



## Fair Funding Relative Needs Technical Consultation

### *Response from the Rural Services Network/ SPARSE-Rural – March 2018*

The Rural services Network, whilst represented on the Working Group welcomes the opportunity to input into the Fair Funding Relative Needs consultation 2018

Our response to the Consultation Questions is set out below. We would be pleased to provide any further information on request.

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### INTRODUCTORY COMMENT

1. Local authorities of all types, especially those serving rural areas are facing significant financial pressures that the sector is looking to be resolved through the Fair Funding Review and the upcoming Comprehensive Spending Review.
2. In responding to this consultation, the RSN is seeking the introduction of a fair funding formula which genuinely reflects the actual costs that are incurred by local authorities in the context of the areas they serve. It is, however a fact that the introduction of a fair funding formula will not, on its own, solve the financial pressures faced by local authorities. To cope with these cost pressures, the “quantum” of funding available to local government, especially rural authorities which have been subject to historic underfunding, must be sufficiently large to fund the well-documented unfunded cost pressures currently being borne by the local government sector.
3. A new funding formula, in the absence of additional funding, will clearly result in both “winners” and “losers”. **While it is essential that additional resources are allocated to local government as part of the Spending Review, the fair funding review should not be reliant on an increase in the quantum.** RSN members – because of the historic underfunding they have had to endure - will be very disappointed if this is used as a pretext not to proceed with the implementation of genuinely new needs-led funding formula.

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***Question 1): What are your views on the Government's proposals to simplify the relative needs assessment by focussing on the most important cost drivers and reducing the number of formulas involved?***

On the whole we SUPPORT the Government's proposals to simplify the relative needs assessment by focussing on the most important cost drivers and reducing the number of formulas.

However, we note that this consultation does not touch on either the resources block or the central allocation block. We have long expressed the view that the outcomes of the existing formula model are unfair on rural areas and whilst we agree with the simplification of the existing mechanism, we await consultation on the resources block in order to assess the overall impact of the fair funding review.

Of particular concern is that there is no mention of the central allocation block. As this formerly distributed funding on a per capita basis, it seems clear that if this was to be removed with all funding being made via needs and resources (and damping) then the current needs formulae would result in significant redistribution from rural areas, a move which we would clearly not support.

We seek clarification, therefore, as to the plans for the central allocation block. We also call for greater clarity on the Government's plans for setting the relative weights between the blocks.

***Question 2): Do you agree that the Government should use official population projections in order to reflect changing population size and structure in areas when assessing the relative needs of local authorities?***

We SUPPORT the use of official population projections and would support any mechanism which is capable of fairly reflecting underlying changes in population so that they are recognised as soon as practicably possible in funding allocations.

We feel that the lack of dynamism in the current system combined with historic low funding of rural areas has contributed increasing financial fragility of local authorities in rural areas.

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***Question 3): Do you agree that these population projections should not be updated until the relative needs assessment is refreshed?***

We would SUPPORT any move that provided reliable and updated population figures to be included in the 2020/21 Settlement.

***Question 4): Do you agree that rurality should be included in the relative needs assessment as a common cost driver?***

We STRONGLY SUPPORT the inclusion of rurality as a common cost driver.

We agree with the assertion in the consultation document that the alterations in weightings for sparsity for 2013/14 'may have only partially reflected the challenges faced in delivering some services in rural areas'.

***Question 5): How do you think we should measure the impact of rurality on local authorities' 'need to spend'? Should the relative needs assessment continue to use a measure of sparsity or are there alternative approaches that should be considered?***

We recognise past difficulties in finding a measure which adequately reflects rurality. However, we do feel that the existing sparsity measure provides a good proxy for rurality particularly in terms of measuring potential time loss through travel.

That is not to say that there may not be further potential measures for rurality. We have undertaken reviews in the past which have shown significant cost penalties for provision of services in rural areas associated with 'lost' travel time but these have been deemed too limited to meet MHCLG statistical criteria.

