN AGM members.

11 Membership (Constitutional Requirement)

Members noted the membership report from David Inman, Corporate Director. He raised that the number of organisations in membership was decreasing.

Graham Biggs also raised that they were looking to engage in more commercial activities in response to the decrease in income coming from membership fees.

Members noted the update.

12 Member Contributions

Graham Biggs introduced this item as a recommendation from the RSN executive. He brought Members' attention to the schedule attached to the report which set out the current charging level for current member authorities be increased by two per cent p.a. to reflect inflationary increases in costs. This would require rescinding the existing formula in paragraph 1.2.

The RSN AGM agreed and approved the Executive's recommendations for the level of member contributions from 2019/20 onwards.

13 Budget 2018/19 and 2019/20 (Constitutional Requirement)

Members noted the current budget report and approved the estimates for 2019/20.

14 Rural Conference 2018

Kerry Booth, Assistant Chief Executive, introduced the item on the Rural Conference 2018.

She highlighted the following information;

- Feedback had been broadly positive.
- Officers had started to plan the conference for next year.
- Officers were looking to replicate the exhibitors and sponsors that were achieved this year to assist with the cost of running the event.
- In response to a query Kerry informed the AGM that the negative feedback she had received was around poor lighting, poor heating and a preference for more breaks over the course of the day.

The RSN AGM noted the update from Kerry Booth.

15 Sounding Board Survey

Kerry Booth introduced an update on the Sounding Board Survey on Access to Cash.

The survey had shown that there many concerns amongst rural residents in regards to having access to banks, ATMs and post offices and the impact of a lack of access to these services on smaller rural economies. Kerry emphasised that there continued to be real concerns for elderly and disabled rural residents. Responses were still being received and a report will be issued in due course.

The RSN AGM noted the update on the Sounding Board Survey.

16 Meeting Dates for 2019

Members noted meeting dates for 2019. Subject to the change noted earlier in the meeting

17 Any Other Business

Graham Biggs brought Members' attention to the review of designated landscapes.

There was no other business.

Minutes of the Rural Services Network Executive held on

Monday 14th January 2019.

Venue— 63, Bayswater Road, London.

Present:-

Cllr Cecilia Motley, Chair – RSN
Cllr Robert Heseltine First Vice Chair – RSN
Revd Richard Kirlew - Sherborne Deanery Rural Chaplaincy
Cllr Trevor Thorne – Northumberland County Council
Cllr Peter Stevens – St Edmundsbury Borough Council
Cllr Jeremy Savage – South Norfolk Council
Cllr Roger Phillips - Herefordshire
Anna Price – Rural Business Awards
John Birtwistle – UK Bus

Officers: - Graham Biggs (Chief Executive); David Inman (Director)

Apologies

Cllr Adam Paynter – Cornwall Council
Cllr Sue Sanderson- Cumbria County Council
Cllr Philip Sanders – West Devon Borough Council
Cllr Gill Heath – Staffordshire County Council
Cllr Kevin Beaty – District Council
Kerry Booth – RSN

A pre-meeting session involving phone conferencing took place. Superseding minute 3.3 of the last Executive meeting in this regard, it was decided it would be further tried at subsequent Executive meetings over the next year for those unable to attend.

1. **Notes of the Previous Meeting** Held on 24th September 2018. Duly considered and approved.

2. **Notes of the Main Meetings** of the AGM held on 12th November 2018 to consider any relevant items. Duly considered.

3. **To consider any items arising from the Social Care and Health Group and AGM of 12th November 2018.** Duly considered. It was decided that Hampshire CC would be asked to give a presentation of their social care initiatives to the next Group meeting.

In the case of 2 and 3 above it was recognised that the attendance list used had been incorrectly minuted and the following attendance sheet would be substituted.)

Cecilia Motley – Chair RSN
Graham Biggs – Chief Executive, RSN
David Inman – Corporate Director, RSN
Kerry Booth – Assistant Chief Executive, RSN
Revd Richard Kirlew - Diocese of Sherborne
Cllr Robert Heseltine – North Yorkshire County Council
Cllr Roger Phillips – Herefordshire Council
Cllr Trevor Thorne – Northumberland County Council
Cllr Owen Bierley – West Lindsey District Council
Cllr Rupert Reichhold – East Northamptonshire Council
Cllr Peter Stevens – St Edmundsbury Borough Council
Cllr Philip Sanders – West Devon Borough Council
Cllr Les Kew – Bath & North East Somerset Council
Cllr Jeremy Savage – South Norfolk Council
John Birtwistle – Head of Policy, UK Bus
Richard Quallington – Executive Director, ACRE
Cllr Malcolm Leeding MBE - OALC (Oxfordshire Association of Local Councils)
Cllr Mark Whittington – Lincolnshire County Council
Cllr Cameron Clark – Sevenoaks District Council
Cllr Yvonne Peacock – Richmondshire District Council
Cllr Lee Chapman – Shropshire Council
Odhran Jennings, Trusts Fundraiser – Bipolar UK
Pam Howard, Housing Services Administrator – English Rural Housing Association

4. RSN Budget 2018/19, 2019/20 The 18/19 Budget was currently still awaiting charge payments from 4 members. They were being chased. The budget was therefore £5,000 to £6,000 away from its anticipated budgetary position at this time.

5. Report to the Executive on Advertisements in the Rural Bulletin.

The meeting considered the position in relation to use of the Bulletin for advertisements. It was decided as follows:-

1. The number of advertisements run would be kept at a ceiling of two per month, ensuring that at least two issues each month would remain advertisement free.
2. Advertisements would only be run where they had a particular relevance to rural areas.
3. Advertisements would only be taken from organisations who were or who became RSP members.
4. Contracts would only be negotiated where it was clear that total editorial freedom for the Bulletin remained.

The Executive discussed the position in relation to a current approach from BT/EE which would now proceed subject to contract.

6. A Call for Evidence through the Bulletin Service.

The meeting considered a report from the Corporate Director suggesting the canvassing of a system of Calls for Information, Evidence and Action. The system envisaged a free general service available to RSN members and to listed national organisations to allow rural contacts to have a greater input into consultation exercises. Additionally a University system may be available for those undertaking research. Here a handling fee would be requested as part of any successful grant arrangement involved.

It was envisaged the service would be operated as follows:-

(a) By a request contained within the weekly Bulletin.
(b) If it related to a specific Group of people by an email out to the members of RSN who were on our records and who engaged in that particular area of activity.
(c) If it is an issue affecting the wider group we would email out to all in that wider grouping i.e. the Community Group or it is such an important issue that it affects everyone we would, in addition to running it in the bulletin, send out a special email to everyone receiving our service. This however, is anticipated would only happen very occasionally. In cases of this importance we would probably make these an official RSN Call for Evidence.

