



Everyone deserves fair funding

**Kerry Booth, Chief Executive
Rural Services Network
September 2024**



The image features several stacks of gold coins. On the left, there is a tall stack of approximately 12 coins. In the center, there is a stack of about 8 coins. On the right, there is a stack of about 6 coins. The foreground shows several individual coins scattered across the surface. The background is a soft, out-of-focus light blue and white, suggesting a bright, airy environment. The text is positioned in the upper right corner of the image.

**The Rural Services
Network is fighting for a
fair deal for rural
communities, in all public
sector funding**



**We want a fairer
distribution of
national resources to
rural areas and for
more nuanced
national policies that
reflect rural
circumstances.**

Facts about Rural Funding

1

Successive Governments have underfunded Rural Councils

2

Rural residents pay more in council tax

3

It costs more to deliver services in rural areas



36%

**Urban areas will receive 36%
more in Government Funded
Spending Power per head than
Rural in 2024-2025**

Urban local authorities will receive some 36% (£141.71) MORE in Government Funded Spending Power per head compared to rural authorities in 2024 /2025

Authority	Government Funded Spending Power	Council Tax
Cornwall	£476.09	£687.95
Chichester	£272.48	£759.09
North Yorkshire	£346.21	£759.20
URBAN AUTHORITY AVERAGE	£536.51	£570.30

Per head figures for 2024/2025

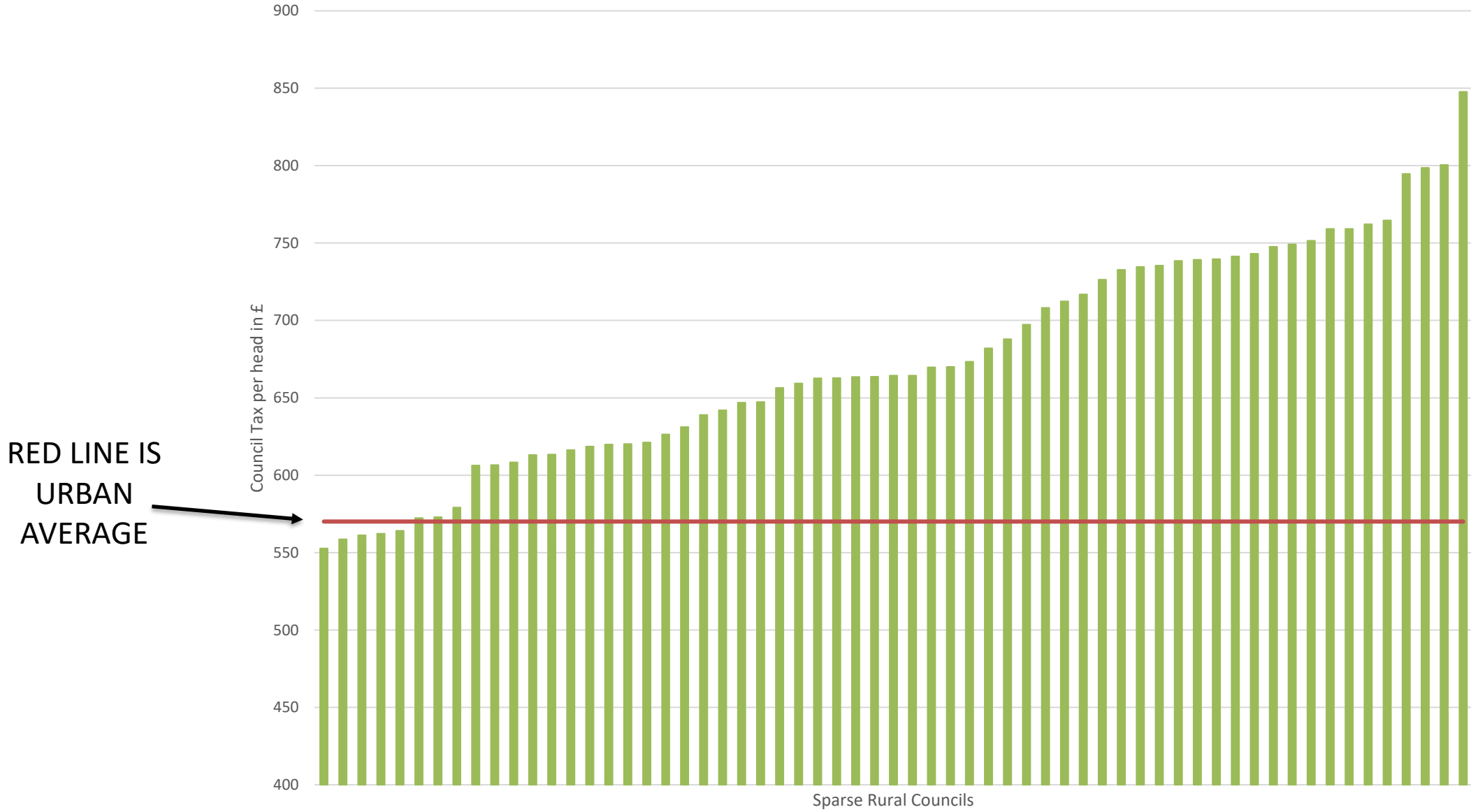


20%

Rural Residents will pay on average 20% more per head in Council Tax

Rural residents will pay, on average, 20% (£112.33) MORE per head in Council Tax than their urban counterparts due to receiving less government grant in 2024/2025

