



Revitalising Rural

RURAL SERVICES NETWORK

Realising the Vision

FAIR FUNDING





Revitalising Rural

Realising the Vision

The Rural Services Network

We are a membership organisation and we work on your behalf for rural communities.

The RSN is 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.

Our membership comprises 116 rural local authorities plus over 210 other rural service providers and interest groups including Rural Housing Associations, Healthcare Trusts and Charities. We also have over 200 larger Parish or Town Councils in the Rural Market Town Group.

You can find out more about the RSN at our website www.rsnonline.org.uk.

We always welcome new members and if you are interested in joining the RSN, click here for more information. [Join the RSN!](#)

Revitalising Rural, Realising the Vision

Revitalising Rural, Realising the Vision is a campaign run by the RSN, which sets out a number of policy asks in 14 key subject areas to help support rural areas to achieve their full potential, and to 'level-up' areas of historical underinvestment.

Revised March 2022



Revitalising Rural

Realising the Vision

FAIR FUNDING



Why it matters

It is vital that we work to improve outcomes in public services in rural areas which are, and have been for decades, woefully under-resourced by central government in comparison to urban areas of the country. Good quality, accessible and affordable public services are a cornerstone of economic (and social) opportunity, recovery, growth, and sustainability. Without them the potential benefits from major infrastructure investments will simply not be realised – rural areas will fall further and further behind and levelling-up will have failed.

More people live in rural areas than live in the whole of Greater London. But the distribution of resources to those different parts of England to fund essential services is nowhere near fair or equitable – despite Government's acceptance that it costs more to deliver services in rural areas.

Ensuring that we have sustainable rural communities, means ensuring that residents have good access to healthcare, that children can attend local schools without the need to travel long distances, that areas have affordable homes in order to ensure that key workers have somewhere to live, and that public services are delivered effectively.

Residents should not be disadvantaged in life, due to where they live.

Revised March 2022

The national policy context

Key elements of national policy include:

- Fair Funding Review – the Government commenced a review of the way in which funding was allocated to Local Authorities in 2016 with the *Fair Funding Review: A Review of Relative Needs and Resources*. When the Fair Funding review was announced initially, the then Secretary of State stated, “*We need to recognise that demographic pressures are affecting different areas in different ways, as is the changing cost of providing services. So, we are undertaking a Fair Funding Review, to thoroughly consider how to introduce a more up to date, more transparent and fairer needs assessment formula.*”

The overarching methodology that determines how much funding each authority receives each year was introduced over ten years ago and has not been updated since funding baselines were set at the start of the 50% business rates retention scheme in 2013/14. Therefore, reviewing the whole process is vital to ensure a fairer distribution of funds. The Rural Services Network has long been providing evidence to this review to demonstrate the ways in which the current system is unfair and the impact on rural communities. Due to various factors, this review has been delayed several times by the Government, with Brexit and the Covid-19 pandemic having a key impact. However, the result is that rural areas remain underfunded by an unfair distribution system.

- Village schools – a long-standing Government policy is the presumption against rural school closures (other than in exceptional circumstances). This policy recognises the wider social cost to communities where a school closes. A National Funding Formula for schools was introduced a few years ago, benefitting some (though not all) small rural school budgets. Without economies of scale, small schools have proportionately higher underlying running costs.
- Adult Social Care – this complex sector is the statutory responsibility of both the NHS and upper tier local authorities; the latter managing longer term care packages. On top of that are residential care homes, mostly run by the private sector, and support services from a wide range of voluntary or community sector organisations. However, most care is given informally by family members, friends, and neighbours. Proposals for major policy reform of the way that social care is funded are once again under discussion.