We feel that this is an important cost driver, deserving of further work to establish the additional cost of delivering services to rural areas and if this cannot be undertaken then an increase to the weight of the sparsity indicator should be used.

In April 2016 SPARSE-Rural/Rural Services Network commissioned LGFutures to prepare a report bringing together the "Evidence base for drivers of higher service costs in rural areas". We attach a copy of that Report as **Appendix A** to this consultation response

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***Question 6): Do you agree that deprivation should be included in the relative needs assessment as a common cost driver?***

We agree that deprivation should be included in the relative needs assessment as a common cost driver. However, in terms of a foundation formula we would make the following points:

- We feel that only some of the services, such as housing and homelessness, intended for inclusion in the foundation formula correlate to deprivation. We do not feel that many foundation formula services correlate to deprivation and we would want to ensure that deprivation is not overstated in the foundation formula
- We agree that deprivation measures are currently too narrowly focussed around benefits take-up and would STRONGLY SUPPORT a wider definition of deprivation as proposed with IMD. We would also make the point that low wages rarely feature as a measure of deprivation and many rural areas suffer from low wages and high living costs which are not factored into needs formulae.

***Question 7): How do you think we should measure the impact of deprivation on 'need to spend'? Should the relative needs assessment use the Index of Multiple Deprivation or are there alternative measures that should be considered?***

We STRONGLY SUPPORT a greater focus on Index of Multiple Deprivation measures in terms of giving a less one- dimensional view of deprivation as is the case with existing formulae.

***Question 8): Do you have views on other common cost drivers the Government should consider? What are the most suitable data sources to measure these cost drivers?***

We feel that the Fixed Cost sum currently included in the Mixed Costs RNF but not mentioned in the consultation should form part of the Foundation Formula. Although not significant in terms of the whole formula, these amounts are significant for the smallest local authorities, many of which are in rural areas.

Otherwise, we do not feel that there are other common cost drivers though we point to our response to question 10 in respect of some services such as drainage board levies which are specific to a small number of authorities.

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**Question 9):**

**Do you have views on the approach the Government should take to Area Cost Adjustments?**

Generally, we understand the concept of Area Cost Adjustments. However, we would make the following points:

- We feel that there is no reflection for the additional costs which are sometimes prevalent in rural areas associated with imperfect market conditions where labour costs might be inflated due to low supply
- We feel that some of the indicators in the present formula overstate the needs in urban areas and as ACA is multiplicative in nature these overstatements are further increased when ACA is applied.

**Question 10a): Do you have views on the approach that the Government should take when considering areas which represent a small amount of expenditure overall for local government, but which are significant for a small number of authorities?**

**Question 10b): Which services do you think are most significant here?**

We support the concept of identifying specific expenditures which are limited to a small number of authorities.

We feel that Drainage Board Levies fall into this category.

The Chief Executive of one of our member authorities, Eden District Council has commented "Whilst clearly there are the issues of rurality for places like Eden but with that comes not just the increase in costs of dealing with waste and recycling collections but also for dealing with emergencies. Whether it is floods or snow the reality of the geography of Eden is such that we get hit. Towns and villages get cut off when the rivers flood and when snow comes similar issues but different areas are impacted upon. It is not just the Belwin formula that help places like Eden we need funding for the basics of putting in place and continuing to maintain measures to support the events when they happen. This can range from just the simple administration and management of the process to plant and equipment. The Resilience funding just does not cover that which is necessary. It is a related cost of being in business that rural councils have".

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***Question 11a): Do you agree the cost drivers set out above are the key cost drivers affecting adult social care services?***

***Question 11b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting adult social care services?***

We SUPPORT the Government's thinking set out in the consultation paper, particularly in respect of the focus on means testing and higher levels of impairment. We feel that the existing proxies for deprivation are too narrowly focussed around income deprivation, particularly benefits rates.

