

SPARSE Rural

Rural funding:

The facts for Isle of Wight



Isle of Wight is classified (by Government) as 85.61% Rural.

It is therefore Predominantly Rural.

- Average amount awarded in government grant per head of population across urban England = **£486.96**
 - Average amount awarded in government grant per head of population across English predominantly rural areas = **£324.41**
 - Grant per head in Isle of Wight = **£453.60**
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- Amount of grant Isle of Wight Council would lose if sparsity was removed from the grant formula mechanism
= **£1,087,802**
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- Average council tax per head in urban areas in England = **£398.10**
 - Average council tax per head in predominantly rural areas in England = **£488.12**
 - Council tax per head in Isle of Wight = **£517.60**
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- Average annual local earnings in England = **£21,560**
 - Average annual local earnings in urban areas = **£23,560**
 - Average annual local earnings in predominantly rural areas = **£19,320**
 - Average annual local earnings in Isle of Wight = **£16,371**
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** Government grant and council tax figures include both District and County amounts in shire areas*

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SPARSE Rural as an organisation defends the rural interest and the Sparsity Allowance in the Local Government funding formulae.

We consider the Sparsity Allowance to be woefully inadequate. As the recent report from LG Futures proves, it goes nowhere near to meeting the higher costs of operating essential services in rural areas.

Consequently urban residents receive a government grant settlement that is 50% higher per head than rural residents. This means that rural residents have not only a higher council tax burden, which typically has to be found from lower average locally earned wages, but also receive a lower level of service provision for it.

Rural services are suffering very badly. There are fewer of them to start with and, as we have evidenced, they are more expensive to provide than elsewhere in England.

Closing the gap between Government grant to the urban dweller and the rural dweller by only 10% over 5 years (for instance) would make a massive difference to rural services.

In **Isle of Wight** it would provide an extra **£860,000** per annum at the end of this five year period.

It is inequitable that people in rural areas are in effect subsidising people in urban areas. There is an urgent need for change before the sustainability of many rural communities is irrevocably damaged.