AGENDA FOR SPARSE RURAL AND RURAL SERVICE NETWORK
EXECUTIVE AND BOARD OF DIRECTORS OF THE RURAL SERVICES PARTNERSHIP LTD MEETING

Venue:- City of Westminster Archives Centre, London SW1P 2DE
Date: **Monday 9th January 2017**
Time: **11.30am to 2.30pm**

Please note change of venue as the LGA is not now available for meetings for a year.

The meeting is being held at the City of Westminster Archives, 10 St Ann's St, Westminster, London SW1P 2DE. Visitor information and a map for the venue can be found in the links below:

City of Westminster Archives Centre Visitor Information
City of Westminster Archives Centre Map

1. **Apologies for Absence**

2. **Notes of the Previous Meeting**
   Held on Monday 26th September 2016 to consider any relevant items.
   (Attachment 1)

3. **Notes of the Main Meetings**
   AGM held on 21st November 2016 to consider any relevant items.
   To follow (Attachments 2(a) & 2(b) 2(c))

4. **Budget**
   To consider the attached papers.
   (Attachment 3)

5. **Lexington - Communications Strategy. Latest Position**

6. **FAIRER FUNDING**
   Provisional Settlement (Attachments 4a & 4b)
   Rural Fair Share Campaign by MPS
   Update on Business Rates

7. Update on matters from Blue Skies Decisions

8. APPG Update

9. Rural Health Conference

10. Launch of Rural England's State of The Rural Services Report

11. Agenda for next Main Group Meetings

12. Any Other Business.

To consider how RSN should deal with the Rural Vulnerability work promised in the Future Directions Report adopted on the 16th of November 2016. (Attachment AOB – Rural Vulnerability)

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Rural Services Network Executive Meeting

Wednesday 26th September 2016. Westminster Archive Centre, London

Present:- Cllr Cecilia Motley (Chairman); Cllr Lewis Strange (County); Cllr Derrick Haley (East); Cllr Janet Duncton (South); Cllr Peter Stevens (ex portfolio); Cllr Sue Sanderson (ex-portfolio) Revd Richard Kirlew (community);John Birtwistle (Transport) Stewart Horne (Business); Christina Watson (Youth);

Officers: - Graham Biggs; David Inman; Andy Dean; Kerry Booth.

Apologies: - Cllr Robert Heseltine (First Vice Chair); Cllr Adam Paynter (South West); Cllr Gordon Nicholson (North)

1. Notes of Previous Meeting:-

Agreed as a correct record

2. Notes of Last Main meeting.

Agreed as a correct record.

3. RSN Rural Conference 2O16.

It was considered the event had been very successful. Numbers had been marginally up on the previous year and a small surplus had been generated. The Executive members who had attended had received good feedback from those attending. Jessica Sellick's note on proceedings was received. It was felt the event should be held in Cheltenham again in 2O17 and the University's kind offer of free accommodation again should be accepted with thanks. This free accommodation made the event viable and sustainable.

4. Budget.

A budget statement was circulated by the Chief Executive, Graham Biggs. The current situation saw a budget that was on target but 10k of RSN member subscription and £4K of RSP subscriptions were still outstanding

5. Arrangements with Pixel Consulting.

Graham detailed arrangements for the continuation of a financial service to members now that Dan Bates had moved to work with the financial consultants Pixel. The service included the financial service previously given but also now included periodic newsletters. The Executive were happy with these arrangements.

6. The Executive received four papers from the Director and the Chief Executive. These papers were a document entitled 'Future Directions' setting how it was considered the RSN organisation could go forward over the next five years; a document entitled ' Representing Rural ' discussing how consensus opinion across English rural areas might be identified and harnessed and two Addendum one showing the variance between the rural population and the overall population in the constituted shire areas of England; and the second showing how all the 240 council areas with

significant rural population could theoretically be involved in the representation of these rural areas as a whole through RSN membership.

The reports contained suggestions about future organisational sustainability; a revised system of service charge; suggestions in relation to future LGA based meetings, rural-urban comparison, the suggested future Sparse Rural Financial Service, a rural vulnerability initiative, and how rural could be best represented as an entity.

Detailed discussion took place on the documents presented and the Executive agreed the various recommendations some with slight wording changes. A report from the Executive would be prepared for presentation to the RSN AGM on the fourteenth of November. This report would be first sent to the Chair and then agreement from the rest of the Executive would be sought by e mail. It would then constitute the formal decisions/recommendations of the Executive on the issues concerned.

RSN (INCOME & EXPENDITURE) 2016/17 WITH				
ACTUAL TO END DECEMBER AND				
ESTIMATES FOR 2017/18				
	ACTUAL TO END 2015/16	**ESTIMATE 2016/17 (March 2016)**	**ACTUAL TO END DECEMBER**	**ESTIMATE 2017/18**
INCOME	**£**	**£**	**£**	**£**
Balances at Bank B/Fwd net of o/s cheques	**19388**	**12304**		**13799**
DEBTORS FROM PREVIOUS YEAR (NET OF VAT)				
Seminar Fees	205			
Rural Crime Network		8012	8012	
Infrastructure Group	500			
Rural Health Network		0		
Housing Group Related		1100	1100	
Coastal Communities Alliance (Gross)		1037	1037	1037
Fire Group		100	100	
RHA Websire Development Contributions		1300	1300	
Subscriptions				
SPARSE Rural/Rural Assembly	241414	258985	211400	281319
SPARSE Fighting Fund Levy	4150			
SPARSE Rura/RA held by NKDC at Year End	5250			
SPARSE Rural/Rur Assbly/ held by NKDC at Month end			44426	
VOL CONTRIBS held by NKDC at Month end			20902	
Contribs to Business Rates Campaign	1000			
2016 VOLUNTARY CONTRIBS re BUSINESS RATES		45402	24500	
CCN Contrib to Finance Study		3863	3863	
RSP	17166	10537	9547	10500
Commercial Partner First Group Buses	10000	10000	10000	10000

	ACTUAL TO END 2015/16	ESTIMATE 2016/17 (March 2016)	ACTUAL TO END DECEMBER	ESTIMATE 2017/18
	£	£	£	£
Subscriptions from Rural Health Group	1975	0		
Income from Rural Housing Group	5134	6895	6895	7115
Income from Fire & Rescue Group	1390	2480	2480	2975
OTHER INCOME				
Conferences/Seminars				
Rural Conference Income	13304		16215	
Rural Conference Surplus		6234		6000
Rural Health Conference	3959	4500		4500
Rural Housing Conference Income	1710	0		
Service Level Agreements				
Recharges ro Rural Crime Network@	19500	25000	14583	25660
Contras re RCN@	32484		34283	
Recharges to Rural England CIC (Back Office Support)	600	1200	600	1200
Coastal Communities Alliance Gross)	3113	4149	2075	4149
Contributions to costs of Parish Guide to Affordable Housing	500			
Contributions to RHA Website Development	1700	450	450	
Miscellaneous				
Contras	215		1676	
VAT				
VAT Refund	13240	706	14516	
VAT Received	12870		10414	
TOTAL INCOME	**410767**	**404254**	**440374**	**368254**

		ACTUAL TO END 2015/16 £	ESTIMATE 2016/17 (March 2016) £	ACTUAL TO END DECEMBER £	ESTIMATE 2017/18 £
EXPENDITURE					
VAT Paid on Goods & Services		27421		24837	
CONTRACTS FOR SERVICES ACTIVITY BREAKDOWN (EST)					
Corporate Management	DI,GCB, & AD1 100%. KB 40%	55662	64910	49215	63114
Finance/Performance and Data Analy	, DW, 100%, KB 20%	29508	28836	21616	29456
Communications (incl Seminars)	Rose Regen,JT, AD3 100%	6831	8510	5135	8570
Additional Comms Activity by RuralCity Media					8263
Administrative and Technical Support	RI, WI,WC,BA,MB 100%	46694	50000	35294	50311
Research and Monitoring	BW, JH, 100%	14990	11837	7997	11843
Service Group Networking	KB40%	3100	8181	6114	8540
Economic Development Service	AD5 100%	5000	5000	3750	5100
Coastal Communities Contract		3650	3650	1825	3650
Rural Health Network		3000	750	750	
Rural Crime Network	NP 100%	17000	20200	15150	20604
Rural Communities Housing Group	AD2 100%	6500	6500	4875	6630
Rural Transport Group	AD6 100%	2000	2000	1500	2040
OTHER EXPENDITURE		265			
BUDGET FOR BREXIT PROJECT					12000
Rural Fair Shares/Business Rates "Campaigns"					
Rural Fair Shares Campaign etc.		22376	9500	9500	10000
Pixell Financial Service (core Annual Service)			13500	10500	10500
Fair Sharesand Other Campaign Media Relations		1868	1200		6000
SPEND FROM VOLUNTARY CONTRIBS (BUSINESS RATES)			49265	24217	
Conferences/Seminars					
Rural Conference		9394		10443	
Rural Conference Drinks Reception			1144	1144	1300
Rural Health Network & Conference		1388	1900	368	1900
Rural Housing National Conference		1262	0		
Seminar Costs		662	600	535	600

	ACTUAL TO END 2015/16	ESTIMATE 2016/17 (March 2016)	ACTUAL TO END DECEMBER	ESTIMATE 2017/18
Service Level Agreements	**£**	**£**	**£**	**£**
Rural Crime Network Refund of overpayment@	20082			
RCN -CONTRAS @	23340		31264	
RCN Non Recoverable Travel & Subsistence	825	1800	1400	1500
Rural Housing Group (RHG)	169	1000	626	1000
RHG Website Development	1000			
Rural England CIC to re-charge)	10786		429	
Rural Ingland CIC transfer of part of First Group Support		7000	7000	7000
APPG/Rural Issues Group Costs	620	1000	579	1200
Rural England/Vulnarability Service Contrib	6750	3000	3000	3000
Business Expenses				
RSN Online etc.	24180	25174	9874	18239
Website Upgrade		2000		
Ongoing Website Updates				2000
Travel and Subsistence	16797	18000	12972	17000
Print, Stat,e mail, phone & Broadband@	4116	4000	2713	4500
Meeting Room Hire	2810	2000	581	1500
Website and Data Base software etc	4267	4300	2255	4300
Rent of Devon Office & Associated Costs	4959	9000	3754	9000
Accountancy Fees	710	825	549	875
NKDC Services		2145		2145
Companies House Fees	13	13	13	13
Bank Charges	101	110	63	110
IT Equipment &Support & Other Capital	1110	1400	937	1000
Insurance	549	600	214	650
Phd in Rural Crime Contribution	1000			
Training	50			
Corporation Tax	674	72		100
Membership of Rural Coalition	200	200		200
Refunds of Overpayments/ Contras@			1382	