We particularly SUPPORT sparsity as a key cost driver but feel that the existing weighting understates the costs of providing adult social care services in rural areas.

In preparing a response to the call for evidence for the Joint Inquiry by the Communities and Local Government and Health Select Committees the RSN identified a number of areas where, based on NHS Digital data, there are examples of higher demand and/or service cost comparisons for services in rural areas. These are set out in **Appendix B** to this response.

***Question 12a): Do you agree that these are the key cost drivers affecting children's services?***

***Question 12b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting children's services?***

We SUPPORT the Governments thinking set out in the consultation paper and note the additional work to be undertaken on Children's Services.

We feel that the existing indicators for deprivation are too narrowly focussed around income deprivation, particularly benefit rates, and would welcome investigation of other cost drivers for Children's Services

We feel that the sparsity indicator should be considered for Children's Social Care as home to establishment transport costs more in rural areas.

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***Question 13a): Do you agree that these are the key cost drivers affecting routine highways maintenance and concessionary travel services?***

***Question 13b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting routine highways maintenance or concessionary travel services?***

We agree with the highways maintenance cost drivers.

We do not feel that the concessionary travel services cost driver is appropriate. When LGF undertook their work on sparsity and rurality, concessionary travel had the strongest negative correlation between sparsity and expenditure. We believe that this is a prime example of 'unmet need' – bus boardings in rural areas are so low because there simply aren't many busses to board! This is due to historic low levels of funding resulting in low or no support resulting in low or no bus service provision. We therefore STRONGLY DISAGREE with the existing formula.

We would propose that the Access to Services index from the Indices of Multiple Deprivation be used to measure need for concessionary travel and for bus support. (Question 14).

***Question 14a): Do you have views on what the most suitable cost drivers for local bus support are?***

***Question 14b): Do you have views on what the most suitable data sets are to measure the cost drivers for local bus support?***

We would propose that the Access to Services index from the Indices of Multiple Deprivation be used to measure need for concessionary travel and for bus support.

***Question 15a): Do you agree that these are the key cost drivers affecting waste collection and disposal services?***

***Question 15b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting waste collection and disposal services?***

We DO NOT SUPPORT the proposal that deprivation is a key cost driver for waste collection and disposal services. We would be interested to see the empirical evidence for the link between deprivation and lower likelihood to recycle. In any case, we believe that recycling and waste collection/disposal should be considered together and that seeking only cost drivers for waste collection and disposal may

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create a perverse incentive against recycling which is at odds with the Government's environmental agenda.

We struggle to understand a correlation between deprivation and dog fouling.

We do feel that travel times, types of property and number of households are all key cost drivers.

**Question 16a): Do you agree these remain the key drivers affecting the cost of delivering fire and rescue services?**

**Question 16b): Do you have views on which other data sets might be more suitable to measure the cost drivers for fire and rescue services?**

Whilst we feel that the cost drivers are correct, we are of the view that the sparsity indicator is significantly under-weighted. The reductions to fire funding in rural areas have had a profound impact on service where reliance on retained staff is so important. Without an improved recognition of sparsity, we feel that fire and rescue provision and response to the most rural areas of England will be drastically reduced.

In terms of cost analysis, the last data that detailed the predicted economic cost of fire was released in 2011, this is out of date and needs refreshing in order to understand the actual impact on rural communities.

One of our members, Staffordshire has commented that in their area "the average age of an individual losing their life in a fire is 73 and there is a roughly even split between those who live in rural areas compared to those living in urban areas. We do however have a large proportion of our older population living in rural areas as opposed to urban areas hence the need to ensure prevention activity is targeted at this group is vital". Recognition of those costs should be considered.

***Question 17a): Do you agree these are the key cost drivers affecting the cost of legacy capital financing?***

***Question 17b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting legacy capital financing?***

We do not have any views on this question.