The report was agreed in principle.

(A member asked that the NFU, CLA, Countryside Alliance would be included and to be approached and this was confirmed as being the case)

The Executive agreed that those elements of the service deriving income would proceed at this stage and that a report back would be brought back to the Executive as likely demand was identified from those being approached where a free service was suggested.

7. Dates and Venues for Meetings in 2019

These were agreed as per the Agenda.

Arising from this item the Executive decided to reverse their previous decision about holding a meeting of the Executive at the Conference. It was decided instead to hold that meeting as in previous years towards the end of September in London. A date for that meeting will be canvassed.

8. Provisional Settlement – Verbal Report

The Chief Executive reported.

The settlement had been very much as had been anticipated. Given that main focus was on achieving material change in the way rural areas were considered in the change to a Business Rate funded system - in consultation with the Chair - it had been decided this year we would not ask to see the Local Government Minister at this time but instead document to him the position reached and the expectations of Government in the review process.

This had been done and the document was presented to the Executive together with the formal response RSN had made to the Draft Settlement.

The Executive formally agreed the action taken.

9. Future Arrangements with Pixel Financial Management

The Executive noted that Dan Bates had secured a position with a local authority. As a consequence, he would only be available to Pixel one day a week and would not be able to do specific work on resource distributional issues for SPARSE Rural. -
Pixel would continue to do that work and would support the RSN's own employee in the development of systems to capture and present figures like comparative resources, council tax levels, reliance on council tax urban v rural going forward.

The Executive wished Dan Bates well in his new post and thanked him for all his work on behalf of the RSN over many years

10. Draft response to both Business Rates Retention (BRR) and Needs and Resources Consultation

The BRR draft response from the RSN was not available to be considered by the Executive. Once finished, it would be sent to all SPARSE member authorities for comment and to inform their own response. The Executive approved the draft response to the Needs and Resources Consultation which would be sent to members with the BRR draft referred to

11. A Rural Strategy Campaign – Verbal Report

The Chief Executive introduced this item detailing the intention behind the initiative - approved at the AGM - which was to persuade Government of the need to prepare a formal strategy which documented the situation specifically facing rural areas and set out proposals which could strategically guide the way forward over the coming years. Small changes to the text considered by the AGM had been made on rural schools and including a reference to the Government's recently published NHS 10 Year Plan

All member authorities and organisations with a rural interest would be asked to sign up to the call.

Members considered the documentation which had been drafted to date, to back such a call and proposals set out by Lexington involving their possible involvement with the proposal to run a specific campaign seeking support.

The Executive were supportive of the initiative to run a campaign and the Lexington proposals. This would be referred to at the Rural Economy Group meeting on the 28th

It was recognised by the Executive that this was a particularly ambitious and important area of work. They stressed the importance of a rural overview being taken at a time when it was clear that important areas of work were being mapped out nationally.

Rural areas comprised almost 80% of the land area of England and it was vital that a comprehensive and strategic overview was taken that was of special relevance to the communities comprising the rural areas of the country. Members also stressed their view that the rural areas were of vital importance to the entire economy of the country as a whole requiring a strategic overview to be taken at this time.

12. Regional Meetings Update

Region	**Date**	**Subject**	**Venue**
West Midlands	18.02.19	Rural Economy	Stafford BC confirmed
South West	21.03.19	Rural Housing	East Devon contacted
South East	29.04.19	Vulnerability	Sevenoaks confirmed

North East	15 – 17 May 2019	Sustainable Communities	Durham contacted
East Midlands	08.07.19	Rural Health & Wellbeing	David contacting Cambridgeshire
North West	07.10.19	Delivering Local Services Differently	Lancashire contacted
Yorkshire	09.12.19	Barriers to Access – Connectivity & Rural Transport	North Yorkshire contacted

These were agreed and noted.

13. Membership report update

Inevitably with the prolonged pressure on Council budgets some members were regarding involvement as a discretionary expenditure that should be reviewed and conversations were continuing with those authorities. The greatest difficulty was around Rural Assembly members where authorities with mainly urban populations but some rural areas were seeking to mainstream their activities. However the group as a whole remained at healthy numbers with around 135 authorities continuing to be involved.

14. SORS Report by Rural England

The Executive received a report on the Rural England SORS report. This report was produced every two years and covered a wide range of services. It was clear that many services in rural areas were being materially affected by the cut backs. The report would be launched at the Parliamentary Rural Vulnerability Day on the 11th of February.

15. Update on recruitment to RHCA

The joint initiative with the Centre for Rural Health and Social Care was progressing well.

Membership of the Rural Health and Care Alliance was free annually to Sparse Rural Members and to Rural Assembly members available as a £125 supplement.

Over the initial three months of recruitment 23 health orientated organisations had join the Alliance. The vast majority of these organisations would also become RSP members as a result of their membership package.

Jon Turner and Bethan Aldridge were thanked for their hard work in this area.

17. APPG Report on the Rural Context relating to meeting Adult Social Care Needs

The APPG's interim report had been sent to the Secretary of State. The APPG would meet again when the Government's Social Care Green Paper was published

18. Report on the Rural Conference 2019

Members received an update for the Rural Conference which would take place in Cheltenham on the 3rd and 4th of September.

The current working title for the conference is “Unlocking the Rural Economy: Creating Vibrant and Sustainable Rural Communities”

RURAL
SERVICES
NETWORK

Appendix C

Response from the Rural Services Network to the Local Government Provisional Settlement for 2019/20.

The Rural Services Network is a Special Interest Group of the Local Government Association. Our membership includes 140 Local Authorities. We are the national champion for rural services, ensuring that people in rural areas have a strong voice. We are fighting for a fair deal for rural communities to maintain their social and economic viability for the benefit of the nation as a whole.

The introduction (since 2016/17) of council tax into the equation of how grant reductions are calculated,

As stated in previous settlement consultation responses, the RSN fundamentally disagrees with the change to the methodology for calculating RSG which was introduced in the 2016/17 settlement -which has not been changed in this provisional settlement and in respect of which Transition Relief ended some time ago.

Rural residents, who on average earn less than their urban counterparts, pay more in Council Tax but get less government grant and receive fewer services which cost those residents more to access. In addition, according to recent research, rural residents pay some £3000 more per annum for essentials than their urban counterparts.

Rural areas also have significantly larger older populations. Over the next few years, the number of older residents in shire areas is projected to rise at an average annual rate of 2.0%, compared to an English average of 1.8%, London Boroughs 1.9%, and metropolitan boroughs 1.5%.

