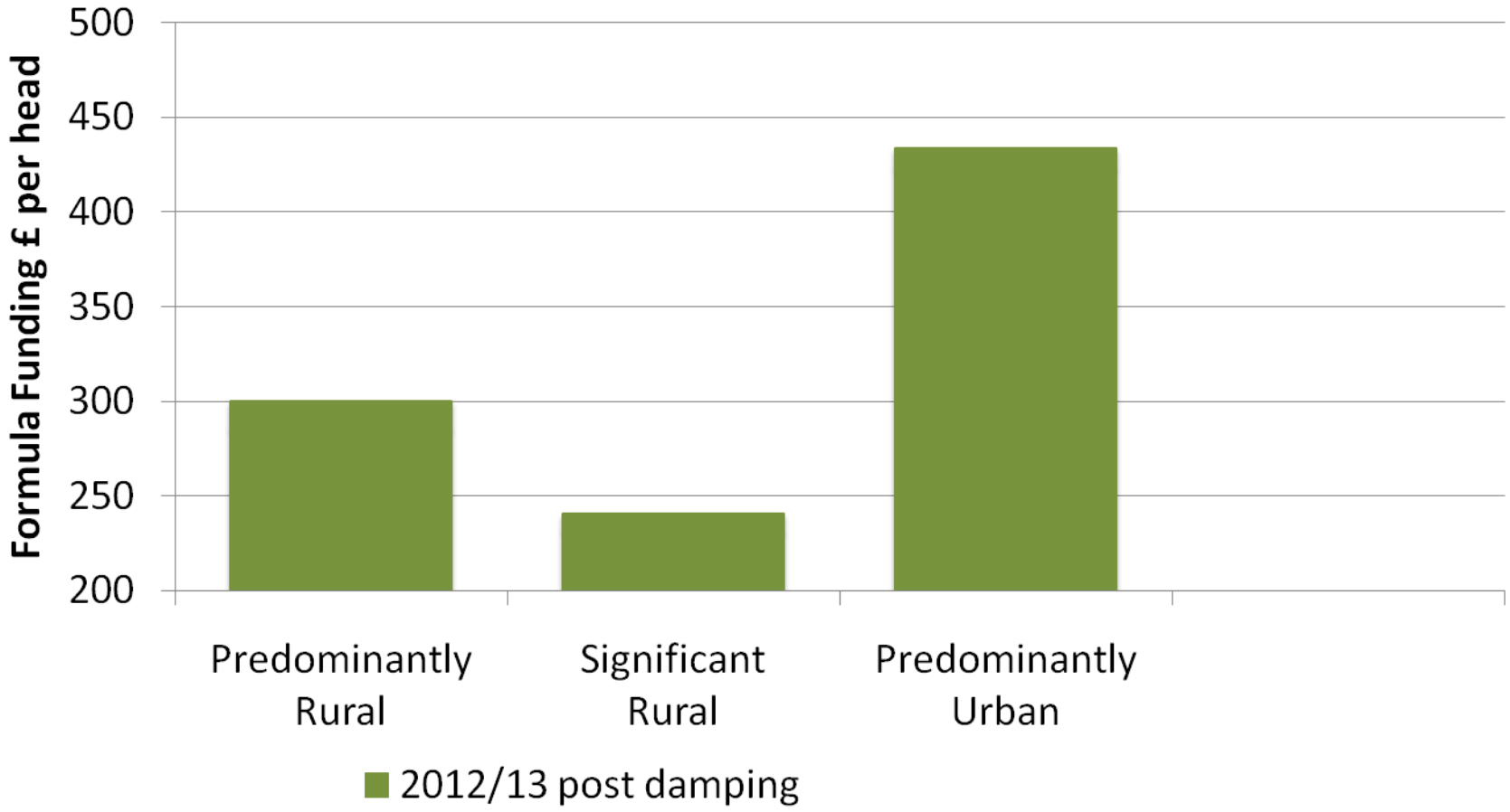
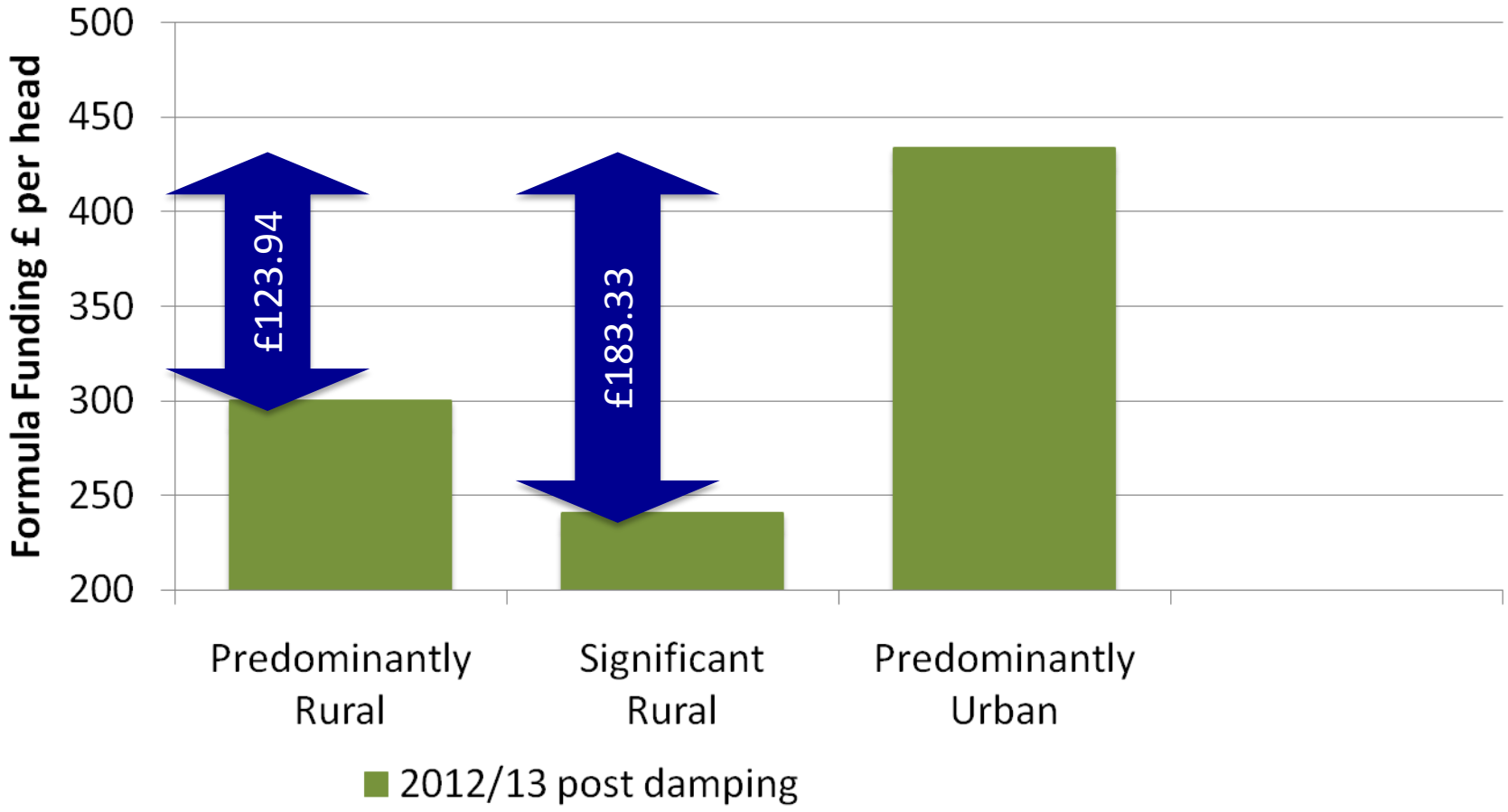
The Starting Point – 2012 /13 Formula Funding Comparisons