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**Question 18a): Are there other service areas you think require a more specific funding formula?**

**Question 18b): Do you have views on what the key cost drivers are for these areas, and what the most suitable data sets are to measure these cost drivers?**

We do not feel that there are any other services which require a more specific funding formula.

**Question 19): How do you think the Government should decide on the weights of different funding formulas?**

**Question 20): Do you have views about which statistical techniques the Government should consider when deciding how to weight individual cost drivers?**

We are pleased that the Government has recognised some of the limitations with multiple regression modelling, particularly the circular 'baking in' of past funding patterns. Whilst we accept that regression modelling is a necessary part of the system, we feel that the Government should be prepared to use other statistical techniques as appropriate and also be prepared to use 'informed expert judgement' as proposed by the Society of County Treasurers at the January 2018 Technical Working Group.

**Question 21): Do you have any comments at this stage on the potential impact of the options outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.**

We have no comments in respect of this question.

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## APPENDIX A

### SPARSE-Rural

#### Evidence base for drivers of higher service costs in rural areas

##### Lack of economies of scale

Service costs per resident tend to be significantly higher in smaller communities than in larger ones. Dispersed populations, and a need to maintain minimum levels of coverage across all geographical areas, result in higher fixed costs per residents – for example, the costs of maintaining buildings and minimum staffing levels at each contact point required on access to services grounds. This applies equally to other service delivery points such as Leisure centres.

Research by LG Futures for SPARSE-RURAL in 2011 identified clear examples of lack of economies of scale in Fire and Rescue Services and in Education:<sup>i</sup>

- *Fire & Rescue* – predominantly rural authorities held over twice as many operational appliances than those in urban authorities. The predominantly rural authorities maintained 4.8 fire stations per 100,000 residents, compared to 1.9 fire stations for predominantly urban authorities.
- *Schools* – small schools, with fewer than 100 pupils, were more prevalent in rural areas (34% of schools) than urban areas (3% of schools). This implies a higher fixed cost per pupil in rural areas; for example, higher building costs for a given number of pupils. It was also evident that rural schools were operating at less efficient levels of capacity, with more surplus places: the average surplus capacity in predominantly rural areas was 15%, compared to 10% in predominantly urban areas.

In interviews carried out by LG Futures, local authorities reported that population dispersal imposed additional costs on commissioning social care services, by preventing them from efficiently 'clustering' services at a central location.<sup>ii</sup> Placements for children and adults with disabilities were commonly highlighted, as these could require more expensive out of area placements and home to school transport.

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### **Travel distances, mileage and unproductive time**

Increased travel time, with associated unproductive staff time, is a second major driver of additional costs in rural areas. For example, a review of social care services in Northumberland found that *“rural mental health services’ staff spent between 25 and 33 percent of their time travelling, compared to between 7 and 10 percent for urban staff.”* This reduces the time that staff can spend on productive activities; for example, the Welsh Assembly Government’s Rural Health Plan found that *“travelling distances for health and social care staff limits time spent engaged in direct patient contact.”<sup>iii</sup>*

### **Lack of public transport**

In interviews with local authorities conducted by LG Futures on behalf of DCLG/DEFRA in 2014 (Research into Drivers of Service Costs in Rural Areas), rural bus routes were frequently identified as a service particularly affected by rurality.<sup>iv</sup> Bus routes in the most rural areas are not commercially viable in their own right and required significant subsidies from local authorities. For example, in one rural authority interviewed, subsidies per passenger ranged from 42p for urban routes to around £4 for rural routes.

While expenditure on subsidies was decreasing, the potential for savings was limited by the need to maintain minimal levels of access. There were also concerns regarding knock-on costs: for example, loss of access to primary care services and early intervention could mean that individuals present later with more complex social care needs due to difficulties in undertaking independent living.