	ACTUAL TO END 2015/16	ESTIMATE 2016/17 (March 2016)	ACTUAL TO END DECEMBER	ESTIMATE 2017/18
	£	£	£	£
ARREARS - PREVIOUS FINANCIAL YEAR				
Rural Housing Alliance	1000	3475	2175	
Contract for Service (ADMIN)	1395	1349	1349	1376
Contracts for Service (CORP MAN)		2427	2427	
Rose Regeneration	2057	2000	2000	
Seminar Costs		324	324	
B Wilson Arrears	4750	3525	3525	3525
RSN Online arrears	4840	4840	4840	4840
Travel and Subsistence arrears		675	675	675
Printing, Phone and Stationery (arrears)	204	199	199	200
Data base etc (arrears)	344	355	355	355
Bank Charges		9	9	9
Rural England	100	155	155	
TOTAL EXPENDITURE	**398369**	**390455**	**332403**	**346733**
BALANCE CARRIED FORWARD	**12304**	**13799**		**21521**

This is the response of the Rural Services Network/SPARSE-Rural to the Government's Consultation on the Local Government Provisional Settlement for 2017/18. The Rural Services Network, represents Councils servicing rural areas across England

INTRODUCTORY COMMENTS

Before responding to the specific question we wish to make some introductory comments which demonstrate the depth of feeling there is on the various issues across Rural England

Earlier this year a delegation from the Rural Services Network (RSN) meet the Local Government Minister, Marcus Jones MP to discuss what were, from our perspective, disastrous proposals set out in the 2016/17 – Four Year Provisional Settlement. Following protests from a significant number of rural MPs, the Final Settlement was improved temporarily by the addition of Transitional Relief arrangements. However, Transitional Relief turned out to be no more than a sticking plaster. Once that funding comes to an end in 2017/18, the Settlement proposals will risk crippling public services in rural areas and force local authorities to raise council tax to a significantly higher level than their urban counterparts. The Government's plans are likely to make life for people across rural England extremely difficult, hitting hardest those most in need of public services.

Cuts in grants have been difficult for all local authorities to live with over the last five years. But at least - until now - the axe has fallen reasonably equitably across both rural and urban areas. Under the Four Year Final Local Government Settlement rural areas will lose over 31% of their central Government funding, whilst urban areas, will lose about 22%. The Provisional Settlement just announced seeks to implement the second year of the Four Year Settlement and in addition, makes it even worse.

This comes after chronic underfunding of rural areas by successive governments, despite the acknowledged higher cost of providing services to remote communities and the lower than average incomes of people living in them.

The Government's Core Spending Power figures take for granted that that rural residents will have to pay even more in council tax than their urban counterparts. That is a cynical miscalculation which, has undoubtedly contributed to the present disaffection between rural residents and Westminster.
In a letter to Marcus Jones MP ahead of Provisional Settlement announcement, the RSN stated: "Once the Transitional Relief period has ended, rural councils at County, Unitary and District levels face an impossible task. Rural residents and businesses face a tsunami of swingeing cuts to essential front line services. There will be no alternative"

We pleaded with Government to extend the Transitional arrangements through to the end of the Four Year Settlement period - a plea which has clearly fallen on deaf ears.

Our concerns are set against the context that for decades, under successive governments, rural areas have received substantially less government funding per head of population for their local government services compared to urban areas. As a consequence rural local authorities have increasingly found it necessary to rely more heavily on Council Tax income than their urban counterparts, whilst still struggling with considerably less Spending Power overall. This has inevitably had an impact on the level of services they could provide.

Thus rural residents, who on average earn less than their urban counterparts, pay more in Council Tax but get less government grant and receive fewer services which cost those residents more to access. Rural areas also have significantly larger older populations. Over the next five years, the number of older residents in shire areas is projected to rise at an average annual rate of 2.0%, compared to an English average of 1.8%, London Boroughs 1.9%, and metropolitan boroughs 1.5%

Since 2013/14 London Boroughs (£266M), together with Surrey (£44M) and Hertfordshire (£16M) have received some £326M per year (based on 2013/14 values) more than the existing formula shows they need. This, in large part, is at the expense of rural areas. This is grossly unfair, and illogical. In times of austerity it is more important than ever that the funding which is available nationally from a shrinking pot, is distributed fairly.

Whilst increased funding for Adult Social Care is much needed, the amounts proposed in the Provisional Settlement will hardly scratch the surface of the underlying funding crisis that these services face across England. Furthermore, the fact that much of this increase has to come from Council Tax is both wrong and blatantly unfair to rural residents. The parlous state of Adult Social Care finances is a national issue that needs to be tackled by coherent policies and realistic funding from Central Government. Council Tax is already higher in rural areas compared to urban and these proposals can only widen that gap further. In the Autumn Statement the Chancellor made much of the issues facing the so call JAMs (those families Just About Managing). All of us do, including JAMS pay Council Tax and, especially in rural areas, these proposals will hit JAMS hard in their purses and wallets and will wipe out any small gains they might have derived from the Autumn Statement.

The Government's introduction of Improved Better Care Fund, whilst insufficient to meet the Adult Social Care crisis is, at least in principle, a step in the right direction. Yet again, however, the Government's policy to make rural residents pay for services through Council Tax rears its head again. The inclusion of the Council Tax flexibility in the IBCF calculations means that yet again rural residents are forced to contribute more to pressures which the Government is funding in urban areas. However, of deeper concerns is the use of 2013 adult social care formulae which take no account of the very real greater demographic pressures in rural areas or indeed the greater costs of meeting those needs. **Taken together, it is not surprising that, yet again, more grant goes to urban areas per capita. In 2019/20, the average predominantly urban resident will attract £31.28 per head in Improved Better Care Funding, £7.89 per head more than rural residents per head of £23.39). This difference is worth almost twice the amount which is being paid to rural authorities in Rural Services Delivery Grant.**

The Government must think again on all these issues of fundamental unfairness and discrimination against rural residents"

RESPONSES TO CONSULTATION QUESTIONS

Question 1: Do you agree with the methodology of Revenue Support Grant in 2017- 18?

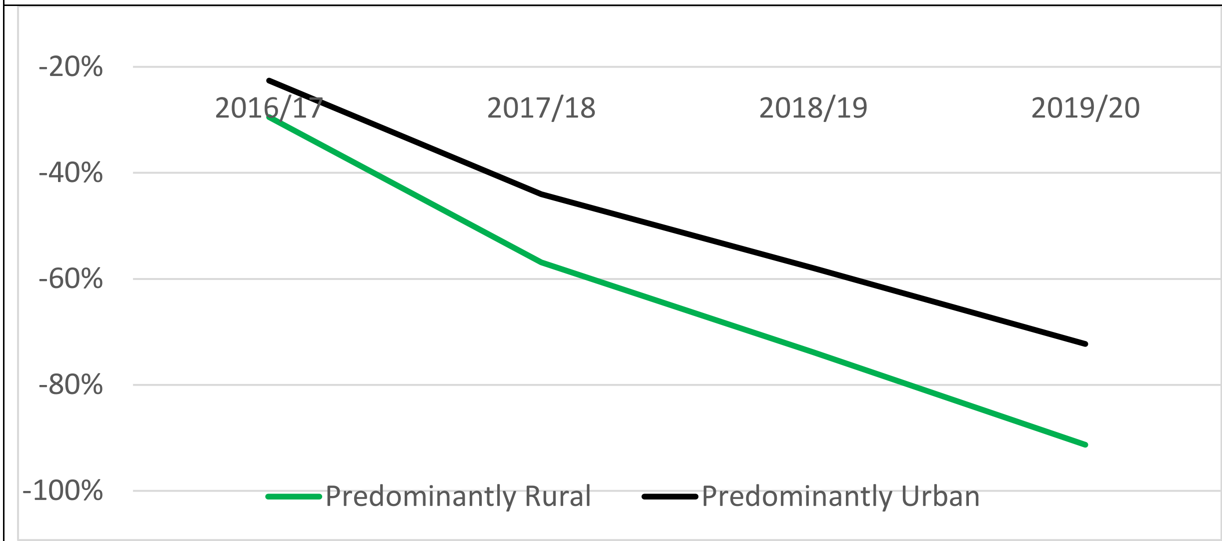
No

RSN fundamentally disagrees with the change to the methodology for calculating RSG which was introduced in the 2016/17 settlement and which has not been changed in this settlement.

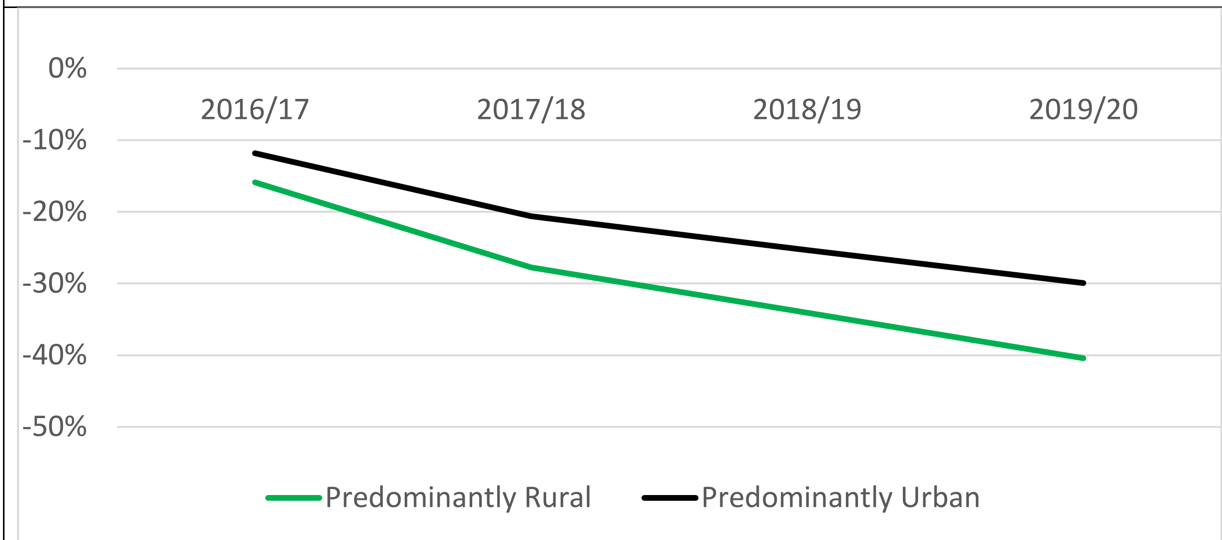
The inclusion of Council Tax in the calculation of RSG reductions has resulted in significantly higher reductions in RSG (and SFA) in rural areas than has and will occur in urban areas over the settlement period.

The relative reductions in both RSG and SFA are shown in the graphs below.

Reduction in RSG: 2015/16 to 2019/20



Reduction in SFA: 2015/16 to 2019/20



The reductions highlighted in the above graphs are made to a starting position which was already inequitable. In 2015/16, SFA per head of population in predominantly urban areas at £428 was already 43% higher than in predominantly rural areas (£299). By the end of the settlement period, SFA per head in predominantly urban areas will be 69% higher than in predominantly rural areas- this is grossly unfair.

