

RURAL FAIR SHARE CAMPAIGN GROUP

THE “ASK OF GOVERNMENT” FOR 2015

THE “ASK”

- The residual amount of Revenue Support Grant (**estimated by us to be £130m – just 0.65% of total SFA**) left to be allocated in cash terms based on the (pre-damped) amount of £255m exemplified by the Government in 2012 (through DCLG) as being due to authorities as a result of increases made in the sparsity adjustments to the formulae be paid now through a Rural Service Delivery Grant mechanism.
- The amount of the £130m to be allocated to individual **rural** Local Authorities and Fire and Rescue Services be in direct proportion to that shown in the exemplified distribution of the £255m in the Summer 2012 Consultation to all the **rural** authorities/services listed in that consultation document.

THE RATIONALE

- In the DCLG Summer 2012 Consultation the Government said that it “accepts, based on available evidence, that such a correction [a correction applied so that there is proper recognition of the additional costs of delivering services in rural areas] is warranted”.
- The government therefore proposed, and subsequently agreed, that increases should be made in the sparsity weightings.
- The Summer Consultation exemplified its proposals (pre-damping) as amounting to some £255m and listed the authorities to which the adjustment would relate and an amount “due” to each authority.
- Despite the fact that the proposals were, in effect, seeking to right an historic wrong, on average, some 75% of the exemplified gains were lost to authorities due to damping and other changes.
- From 2013/14 DCLG introduced what is now termed Rural Service Delivery Grant worth £15.5m (equal to just some £1.10 per head) paid to 94 authorities in 2015/16. We estimate that taking this grant, and the amount that was paid to authorities, into account a sum of £130m of the £255m is still due to authorities once an adjustment is made for the scale of government grant reductions overall since that time.
- Urban areas in 2015/16 still receive some 45% (£130.99) per head in Settlement Funding Assessment grant than their urban counterparts
- Rural residents pay, on average, £81 per head more in Council Tax than their urban counterparts due to receiving less government grant.
- Rural residents pay more, receive fewer services and, on average, earn less than those in rural areas and that is inequitable.
- In times of reducing public expenditure it is more, rather than less, important to distribute the available resources between different areas fairly. Based on the Government’s own words in 2012 the present grant distribution methodology is, in its outcomes, unfair to rural areas.
- **IT IS TIME TO ACT NOW** and distribute the balance of the exemplified funding in the 2016/17 Settlement.

THE FUTURE

- The Rural Fair Share Campaign Group accepts that Revenue Support Grant is becoming ever smaller in its overall quantum and is likely to disappear altogether during the life of the current Parliament.
- The Campaign Group is, therefore, starting to turn its attention to the way that local government funding will be provided in the future to ensure that there is equity in the amount rural areas receive (or are able

to generate) compared to their urban counterparts. **A further period of gross unfairness will be completely unacceptable**