Chart to show Council tax levels of Sparse rural members compared to Urban average for 2024-2025



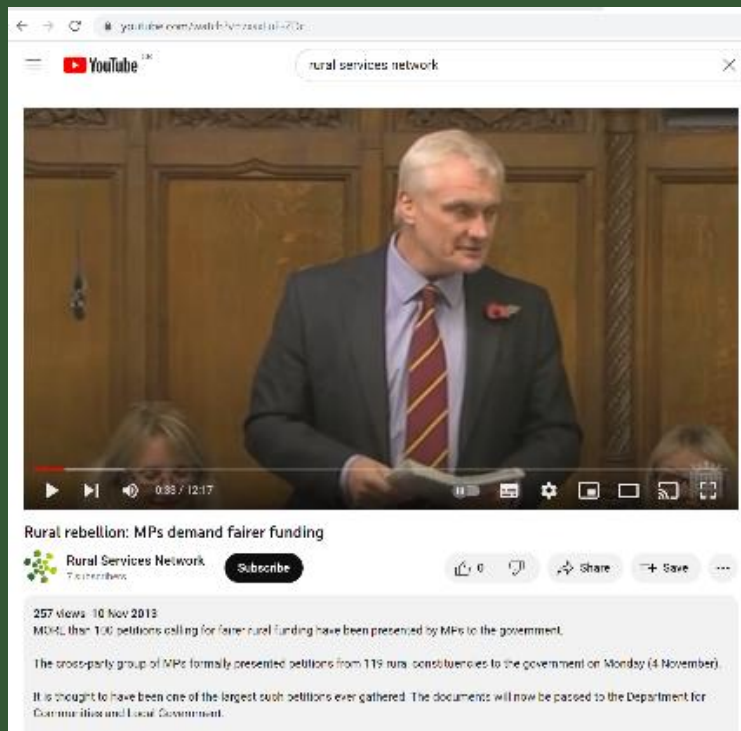


For something as simple as refuse collection, it costs more to deliver that service in a rural, sparsely populated area compared to an urban street.



Local Government Funding Formula

Government Debate and discussion



The Rural Services Network has been campaigning for fair funding for local authorities for a number of years, supporting MPs with information and statistics to understand the approach of Government to rural areas.

Fair Funding Campaign Timeline

July 2012 –

Government issues technical consultation which includes exemplifications (based on the 2012/13 formulae) showing the impact of proposed changes to sparsity weighting in the formulae.

The exemplifications show a significant redistribution in favour of rural areas.

Dec 2012 –

The technical changes to sparsity were supported by the majority of respondents to the July 2012 consultation and were consequently implemented in the provisional settlement for 2013/14. However, the damping mechanism (and other changes) wiped out the majority of the gains to rural authorities leaving them with only about a quarter of the additional funding arising from the technical changes.

The formula was the frozen from further change.



Fair Funding Campaign Timeline

Summer 2014 –

DCLG/Defra undertook a joint study on the additional cost of rural services. This study looked at 30 authorities including rural and urban across a number of local government services.

Dec 2014 –

As part of the provisional settlement, the Government publishes the results of the study into the additional cost of rural services. They concluded:

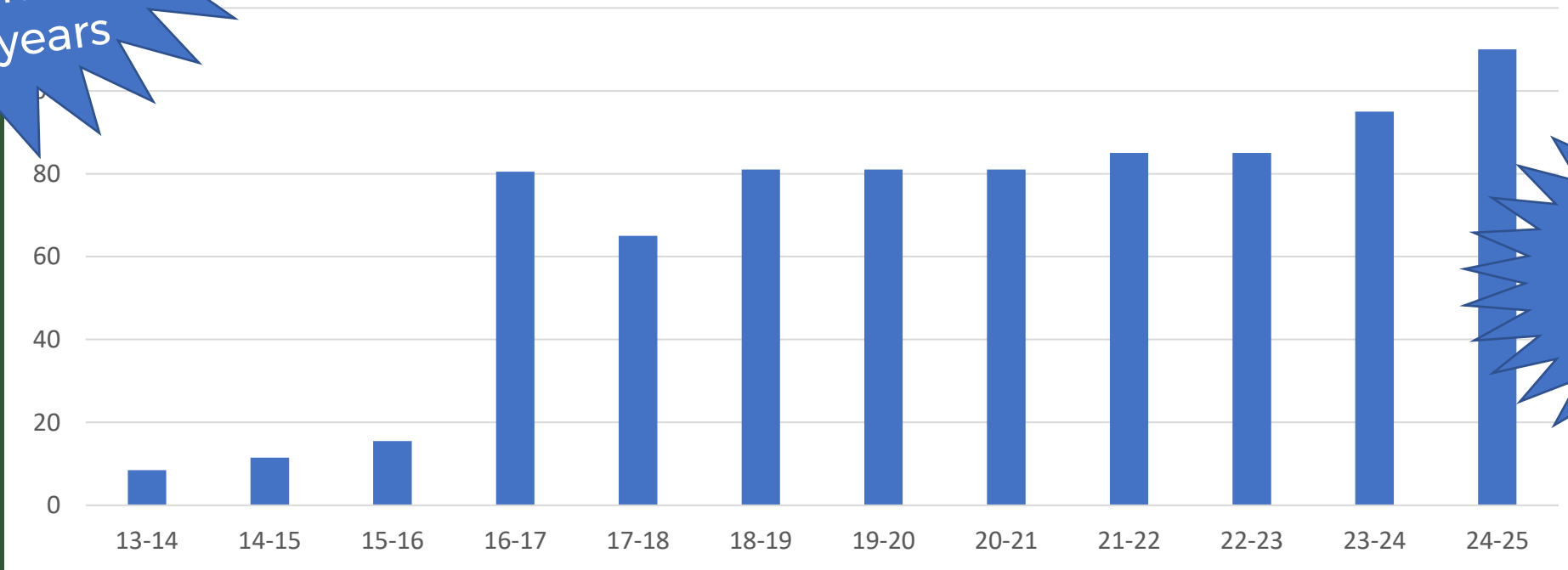
“Several drivers for additional rural costs were identified in the research including the small size of rural authorities, scattered and remote populations, lack of private sector providers and poor broadband and mobile coverage in rural areas.”