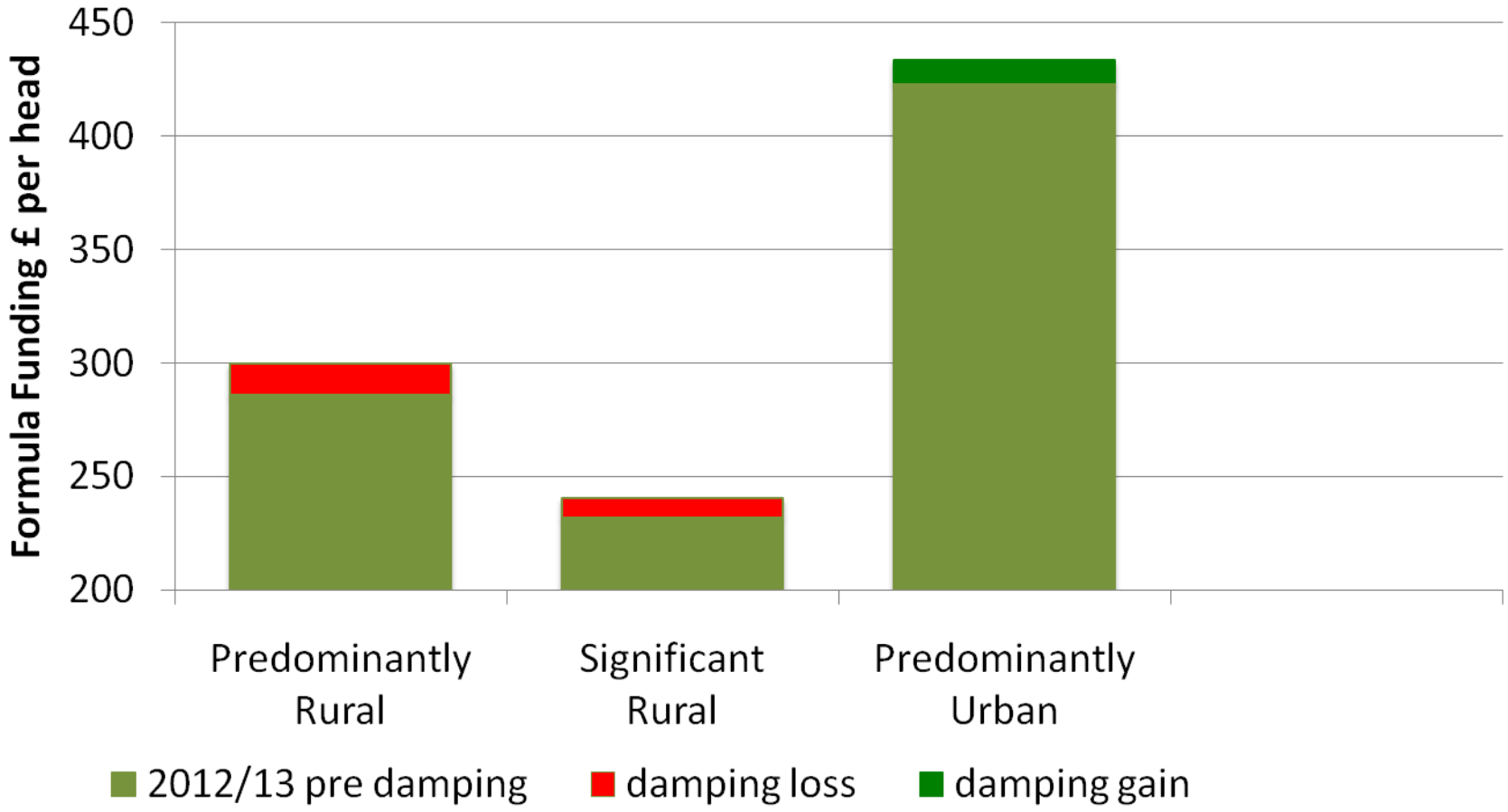
Formula Funding 2012/13 – pre-damping



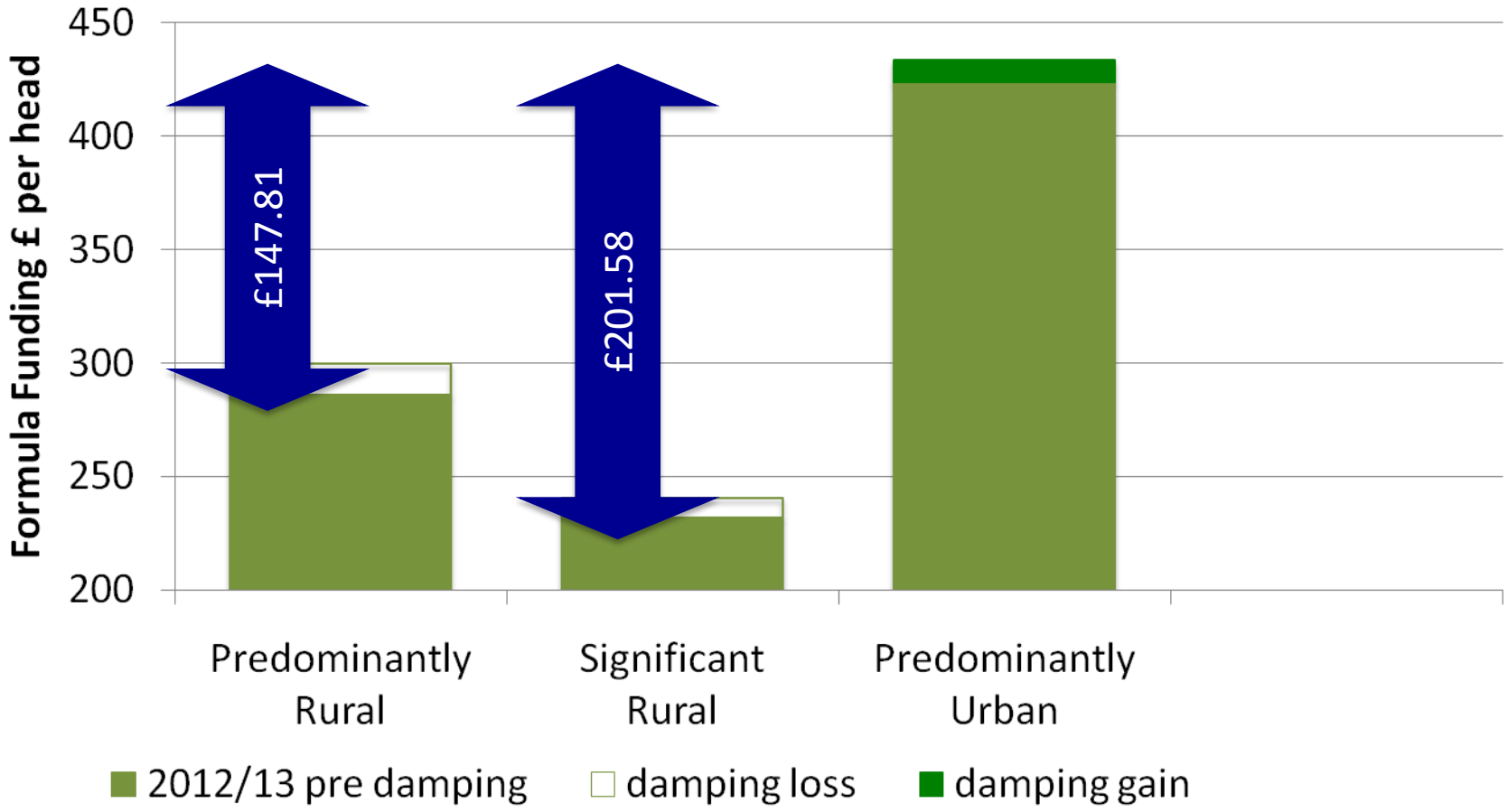
£123.94 (41%) funding per head more in urban areas than in predominantly rural areas before damping



Formula Funding 2012/13 – post-damping



Damping further exacerbates gap between rural and urban. After damping, urban areas receive £147.81 (52%) per head more funding than predominantly rural areas