Since 2013/14 London Boroughs have received some £266M per year (based on 2013/14 values) more than the existing formula shows they need. This, in large part, is at the expense of rural areas. In times of austerity it is more important than ever that the funding which is available nationally from a shrinking pot, is distributed fairly.

Historic and current unfair treatment of Rural Areas in Local Government Finance Settlements.

In 2015/16, SFA per head of population in predominantly urban areas at circa £428 was **already some 43% higher than in predominantly rural areas** of circa £299**). By the end of the settlement period, SFA per head in predominantly urban areas will be almost £119 (66%) more than in rural areas**.

The apparent government policy of rural residents paying for more of their local government services through council tax than their urban counterparts

Council Tax per head (as reflected in the Provisional Settlement) in 2019/20 is **£569.11** for Predominantly **Rural Areas** compared to **£471.41** in Predominantly **Urban** Areas. **The gap** is a completely unfair, and unacceptable, (circa) **£97.70 (17%) per head**.

The Provisional Settlement re-enforces the view that there appears to be a conscious policy decision by the Government that in rural areas Spending Power will be increasingly funded by council - taxpayers. **In other words, the Government is content for people in rural areas to pay more Council Tax from lower incomes and yet receive fewer services than their urban counterparts.** The table below shows the relative gearing between Government Funded Spending Power and Council Tax between predominantly rural and predominantly urban areas over the four-year settlement period as a result of the inequitable changes to RSG.

Percentage of Spending Power funded by Council Tax over the four-year settlement period					
	2015/16	2016/17	2017/18	2018/19	2019/20
Predominantly Rural	58%	62%	65%	68%	69.29%
Predominantly Urban	45%	49%	51%	54%	55.80%

The RSN does not believe the Government policy of making greater reductions in Government Funded Spending Power in rural areas is either fair or sustainable and once again, calls on the Government to:

Either

- Change the formula which calculates RSG reductions to remove Council Tax from the equation so that RSG reductions are at least equal between predominately urban and predominantly rural authorities

Or

- Re-introduce and extend Transition Grant so that it fully counteracts against the Government formula for RSG reduction in rural areas

RSDG Distribution

RSN supports the decision to not reduce the funding allocated through RSDG, but in cash terms it is very small.

The extra £16M is still a lot less than the higher than average reductions in SFA experienced overall by Predominantly Rural authorities created by the 2015/16 decision to bring actual Council Tax into the “cuts equation”

So, whilst RSN acknowledges the importance of RSDG, we strongly feel that given the changes to other elements of the settlement, it is imperative that the level of RSDG is significantly increased and that the qualification criteria are changed to extend some level of support to all authorities with significant levels of sparsity.

The end of Transitional Grant

In introducing Transitional Relief, the then Secretary of State told Parliament that its purpose was “to ease the change from a system based on central government grant to one in which local sources determine a council’s revenue”. Given the delays now announced in introducing a new Fairer Funding formula and Business Rates Retention (by the sector) now being 75% rather than

100% there is a clear need for the Government to consider increasing and extending transitional grant for the remaining two years of the four-year settlement

With Transition Grant having disappeared in 2018/19, Government Funded Spending Power (which excludes Council Tax) in 2019.20 in Predominantly **Urban Areas** will be £121.15 (48%) more than in Predominantly **Rural Areas.**

Social Care – rural residents will pay more than their urban counterparts if their Council adopts the council tax flexibilities.

In 2019/20 Improved Better Care Funding into Rural areas will be 21% less per head than in Urban areas. Adult Social Care Grant will also be 5% less. This despite the older population of rural areas and the additional costs of meeting needs.

Fairer Funding Review

The RSN welcomes the Government's recognition that cost pressures associated with service delivery in rural sparse areas, such as lack of private sector providers and poor broadband coverage should be met with a more consistent package of funding over the course of this Parliament. The proposal for 2019/20 pay lip-service to this recognition.

The RSN welcomes the long-awaited recognition by the Government (as contained in a Technical Consultation on relative needs) "that it is possible that altering the weightings in 2013/14 may have only partially reflected the challenges faced in delivering some services in rural areas". The RSN considers this to be the actuality rather than just a possibility.

PIXEL FINANCIAL MANAGEMENT

“A review of local authorities’ needs and resources”

1. This is the response of the Rural Services Network (RSN) to the consultation paper that was issued on 13 December setting out the Government’s latest proposals on the Fair Funding Review (FFR):

   https://www.gov.uk/government/consultations/review-of-local-authorities-relative-needs-and-resources

   Overview

2. The consultation paper recognises the additional costs that rural authorities incur in the provision of local services. Additional costs can occur as a result of “impact that increased journey times have on staff productivity, the absence of economies of scale that can be achieved in rural settings, and the increased costs of service provision due to a separation from major markets”. Rural authorities incur additional costs because they have to provide services from multiple hubs and to dispersed communities.

3. RSN supports the majority of the changes to the funding system that are proposed in this consultation paper. The direction of travel is very encouraging. We can see that the Government has recognised our arguments on rurality and sparsity. But we can also see that the proposed funding formula is likely to have a “flatter” distribution of funding, which will address the endemic under-funding of rural authorities. [RURAL/ URBAN funding gap]

4. Naturally at this point in the development process, some concerns remain. RSN is very keen to make sure that rural authorities receive a higher share of funding in 2020-21. Furthermore, we will be taking into account both the transfer of Rural Services Delivery Grant (RSDG) and the existing funding within the settlement for sparsity. We will be looking at overall funding for rural authorities, but also whether the measures relating to rurality and sparsity are delivering more than is currently the case.

5. More specifically, we have some concerns about how the Government will weight the factors relating to sparsity and rurality within a new funding formula. We welcome the inclusion of the travel time data within the ACA but want to ensure that it is weighted correctly so that it funds rural authorities adequately. We await further information about how this will be achieved in the coming months.

Question 1): Do you have views at this stage, or evidence not previously shared with us, relating to the proposed structure of the relative needs assessment set out in this section?

6. RSN supports the overall direction of travel for the relative needs assessment. Rural authorities are in favour of a simpler formula that is more transparent and easier to update. The current funding formula is too complicated and, furthermore, the distribution of funding within it is too weighted towards deprivation. Making the distribution of funding "flatter" will be fairer.

7. The proposal to distribute more funding using population (i.e. on a per-head basis) is supported by the evidence. On that basis, we can support the removal of deprivation from the Foundation Formula, together with sparsity (or rurality) and density. These were the three indicators that MHCLG proposed including in the Foundation Formula (in December 2017), and we can support removing them so that the resulting formula is distributed on a fairer, per-head basis.