The rural dimension

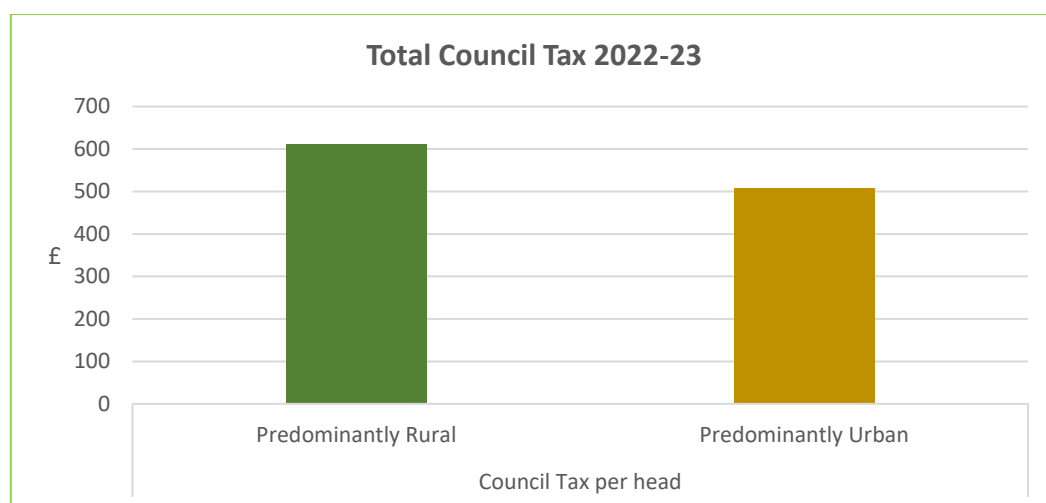
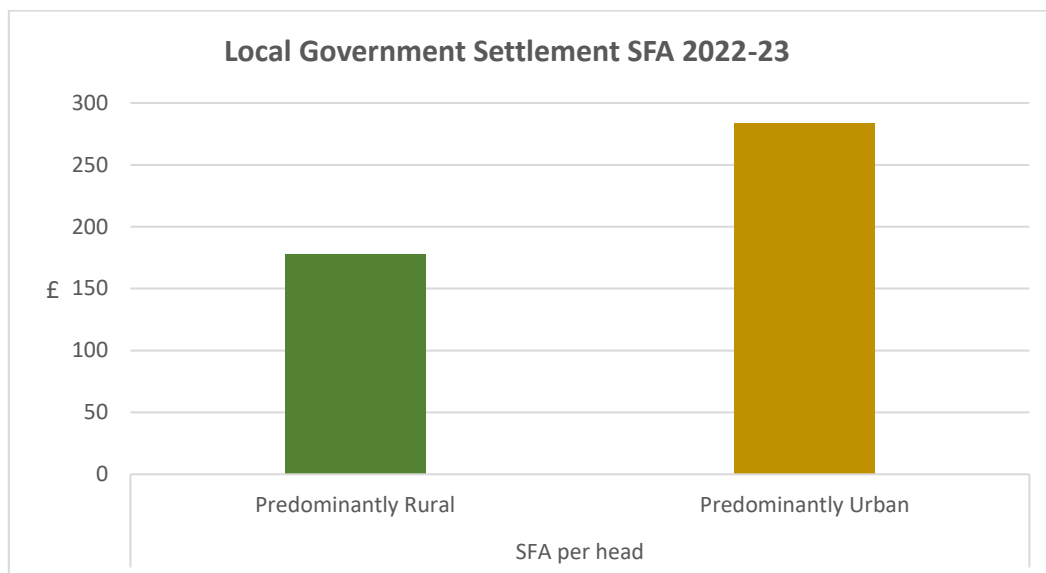
Due to the longstanding underfunding of rural areas, we are now faced with a situation where the Local Government Finance Settlement for 2022-2023 shows:

- Rural areas in 22/23 will still receive some **37% (£105) less** per head in Settlement Funding Assessment grant than their urban counterparts
- Rural residents will pay, on average, **21% (£104) per head more** in Council Tax than their urban counterparts due to receiving less government grant
- Rural residents will get **14% per head less** in social care support overall

Due to a lack of Government Funding, rural Local Authorities are much more reliant on income from council tax to balance the books and fund services. Over the years, they have been forced to increase council tax to levels higher, on average, than those in urban areas. This has a detrimental impact on rural communities where they are paying more in council tax, from often lower than average wages.

Revised March 2022

Rural residents pay more, receive fewer services and, on average, earn less than those in urban areas and that is inequitable.