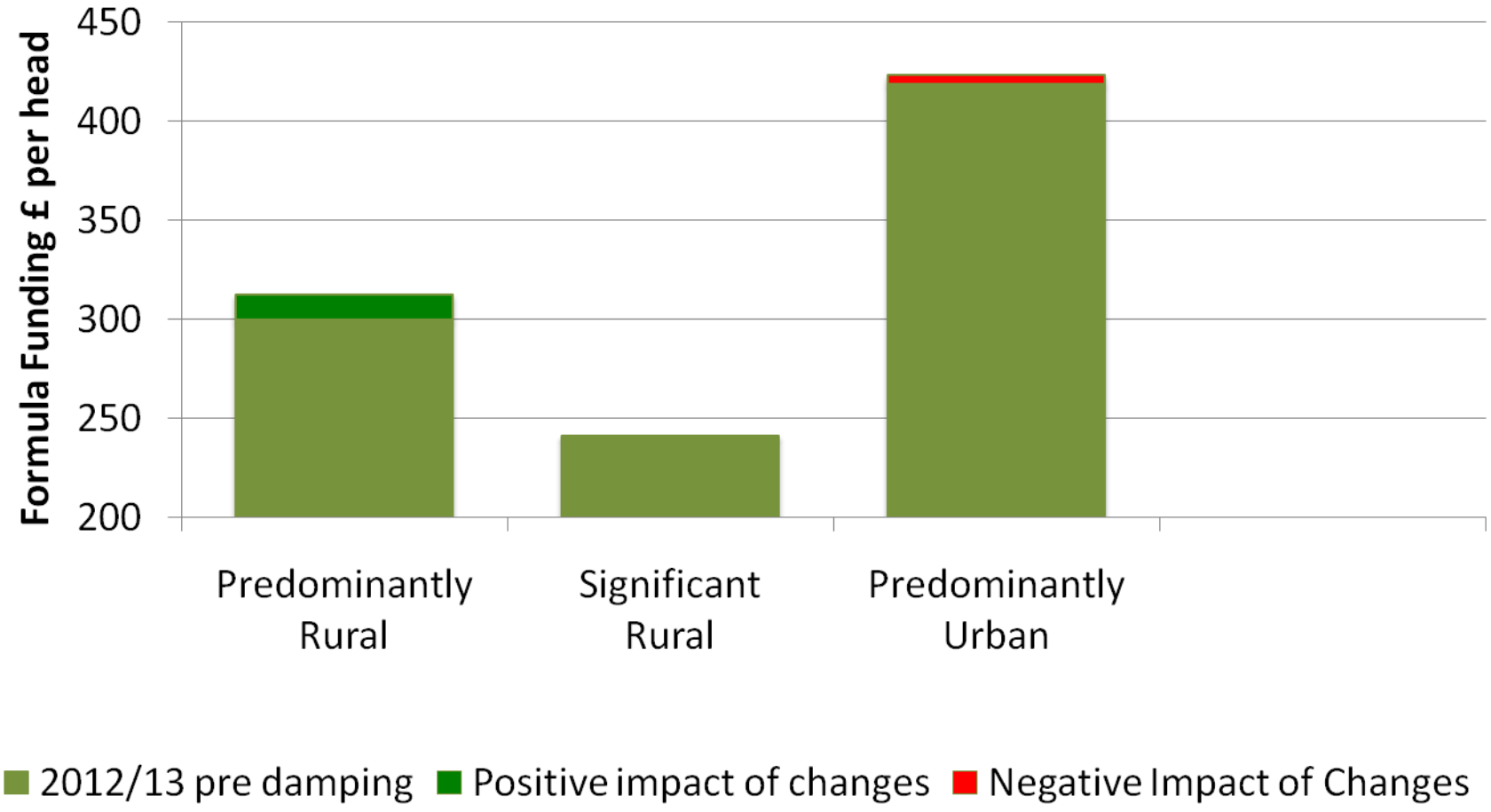


The Starting Point – 2012 /13 Formula Funding Comparisons

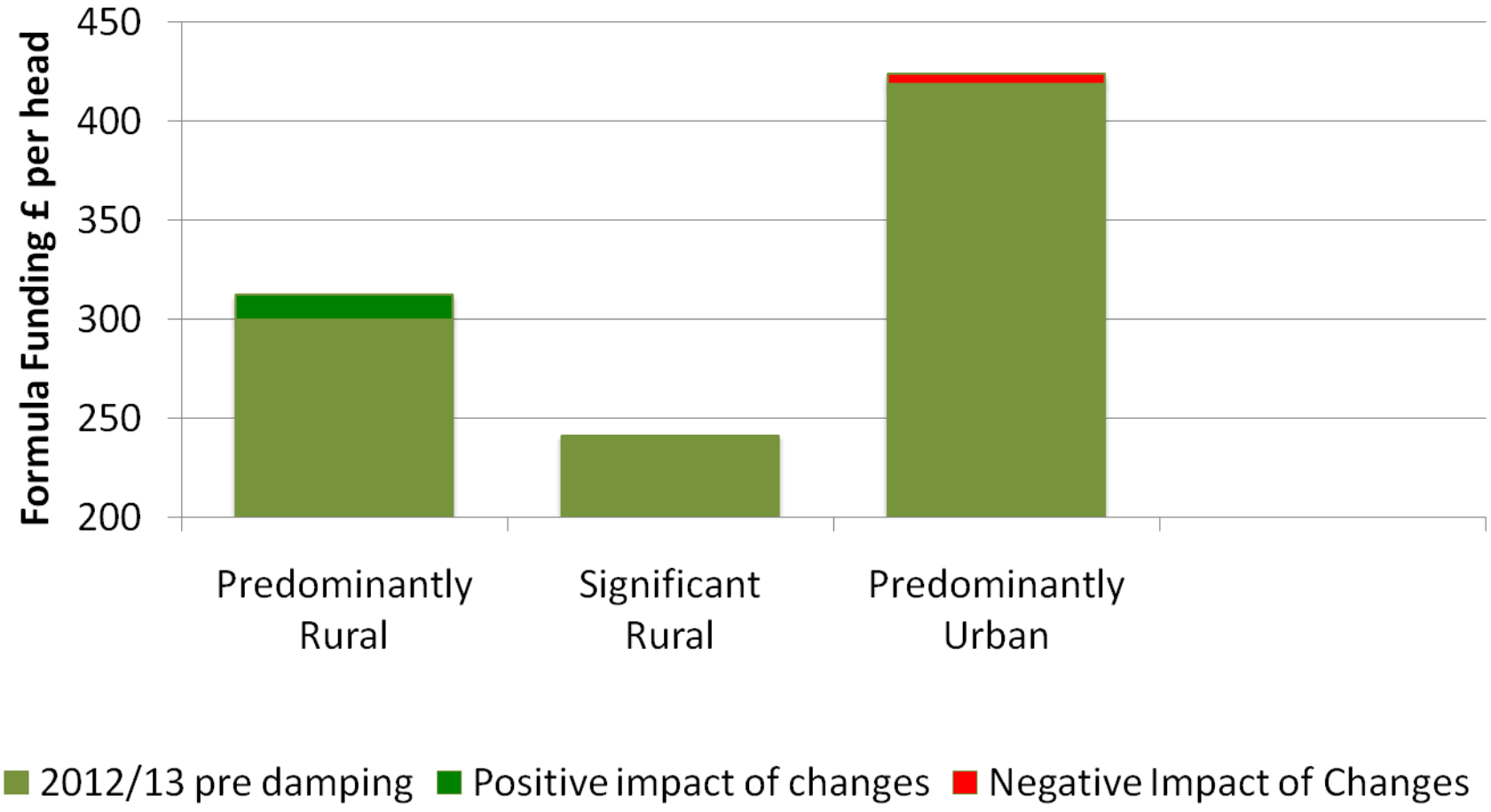
- Significant pre-damping gap between rural and urban
- Damping made the gap wider in 2012/13
- Following significant response from rural authorities as part of SPARSE Fairer Funding Campaign, ‘cost of rural services’ recognised

The Impact of the Technical Changes (including cost of rural services) in the DCLG consultation

Formula Funding 2012/13 – with technical changes – pre damping



Increase of £12.32 per head in predominantly rural areas compares with a reduction of £4.99 per head in urban areas



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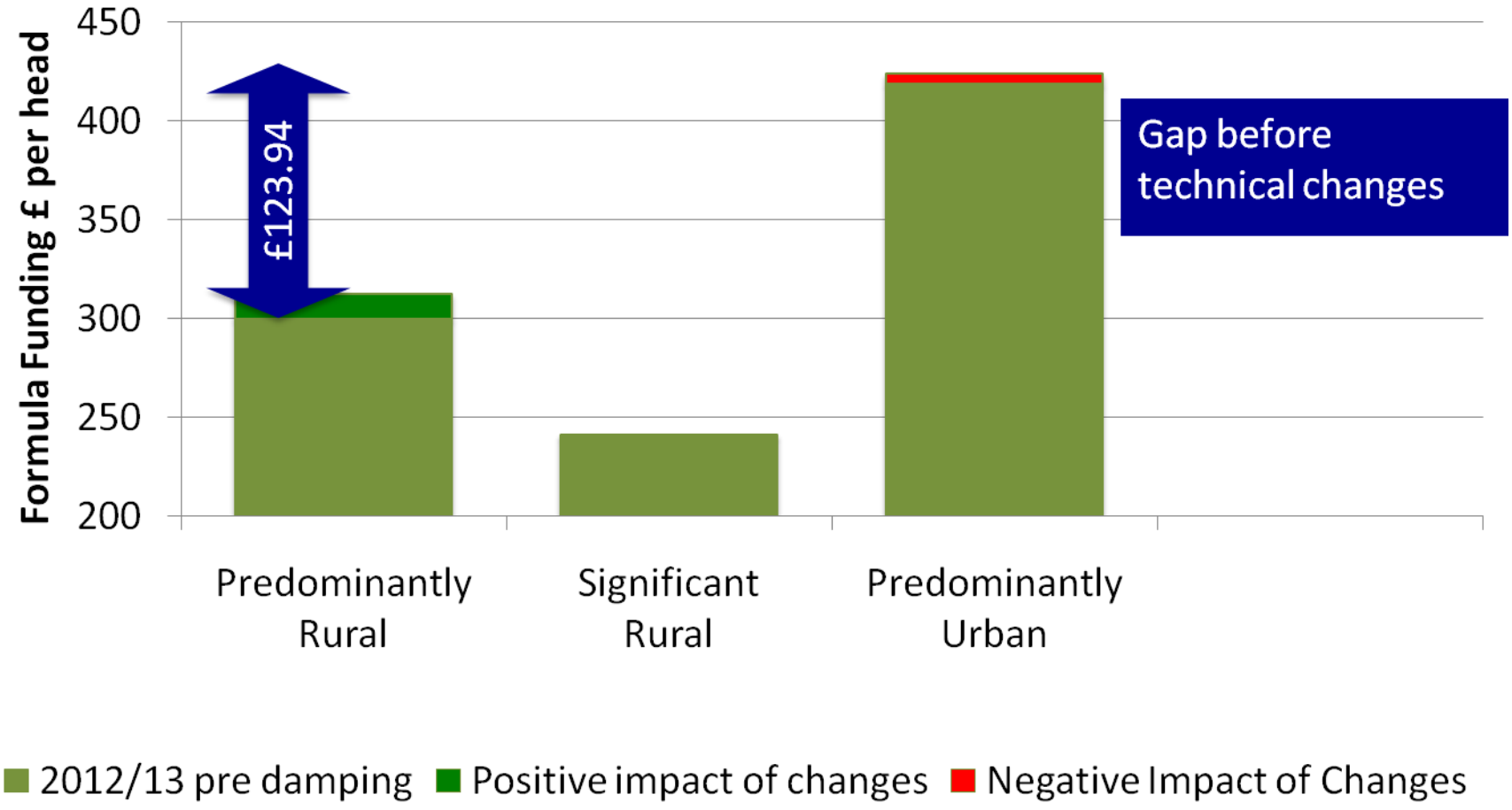