8. It is sensible to fund all the services that are proposed to be included in the simpler Foundation Formula (e.g. waste services, planning) on a per-head basis. There is no evidence that additional factors – such as deprivation – are relevant or material in driving additional costs in these services.

9. **Deprivation**. The analysis undertaken by MHCLG shows that deprivation is only capable of explaining a very small proportion of overall spending within those services within the Foundation Formula. This is certainly the case for lower-tier services, where deprivation adds only 0.4 percentage points to the ability of population to explain variations in expenditure. It is clear from this analysis that deprivation has been weighted too highly in the current funding formula and this has been the case for many years.

10. **Number of service specific formula**. RSN supports the proposals for the seven service specific formulae. The proposals strike a reasonable balance between providing specific funding allocations where this is justified, and creating a simpler, fairer formula for other services. Our only concern is whether the upper-tier flood and coastal protection funding should remain within its own formula rather than being transferred to the Foundation Formula.

11. **Adult social care and children's formulae**. Support the approach and await the results of the research. Sparsity is an element in both formulae currently and we would expect the new formulae to reflect the additional costs of service provision in rural areas. This should be done through a combination of recognising any additional volume or demand drivers (rural areas have a high proportion of older people than urban areas) as well as the additional unit costs of providing services in rural areas (through the ACA).

12. **Public Health**. We look forward to engaging in the development of this service formula. We expect that it will wish to consider whether there are any additional costs of service provision in rural areas.

13. Highways maintenance. We fully support the proposed changes in the highway maintenance formula. The simpler formula will be based on road length and traffic flow. As a result, the cost of maintaining a road will be funded at the same rate in both rural or urban locations. The current formula applies an arbitrary uplift to urban roads without any justification or evidence. This uplift has been in place for many years, and it is correct that the Government will remove this unfair element of the formula.

14. We are concerned about the removal of funding for winter services. We understand that MHCLG has undertaken statistical analysis to show that it accounts for only a small proportion of overall expenditure. Whilst this is certainly true, it can be a significant cost in some rural authorities, particularly those with large upland areas. For instance, the cost of these services is material in counties such as Cumbria, Durham and Northumberland, as well as some of the Pennine authorities. We would urge MHCLG to engage with these authorities to understand the additional costs associated with winter services. If these costs can be shown to be material, MHCLG should consider reintroducing a suitable indicator. Such a cases would meet the criteria set out in paragraph 2.2.4 in the consultation paper ("Distribution of relative need", "..Where the distribution of relative need is concentrated in particular geographic areas or groups of authorities").

15. **Legacy capital finance**. RSN supports the proposed approach, whereby funding would be based on borrowing approvals that authorities were awarded prior to the introduction of the prudential borrowing system.

16. **Flood defence and coastal protection**. RSN supports the approach that is set out in the consultation paper for lower-tier authorities. It should ensure that authorities with significant flood risk and coastal protection duties are reasonably funded. Many of these authorities are in rural areas, although some are also in more urban parts of the country. Whilst we support the approach outlined, our members are still concerned about the under-funding of this service. Having a separate service formula will allow authorities to track the funding that is available more effectively.

17. The proposal to transfer upper-tier funding to the Foundation Formula appears reasonable on the surface but we would like to understand more about the analysis that has been undertaken. In particular, which authorities are most affected by the change (i.e. those with variation in expenditure of 0.5% or more), and is this reasonable given the spending incurred on flooding and coastal protection by those authorities?

18. **Rural Bus Support**. RSN fully supports the proposal to transfer this service to the Foundation Formula. There is currently considerable "unmet need" in rural areas. There has never been sufficient funding for these services in rural areas and, as a result, residents in rural areas receive a seriously deficient bus service compared to their urban neighbours.

19. **Homelessness**. RSN supports the inclusion of this service in the Foundation Formula.

20. **Fixed Costs**. Many rural authorities are relatively small and, as a result, benefitted from the fixed-cost allowance. This allowance compensated small authorities for the relatively large cost associated with “being in business”. The arguments forwarded in the consultation paper are not particularly persuasive. Firstly, that “it adds unnecessary complexity”: in many ways, the fixed-cost allowance is one of the more simple elements of the funding formula and one that authorities – and the public – can readily understand. Secondly, that “fixed costs … are already identified through the wider assessment of needs”: if that is the case, then we would ask MHCLG to demonstrate how the fixed costs of small authorities are properly reflected in the proposed formula.

Question 2): What are your views on the best approach to a Fire and Rescue Services funding formula and why?

21. RSN supports the proposed way forward for the Fire formula. The narrow range of indicators proposed by the National Fire Chiefs Council paper failed to recognise the additional costs of providing fire services in rural areas.
22. Many of our authorities have large coastlines and benefit from the coastline top-up in the current formula. Authorities such as Cornwall, Northumberland, Cumbria and Norfolk have the longest coastlines in the England. As a result they are less able to rely on neighbouring fire authorities to provide support in an emergency.
23. We would expect the Fire formula to use the same approach for the Area Cost Adjustment as MHCLG is proposing for the rest of the funding formula. Fire services suffer from the same additional unit costs as other services provided in rural areas. Many elements of the fire function involve travel and distances are, as a result, relevant in the estimation of additional costs.

Question 3): What are your views on the best approach to Home to School Transport and Concessionary Travel?

24. RSN strongly supports the inclusion of Concessionary Travel in the Foundation Formula. The current method of funding this statutory service, based on actual usage, disadvantages rural areas. It continues the higher levels of public transport in more urban areas and it fails to address the under-funding of these services in rural areas. If rural authorities received their share of funding for Concessionary Travel then more funding could be put into rural transport services.
25. We are more concerned about the proposal to include Home to School Transport in the Foundation Formula. Rural authorities suffer two types of additional cost for this service. The first is the additional costs associated with longer travel times and distances, in particular. To some extend these additional costs ought to be addressed in the proposals for including travel times in the Area Cost Adjustment. The second is the additional incidence of home-to-school transport in rural areas. There is less likely to be alternative public transport options available in rural areas and pupils live further away

from their schools, placing a statutory duty on authorities to provide transport services. MHCLG should therefore consider whether the additional incidence of home-to-school transport costs in rural areas should be reflected in the funding formula, as well as the higher unit costs.

Question 4): What are your views on the proposed approach to the Area Cost Adjustment?

26. RSN supports the proposed changes to the Area Cost Adjustment.

27. RSN produced a research paper that was presented to the Needs and Redistribution working group in 2018 that demonstrated the additional unit costs associated within the waste collection. Our researchers (Pixel Financial Management) obtained data on waste collection rounds from all the district councils in North Yorkshire. Data from the collection rounds was analysed to show the additional costs of this service in rural settings.