Reducing public transport can also undermine the economic viability of existing services. For example, schools in rural areas are unable to offer as wide a range of after school activities, as many pupils rely on public transport travelling to and from schools, making it economically unviable to offer these activities to fewer pupils.<sup>v</sup> A report by the National Research and Development Centre for adult literacy and numeracy in 2005 found that *“transport, access and childcare are major barriers to learning in rural areas, along with the issue of attracting a viable number of learners”*.<sup>vi</sup>

### **Poor Internet Connectivity**

The internet and associated technologies present a range of opportunities for increasing the accessibility of services in rural areas and driving down costs. The government’s Rural Statement 2012 noted that access to effective broadband has the potential to make services more accessible to rural areas.<sup>vii</sup> Age UK identifies a number of advantages for older adults, such as enabling clinicians and carers to remotely support older people in their homes, reducing the need for referrals to acute centres for routine care.<sup>viii</sup>

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However, the lack of broadband infrastructure in rural areas prevents these opportunities from being fully exploited. Age UK reported that 23% of households in rural areas had no or only a slow broadband connection in 2010, compared with 5% of urban households.<sup>ix</sup> The government has established a Rural Broadband Programme to improve internet access; however, the National Audit Office report in 2013 that there had been significant delays in implementing the programme and that some targets for rural access may not be met.<sup>x</sup>

### **Recruitment and training**

Recruitment and training costs are higher in rural areas. A study on homelessness services in Scotland found that working in rural and remote localities “*poses specific challenges in terms of finding, training and retraining staff*”. Some of the issues identified included lower salary potential, lack of affordable housing, worker isolation, staff safety and distance from support staff.<sup>xi</sup>

Recruitment challenges also mean that rural communities face challenges in benefiting from the personalisation of care. For example, research summarised by the Social Care Institute for Excellence highlighted the difficulties in the recruitment and retention of personal assistants in rural areas.<sup>xii</sup> Research from Northern Ireland found that difficulties recruiting care assistants and a lack of choice of care assistants were among the main challenges associated with care provision in rural areas.<sup>xiii</sup>

### **Higher living costs in rural areas**

Rural residents can face higher living costs than their urban counterparts. This means that material deprivation is likely to be higher than that suggested by income alone, with increased financial hardship increasing the demand for public services.

Evidence presented in a report on rural communities for the Environment, Food and Rural Affairs Committee in 2013/14 identified rural communities as paying higher council tax bills per dwelling; people working in rural areas earning less on average than their urban counterparts, but rural homes being more expensive; the cost of living rising faster in rural areas; fuel poverty having a greater impact in rural in areas; and transport costs accounting for a greater proportion of household expenditure.<sup>xiv</sup>

Work undertaken for the Joseph Rowntree Foundation (JRF) and the Commission for Rural Communities suggests that “*the minimum cost of living in rural areas is greater than living in urban areas*”, with transport being the largest element of extra costs. The difference between rural and urban areas was estimated at between 10% and 20% in 2010.<sup>xv</sup>

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Older people, in particular, face higher living costs. A greater proportion of older people in rural areas experience fuel poverty, mostly due to the poor insulation of many homes and the fact that fewer homes have mains gas, thereby requiring more expensive forms of heating.<sup>xvi</sup>

### **Lack of private sector and voluntary providers**

Unlike urban authorities, rural authorities cannot rely as heavily on alternative provision from the independent and voluntary sectors. For example, in relation to dementia services in rural areas, *“third and private sector organisations tend to be fewer and more fragile, making it difficult to develop a mixed economy of care and build capacity for involvement of communities”*.<sup>xvii</sup>

Interviews carried out by LG Futures for DCLG/DEFRA identified a number of market factors that had the potential to penalise sparsely populated authorities.<sup>xviii</sup> There were perceived to be fewer contractors operating across all services in rural areas, with reduced levels of competition leading to higher prices. Authorities sometimes sought to ‘influence’ the market – for example, by packaging contracts in such a way that providers need to tender for a mixture of rural and urban areas – though for certain services providers were still able to ‘cherry pick’ the areas they wished to operate in.