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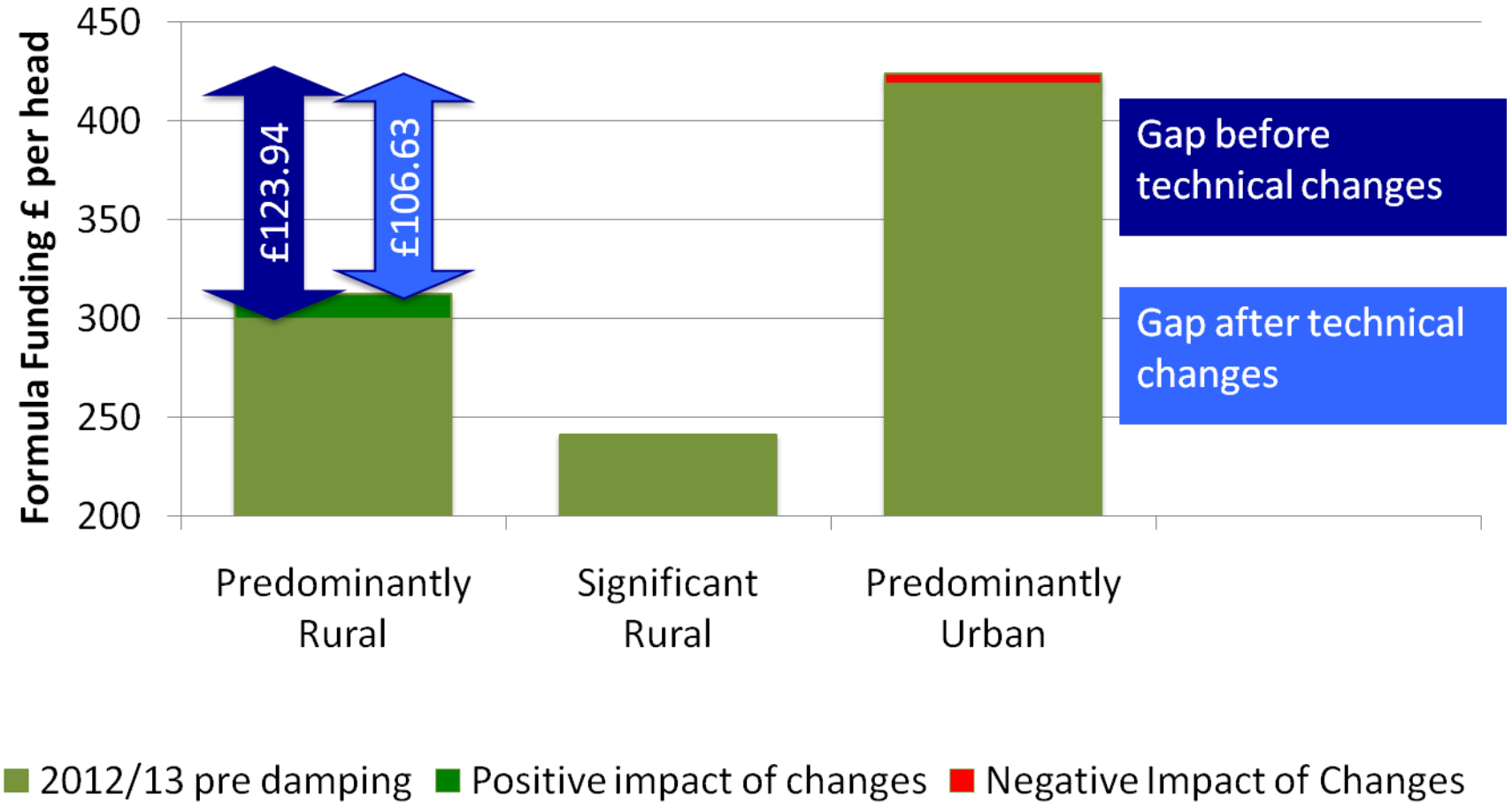
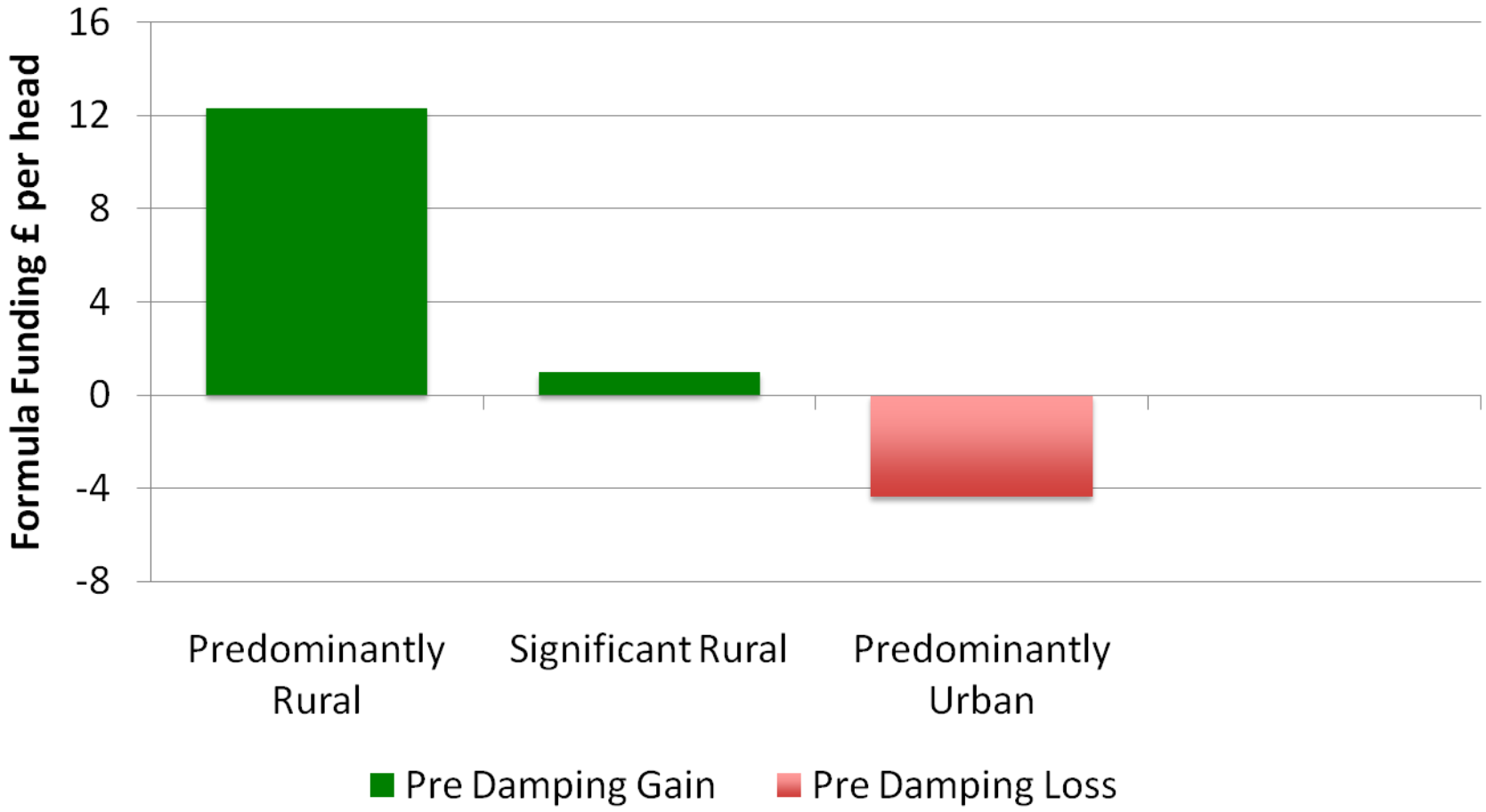
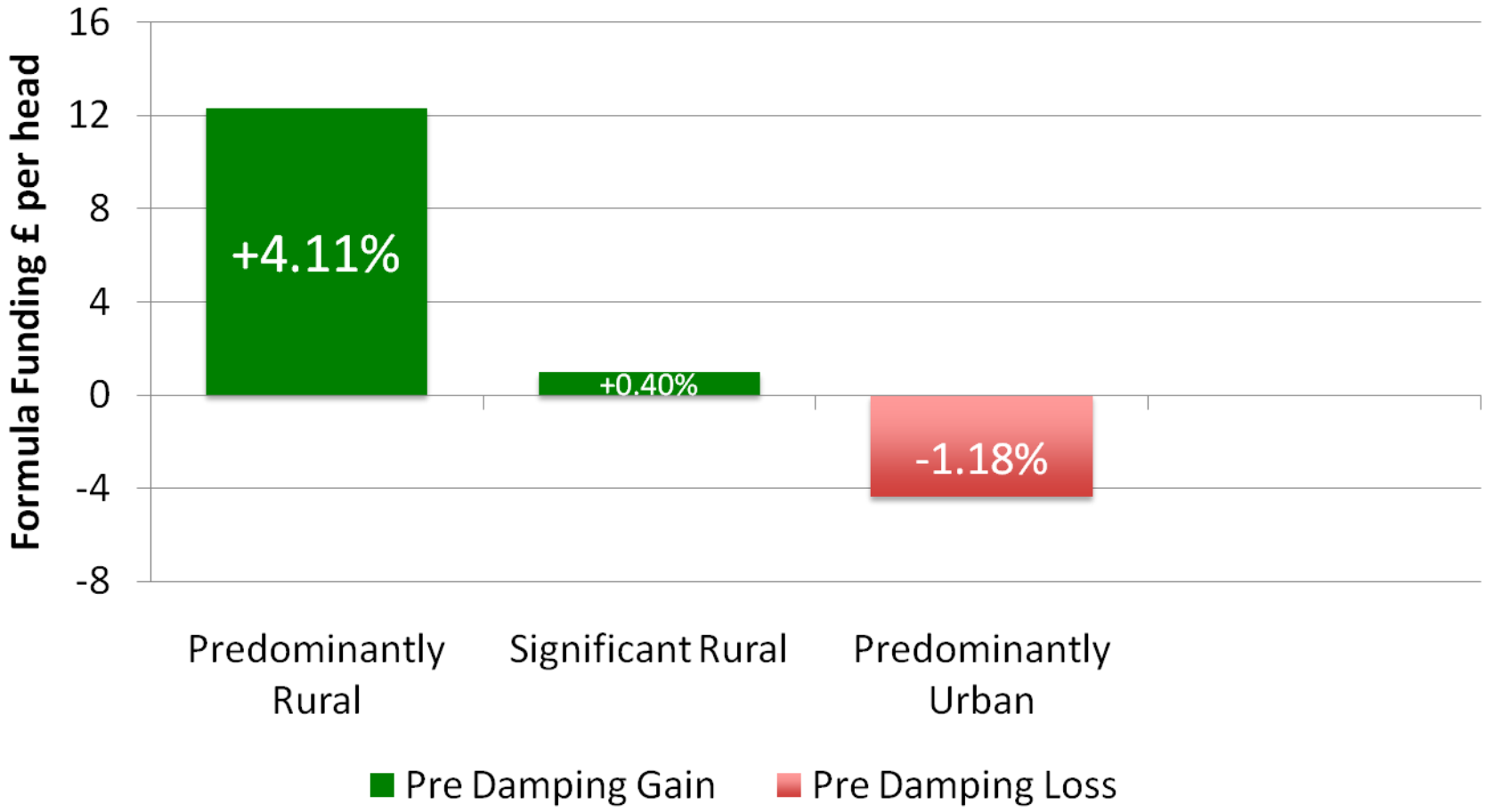