28. Broadly, our researchers found, in one authority, that waste collection rounds take 17% longer in villages than urban areas, and 59% longer in hamlets. This represents significant additional time and consequently additional cost per collection.

29. The methodology that we developed in our research is capable of being extended to cover a range of other local government services where travel is an element of the provision of that service. If necessary, we will undertake further research in these services to demonstrate the additional costs that exist in providing services in rural areas.

30. The approach proposed by MHCLG is one that is capable of funding the additional unit costs in rural areas. The data appears to be robust and appropriate, although we will have to undertake further research to verify its use. We can also see the benefit of using the same dataset to fund that additional costs associated with density (although we await the research from urban authorities proving the additional costs).

31. Our next concern, however, is to understand how MHCLG will weight the travel time data within each of the service formulae and the Foundation Formula. We will be looking very carefully at this process to ensure that the funding generated through the ACA is commensurate with the additional costs in rural areas and the current level of funding driven by sparsity.

32. Finally, we are also very supportive of the proposal to include remoteness in the new ACA. This is a factor that is very important to some of our members. We would urge MHCLG to work with these authorities to understand the scale of additional cost associated with remoteness. In places, the indicator proposed might require more fine-tuning.

Question 5): Do you agree that the Government should continue to take account of non-discretionary council tax discounts and exemptions (e.g. single person discount and student exemptions) and the income forgone due to the pensioner-age element of local council tax support, in the measure of the council tax base? If so, how should we do this?

33. The Relative Resource Adjustment should take into account any discounts or exemptions that are mandated by statute. Authorities have no control over these deductions from council tax and they should be excluded from any assessment of a council's ability to generate council tax income.

Question 6): Do you agree that an assumptions-based approach to measuring the impact of discretionary discounts and exemptions should be made when measuring the council tax base? If so, how should we do this?

34. RSN agrees with making an assumptions-based approach to measuring the effect of discretionary discounts and exemptions. However, we would be very concerned if the approach was seen to be penalising rural authorities who have used the empty homes discount/ premium or second homes discount. In many cases, rural authorities, particularly those with large numbers of second-home owners, have used these tools to manage their local housing markets. It would be wrong to penalised these authorities financially for taking action in this way.

Question 7): Do you agree that the Government should take account of the income forgone due to local council tax support for working age people? What are your views on how this should be determined?

35. It is difficult to take a firm view on the way local council tax support should be handled because there is no clear baseline showing how the policy has been implemented. There are very different approaches across local government, even between rural authorities. Understanding the policy implementation – and the impact on council tax income – is essential before any decision on how or whether to take it into account in the Relative Resources Adjustment.

Question 8): Do you agree that the Government should take a notional approach to council tax levels in the resources adjustment? What are your views on how this should be determined?

36. RSN firmly supports the proposal to use notional council tax income in the resources adjustment. Such an approach has traditionally been used within local government settlements for many years (with good reason) and the move to using actual council tax income in 2016-17 was something we hope will not be repeated.

37. Residents in rural areas pay, on average, more in council tax than their urban counterparts. RSN's research shows that a higher proportion of local expenditure is paid-for by residents in rural areas, and the resulting Band D council tax is higher. Urban

authorities – particularly in inner London – have been able to set much lower Band D council taxes because the funding formula has favoured them over many years at the expense of rural areas. The use of actual council tax in the 2016-17 settlement effectively provided a further subsidy to those councils with already-low council tax.

38. RSN would support a flexible approach to setting notional council tax levels within the new funding formula. Council tax now represents a very large proportion of overall local government funding and, as a result, the effect of council tax equalisation within the new funding formula will potentially impact very heavily indeed on rural authorities. This is another aspect of the reliance that the system places on the rural council-tax payer. RSN would support an approach that does not equalise – or penalise – the rural council-tax payer, and therefore one that does not fully equalise all the council tax income that is generated by rural authorities.

Question 9): What are your views on how the Government should determine the measure of council tax collection rate in the resources adjustment?

39. The resource adjustment should assume a consistent collection rates across the country. Whilst there is possibly some correlation between collection and deprivation, there are also many other factors in play, including operational efficiency. Authorities should not be rewarded for poor performance.

Question 10): Do you have views on how the Government should determine the allocation of council tax between each tier and/or fire and rescue authorities in multi-tier areas?

40. The proposed split is a sensible one because it looks at the only data that is available. Any other approach would have to make assumptions about the split of spending between upper and lower tier services.

Question 11): Do you agree that the Government should apply a single measure of council tax resource fixed over the period between resets for the purposes of a resources adjustment in multi-year settlement funding allocations?

41. RSN does not have a strong view on this issue. In developing the new funding formula, MHCLG should be confident that its approach to council taxbase – and population – is capable of reflecting the growth and change in population over a 4-5 year period.

Question 12): Do you agree that surplus sales, fees and charges should not be taken into account when assessing local authorities' relative resources adjustment?

42. RSN agrees that surplus sales, fees and charges should not be taken into account in the relative resource adjustment.

Question 13): If the Government was minded to do so, do you have a view on the basis on which surplus parking income should be taken into account?

43. RSN would support the inclusion of car parking income into the relative resource adjustment. The disparity in the ability of authorities to generate council tax is enormous. Inner London, in particular, is collecting huge amounts from car parking, and this is potentially one of the reasons why they are able to set such low Band D council tax.

44. A new formula will need to be devised that is capable of reflecting the ability of councils to generate council-tax. Further research will need to be undertaken urgently. Most of the car parking income is collected in urban areas and we would expect any formula to reflect factors such as density, net in-commuters and day visitors.

Question 14): Do you agree with the proposed transition principles, and should any others be considered by the Government in designing of transitional arrangements?

45. RSN would support any transitional arrangements that are capable of protecting authorities from large reductions in their overall resources. In the current financial environment, many authorities are experiencing severe financial stress and the transitional arrangements need to ensure that the new funding formula does not make this situation worse. We are confident that even those authorities who gain from the changes in funding will support this as a first principle.

46. However, whatever the approach taken, the Government must show that its proposed changes in funding are implemented fully within a reasonable timeframe. There is still too much damping within the current system for changes that were made many years ago (in some cases, before 2013-14). More specifically, the increases in funding for sparsity that were introduced in 2013-14 have still not been received fully by rural authorities. This is not acceptable and undermines the credibility of the system.

47. How these two factors are balanced against each other will depend on the total amount of resources that local government receives in the spending review later this year.

Question 15): Do you have views on how the baseline should be constructed for the purposes of transition?