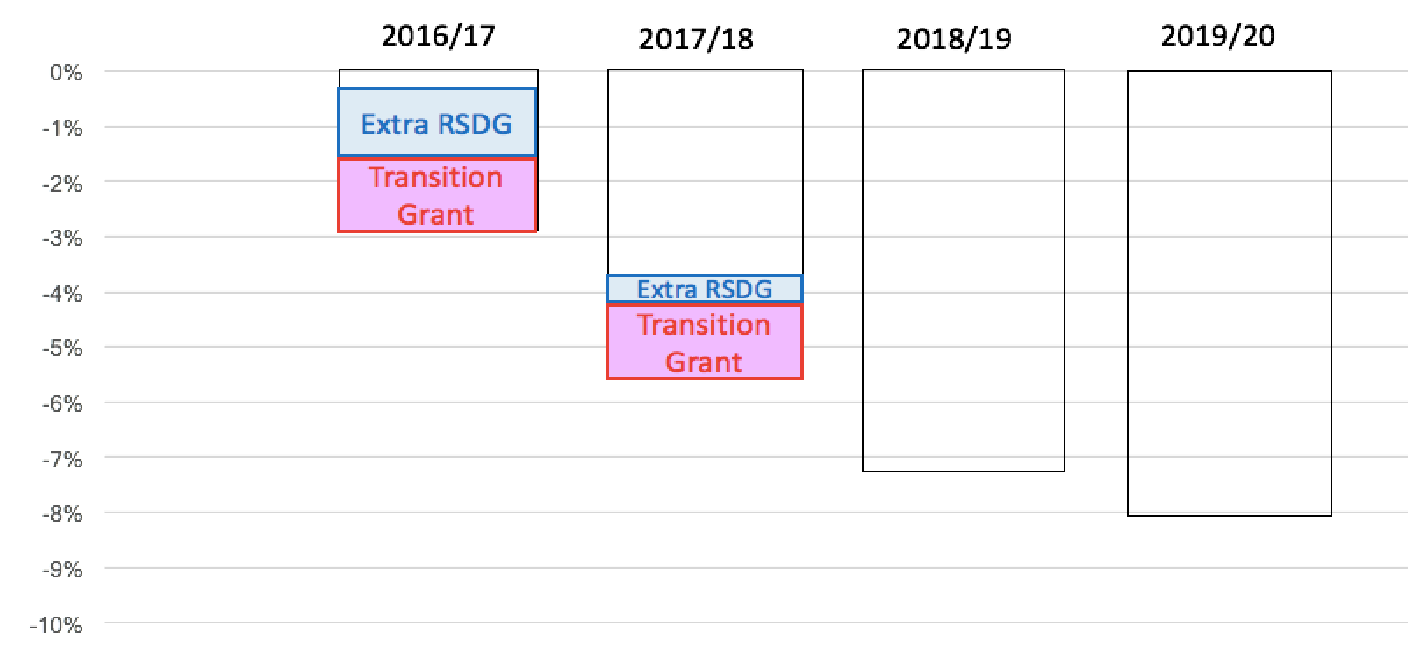
RSN believe that the change in methodology introduced in the 2016/17 settlement and retained in this year's settlement is fundamentally unfair and should be changed.

Indeed, the then Secretary of State, the Right Honourable Greg Clarke, recognised the inequity of the formula changes and introduced the Transition Grant as well a significant one-off increase in Rural Services Delivery Grant. This had the impact of almost equalling the reduction in 'Government Funded Spending Power' between predominantly urban and predominantly rural - but for 2016/17 only.

However, Transition Grant in 2017/18 remains at 2016/17 levels despite a growing gap in RSG/SFA reductions (as shown in the above graphs) before disappearing altogether in 2018/19 and beyond. Additionally, Rural Services Delivery Grant reduces by £15m in 2017/18 when compared with 2016/17. Taken together, this results in an unacceptable widening in the gap in Government Funded Spending Power between predominantly urban and predominantly rural areas.

The graph below shows the significantly diminishing impact of the Transition Grant on the Government Funded Spending Power over the four year settlement period. It clearly shows that the temporary measures introduced in the final settlement of 2016/17 were only sufficient to (almost) close the gap in Government funding in 2016/17.

The Widening Gap in change in Government Funded Spending Power between predominantly urban and predominatly rural authorities over the four year settlement period



The impact of these changes is seen in Council Tax levels which are already significantly higher in rural areas, are set to increase at an even greater rate due to the Government funding shortfall highlighted above. Indeed, there appears to be a conscious policy decision by the Government that rural areas Spending Power will be increasingly funded by taxpayers. **In other words, the Government is content for people in rural areas to pay more Council Tax from lower incomes to receive fewer services than their urban counterparts.** This is manifestly unreasonable and grossly unfair The RSN cannot accept this position

The table below shows the relative gearing between Government Funded Spending Power and Council Tax between predominantly rural and predominantly urban areas over the four year settlement period as a result of the inequitable changes to RSG.

Percentage of Spending Power funded by Council Tax over the four year settlement period					
	2015/16	2016/17	2017/18	2018/19	2019/20
Predominantly Rural	58%	62%	66%	70%	71%
Predominantly Urban	45%	49%	53%	56%	57%

RSN believe that is inequitable that the taxpayer in rural areas, where earnings are, on average significantly lower, should shoulder an ever increasing Council Tax burden to fund local services. The current crisis in funding for Adult (and Children's) Social Care is a national problem which needs new government money – it is wrong to pass that burden on to local council tax payers

There is some evidence to show a correlation between the relative generosity (or otherwise) of government funding on local council tax decisions. In 2016/17, of 11 upper tier authorities that restricted Council Tax increases to less than 2%, 10 were predominantly urban and none were predominantly rural. Six London Boroughs were able to freeze Council Tax and the Greater London Authority, which enjoys the most generous changes in SFA, reduced their Council Tax by 6%!

The RSN do not believe the Government policy of making greater reductions in Government Funded Spending Power in rural areas is either fair or sustainable and therefore calls on the Government to:

Either

- **Change the formula which calculates RSG reductions to remove Council Tax from the equation so that RSG reductions are at least equal between predominately urban and predominantly rural authorities**

Or

- **Increase Transition Grant and/or so that it fully counteracts against the Government formula for RSG reduction**

Question 2: Do you think the Government should consider transitional measures to limit the impact of reforms to the New Homes Bonus?

Question 3: Do you agree with the Government's proposal to fund the New Homes Bonus in 2017-18 with £1.16 billion of funding held back from the settlement, on the basis of the methodology described in paragraph 2.5.8?

Question 4: Do you agree with the proposal to provide £240 million in 2017-18 from additional savings resulting from New Homes Bonus reforms to authorities with adult social care responsibilities allocated using the Relative Needs Formula?

RSN are seriously disappointed by the extent of the changes to New Homes Bonus and the variation in the provisional settlement figures compared with those released last year – so much for the four year settlements giving more certainty and clarity over future income streams!!.

On question 2, we note that the reduction in New Homes Bonus has had a significant impact on Spending Power for some small district authorities – we therefore feel that the Government should, at the very least, consider some form of transitional arrangements. We are also concerned that the changes may have an impact on house building – despite that being a government priority

We have no firm views with respect to question 3.

On question 4, we feel that the Government should find additional resources to fund social care pressures as opposed to reducing New Homes Bonus and further burdening the taxpayer to fund social care. The issues we highlight below in respect of New Homes Bonus should be addressed through Government funding not re-allocations within the sums set out in the Provisional Settlement

The changes to New Homes Bonus are a complete volte-face. Most Councils will have constructed their efficiency plans (upon which their acceptance of a four-year settlement was predicated) based on figures published in the February 2016 settlement, including indicative levels of New Homes Bonus. Those indicative levels were meant to reflect the impact of the proposed changes to New Homes Bonus on which DCLG consulted in December 2015. However, barely two months before Councils must set their Council Tax, the government has announced potential new changes to the New Homes Bonus which are both financially significant for District Councils and substantially different from those reforms on which it had originally consulted. The lack of notice of these new changes would appear to run counter to the principles behind multi-year settlements, i.e. greater funding certainty and clarity over future income streams and sufficient warning to make sensible plans for changes. The original consultation on New Homes Bonus stated that a formal response document would be published within three months of the 10th March 2016 closing date.

The changes effectively redirect money that was intended to act as an incentive to delivering new homes towards propping up the massive pressures in adult social care which, whilst acknowledged, are nothing to do with new homes/delivering growth.

We are very concerned about two things:

1) The fact that the ‘deadweight’ has been increased from 2.5% to 4%. The consultation was on the basis of 2.5% and over 80 per cent of responses rejected the proposal. The 4% figure has never ever been discussed or consulted upon.
2) The fact that the application of the ‘deadweight’ and the reduction in the payment term from 6 to 5 to 4 years is being applied retrospectively.

It is a fundamental principal of English jurisprudence that new laws should not apply retrospectively. It seems quite iniquitous that local planning authorities were taking difficult decisions back in 2012 to deliver homes on the basis that they would receive six years’ NHB only to now lose a year and so on for each subsequent year. Surely the new arrangements should apply from 2017 – i.e. new homes built post April 2017 receive 5 years’ NHB (with the deadweight), then homes built from 2018 receive 4 years.

When the New Homes Bonus scheme was introduced, it was made clear that it would be a **powerful, transparent, predictable, simple** scheme as a written statement from the Minister introducing the made clear. When Councils were allocated their funding in 2011, 2012 etc. they were told that the sums would be payable for six years and budgeted accordingly. The six years is now being cut retrospectively and the deadweight applied retrospectively also.

Question 5: Do you agree with the Government's proposal to hold back £25 million to fund the business rates safety net in 2017-18, on the basis of the methodology described in paragraph 2.8.2?

We have no firm views with respect to question 5.

Question 6: Do you agree with the methodology for allocating Transition Grant payments in 2017-18?

Yes with some qualification.

The methodology for allocating Transition Grant appears sound.

However, we reiterate the point in our response to question one, - Transition Grant and the increase to RSDG was sufficient in 2016/17 to close the gap in changes to RSG opened by the inclusion of Council Tax in the calculation. We feel that this is inequitable and call on the Government to either change the RSG methodology so that reductions are equal across all authorities or increase Transition Grant to fully meet the shortfall bought about by the changes in RSG calculation.

Question 7: Do you agree with the Government's proposed approach in paragraph 2.10.1 of paying £65 million in 2017-18 to the upper quartile of local authorities based on the super-sparsity indicator?

Yes with some qualification.

Whilst we acknowledge that the Government has increased the value of RSDG since it was introduced, we make the following observations.