The Danger of Damping

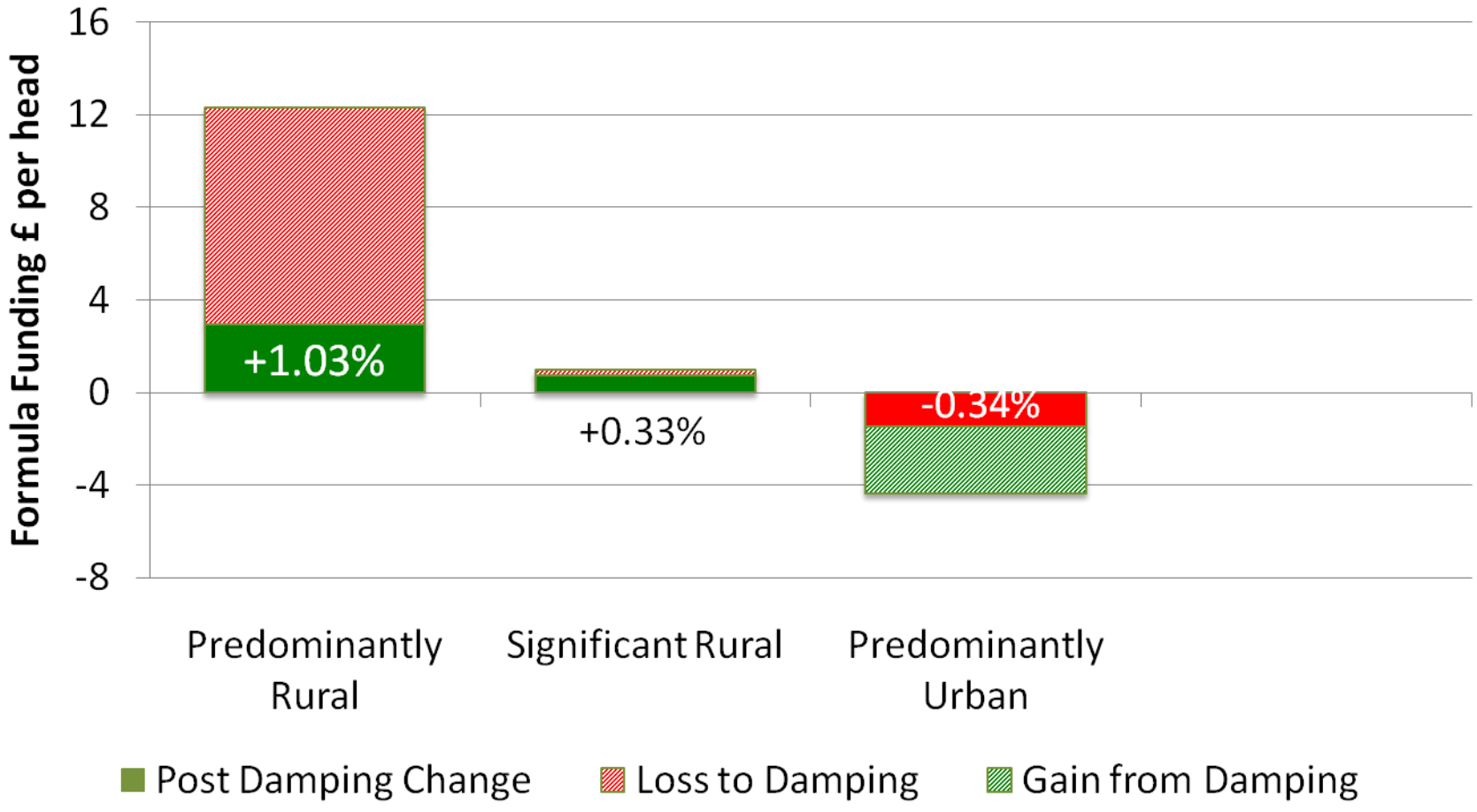
Impact of Technical Changes – pre damping



Average £12.32 (4.11%) gain for predominantly rural areas compares with £4.99 (-1.18%) loss in predominantly urban areas



About ¾ of technical changes gain is damped away in order to pay for reducing the impact on urban areas



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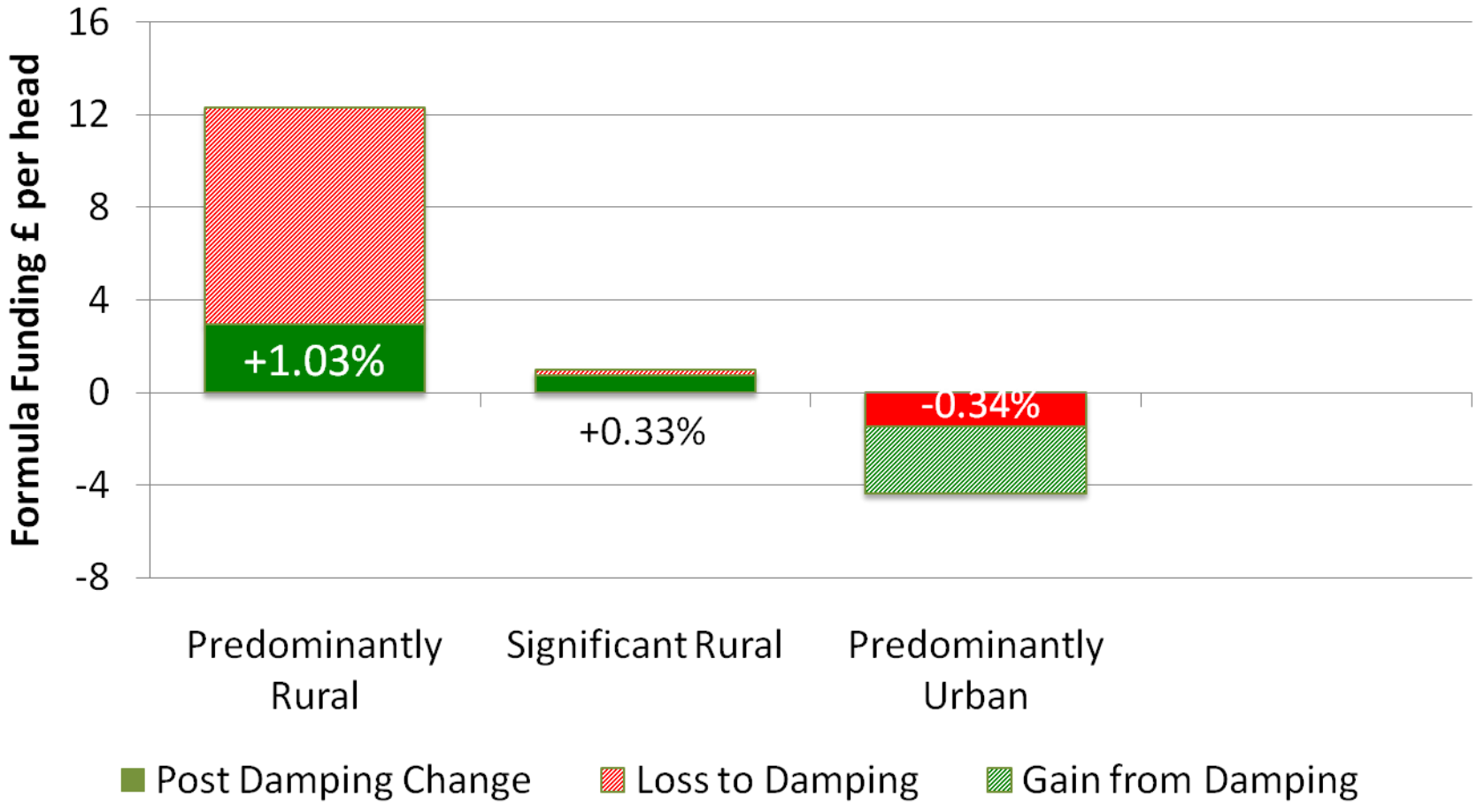
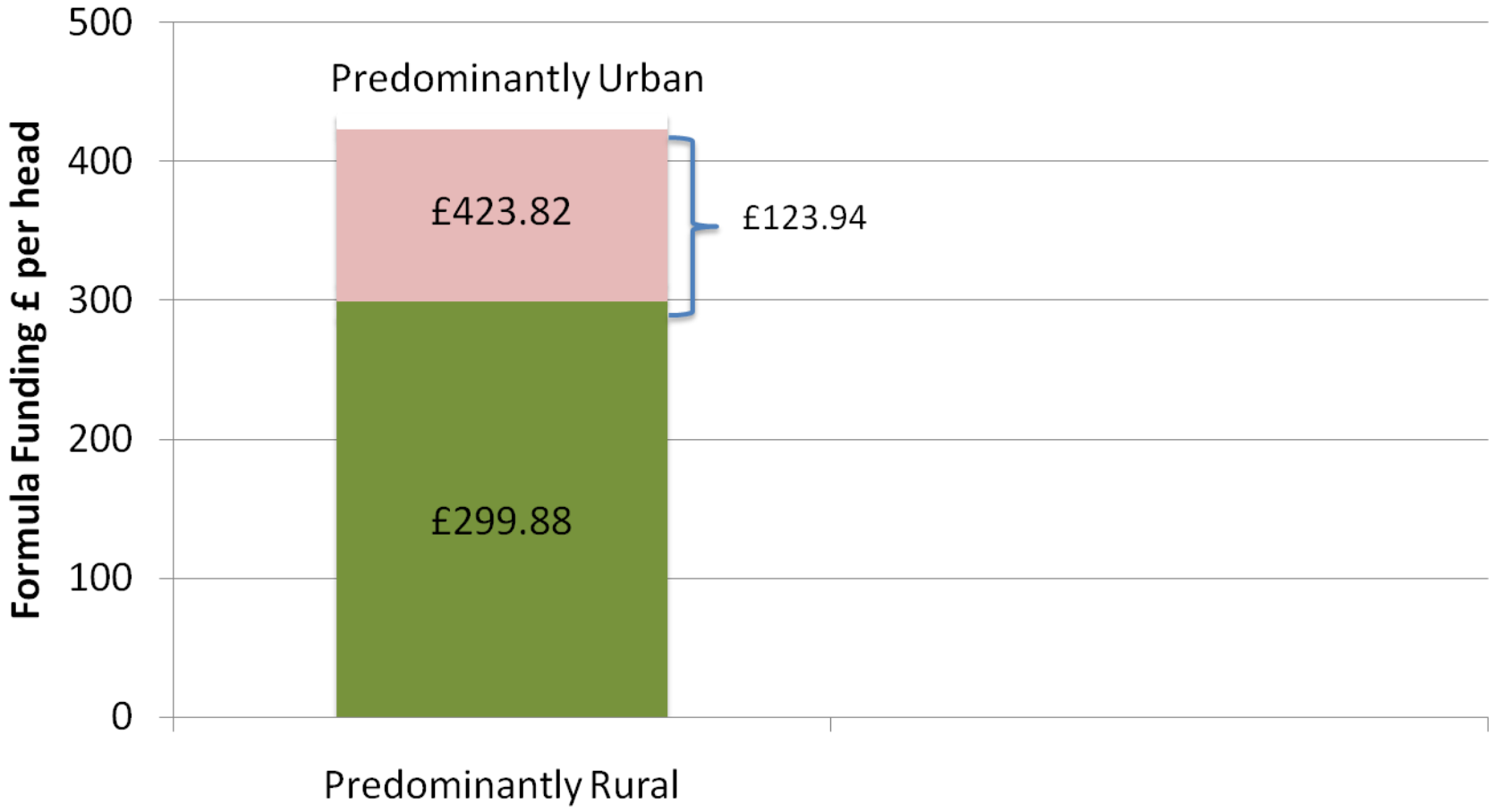
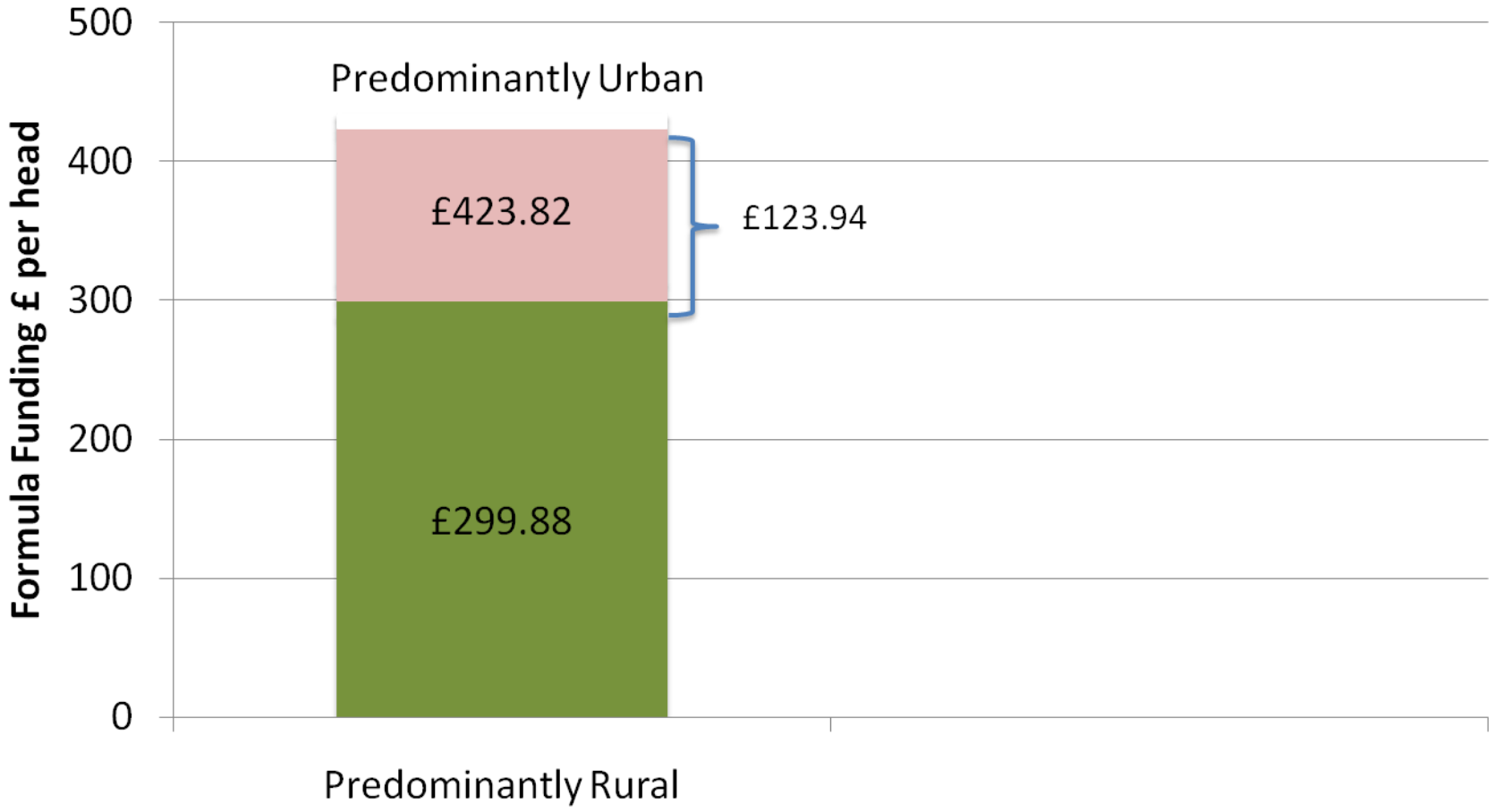