48. The baseline should include a full range of local government resources, including council tax, New Homes Bonus and retained business rates. For many of our members, a very large proportion of their current budgets are funded from NHB and business rates. Excluding these resources from the damping baseline means that these authorities could be exposed to very large reductions in their resources before they are eligible for any damping support (if they are at all). The damping regime should ensure that all authorities can enjoy financial stability.

Question 16): Do you have any comments at this stage on the potential impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

49. None.

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Rural Services Network: Consultation on Business Rate Retention Reform

1. This is the Rural Services Network's response to the consultation paper issued by the Government on its plans to reform the Business Rate Retention System (BRRS):

   https://www.gov.uk/government/consultations/business-rates-retention-reform

   Overview

2. Rural authorities have had a mixed experience from the business rates retention system. Some rural authorities have experienced strong business rate growth. Sometimes this growth is the result of specific facilities (e.g. the port of Felixstowe in Suffolk Coastal), changed valuations on large hereditaments (e.g. power station in South Hams) or example. Generally, however, rural authorities are less likely to achieve the very high rates of growth that some other authorities. Some urban authorities (particularly central London or city-centre authorities) have greater scope for growth, as do authorities that are well-placed for distribution warehouses, where much of the recent business rate growth has occurred.

3. Our responses in this consultation paper are, therefore, more about the effective operation of the business rates system. It is difficult – if not impossible – to frame our answers in such a way that they meet the characteristics of all rural authorities. There is not necessarily a "rural position" on business rates.

4. Some of the specific rural perspectives on business rates are:

   - Growth rates are below average and rural authorities are less well placed that other types of authority to generate business rate growth.
   - Much of the growth in business rates in rural areas are in smaller businesses. With the increase in the threshold for small business rate relief, many rural businesses are no longer paying business rates. This is good for many rural businesses. Rural authorities though are concerned that growth will not yield additional income unless the Government continues to compensate authorities for increases in small business rate relief.

   Question 1: Do you prefer a partial reset, a phased reset or a combination of the two?

   Question 2: Please comment on why you think a partial/ phased reset is more desirable.

5. In principle RSN is opposed to a full baseline reset in either 2020-21 or at a later date. The arguments against a full baseline reset are well set out in the consultation paper in

respect of a future reset. It is odd that the Government taken the view that these very strong argument are not relevant in 2020-21 as well. The two strongest arguments against a full baseline reset for our members are:

- Firstly, that the full baseline reset is extremely disruptive and is making financial planning for 2020-21 extremely difficult. The Government seems to be arguing that because there is a "needs" reset taking place in 2020-21 that there must also be a full business rate reset; our argument would be that with so much change taking place elsewhere in the funding system (Fair Funding Review, Spending Review) that stability in the business rates system would be a considerable benefit.
- Secondly, a full baseline reset takes away all the business rate growth that authorities have generated since 2013-14. This is very damaging to the "incentive effect" of business rates and undermines trust in the way the system is managed.

6. Our preference would be for a phased baseline reset rather than a partial reset for the following reasons:
   - A phased reset gives greater certainty about the period that authorities will be able to benefit from business rate growth. Authorities will know that if they invest to support or encourage growth that they will receive a known financial benefit for a period of year.
   - There will be no cliff-edge with phased resets. This makes financial planning easier and means that authorities will use gains from the business rates system more effectively.
   - Phased resets are more likely to be consistently applied over a longer period of time, whereas the Government is more likely to try to design each partial reset differently.
7. Transitioning from a full reset in 2020-21 to a phased reset (effectively starting in 2021-22) raises some concerns but also some opportunities. It might be possible to soften the edges of a full baseline reset by allowing authorities a phased reset starting in 2020-21 (with authorities retaining, say, 2 years of growth). We would be interested in understanding the effect of such an approach, both of the reset on individual authorities and for the amount that would be available for redistribution.

Question 3: What is the optimal time period for your preferred reset type?

8. It is reasonable for authorities to receive the benefit of business rate growth for at least 4-5 years. This provides a reasonable reward from growth and an incentive to invest to encourage future growth. Some of our members would prefer an even longer time period so that there is an even greater incentive to invest. However, on balance, RSN's view is that 4-5 years represents a reasonable balance between, on the one hand, giving an incentive or reward to authorities and, on the other, ensuring that authorities with very high growth do not get excessive financial rewards.

9. The same time period could be used for both a partial or phased reset. For our preference (the phased reset), this would mean that an authority would retain its growth from either 4 or 5 years.

Question 4: Do you have any comment on the proposed approach to the safety net?

10. RSN supports the concept of the safety net and the way that the Government is proposing to set it. We accept that a rate-retention system has to allow authorities to experience some risk (alongside the reward). Wherever possible we would prefer that the risk is limited (both in terms of time and financial cost). In many cases, it is beyond the control of an authority that it ends up below baseline and in the safety net.
11. We would therefore support a safety net that is closer to the baseline (say 97% of BFL rather than the 95% that is used in the current 75% pilots).
12. Funding the safety net from the levy would continue to be our preference but, given the Government's proposals for the levy, this is clearly not feasible. Funding from some kind of top-slice is a reasonable solution. On balance, it makes sense to allocate the cost of the top-slice by business rate income rather than "needs" (i.e. BFL). There is no correlation between the size of the business rate taxbase and an authority's "needs". It is a reasonable assumption that an authority with a larger taxbase has greater scope to generate growth, and is also more likely to require the safety net. In the past those who have used the safety net the most have been those with the highest gearing (Westminster, shire districts).

Question 5: Do you agree with this approach to the reform of the levy?

13. The Government's policy on the levy is starting to lose credibility. We understand that the Government wishes to abolish the levy: this is fair enough, but the Government needs to decide whether it wishes to have a functioning levy or none at all.
14. We can support the concept of having a threshold for the levy. It gives clarity to authorities that they can retain all their growth up to a certain threshold. Tariff authorities will feel that they are being treated equally with top-up authorities (for whom there is no levy).
15. The first problem with the proposals is setting a threshold that is so high. At the Systems Design meeting where this was discussed, the consensus was that the threshold should be set at about 20%. This seemed reasonable, particularly for top-up authorities, because it allowed authorities to keep growth up to a very high percentage of an authority's "needs". The indication in the consultation paper is that the threshold could be greater than 150%. Only the very highest levels of growth (at the most highly-geared authorities) would therefore be captured by the levy. It would essentially abolish the levy.

16. The second problem is in trying to distinguish between different types of growth, and to design a levy that only applies to extraordinary growth. Whilst we are sympathetic with the desire to place a levy on growth that arises from "appeals", it is impossible to create such a levy without a method of specifically identifying different types of growth. Many of the authorities who have growth that is consistently above 150% of BFL have achieved this growth organically. It is genuine growth from business expansion not from the side-effects of valuation errors.