These graphs show the disparity in Settlement Funding Assessment (SFA) from the Government for rural and urban areas and the difference in average council tax payable between rural and urban.

In addition, older people form a significantly larger proportion of the population in rural areas than in urban areas, a point which matters since age is the main determinant of demand for health and care services. Furthermore, the proportion of older people within the overall population is increasing fastest in rural areas. This trend is very marked for those aged 85 or over whose care needs tend to be most complex.

The Rural Services Network in September 2021 published a joint report with the County Council Network on [The State of Care in County & Rural Areas Report](#). The report makes several recommendations including fair funding.



Analysis by the Rural Services Network shows that, if compared with their predominantly urban equivalents:

- Predominantly rural local authorities receive less grant funding per head to pay for services such as social care;
- Predominantly rural local authorities receive significantly less grant funding per head to pay for their public health responsibilities; and
- The more rural NHS Clinical Commissioning Group areas receive similar funding per head, which does not seem to account for their notably older demographic.

Public Health funding for Local Authorities continues to be allocated unfairly for rural councils.

In 2022/2023, Predominantly Rural Local Authorities received £44.50 per head compared to £69.87 for Predominantly Urban Local Authorities. This means that Urban Councils are receiving 57% more per head to spend on public health challenges services that may arise directly or indirectly from Covid 19. In addition, this funding is ringfenced to be used to provide services that include treatment for alcohol or drug misuse, obesity prevention, children's 0-5 services, sexual health services, stop smoking services and children's 5 to 19 public health programme.

The gap in funding for Public Health for 2021/22 was 57% so whilst the actual amount of funding has changed, the gap in money available to spend on rural residents remains the same.

Policy solutions

The RSN is calling for rural areas to receive a fair share of the resources made available nationally to support investment and services. We recognise the financial challenges facing the Government and stress that we are, in the main (social care is an obvious exception – but that is a national issue – albeit with very significant rural aspects to consider), seeking a fairer distribution of national resources to rural areas and more nuanced policy to reflect the rural context.

Rural areas must benefit from the important Government commitments to level-up so that nowhere is left behind and for the UK to become net zero for greenhouse gas emissions by 2050. Added to which is the existing Government commitment, from 2019, to develop its vision for rural England. That vision needs to set out the desired outcomes, policy rationale, costs benefits and deliverability (including timescales). Impacts and restrictions of the pandemic have brought into focus and exacerbated a number of rural vulnerabilities, whilst at the same time highlighting some notable strengths and opportunities. The national response needs to support rural areas to ensure, not only that the recovery is equitable, but that it revitalises rural and unlocks its potential to contribute fully to national growth and to grow back better.

Revised March 2022





Fair Funding

Specific policy asks

Public Sector Funding: public services should be fairly funded to ensure that additional costs of delivering rural services are recognised and adequately funded to ensure that rural areas are not left behind in levelling up England.

Recognising rural need: Government should take full account of the needs of rural areas, their economies, and their communities and that the impacts of any measures flowing from it are both proportionate to rural areas and properly rural proofed.

Public and mental health services: in the light of recent experience, Government should give more prominence to public health and mental health services. Both need better resourcing to become more accessible in rural areas. Historic funding allocations for public health cannot be justified and need an urgent overhaul to even out provision. Good practice in rural provision of mental health services needs active promotion and encouragement. Large disparities in numbers of mental health professionals working in rural and urban areas need resolving.

Social care provision: Government should implement the findings of its Fair Funding Review to help level-up the provision of social care services in rural areas, taking full account of their delivery cost in more sparsely populated areas. This would also enable improved or more consistent engagement with and commissioning of 'low level' support services for vulnerable rural residents, which are typically delivered locally by voluntary and community sector organisations.

Rural schools: the revised National Funding Formula helps to compensate many rural schools for the relatively high underlying running costs (per pupil) that small schools inevitably face. It should, however, be set to allow for more than minimum staffing levels. A share of the capital funding pot for school modernisation and maintenance projects should be set aside for small schools. They often lose out, with capital spending focused on larger projects at urban schools. Government should support and offer some funding to help collaboration or clustering between small rural schools, so they benefit from shared resources and expertise.