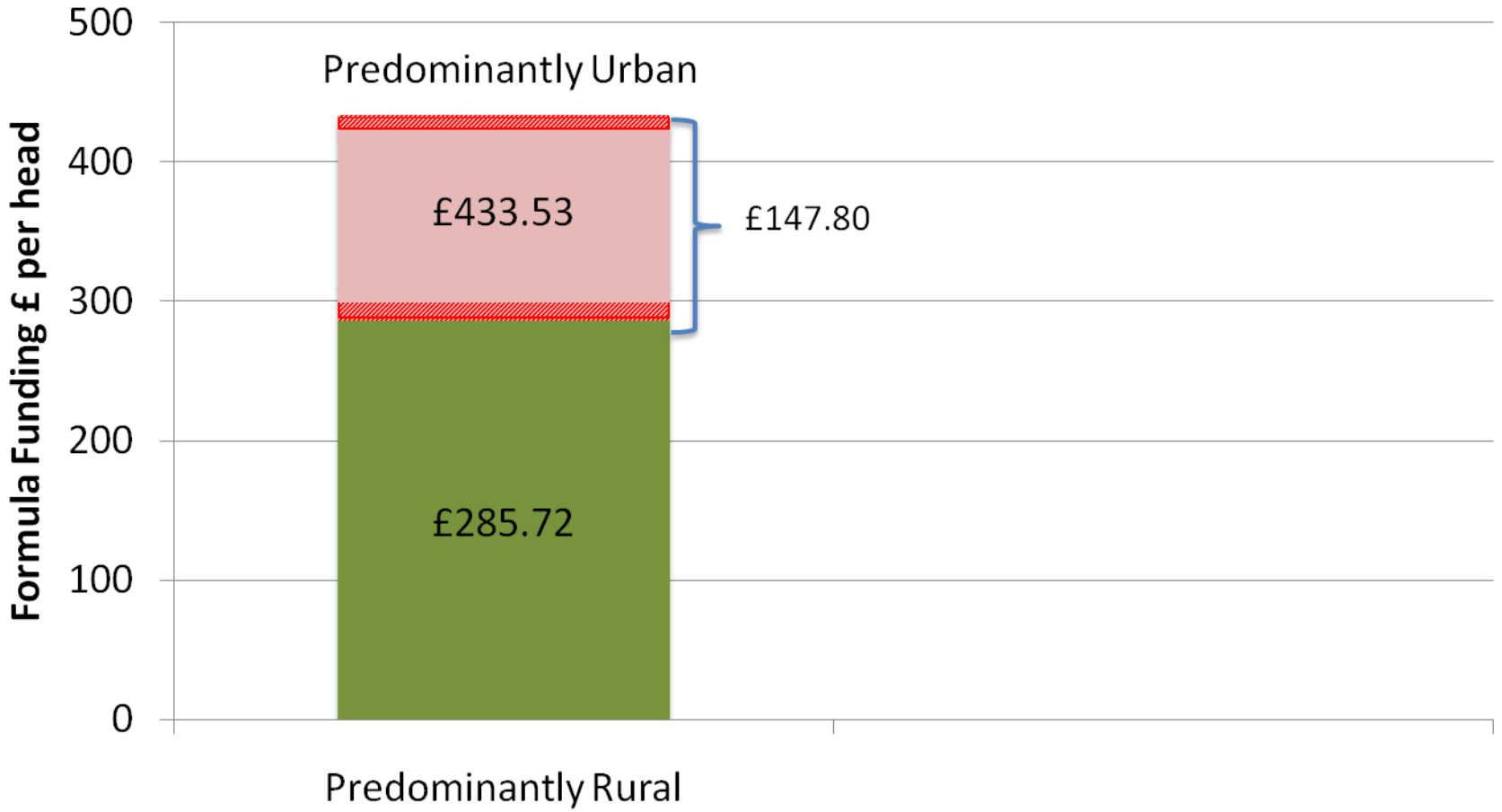
Formula Funding 2012/13 – pre-damping



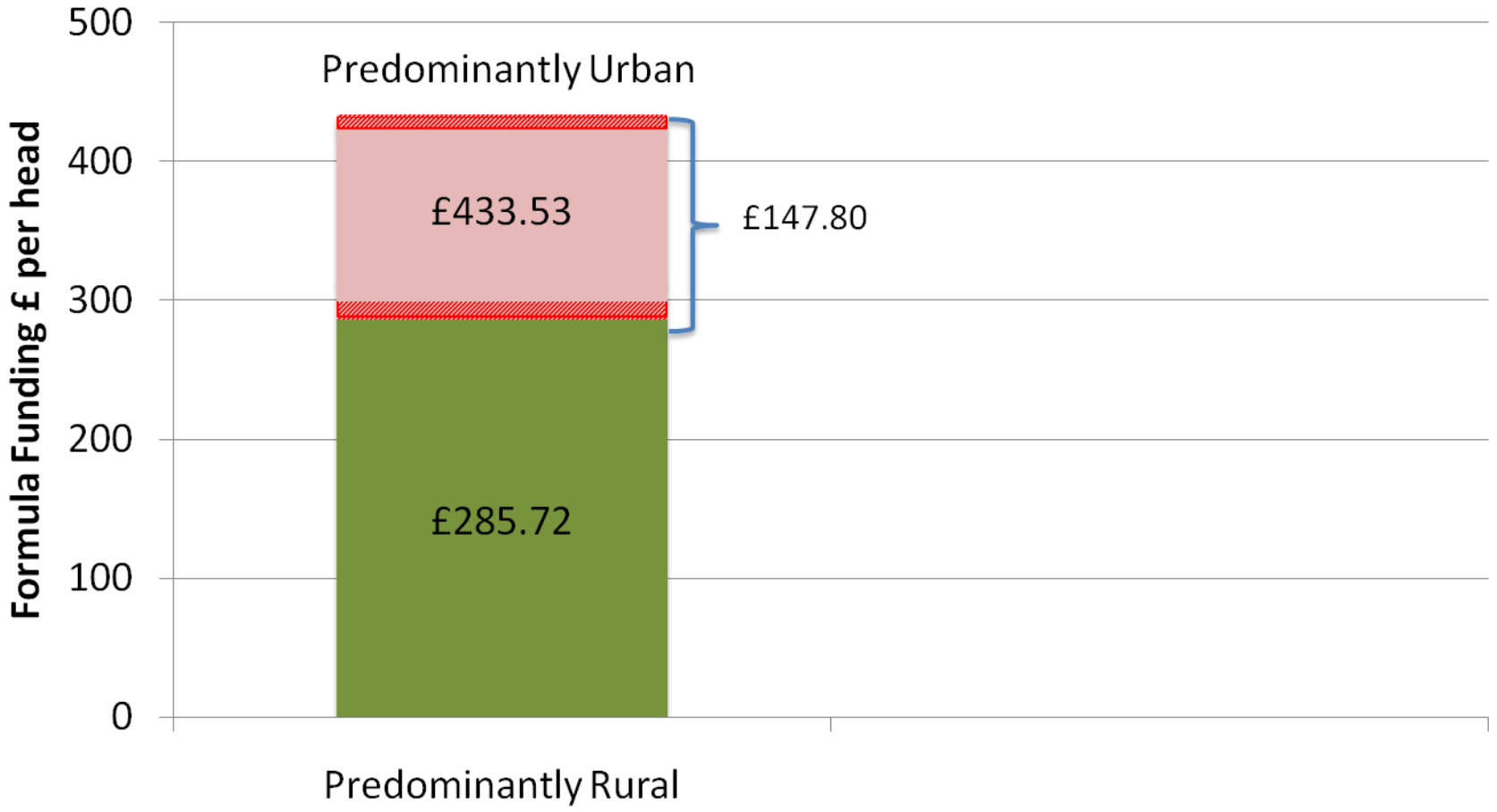
This year before damping, urban authorities received £123.94 per head more in formula funding than predominantly rural authorities



