

Rural Services APPG

Notes of the All-Party Parliamentary Group on Rural Services

Tuesday 5th March 2013, 1.00pm-2.00pm
HoC

Present:-

Members

Graham Stuart MP (Chairman), Dan Rogerson MP (Vice Chairman), Baroness Byford, The Bishop of Hereford, George Freeman MP, Sir James Paice MP, Bill Wiggin MP, Roger Williams MP, Lord Cameron.

Others

Jonathan Carroll - Research Assistant to Graham Stuart MP, Sam Richards - Research Assistant to Graham Stuart MP, Research Assistants for Therese Coffey MP, Edward Leigh MP, Jesse Norman MP, Neil Parrish MP, Carolyn Gardner (Calor).

Rural Services Network (RSN) (Secretariat)

Graham Biggs- Chief Executive
David Inman- Director

Speakers

Rural Services Network

Dan Bates- Finance and Performance Director
Neil Benn- Neil Benn Consulting Limited

Commission for Rural Communities

Jon Carling Chief Executive

1. Notes of Previous Meeting

Agreed with no matters arising.

2. Local Government Finance Settlement 2013/14 and 2014/15

a. Rural Fair Share Campaign

The local government element of this campaign had been tested over the Local Government Settlement process. It had been partially successful, achieving a new one year 'efficiency' grant for the most sparse authorities, but the root and branch work of seeking a permanent lowering of the advantage urban had over rural through authority grant was really still in its infancy and needed to be pursued with vigour.

b. Fairer Funding

The 2013/14 and 2014/15 settlements threatened very different services levels emerging between urban and rural locations in England given the lower starting point of rural services due to historic government underfunding. The settlement outcomes had almost entirely damped away the increase in sparsity and super sparsity which had been canvassed, consulted upon, and included in the settlement. The only consolation offered by Government had been the one year ESSSA efficiency grant that did not even apply to many rural authorities. The position was now critical with further cuts in services now being talked about until 2018. Dan Bates of RSN and Neil Benn, an independent consultant, gave presentations on the position at the present time with graphical illustration of the settlement and considerations that should be born in mind in seeking to rectify the variances between urban and rural which could be illustrated in per capita, cash and per dwelling terms. [PRESENTATIONS ATTACHED]

It was noted that Formula Grant in rural areas at £256.09 per head was still some 52.6% lower than the Urban figure Of £390.80.

Neil Benn commented that the original campaign target was to reduce the urban formula funding advantage from 150% per head to no more than 140% by 2020. Unfortunately the definition of "formula funding" can change from year-to-year as local government functions and funding mechanisms are altered so the target might not be meaningful in a few years' time. Instead he recommend changing it to a 10 percentage point closure by 2020, which will be easier to track than the obvious alternative of a 140% target reduction based on 2012/13 functions.

Such a 10 percentage point closure will require a transfer from urban to rural of about £20m in each year. With further substantial cuts in local government due until 2017/18, this would imply a fall for rural of about 19% over the period and a fall for urban of about 24%.

The RSN intended to write to the Minister setting out its calculations of Formula Grant per head and per property and also Spending Power, asking the Minister to confirm those figures as the starting point for future discussion.

The "Plan" set out in Neil Ben's presentation, namely:

- Ask to close the gap by circa 1.5% per year until 2020
- Density element of EPCS is the best target
- Damping will need to unwind
- Expand ESSSA as fall-back (starting 2014/15)

was generally supported.

c. Funding the New Public Health Functions

The current position was discussed. Although the rural allocation was not as bad as could have been the case it was clear that once again urban priorities were considered to have greater financial significance than the same priorities for the rural dweller. It was noted that the Advisory Committee on Resource Allocation, ACRA had very limited rural impact on Health Funding. It was decided to see how that position could be improved.

It was agreed to write to ACRA to establish when and how they were going to get data regarding the extra costs of delivering the new Public Health Duties in rural areas

3. CRC

Jon Carling, Chief Executive of the Commission for Rural Communities (CRC), gave a short talk to the Group. His brief was to discuss issues of continuing importance at a time when the CRC is due to close on 31 March 2013.

The issues covered in his reflections on the current overall position were as follows:

Broad issues facing rural communities in the CRC's view are:

- Housing – generally poorer quality, limited choice and with higher running costs compared to urban areas
- More challenging access to employment and career opportunities, especially for younger people, who often relocate to urban areas in search of opportunity
- Costs of transport, especially public transport at a time of reducing subsidies
- Fuel poverty – to run vehicles and to heat dwellings
- Social isolation experienced by vulnerable older people

Economy and Employment

- rates slightly higher than in urban (but the gap is narrowing, and unemployment is very high in pockets)
- Business insolvencies are lower in rural areas than urban

Government initiatives

- The CRC has supported localism and the National Planning Policy Framework, commenting that rural areas have tended to exhibit localism and 'Big Society' more than urban areas. The ability for rural localities to plan their own infrastructure and development is encouraged by the CRC
- Rural Growth Networks (RGNs). Their focus on better broadband, premises and networks is positive, although we would like to see more than the current five RGNs
- Government recognition of the need to extend broadband coverage to all rural areas

And here are some issues which the CRC has identified recently, requiring 'rural proofing':

- Effects of housing benefit reductions
 - The under-occupancy provisions (relating to the number of bedrooms needed by the occupants in a rented property) could have a greater effect on rural people, as there are fewer smaller properties which they may wish to move into, and they could need to move greater distances, away from family and friends, than people from urban areas
- Changes to school funding formula
 - The increased weight given to the pupil-related element of the funding formula could risk the viability of smaller schools in remote rural areas, where alternative schooling may be several miles away
- Broadband – effects on some small businesses of not having access to broadband, or access to slow-speed broadband
 - CRC recent research indicates that some small rural businesses are less competitive than their urban counterparts because they have no broadband access, or the broadband speed is very slow. CRC questions whether the Government's commitment to 2mbps in rural areas will be insufficient, or whether it will mean that some small firms in rural areas remain less competitive
- Funding issues
 - effects of damping on re-balancing of some Local Authority funding streams from urban in favour of rural, as proposed in DCLG technical consultation document last year

The Chair thanked Jon for an interesting address and for all the work undertaken by the CRC over the years.

Arising from this discussion the Bishop of Hereford asked that liaison should be made with RCPU to see if a system could be introduced where every government department had an officer who sought to, ensure that all new proposals included Rural Proofing at the conceptual stage. It was his opinion that for rural proofing to be successful proofing examination on rural impacts needed to take place at conceptual stage and not when policies had already been formulated. It was agreed this was an excellent suggestion that should be pursued with RCPU.

4. Next Meeting

To be confirmed.