- The £65m proposed for 2017/18 is a £15.5m reduction when compared with 2016/17
- The £65m is still only about half of the amount which was lost to rural authorities to damping in 2013/14. This loss followed changes to sparsity in 2013/14, the majority of which was damped. As 2013/14 was the last year that formula funding was calculated, this damping loss has been suffered in each year since.
- The reduction in Revenue Support Grant national control total between 2015/16 and 2017/18 was 47.6%. However, as the first graph in our response shows, the reduction for Predominantly Rural authorities was 56.9%. In cash terms, therefore, predominantly rural authorities have lost £167m more than they would have if they suffered equal reductions to RSG. This is £102m greater loss than is being offered in RSDG in 2017/18.
- RSN has long campaigned for the RSDG to be tapered so that all rural authorities (as exemplified in the DCLG Summer 2012 Consultation) receive a contribution towards the additional cost of serving rural areas (the current system only provides funding for top quartile of super sparse authorities). We feel that an increase in RSDG to cover the losses outlined above would facilitate the extension of the grant to all authorities which should have benefitted from the (adopted by Government) 2012 Consultation proposals.

So whilst RSN acknowledges the importance of RSDG, we strongly feel that given the changes to other elements of the settlement, it is imperative that the level of RSDG is significantly increased and that the qualification criteria are changed to extend some level of support to all authorities with significant levels of sparsity.

Question 8: Do you have any comments on the impact of the 2017-18 local government finance settlement on those who share a protected characteristic, and on the draft equality

statement published alongside this consultation document? Please provide supporting evidence.

We have no firm view views with respect to question 8.

The case for a united rural voice in the context of Brexit

Extract from "Frequently Asked Questions" (Dept for Exiting the EU, 22/11/16)

The Referendum

Will there be a second referendum or an alternative to leaving the EU?

No. The country voted to leave the European Union and it is the duty of the Government and Parliament to make sure we do just that.

How will you take into account the views of those who did not vote to leave the EU?

Our priority is to build a national consensus around our exit from the EU. We have already started a wide-ranging programme of engagement, listening to organisations, institutions and companies in as many sectors as possible to establish their priorities and understand their concerns, and also to hear what they think the opportunities are.

Exiting the European Union

What is Article 50 and why do we need to trigger it*?*

The rules for exiting the EU are set out in Article 50 of the Treaty on European Union. This is the only lawful route for withdrawal from the EU under the Treaties.

When will Article 50 be triggered?

The Prime Minister has made clear the Government's intention to trigger Article 50 no later than the end of March 2017. It is in everyone's interest that we take time to establish a UK approach and clear objectives for negotiations.

What is the Government doing ahead of triggering article 50?

The Department for Exiting the European Union is responsible for overseeing negotiations to leave the EU and establishing the future relationship between the UK and EU. The Department now has just over 300 staff in London and a further 120 people working in the UK Representation in Brussels. We are currently undertaking 2 broad areas of work:

- We are listening to as many organisations, companies and institutions as possible – from the large PLCs to small business, from the devolved administrations through to councils, local government and the major metropolitan bodies – to build a national consensus around our negotiating position. We are doing this through meetings, visits and a series of sector roundtables, led by the Secretary of State. You can read more about the work of each roundtable, as well as future roundtables and Ministerial visits here.
- We are carrying out a programme of sectoral and regulatory analysis, which will identify the key factors for British businesses and the labour force that will affect our negotiations with the EU. This will help inform our negotiating position and build a detailed understanding of how withdrawing from the EU will affect our domestic policies, to seize the opportunities and ensure a smooth process of exit.

Background

In the referendum on 23 June 2016, a majority of the UK electorate voted to leave the EU. UK withdrawal from the EU – usually described as 'Brexit' – has been the subject of a great deal of comment in books, journal articles, press reports and other media. Great uncertainty exists around future policy, funding arrangements, trade and other critical areas.

From the extract quoted in the box above, it is clear that scope exists to create a dialogue with government in an attempt to influence the potential outcomes for rural areas, their businesses and communities.

Other interest groups with powerful lobbying and representational resources are actively engaged with government and it is critical that rural areas are not left out.

To quote Professor Tony Travers (LSE) speaking at the Rural Services Network's Rural Conference last September "But I do think the general point you make is the risk of the rural voice, well let's put it this way, unless the rural voice is strong, it won't be heard. And the lobby has to be one that will have to work more powerfully now than ever before because trade associations working for let's say the car industry, will be, and rightly, working very hard. But the rural lobby is a different thing and has generally existed for different purposes. What it hasn't traditionally been about, and I stand corrected in a room of people who know more about this than me, thinking about the terms of Britain's relationship with the rest of the world in terms of rural economies. It has been about issues to do with the countryside or small schools or rural bus services, but not about what economy and what package of deals made by the UK Government would be the best one for the rural economy and that will have to be altered quickly, because as I say, the car industry, cities, Scotland, Wales will definitely. Wales, Scotland and Northern Ireland are all going to have a place at the table in the negotiations, but other interests won't

Current funding

Currently, rural areas in the UK benefit from more than **£3 billion per year** in EU funds in support of agriculture and rural development, as part of the EU's Common Agricultural Policy. It is widely accepted that £1 spent in the rural economy circulates circa 3 times – thus the value of current EU funds into the rural economy is around £9 billion a year and that is what stands to be lost depending upon the decisions made by the UK Government.

Five-sixths of the £3 billion a year is spent on so-called Pillar 1 'basic' support to all farms according to the area of land they manage, in order to provide income support and some basic environmental and safety conditions on land management. One-sixth of that sum is spent on Pillar 2 aid through the Rural Development Programmes for each UK principality. For England this is broadly broken down as follows:

Rural Development Programme (England) 2013-20	
Scheme	**£m**
Countryside Stewardship	860
Environmental Stewardship	1959
English Woodland Grant Scheme	95
Growth Programme	177
Countryside Productivity	141
LEADER	139
Farming Recovery Fund	9
Technical Assistance	127
Total	**3,507**

As this table shows, a very large proportion of spending within the Rural Development Programme (in addition to the Basic Payment Scheme for farmers) is spent on environmental management schemes for farmers and a much smaller share of funds for farm and forestry investments and the diversification of the rural economy, as well as building local capacity and providing rural services often through the LEADER approach.

With regard to other EU funds, in particular European Regional Development Fund (ERDF) and European Social Fund (ESF) £6.5 billion is allocated across the English Local Enterprise Partnerships for the period from 2014-20. This figure is not broken down in any analysis in terms of rural areas.

Some certainty in the short term has been provided by the Chancellor following his announcements in August and October. This has guaranteed EU funds for projects to the point at which the UK departs the EU. The Chancellor confirmed that "the government will guarantee EU funding for structural and investment fund projects, including agri-environment schemes, signed after the Autumn Statement and which continue after we have left the EU. He was clear, while the UK is still a member of the EU, British businesses, farmers and other organisations must be entitled to apply for EU funds."

Funding for projects will be honoured by the government, if they meet the following conditions:

- they are good value for money
- they are in line with domestic strategic priorities

Respective government departments are now seeking to confirm how they meet these two requirements in relation to the EU funding programmes they manage.

As stated earlier, in considering future funding arrangements it will be important to determine the local multiplier effect of EU agricultural expenditure and the consequent impact on the wider community. The impending ex-post evaluation report into the 2007-13

Rural Development Programme for England (due to be formally submitted to the European Commission by the end of December 2016) should prove informative in this respect.

Expressed views of others

These include the following:

- In respect of agriculture it is likely that there will be a move by government to reduce the amount of support that's going into CAP pillar 1: the basic farm payment which all farms receive currently on a per-hectare basis. This payment accounts for more than 5/6 of CAP support to farms in the UK, and it particularly underpins incomes in the beef, sheep and cereal sectors whilst in others it is less significant. It has been the stated aim of the UK Treasury for the last 30 or more years to say, 'Pillar 1 doesn't have a rationale, we would do without it if we could'. This is one of the largest parts of the so-called 'savings' that the Leave campaign promised could be made, if the UK left the EU.
- In a previous policy statement on CAP reform (2005), Defra and the UK Treasury said their aim would be to cut Pillar 1 in a carefully phased process, allowing time for farms to adjust to reduced support.
- Following the Autumn Statement it appears that the government remains keen to pursue devolution in England. This may have an impact on future resource allocation. There is a risk that the Local Government Association seeks to merge CAP funds into wider funds for local availability as part of a wider devolution argument.
- The CLA, along with Scottish Land & Estates, has published a series of briefings outlining new opportunities for the rural economy in post-Brexit Britain. These focus on direct support, trade, regulation, labour and devolution.
- The NFU are engaged in direct discussion with the government. NFU President Meurig Raymond said: "The government must not ignore the economic importance of the farming sector. It's the bedrock of the UK's largest manufacturing industry - food and drink - which is worth £108 billion and employs 3.9million people."

Key Rural Statistics

- Some 9.3 million people (17% of the England total) live in rural areas and some 581,000 (1.1%) of those are (in 2014) in sparse settings.
- In 2015 Gross Value Added (GVA) in Predominantly Rural areas was worth £237 billion (16.5% of the English total) employing 3.8 million people in England
- 'Distribution; transport; accommodation and food' and 'Public administration; education; health' each contributed roughly one fifth of GVA in both Predominantly Rural and Predominantly Urban areas (excluding London). Around 2% of the GVA from Predominantly Rural areas came from 'Agriculture, forestry and fishing'

- In 2015 the productivity of Predominantly Rural areas was around 89% of that for England as a whole (provisional estimate).
- A booklet of general Rural Statistics produced by Rural England Community Interest Company is appended to this note.

Information updates

The Commons Library and Lords Library has produced impartial analysis of the UK's referendum for remaining in or leaving the European Union. This is updated on a rolling basis and can be found via this link.

The page sets out useful research on the impact of Brexit on key policy areas. It also explains the process for leaving the EU.

Economic Viability in Rural Areas

Our starting point is that a Vibrant Rural Economy and the Protection of our Historic Countryside are not in conflict if properly and sensitively planned and implemented.

Initial discussions have suggested that the future economic viability of rural areas is dependent on Government policy and investment into the following Three Pillars:-

- **INFRASTRUCTURE (including Broadband speeds and mobile connectivity)**
- **PLANNING**
- **ECONOMIC SUPPORT WHERE MARKET FAILURE CAN BE DEMONSTRATED**

However, Economic Viability cannot be achieved unless there is also social viability. With the core funding of local government services by 2020 changing to Business Rates Retention and Council Tax real challenges lie ahead. There is an acknowledged affordable housing crisis across rural England. This and access to services, an ageing population and rural vulnerability generally are all existing major issues (which are likely to get worse not better based on current trends) affecting rural areas and the rural economy.

It is this whole package of issues rural organisations should be forming common voice over and seeking to influence government policy and investment in the negotiations about leaving the EU but also, perhaps even more importantly, in the years beyond 2020 when the country is more master to its own destiny.

Suggested initial priorities for wider rural services and rural development?

We suggest that if we do not act, others will dominate discussion and potential influence with government over the future shape of policy and funding impacting on England and rural areas will miss out.