In instances where rural location was not economically viable for private sector providers, the local authority often needed to act as a provider of last resort. Examples of services where this had taken place included commercial waste collection; pest control; broadband provision; activities for older people formerly run by charities; school meals; and leisure centres.

### **Stigmatisation, lack of anonymity and isolation**

Fear of stigmatisation and lack of anonymity impose additional barriers of delivering services to rural areas. Reluctance to take up public services *“may be caused by a range of factors, including the traditional ‘self-sufficiency’ of rural communities, the fear of stigmatisation associated with accepting health and problems of confidentiality.”*<sup>xix</sup> This suggests that rural authorities face additional outreach costs associated with overcoming these ‘cultural’ barriers to service delivery.

They may present particular obstacles in social care or public health. Research by MIND, a mental health charity, found that access to help, support and services can be particularly challenges for residents of rural communities with mental health concerns. For example, *“farmers who develop mental health problems rarely approach mental health services, because of the perceived stigma and the shame of being seen as ‘not coping’”*.<sup>xx</sup> The

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Department of Health noted that sexual health services in rural and remote areas were regarded by young people as “*too visible*”, as well as inaccessible.<sup>xxi</sup>

### **Hidden poverty and deprivation**

Poverty and deprivation levels may be underestimated in rural areas, meaning that rural authorities do not receive funding commensurate with the needs of their residents.

The Young Foundation suggests that “*the close proximity of affluent and deprived households in rural areas makes it harder to identify social exclusion in statistical data*”.<sup>xxii</sup> An assessment of rural deprivation by Norfolk Rural Community Council similarly identified rural deprivation as “*spread out and hidden, making it harder to identify and address*”.<sup>xxiii</sup>

Lower benefit-take up rates in rural areas (possibly linked to concerns over stigmatisation, described above) is one reason why poverty and deprivation may be underestimated. Research by LG Futures cited evidence of lower benefit take up rates for Pensions Credits, where 42% of rural pensioners are eligible non-recipients of Pension Credit compared with 35% of pensioners in urban areas.<sup>xxiv</sup> They also cite evidence of lower take-up of free school meals for rural school children compared to pupils in urban areas.

Benefit rates are important for ensuring that rural residents receive the support they need. They also play a crucial role in allocating funding to local authorities across England. For example, the proportion of adults receiving Pension Credits is used by the Department for Communities and Local Government to allocate local authority funding. The proportion of pupils receiving free school meals is used by the Department for Education to allocate funding for disadvantaged pupils.

### **Governance and communication costs**

In interviews carried out by LG Futures’ with rural authorities in 2014, rural authorities identified additional costs associated with providing services in two-tier areas (i.e. at both shire district and county level), with greater levels of engagement required for consultation and service design.<sup>xxv</sup> Communication costs were also reported as being higher, given the need to reach and engage with a more dispersed population.

### **Quantified costs**

There is a significant amount of research identifying potential reasons for higher costs in rural areas. However, little of this evidence has been quantified in financial terms and much of the evidence is anecdotal. Nevertheless, the following are examples of a ‘rural cost premium’ that applies across a range of services provided by local authorities in England.

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Research by LG Futures for SPARSE-RURAL in 2011 identified 'rural cost premiums' in a number of service areas.<sup>xxvi</sup> This identified the additional costs of providing services in the most sparsely populated or remote areas – villages, hamlets and isolated dwellings – compared to urban areas:

- *Waste Collection & Recycling* – The cost of waste collection and recycling was between 2.2 and 3.2 times higher than for urban areas. This was due to longer distances travelled per property and to disposal sites, resulting in additional fuel and employee costs.
- *Housing Benefits/Council Tax Benefits* – The cost of typical Council Tax visits to villages, hamlets and isolated dwellings were found to be 2.4 times higher than visiting urban areas. For Housing Benefits, the costs were 2.5 times higher.
- *Nuisance pollution benefits* – Typical nuisance pollution visit costs were found to be 2.7 times higher than in urban areas.
- *Premise inspection visits* – Costs of non-Health and Safety Executive (HSE) visits and food business visits were 2.0 times higher than in urban areas.

