

FAIRER FUNDING FOR RURAL AREAS



RURAL
SERVICES
NETWORK

ENGLAND is the most heavily populated of the Home Countries but four fifths of its area is rural – and some 20% of its population live in rural areas.

It is common sense that it costs more to operate services in rural areas. People can work that out for themselves. For every face to face trip a public service officer makes there is the extra cost of travelling and then the extra cost of officer time in undertaking that travelling, with no economies of scale.

The refuse collection service is perhaps one of the strongest illustrations of this. The most rural refuse rounds will take five or six times longer than a refuse collection round in a town centre.

Rural areas are also detrimentally impacted upon by the lack of population itself.

Facilities such as health centres and leisure centres run at a significantly lower cost per user where there is a strong immediate catchment. Such strength of catchment is not available in rural areas and provision when it occurs is always likely to be at a higher revenue cost than elsewhere – and often multiple facilities, have to be provided and managed to ensure reasonable accessibility.

Lack of a local labour market will also mean costs for care provision and other services is always likely to be higher in rural areas than in other localities.

Qualified people are supplied less readily and tenders will consequentially reflect that and be higher than the norm.

These rural operational problems are so obvious that it could be assumed

that governments have made adequate allowance for these issues when considering grant service settlements across the country. However, in reality this is not the case. Urban considerations such as density and urban deprivation have in fact, in England been, and still are, given considerably more weighting in grant terms than any sparsity allowance. In many services particularly public health services these rural considerations are amazingly given no financial consideration at all in their respective grant formulae.

In respect of Local Government in 2012 the Department of Communities and Local Government under pressure from the RSN research finally recognised that the sparsity allowance in the Local Government grant formula had been understated and increased it significantly. However, it then bizarrely introduced a revised damping system that prevented a considerable amount of this recognition from converting into any grant. The same position largely appertains to the Fire & Rescue Service.

There is every indication that lack of recognition of the true costs of sparsity have significantly impacted on rural local authorities and their residents already. The average Council tax in rural areas is on average 15% higher than across England as a whole. As rural areas tend to be more careful by nature about expenditure the only fair assumption



that can be drawn is that rural authorities have in the past had to resort to local rate rises to maintain services than is generally the case.

This is worrying as historically, services are fewer in rural areas compared to urban.

This pattern is not just to be found in Local Government. Successive Governments have chosen to ignore the situation across the full range of services.

At a time of incremental annual cut backs called for by the Treasury because of the austerity measures rural areas are quite clearly in a fundamentally weaker position in terms of maintenance of services than is the case elsewhere in England. The current position is that rural residents pay often more in tax for a lesser level of service than people in urban areas receive. For those rural residents who are working in the rural economy they do so out of an average wage that is significantly lower than in urban areas.

As this position rolls forward into coming year's rural residents will inevitably have this lower level of service thinned further and at a faster rate than elsewhere. Delivery points for any service will become further and further from their homes.

Clearly to stop this accelerating cut back scenario in rural areas and avoid ever widening differentials the Government immediately needs to be faithful to the obvious and properly recognise the higher delivery costs.

The situation is serious. If the position is looked at across all service sectors the position is the same. In Housing, in Health, in Fire, in Police rural additional costs receive little or no recognition. We have through the All Party Parliamentary Group for Rural Services assisted in constituting a group of some 70 rural based MPs at Westminster who are seeking as their name suggests to argue for a "Rural Fair Share".

We need organisations to come into the Rural Services Network to help to argue the relevant points and to give constant information on the additional rural costs as they arise. It is only in that way can we ever expect to make ground on this issue.

The present position is manifestly unfair and as times become harder it cannot be allowed to grow to a position that relegates rural service to a service level that impacts on the health and well-being of the 20% of the population who live in rural localities.

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