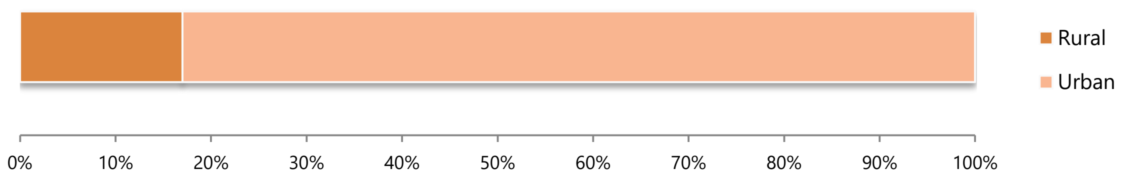
We further suggest that, if we do not act together there is a real danger that a confused and inconsistent set of voices from bodies representing “rural” will be heard by government, not understood and therefore largely ignored.

The suggested way forward is as follows:

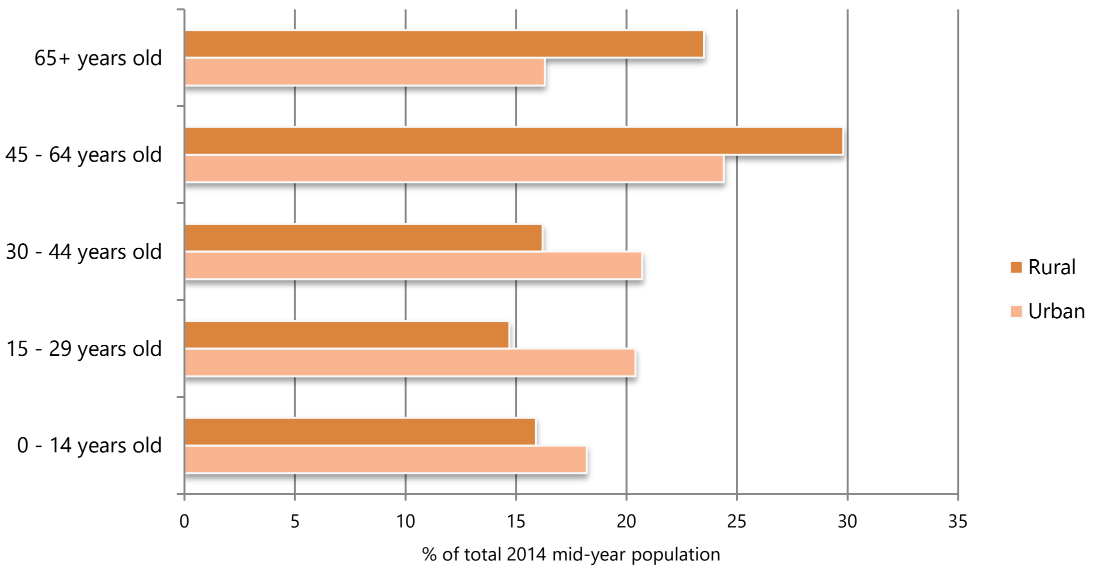
1. An initial meeting is held to discuss whether or not a “common rural voice” can be achieved and how it might operate
2. If the principle is agreed to form a small Steering Group to progress matters
3. Agree an initial list of shared goals across organisations with a strong rural interest.
4. Agree the need for (jointly specified and funded) targeted research and analysis to support action (policies and investments by government) in achieving these goals including an initial assessment of what rural areas look like now economically and socially in the context of current funding pressures and beyond 2020
5. Agree broad communications activity

What does rural England look like?

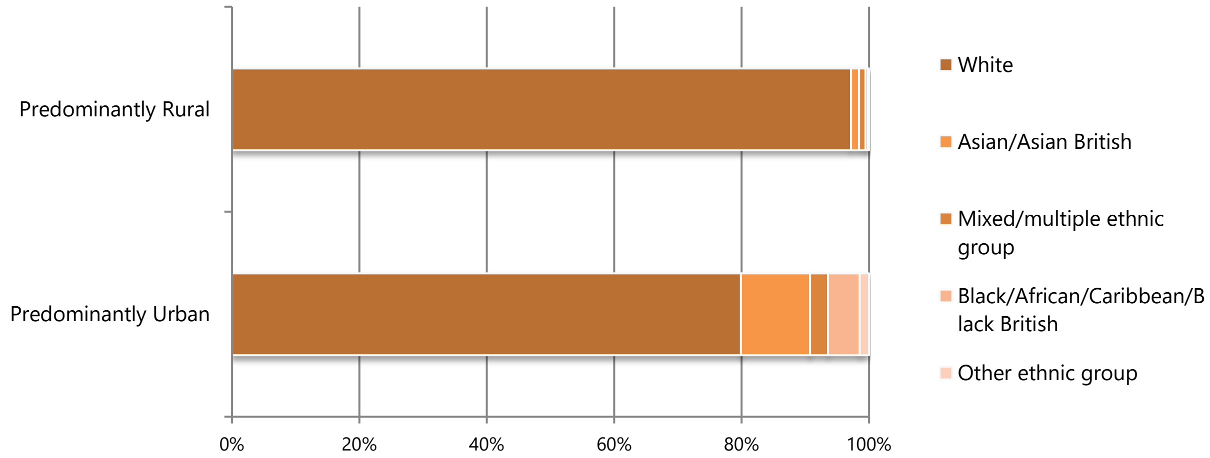
9.3 million people live in rural areas of England, that's **17.0%** of the English population (2014 mid-year population estimate)



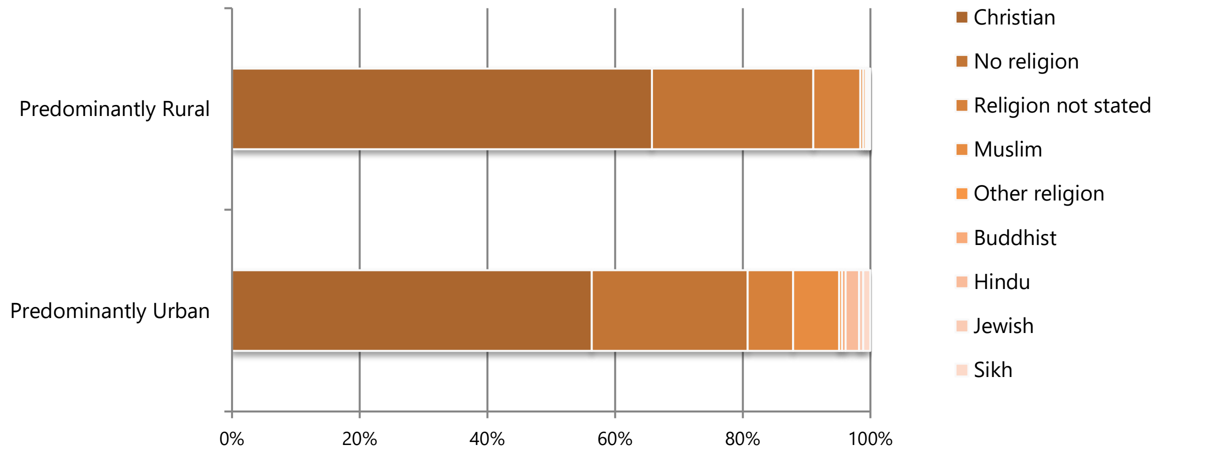
Rural England tends to have **higher proportions of older residents** and a **lower proportion of younger residents**



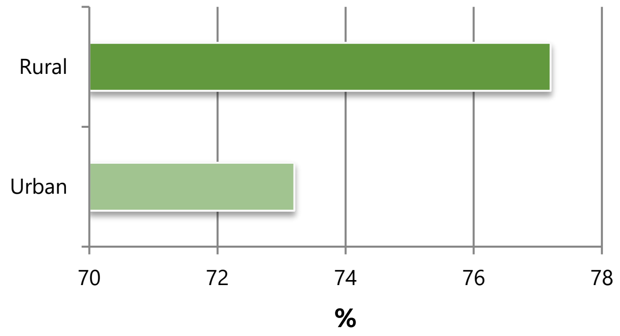
Ethnicity



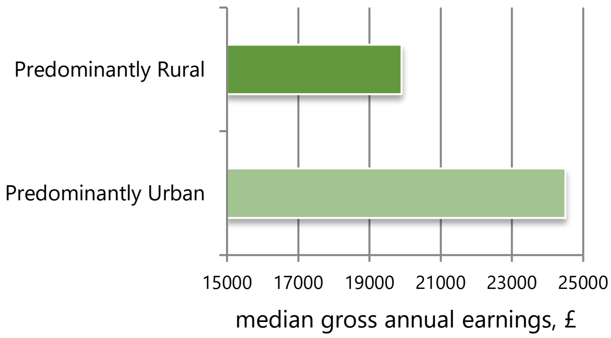
Religion



According to Census 2011 data, rural England is less ethnically diverse and predominantly Christian in faith

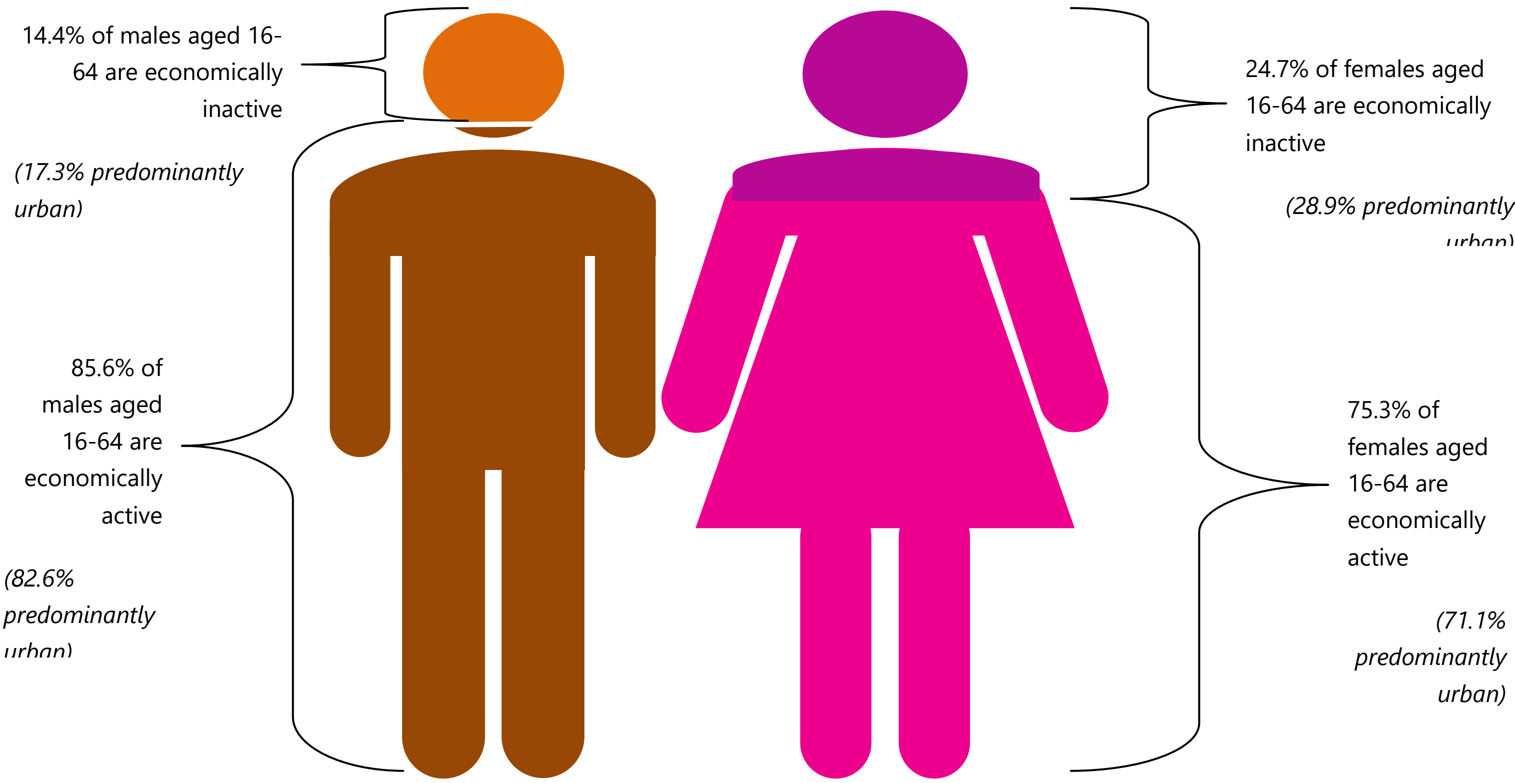


Rural England has a **higher proportion of working age population** (16-64) who are **employed** ONS Labour Market Statistics 2015