Additional analysis carried out by SPARSE found that waste collection costs in West Devon were between 1.6 and 2.8 times higher in the most rural areas (villages, hamlets and isolated dwellings) than they were in urban areas.<sup>xxvii</sup>

A small-scale study undertaken by East Sussex in 2003 calculated rural premiums for a number of services, including district nursing (53% higher), domiciliary care (18%) and lunch clubs (40%).<sup>xxviii</sup>

Although less recent, a report from 2000 contained evidence from several rural authorities in relation to cost differences in social care:<sup>xxix</sup>

- Within Devon, staff travel costs were about four times as high in rural areas than in urban centres, and domiciliary care providers were 10% more expensive;
- For Wiltshire County Council, residential care costs were 15% higher in rural areas, primarily linked to services being provided in smaller homes.

Finally, LG Futures carried out research for the Department for Communities and Local Government (DCLG) and Defra to assess whether there was a statistical relationship between the costs of service provision and various measures of rurality and remoteness.<sup>xxx</sup>

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Overall, sparsity was found to be significant in explaining higher costs for 11 services. These services accounted for £7.0 billion of local authority expenditure across England in 2012/13.

A limitation of this statistical approach is that it assumes that *expenditure* is a suitable proxy for the *costs* facing local authorities. However, if rural or sparse authorities are currently underfunded – and must therefore provide a lower level of services than their urban counterparts – then relative expenditure will underestimate the additional service delivery costs in sparse authorities.

In addition to the statistical modelling described above, the study also surveyed 27 authorities and was able to quantify the following differences between ‘sparse’ and ‘non-sparse’ authorities:

- *Regulatory Services* – travel claims were 117% higher and travel downtime was 180% higher for sparse authorities than for non-sparse authorities;
- *Building & Development Control* – travel claims were 25% higher and travel downtime was 38% higher for sparse authorities compared to non-sparse authorities;
- *Parking* – net parking income was 25% lower in sparse authorities than in non-sparse authorities. Within these authorities, income from urban areas was 6 to 9 times higher than income from villages and dispersed areas;
- *Libraries* – for sparse authorities, premises costs (as a proportion of total expenditure) was twice that of less sparse authorities.
- *Adult social care* - for domiciliary care, hourly rates were 11% higher in sparse authorities than in non-sparse authorities. For day care; travel costs represented a 17% higher proportion of total expenditure in sparse authorities compared to non-sparse authorities.
- *Waste collection* – within the authorities surveyed, urban councils were able to serve two to seven times more properties per waste collection round than in villages and dispersed areas, while the average distance for each collection round was 1.9 times higher in village and dispersed areas than in urban ones.

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## Evidence of unmet need

Evidence of unmet need suggests that rural and sparse authorities may receive insufficient funding to provide a comparable level of services to urban areas.

A comprehensive review by Secta, commissioned by the Department for Environment, Food and Rural Affairs (Defra) in 2004, concluded that there was *“a clear cost premium in order to achieve a similar standard of service to that in urban areas”* and *“even where there were uplifts in rural funding, these were often insufficient to cover the actual costs of services.”*<sup>xxxii</sup>

Research by the Social Care Institute for Excellence found that older people in rural areas are likely to be receiving *“lower levels of supportive services such as domiciliary care and meals and wheels than those living in urban areas”*.<sup>xxxiii</sup> They concluded that overall, people living in rural areas are *“less likely to receive services comparable with their urban counterparts”*.