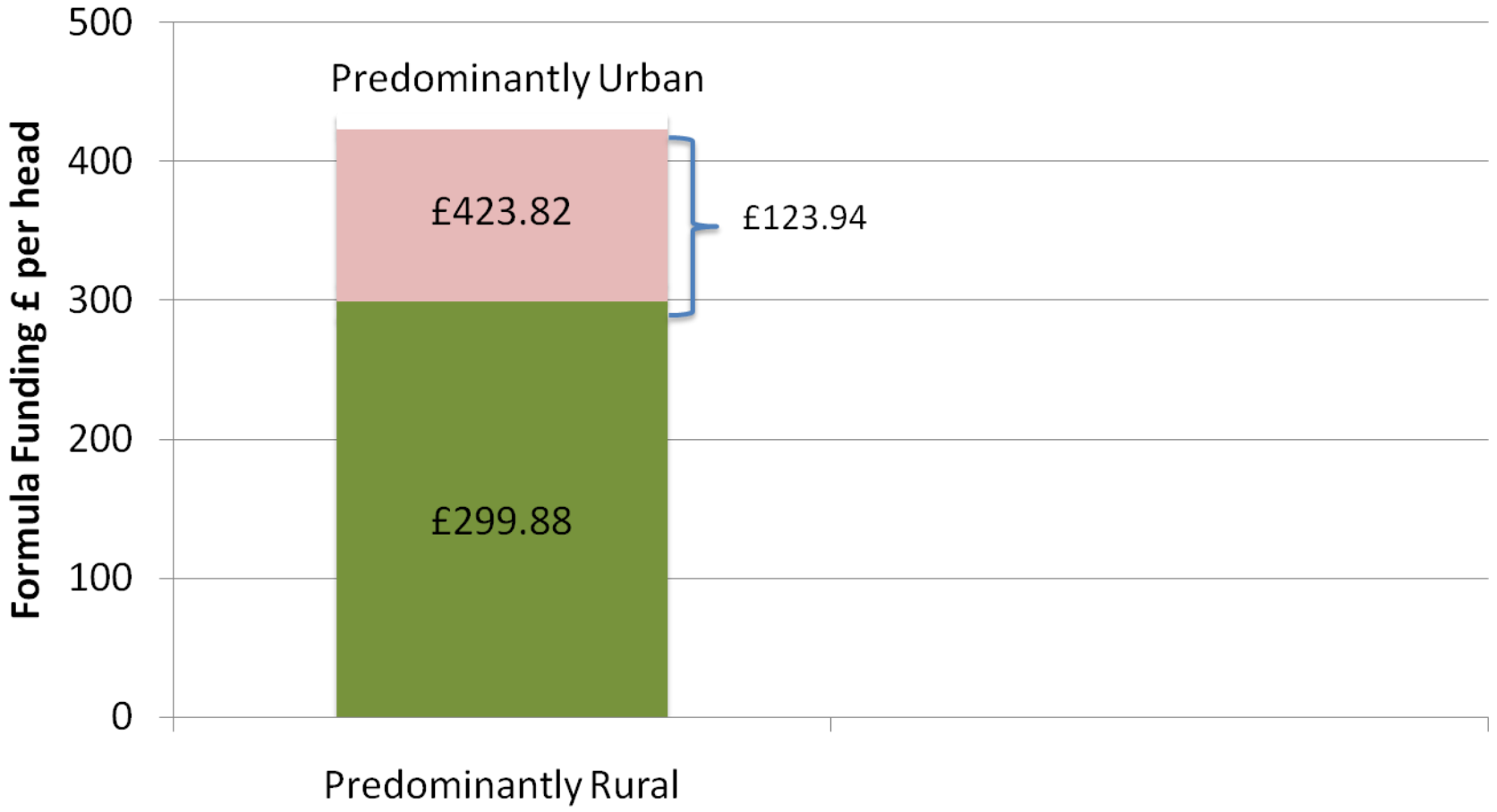
Formula Funding 2012/13 – post-damping (impact of damping in darker red stripe)



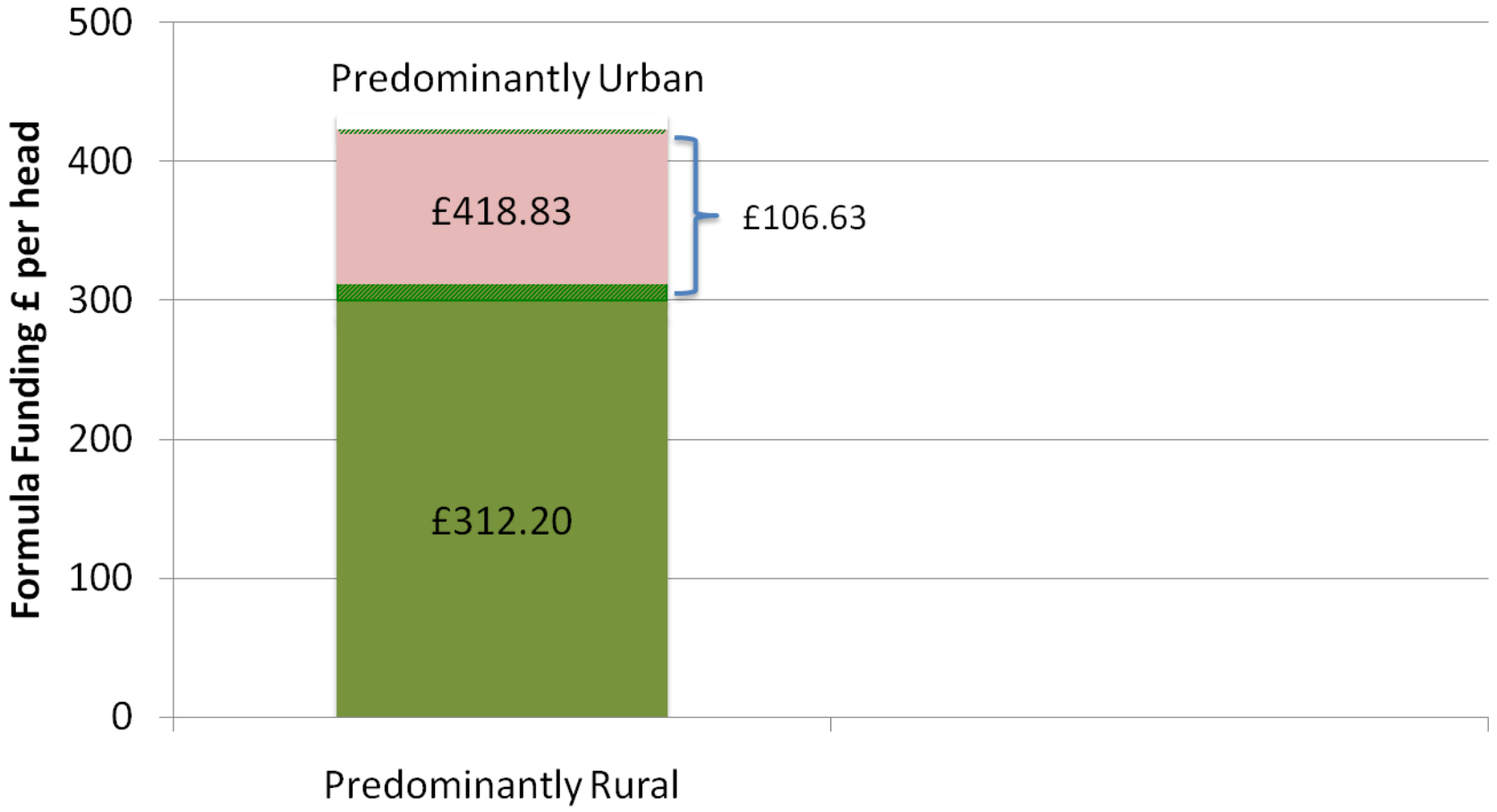
Damping effectively redistributes a further £23.86 per head from predominantly rural to urban authorities