Question 6: If so, what do you consider to be an appropriate level at which to classify growth as 'extraordinary'?

17. We do not accept that the levy is capable of capturing extraordinary growth unless there is a separate category for such growth. We would suggest that a threshold of around 20% of BFL is a reasonable starting point. However, it is difficult to make a firm conclusion about the right threshold until we know more about the levy rate that would apply above the threshold.

Question 7: What should the fall-back position be for the national tier split between counties and districts, should these authorities be unable to reach an agreement?

18. RSN represents both shire districts and shire counties, and we do not have a formal position on the tier split that the Government should impose if these authorities are unable to reach an agreement.

Question 8: Should a two-tier area be able to set their tier splits locally?

19. Yes, we would support two-tier areas being able to set their own tier splits. We assume that this power would only be available to authorities who are in some sort of pooling arrangement and had risk-sharing arrangements.

Question 9: What fiscally neutral measures could be used to incentivise pooling within the reformed system?

20. Authorities could be incentivised to join a pool by a higher retention rate, the ability to set their own tier splits and the removal of the levy. These are, however, largely measures that would require external funding from Government outside the local government settlement. It seems reasonable that, if the Government wishes to incentivise pooling, that it should fund such arrangements.

Question 10: On applying the criteria outlined in Annex A, are there any hereditaments which you believe should be listed in the central list? Please identify these hereditaments by name and location.

Question 11: On applying the criteria outlined in Annex A, are there any listed in the central list which you believe should be listed in a local list? Please identify these hereditaments by name and location.

21. RSN supports the general approach taken in the criteria in Annex A. The approach correctly focusses on networks, infrastructure and utilities. Authorities have had significant issues with networked assets on local lists either being reorganised or transferred to the central list (without compensation) and authorities will want to see these networked assets managed in a consistent way in future. Furthermore, we would like to see a commitment from the Government that if there is any movement from the local list to the central list (or between local lists) that there is compensation to the affected authorities. It is unreasonable that administrative changes in hereditaments can have financial consequences for local authorities.

22. We support the proposal to allow authorities to retain large hereditaments on their local lists. In many cases, these hereditaments are at the heard of authority's economic development plans. They are also often the main source of business rate growth for an authority. This is particularly the case for ports and airports, some of which are in rural authorities.

Question 12: Do you agree that the use of a proxy provides an appropriate mechanism to calculate the compensation due to local authorities to losses resulting from valuation change?

23. The proxy that is suggested (i.e. valuation errors are those that are backdated to the beginning of the rating list) is reasonable. There might be some rough justice but we would not expect this to be significant. If it did transpire that an authority identified a significant valuation error that was not backdated, there should be a mechanism to allow authorities to amend their proxy.

Question 13: Do you believe that the Government should implement the proposed reform to the administration of the business rates retention system?

24. RSN is open the Government's proposed alternative business rates system. We are sympathetic to the difficulties of operating the current rates system (both for MHCLG and for authorities), and any alternative system that makes the system more manageable would be welcome. Our members have particular concerns about the difficult of managing the financial effects of appeals and are concerned about continuing to have to manage them in the current system.

25. We would be looking for the following characteristics in an alternative system:

- The amount that authorities gain from the system should be equivalent to 75% retention. Gains should not be cash limited.

- The system should operate like a retained rates system and not a grant mechanism. Authorities should be able to work-out their own gains based on their own figures (i.e. gains should not be reliant on outturns in other authorities or on decisions by ministers).
- Authorities should be protected from valuation error risks.
- Authorities should continue to get compensation from Government for any loss in yield as a result of statutory reliefs, particularly small business rate reliefs. Rural authorities have a higher share of these reliefs and, without compensation, there is a risk that rural authorities do not benefit from growth in small businesses.

26. We understand that MHCLG is developing this system and the mechanics of how it would work. Seeing this "proof of concept" will be essential to show that the proposed alternative system is viable. It would be helpful if MHCLG could include at least one rural authority in its development work.

Question 14: What are your views on the approach to resetting Business Rates Baselines?

27. RSN supports the Government's proposals for resetting the Business Rate Baselines. There are clearly difficulties in the two-stage baseline reset and this alternative has some important advantages. Firstly, authorities can see more clearly how their baseline is derived, and it is based only on their own figures. There is no requirement for MHCLG to forecast the overall business rate aggregate, or make assumptions about appeals losses. Secondly, using the 2018-19 NNDR3 gives authorities some certainty about their baseline reset. Many authorities are understandably concerned about which financial year would be used, and giving this clarity is really helpful.

28. We understand MHCLG's concern about adjusting for appeals and we support the intention. Appeals are very volatile and the decisions authorities make about their provisions can often result in large variations from year to year (usually from no fault of their own). The uncertainty about the future appeals losses on the 2017 rating list could lead to some large changes in provision policy in the next year or so.

29. Proposal (a) might still be workable because it excludes the provision in respect of the 2017 rating list, but there will still be much uncertainty about the 2010 rating list in the 2018-19 NNDR3. Volatility and change will be less than in previous years but still potentially significant. Proposal (b) would not be acceptable because it does not take account of the actual incidence of appeals at authority level, and we know that the incidence varies considerably. Proposal (c) might have some potential but we would need to know more about the centrally determined guidelines that authorities would have to apply.

30. We can see that the process for resetting baselines is not going to be easy and there is considerable scope for authorities receiving a new baseline with which they disagree. (Is

this another argument for only making a partial reset?) Using 2018-19 NNDR3 will help to improve the credibility of the new baselines, and allowing authorities to effectively retain growth from 2019-20 and 2020-21 will "soften the edges" of the full baseline reset. Adjustments for appeals will be very difficult to manage and none of the options looks particularly attractive. Because of these uncertainty about the baseline reset, we would be interested in exploring either the alternative system or the potential to implement the phased reset.