however, the workplace based median **annual earnings** for **predominantly rural** areas is **18.8% lower** than for predominantly urban areas Annual Survey of Hours and Earnings 2013

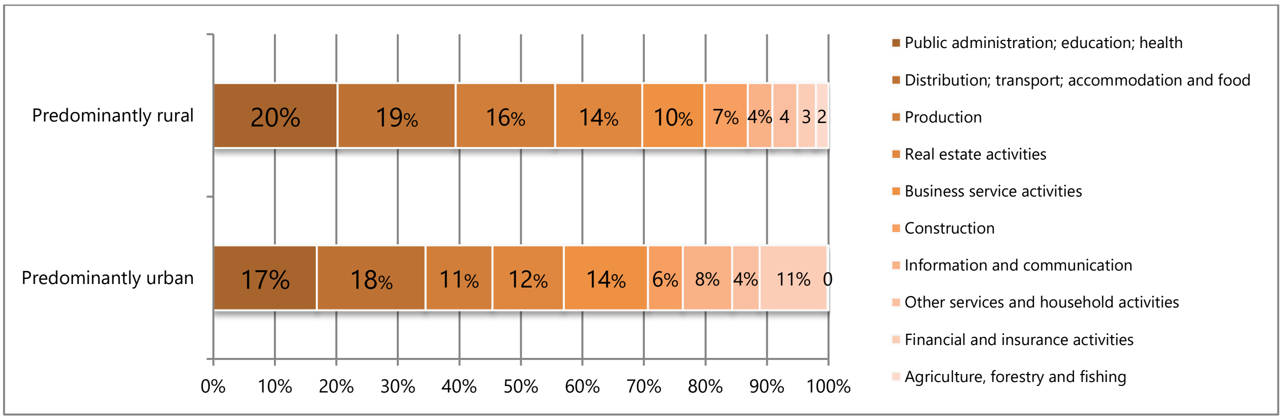
Economic activity in predominantly rural areas



Annual population survey, Jan'15 to Dec'15

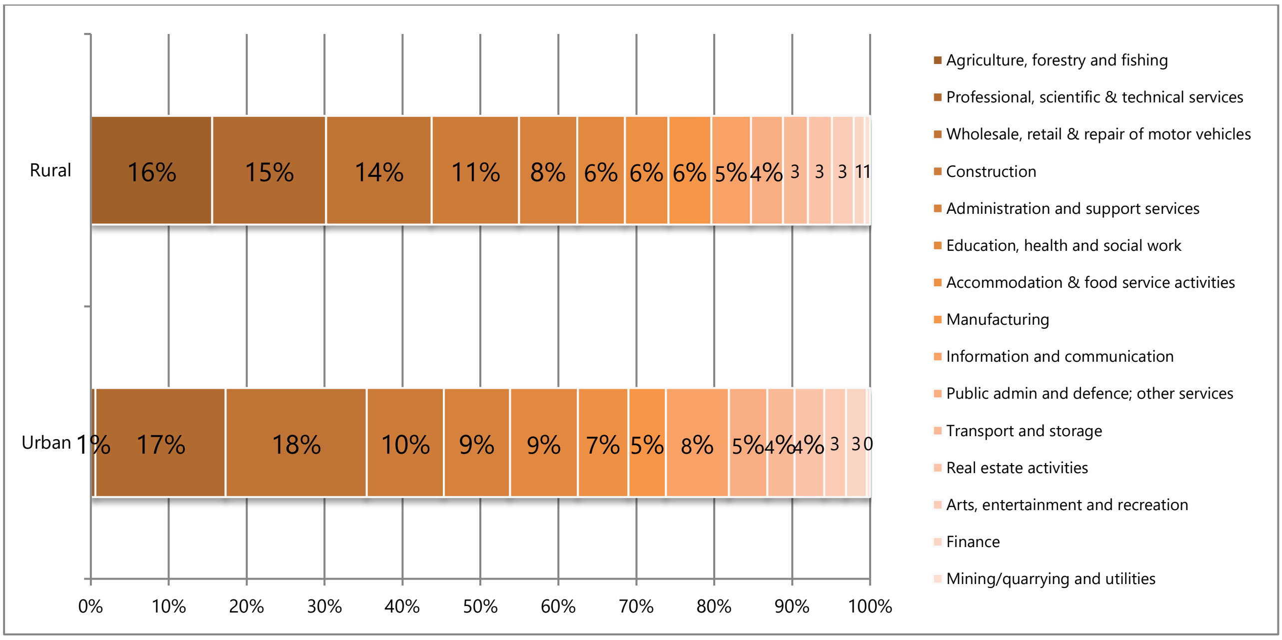
Gross Value Added by industry as a percentage of the total GVA for Predominantly Rural areas shows Public Administration, Education, Health as the largest sector, slightly higher than Distribution, Transport, Accommodation and Food.

Gross Value Added measures the contribution to the economy of each individual producer, industry or sector in the country. However there are some gaps in the coverage of the Annual Business Survey; agriculture for example is only partially covered and self employment is not included in the data. This may lead to underestimations of economic value.



Office for National Statistics, Gross Value Added data, 2014

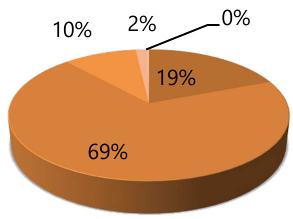
The percentage by industry of local units of registered businesses within all rural areas shows Agriculture, Forestry and Fishing as the largest sector, slightly higher than Professional, Scientific & Technical services.



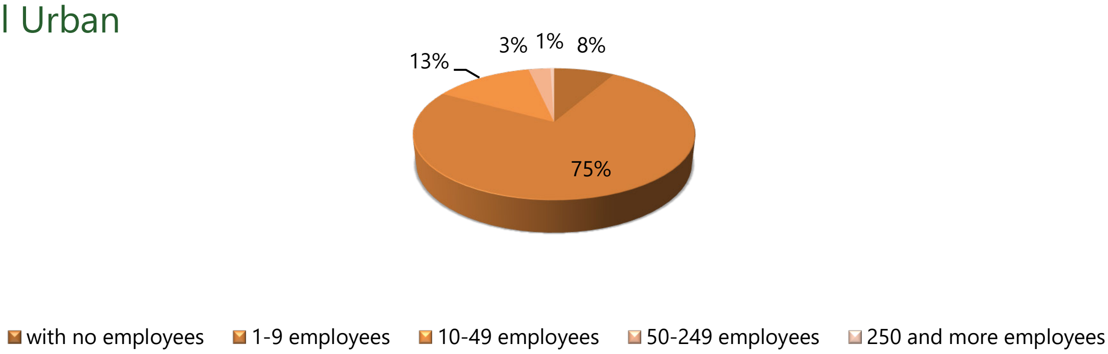
Inter-Departmental Business Register 2014/15

The percentage of local units of registered businesses within set size bands:

All Rural

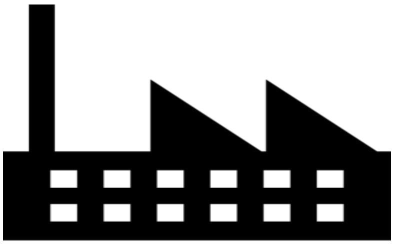


All Urban



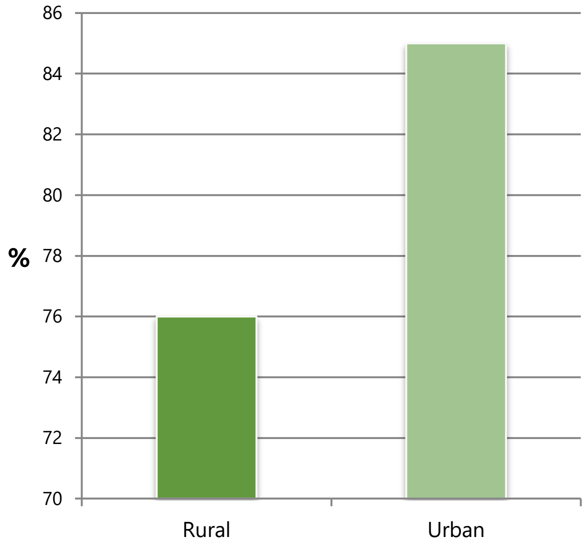
Inter-Departmental Business Register 2014/15

22% of **rural workers** work from **home** (12% urban)



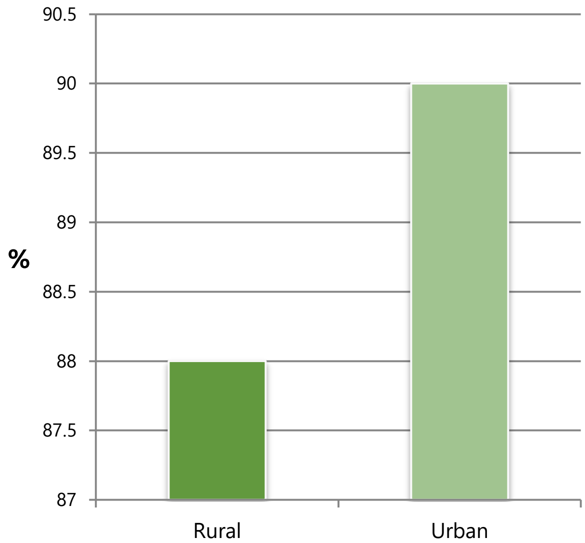
78% of **rural workers** work **elsewhere** (88% urban)