In many cases, unmet need takes the form of lack of accessibility for rural residents. Research summarised by LG Futures found examples of inaccessibility in adult social care; adult education; childcare; children’s centres; legal and financial advice and support; support for carers; homelessness; and support for black and minority ethnic groups.<sup>xxxiii</sup>

In a separate study, LG Futures interviewed sparsely-populated authorities and found evidence of unmet need for Council Tax and Housing Benefit services: *“face to face service provision was identified in many cases as being too expensive and impractical to provide to claimants in rural areas... The provision of help and support to vulnerable and elderly people with benefit claims, was identified as a particular issue”*.<sup>xxxiv</sup>

Unmet need has been compounded by recent austerity measures. For example, the UK Home Care Association reported that rural care home services were becoming unviable due to a combination of cuts and journey time between visits. The survey of decisions by 111 councils showed that one-fifth of councils had reduced rural premium payments to carers making home visits, with cuts leading to shorter visit times.<sup>xxxv</sup> They survey also found examples of providers withdrawing from work in rural areas due to cost pressures.

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## APPENDIX B

### **(a) Examples of Higher Demand and/or service cost comparisons for Services in Rural Areas**

(Taken from HHS Digital, Summary figures regarding Adult Social Care Activity and Finance 2016-17)

- **Number of requests for support received from new clients (18 and over)**
  - Predominantly Rural = 4615 requests per 100,000 resident population in age group
  - 16.5% greater than Predominantly Urban (3960 requests per 100,000)
  
- **Admissions to long term nursing or residential care**
  - Predominantly Rural = 141 admissions per 100,000 resident population
  - 31.0% greater than Predominantly Urban (107 admissions per 100,000)
  
- **Support provided to carers during the year**
  - Predominantly Rural = 753 cases per 100,000 resident population
  - 15.9% greater than Predominantly Urban (650 cases per 100,000)
  
- **Number of requests for support received from clients moving from children's social care into potential support for adults**
  - Predominantly Rural = 18 requests per 100,000 resident population in age group
  - 55.0% greater than Predominantly Urban (12 requests per 100,000)
  
- **Gross Current Expenditure on Long Term Support (support provided with the intention of maintaining quality of life for an individual on an ongoing basis)**
  - Predominantly Rural = £261 per head of resident population
  - 7.1% greater than Predominantly Urban (£244 per head)

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- **Total number of episodes of short term support to maximise independence completed for existing clients aged 18 to 64**
- Predominantly Rural = 18 episodes per 100,000 resident population in age group
- 45.5% greater than Predominantly Urban (12 episodes per 100,000)
  
- **Gross Current Expenditure for Short Term Care to Maximise Independence**
- Predominantly Rural = £719 per 100 adults
- 9.1% greater than Predominantly Urban (£659 per 100 adults)
  
- **Number of Clients aged 18-64 Accessing Long Term Support for Social Isolation/Other**
- Predominantly Rural = 23 per 100,000 resident population in age group
- 81.7% greater than Predominantly Urban (13 clients per 100,000)
  
- **Number of Clients aged 64 and over Accessing Long Term Support for Social Isolation/Other**
- Predominantly Rural = 92 per 100,000 resident population in age group
- 10.1% greater than Predominantly Urban (83 clients per 100,000)
  
- **Gross Current Expenditure on Support for Social Isolation/Other**
- Predominantly Rural = £210,982 per 100,000 adult population
- 20.0% greater than Predominantly Urban (£175,877 per 100,000 adult population)
  
- **Average weighted standard hourly rate for external provision of home care (unit costs)**
- Predominantly Rural = £16.43 per hour
- 11.0% greater than Predominantly Urban (£14.81)

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- **Number and Value of Deferred Payment Agreements**
- Predominantly Rural = 12.4 DPAs per 100,000 resident population, £342,918 per 100,000 resident population
- 10.4% and 18.8% respectively, greater than Predominantly Urban (11.2 DPAs, £288,620 per 100,000 resident population)

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