Question 15: Do you have any comments at this stage on the potential impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

31. None.

	A	B	C	D	E	F	G	H	I
1									
2									
3		2ND JANUARY, 2019							
4		**RSN (INCOME & EXPENDITURE) 2018/19 AND**							
5		**ACTUAL TO END DECEMBER 2018**							
6		**WITH ESTIMATE 2019/20**					**ACTUAL TO**	**ESTIMATE**	**ESTIMATE**
7							**END DEC 18**	**18/19**	**2019/20**
8		**INCOME**					**£**	**£**	**£**
9									
10		**DEBTORS FROM PREVIOUS YEAR (NET OF VAT)**							
11		SPARSE/Rural Assembly held by NKDC at year end					3000	5345	
12		SPARSERural Assembly Outstanding NK)						0	
13		RHA - Website Contribs.					300	300	
14		RSP Subscriptions						495	
15		Coastal Communities Alliance (Gross)							
16		CCN re Bexit Roundtable					381	381	
17		SPARSE Rural/Rural Assembly					275557	302094	310204
18		Ditto Held by NKDC at Month End					16939		
19		RSN Extra £350Levy					34650	34650	
20		Extra Levy held by NKDC at month end					2200		
21		RSP					12055	13524	17850
22		Commercial Partner First Group Buses					10000	10000	10000
23		Income from Rural Housing Group					7417	7417	7664
24		Income from Fire & Rescue Group					3170	3865	3865
25		FIRE GROUP LEVY RE SPARSITY EVIDENCE					6000	6000	
26		**OTHER INCOME**							
27		Rural Conference Income					14738		
28		Rural Conference Surplus						7709	7000

	A	B	C	D	E	F	G	H	I
29							**ACTUAL TO**	**ESTIMATE**	**ESTIMATE**
30							**END DEC 18**	**18/19**	**19/20**
31							**£**	**£**	**£**
32		Recharges to Rural England Back Office Support £1200)					700	1400	1428
33		RE recharge re Elec NW Commission						1100	1100
34		RE recharge re Southern Water Commission						1000	1000
35		EE/Other Sponsorship						5000	5000
36		Coastal Communities Alliance Gross)					2179	4358	4358
37		RHCA - Fee Income					1760		4567
38		RNCA Expenditure Reimbursement					5000	8883	18000
39		RE Website Maintenance						2241	2286
40		Miscellaneous (BT)					979	979	
41		Contras					1905	169	
42		**VAT**							
43		VAT Refund					1290		
44		VAT Received					13196		
45		**TOTAL INCOME**					**413416**	**416910**	**394322**
46									
47									

	A	B	C	D	E	F	G	H	I
48							**ACTUAL TO**	**EST**	**EST**
49							**END DEC 18**	**2018/19**	**2019/20**
50		**EXPENDITURE**					**£**	**£**	**£**
51		VAT Paid on Goods & Services					14257		
52		VAT Paid to HMRC					160		
53		General Provision for Inflation							2200
54		**NET WAGES & CONTRACTS FOR SERVICES**							
55		Corporate Management				DI,GB,AD, 1 JT, 100% KB 80%	95290	139587	128601
56		Finance/Performance and Data Analysis				, DW, 100%,	17898	30045	30045
57		Communications (incl Seminars)				RoseR,RCM	26766	38528	37261
58		Administrative and Technical Support				AD3, RI, WI,WC,BA, MB 100%	33245	50358	49213
59		Research and Monitoring				BW, 100%	6325	9850	10575
60		Economic Development Service				AD5 100%	3901	5201	5100
61		Coastal Communities Contract					1825	3650	3650
62		Rural Communities Housing Group				AD2 100%	5072	6763	6630
63		Employee Deductions					19571		
64		Less March 19 Employee Deductions						-2411	
65		Provision for Inflation on Contracts (2% p.a.)							3480
66		PAYE - Employers NIC (11 mths)					7300	10494	10494
67		PAYE ADMIN (Accountants)					189	252	252
68		NEST PENSIONS Employer contrib					1671	2382	3840
69		**OTHER EXPENDITURE**							
70		Rural Fair Shares Campaign etc.					3378	8500	8500
71		Pixell Financial Service (core Annual Service)					3500	8500	8500
72		SPEND FROM 2018/19 £350 VOL CONTRIB						22000	
73		**Conferences/Seminars**							

	A	B	C	D	E	F	G	H	I
74		Rural Conference 2018					6159		
75		Rural Conference Drinks Reception					962	962	1000
76		Regional Meetings/Seminars					896	1200	1800
77							**ACTUAL TO**	**EST**	**EST**
78							**END DEC 18**	**2018/19**	**2019/20**
79							**£**	**£**	**£**
80		**Service Level Agreements**							
81		Rural Housing Group (RHG)					782	1000	1200
82		RHG Website Maint					918	1224	1224
83		RE Website Maint					1530	2040	2040
84		Rural England CIC to re-charge)					1654		
85		Rural Ingland CIC transfer of part of First Group Support					7000	7000	7000
86		APPG/Rural Issues Group Costs					905	1200	1200
87		Parlia Rural Vulnerability Group						500	500
88		RHCA Direct					4530		
89		RHCA Share of Subscription Income							
90		**Business Expenses**							
91		Website Upgrade					650	650	
92		Travel and Subsistence					18851	22500	23000
93		Print, Stat,e mail, phone & Broadband@					2841	3800	3600
94		Meeting Room Hire					623	1000	1000
95		Website and Data Base software etc					3573	4500	4500
96		Rent of Office & Associated Costs					3562	5061	8000
97		Accountancy Fees					531	800	800
98		NKDC Services						2345	2345
99		Companies House Fees					13	13	13
100		Bank Charges					70	90	90
101		IT Equipment &Support & Other Capital					255	600	700
102		Insurance					55	650	650
103		Corporation Tax							300

	A	B	C	D	E	F	G	H	I
104		Membership of Rural Coalition						250	250
105									
106							**ACTUAL TO**	**EST**	**EST**
107							**END DEC 18**	**2018/19**	**2019/20**
108							**£**	**£**	**£**
109		**ARREARS - PREVIOUS FINANCIAL YEAR**							
110		Regional Meetings/Seminars					450	450	
111		Contract for Service (ADMIN)					1660	1660	
112		Communications					500	500	
113		Extra Media by RCM					963	963	
114		Rose Regeneration					2000	2000	
115		Lexington Communications Contract							1741
116		PIXELL					21958	21958	12650
117		Research Costs					11420	11420	3250
118		RSN Online arrears					4523	4523	
119		RHA website Maint					300	300	
120		Travel and Subsistence arrears					823	823	700
121		Printing, Phone and Stationery (arrears)					9	9	
122		Office Costs					286	2000	
123		Data base etc (arrears)					433	433	
124		**TOTAL EXPENDITURE**					**342033**	**438123**	**387894**
125									
126									
127		**TOTAL INCOME**						**416910**	**394322**
128		LESS TOTAL EXP						-438123	-387894
129		**DIFFERENCE BETWEEN IN YEAR INC & EXP**						**-21213**	**4662**
130		**ADD GEN BALANCE BROUGHT FORWARD**						**25875**	**5208**
131		**BALANCE CARRIED FORWARD**						**4662**	**9870**
132									

	A	B	C	D	E	F	G	H	I
133									
134									