(Labour Force Survey, 2013)



76% of the **rural population** has **'reasonable'** access to centres of **employment** by **public transport** or **walking**

(2013, DfT National Transport Survey)

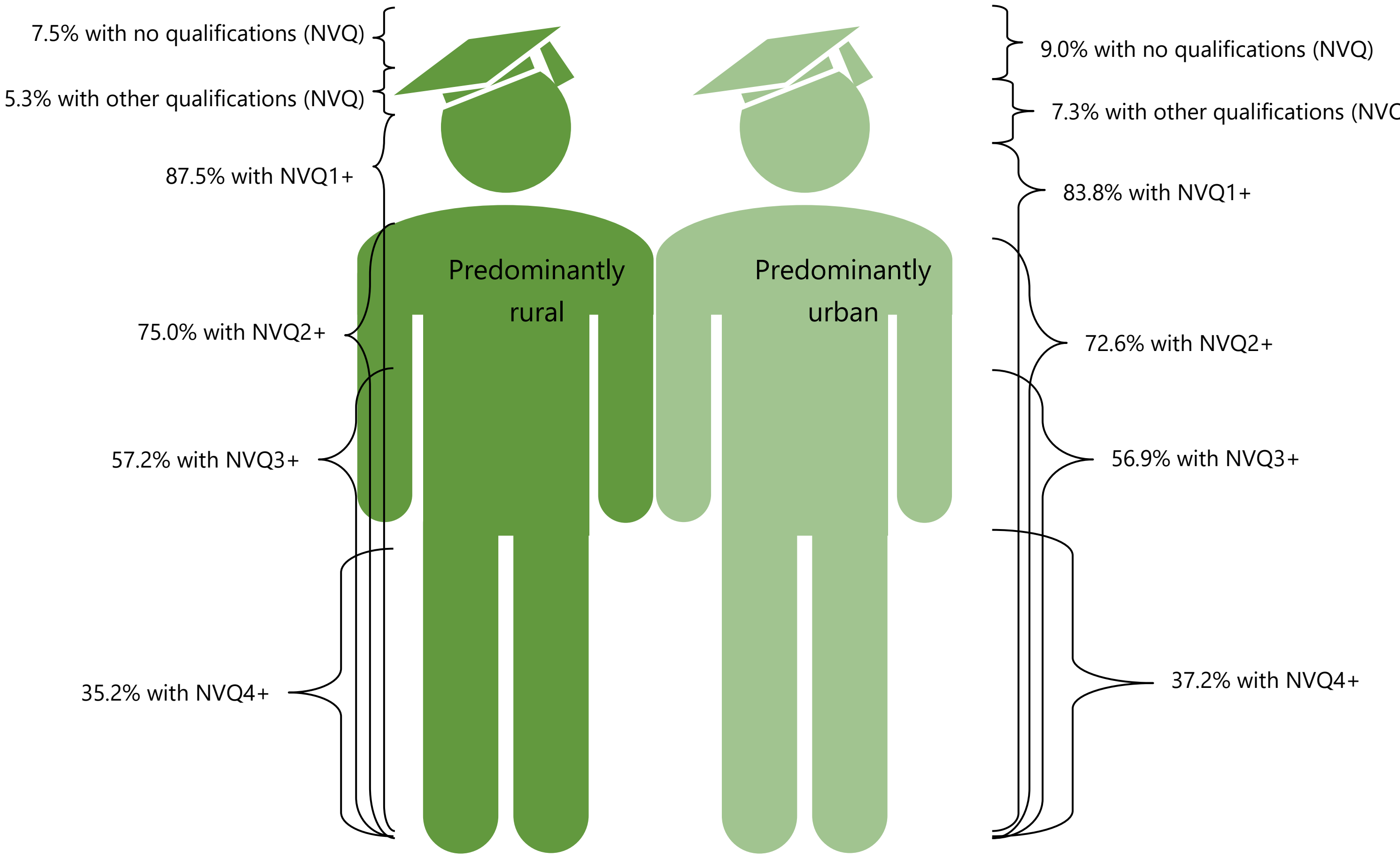


88% of the **rural population** has **'reasonable'** access to centres of **employment** by **car**

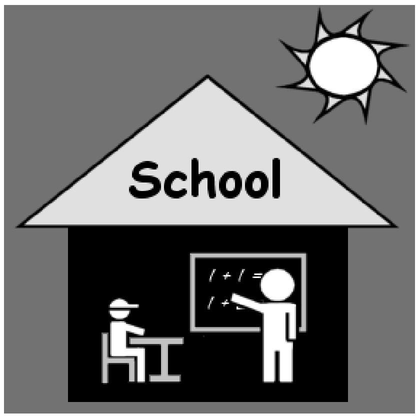
(2013, DfT National Transport Survey)

'Reasonable access' is a measure of accessibility which takes into account the sensitivity of users to the travel time. It therefore takes into account how likely they are to travel to the given service location by different modes of transport, given the time it will take and users' willingness to undertake the journey.

The qualification attainment of those aged 16 to 64 Annual Population Survey Jan15-Dec15

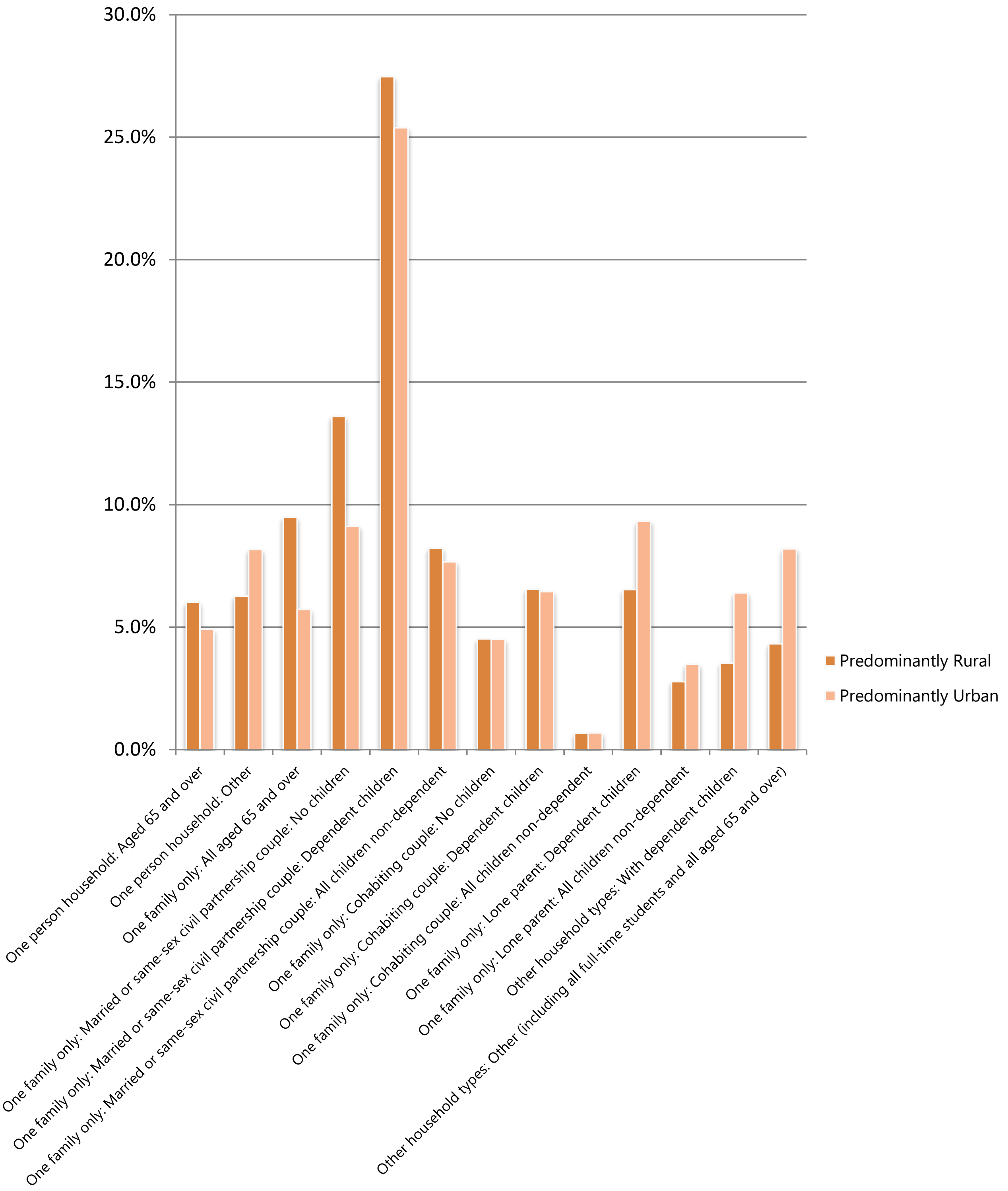


31.9% of working population resident in **predominantly rural** areas have a qualification at **NVQ4 or above** (32.6% in predominantly urban areas)ONS Annual Population Survey, 2011

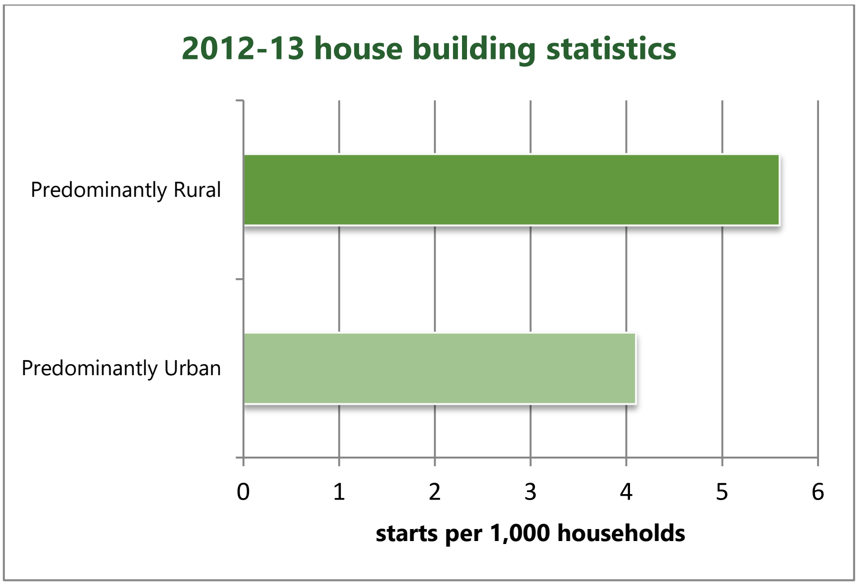


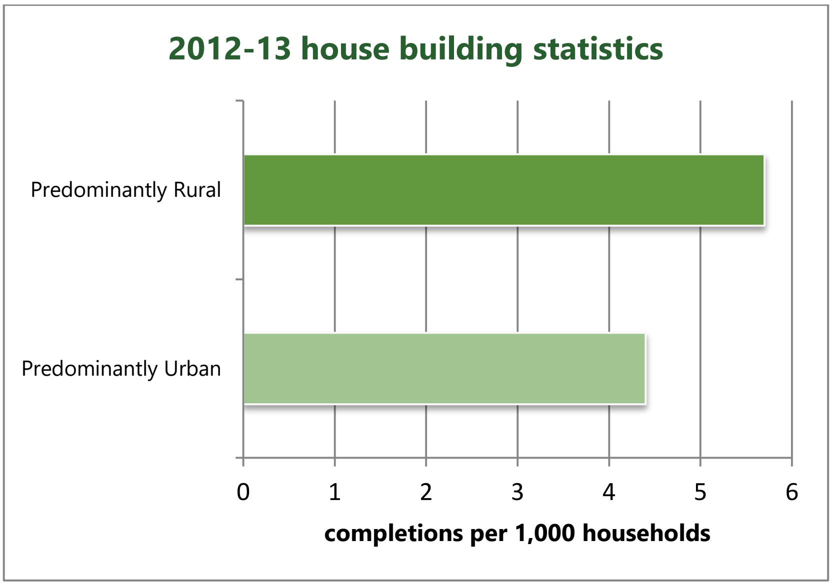
70.7% of pupils resident in **rural** areas leave school with **5+ GCSEs grade A*-C** (urban areas 64.8%)Department for Education 2013/14

Household Composition



Census 2011





There is a higher rate of house-builds started and completed in predominantly rural areas

than in predominantly urban areas and compared with the national average.