Government introduced the Rural Services Delivery Grant (RSDG)

£799 Million for the most sparsely populated rural councils in last 11 years

Graph to show total amount of RSDG since inception in Millions



...but it's still not enough

What has the previous Government said?

Local Government Finance

Statement made on 6 February 2023

Statement UIN HCWS545

Statement made by



Michael Gove

Secretary of State for Levelling Up, Housing and Communities and Minister for Intergovernmental Relations

Conservative

Surrey Health

Commons

“In recognition of the specific cost pressures in rural areas the Government is increasing the Rural Services Delivery Grant by £10 Million, bringing the total value to £95 Million.”

Rt Hon Michael Gove MP

Local Government Finance

Volume 745: debated on Wednesday 7 February 2024

The Minister for Housing, Planning and Building Safety

(Lee Rowley)

“We have also heard about the particular impacts in *rural* areas, which is why we have announced a £15 million increase to the *rural services delivery grant*. That is making available a total of £110 million of taxpayers’ money”

Lee Rowley, Minister of State for DHLUC

What has the new Government said?

Date	Speaker	Statement
18 th July 2024	Angela Raynor Secretary of State for MHCLG	Rayner said she recognised that “the biggest crisis facing local government is financial” and said there was a need to “reform funding for local government and sort out inefficiencies”.
22 nd July 2024	Baroness Taylor of Stevenage, Undersecretary of State at MHCLG	This Government are committed to ensuring councils have the resources needed to provide those public services. We are already working closely with local government and other departments to understand the specific demand and cost pressures facing them.
2 nd September 2024	Jim McMahon Minister for Local Government and English Devolution MHCLG	We will provide more stability for councils through multi-year funding settlements, ending the competitive bidding process and reforming the broken audit system. Future local authority funding decisions are of course a matter for the spending review and the local government finance settlement, in which we are fully engaged.

What are we asking for?



Calls for first 18 months in office:

- Deliver fairer funding by applying in full (**without damping**) the effects of the changes made (but not fully implemented) to the Needs Assessment component of the funding formula in 2013 and increase the exemplified benefits to rural councils to reflect inflation in the intervening years.
- Protect rural council taxpayers by **fairly funding public services** to ensure they are not asked to pay more to fund local services than their urban counterparts.
- Ensure funding for the **Social Care Reform** proposals uses a formula which recognises the whole range of costs faced by rural councils and care providers. This includes financially addressing the current backlog in assessments etc.

Calls for first 3 years in office:

- Address fairer funding through the completion of the Needs and Resources Review for Local Government Funding in the first 12 months of the next Spending Review period and fully implement the changes in 2026/27. Also **maintain the Rural Services Delivery Grant**.
- Develop the mechanism for a successful **Rural England Prosperity Fund** and continue this dedicated fund.
- **Create public funding formulae which ensure the unique service needs, delivery constraints and the whole range of extra costs of delivering services in rural areas (and not just travel costs) are properly reflected.**

Next steps...

- Comprehensive Spending Review response submitted this week
- 10th September – Inaugural Meeting held to establish the Rural Services All Party Parliamentary Group
- We are planning on informal briefings with the APPG MPs and Lords on key issues impacting rural areas including a focus on rural fair funding
- Provisional settlement is December
- RSN view is that realistically there will be no major changes this year.
- For the new Government to review the formula will take time and consultation!



We need your help...

- We will provide you in the coming weeks with template letters to send to your rural MP, setting out the current situation with rural funding.
- We will be urging them to put pressure on Ministers to acknowledge the needs of rural communities and ensure that rural councils have the resources they need to meet those needs.
- We will also be working to influence MHCLG to understand the current formula and impact on rural communities.



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