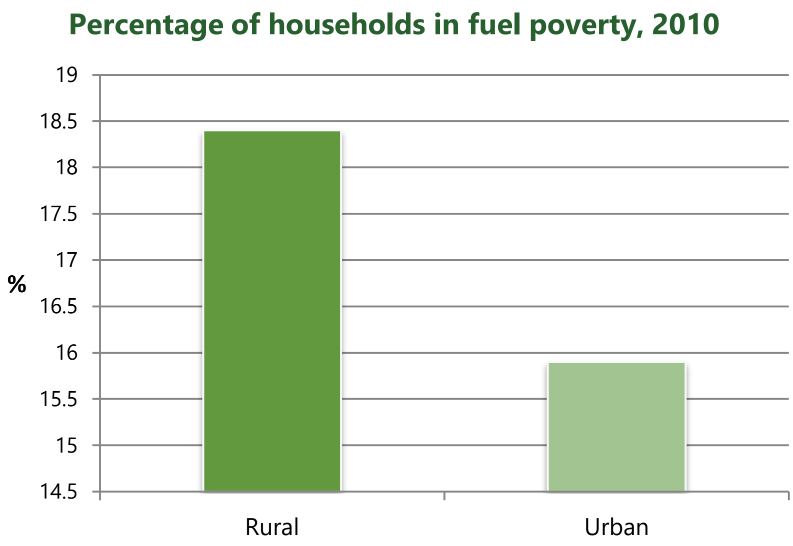
In 2012, **predominantly rural** areas (by local authority classification) had a **ratio of lower quartile house price to lower quartile workplace based earnings** of **7.9**. This is in comparison to predominantly urban areas with a ratio of 7.1.

DCLG Live tables on housing market & house prices

The average **private registered providers rent** in **predominantly rural** areas (by local authority classification) in March 2013 was **£87 per week**. This is in comparison to £84 per week for predominantly urban (excluding London) areas

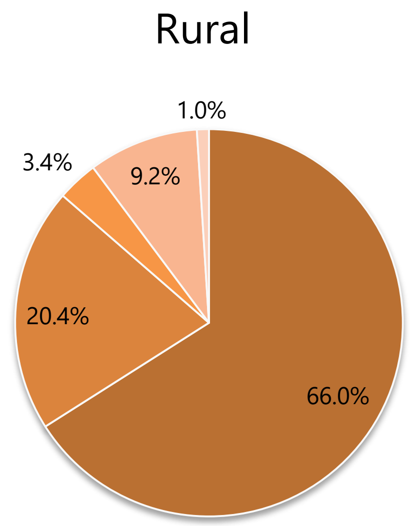
DCLG Live tables on Private Registered Provider rents

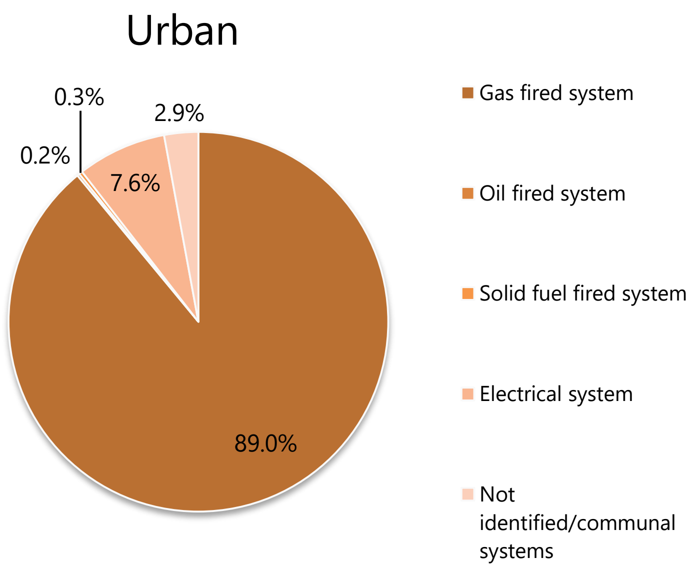
This comes with a backdrop of rural residents paying on average £81 per head more in council tax than their urban neighbours. This is a result of year on year underfunding through the Government grant system (figures from 2015-16 settlement calculations)



DECC Modelled fuel poverty estimates

The percentage of households by main fuel type DCLG, English Housing Survey 2010





Household car availability

(DfT National Travel Survey 2012)

Rural | **Urban**

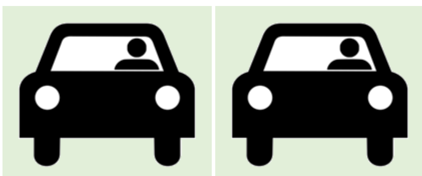
Households with no car/van

11%  28%

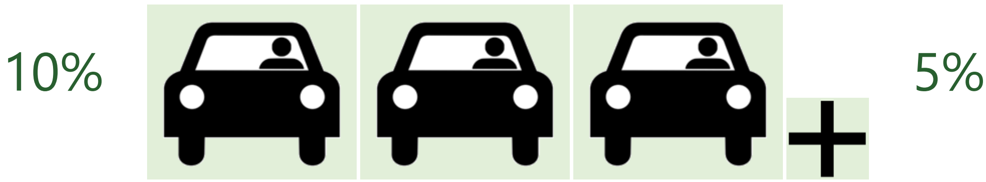
Households with one car/van

42%  45%

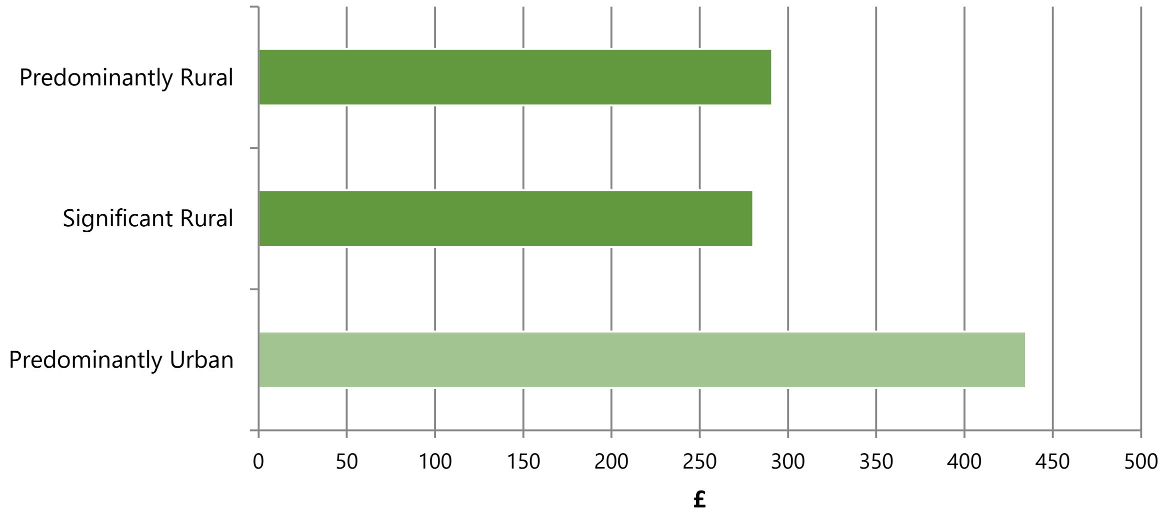
Households with two cars/vans

38%  22%

Households with three or more cars/vans



Government Funded Spending Power per head (2016/17 Final Local Government Funding Settlement)



RSN analysis 2016

Members will recall that RSN work in this area was greed by the AGM main meeting. This brief report sets out where we are on this topic as a whole. Towards the end of this brief report it begs the questions that perhaps the Executive need to consider at the present time.

VULNERABILITY

IN RURAL AREAS

RURAL ENGLAND

- An Essential Services Rural Vulnerability Group (ESRVG). (n.b. The Utility Companied tend to call the process 'safeguarding') There might be three meetings a year- one possibly for company Chief Executives or their like who would look at the legislative position relating to this area.
- An annual paper on vulnerability as prescribed by the ESRVG Group would be undertaken by Rural England researchers.
- A special area of the www.RuralEngland.org website would be set up and this would be dedicated to this area of work
- The Rural Vulnerability Service- although produced as a RSN bulletin once every 3 weeks it is on the Rural England Work Plan (when RE finance allows) to seek to expand its dedicated research potential in its three topic areas of Broadband, Fuel Poverty and Transport),

JOINT WORK

- A special meeting every two years bringing together utility operators and local authorities
- Statistic information specifically on this subject issued every six months to both the ESVG and any Councillor Social Care and Rural Vulnerability Group (Dan Worth)

RURAL SERVICES NETWORK

- A Parliamentary Vulnerability Day.
- ? A Parliamentary Campaign Group- should we achieve sufficient momentum in parliament to do this.
- Significant work to seek involvement with community councils, parish councils, church councils, local facilities funded by the ESRVG membership fees (this can only be done if sufficient organisations support the relevant part of the ESRVG.)
- Should the two Councillor Social Care meetings placed in our meetings programme this year (when the Rural Assembly is running) be expanded to also include Rural Vulnerability (such change would need to be decided by the Executive on the 9th of January) This would give us a meeting of Councillors in the RSN

side of the equation as well as the ESRVG on the Rural England side of the equation.

- Do we set up a subgroup of the Community Group to cover Social Care Organisations who operate care facilities? Presumably if so such a group lies on this side of the equation
- The Rural Vulnerability Service- basically a RE service (with support From Calor) which RSN buys into and circulates to its members. Rural England have in their projects programme the improvement of this service.