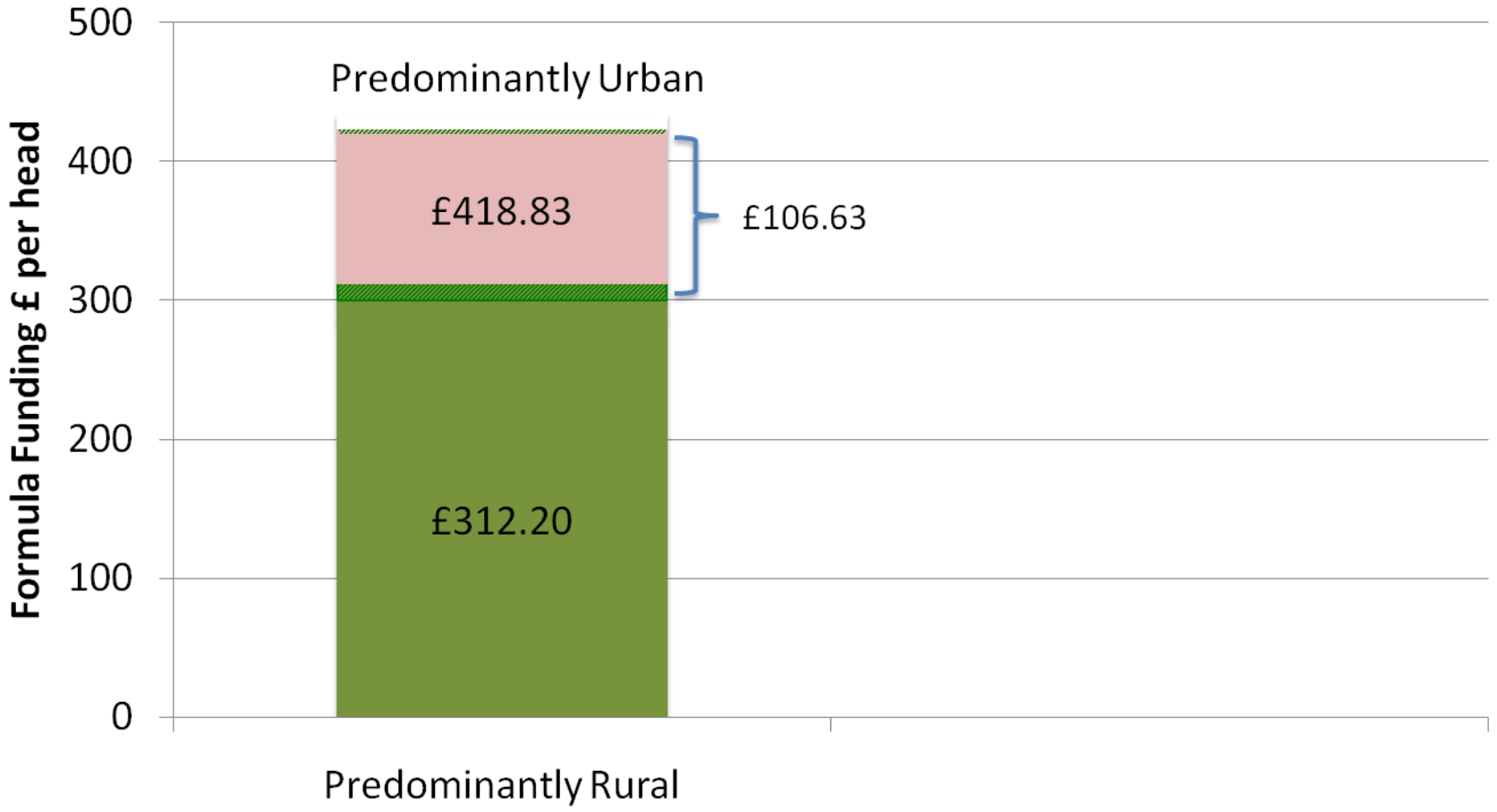
Back to original Formula Funding 2012/13 – pre-damping …



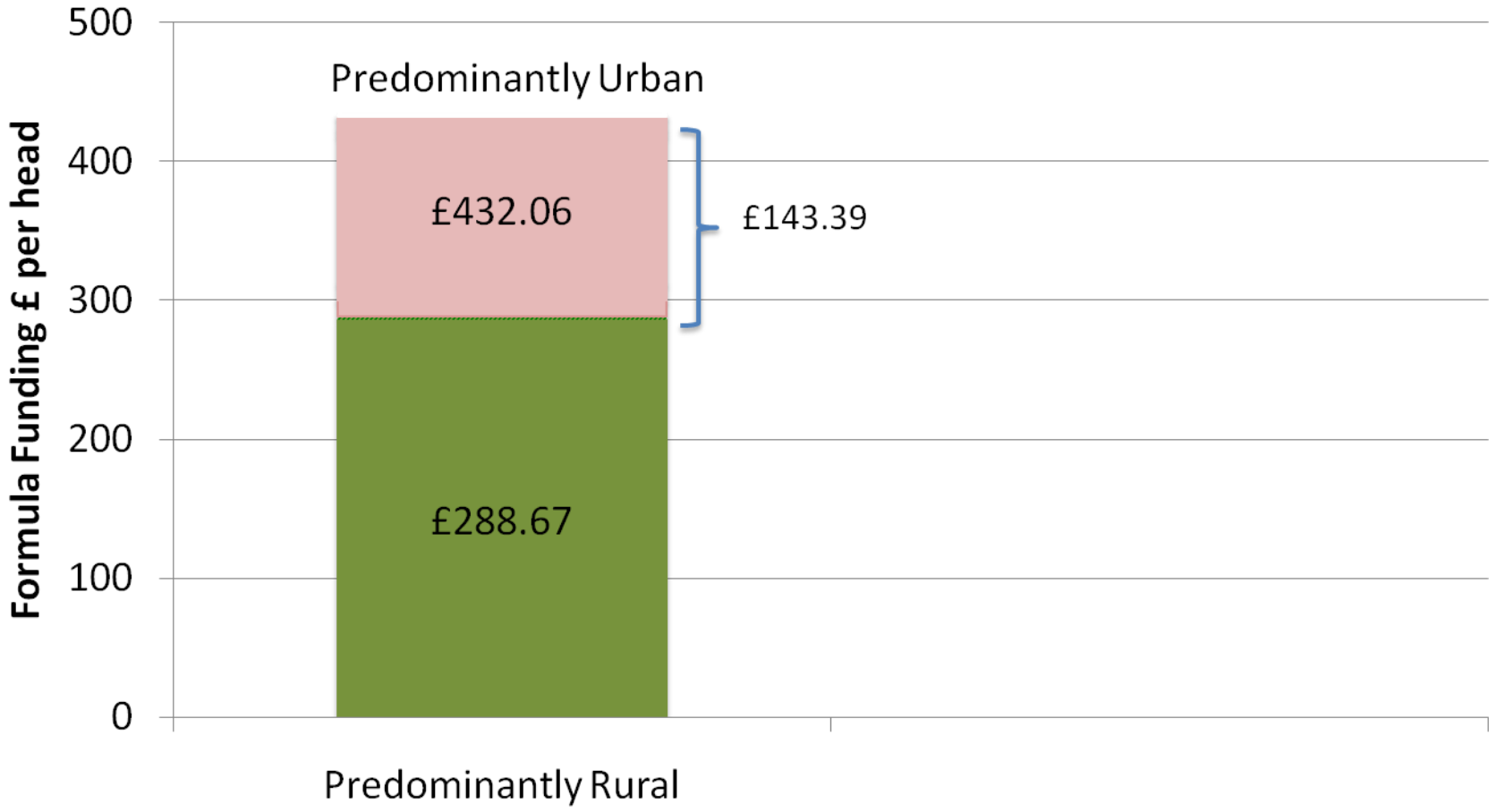
… and add technical changes
(gain shown in darker green stripe)



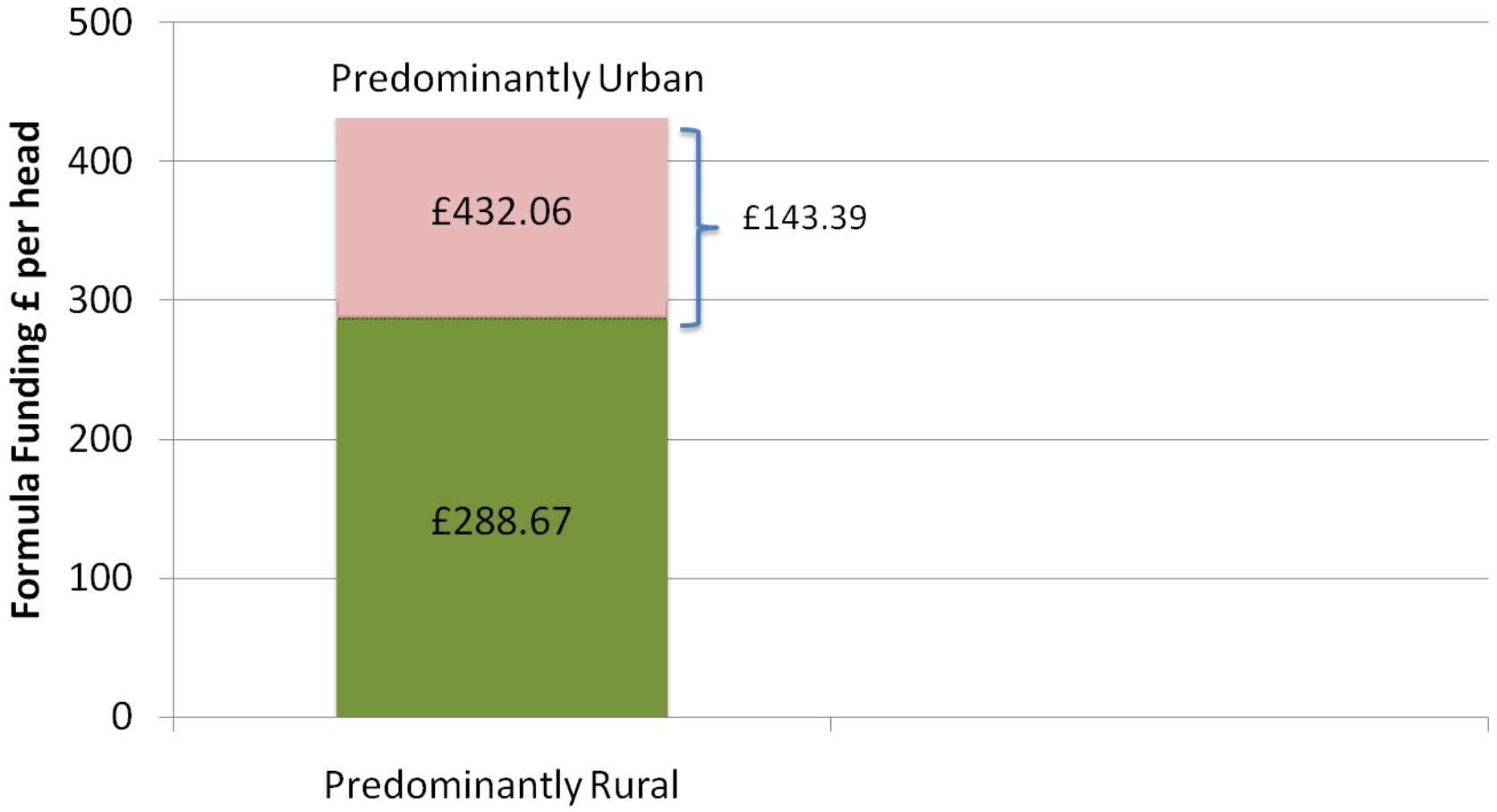
The technical changes narrow the pre-damping gap in funding between predominantly rural and urban by £17.31



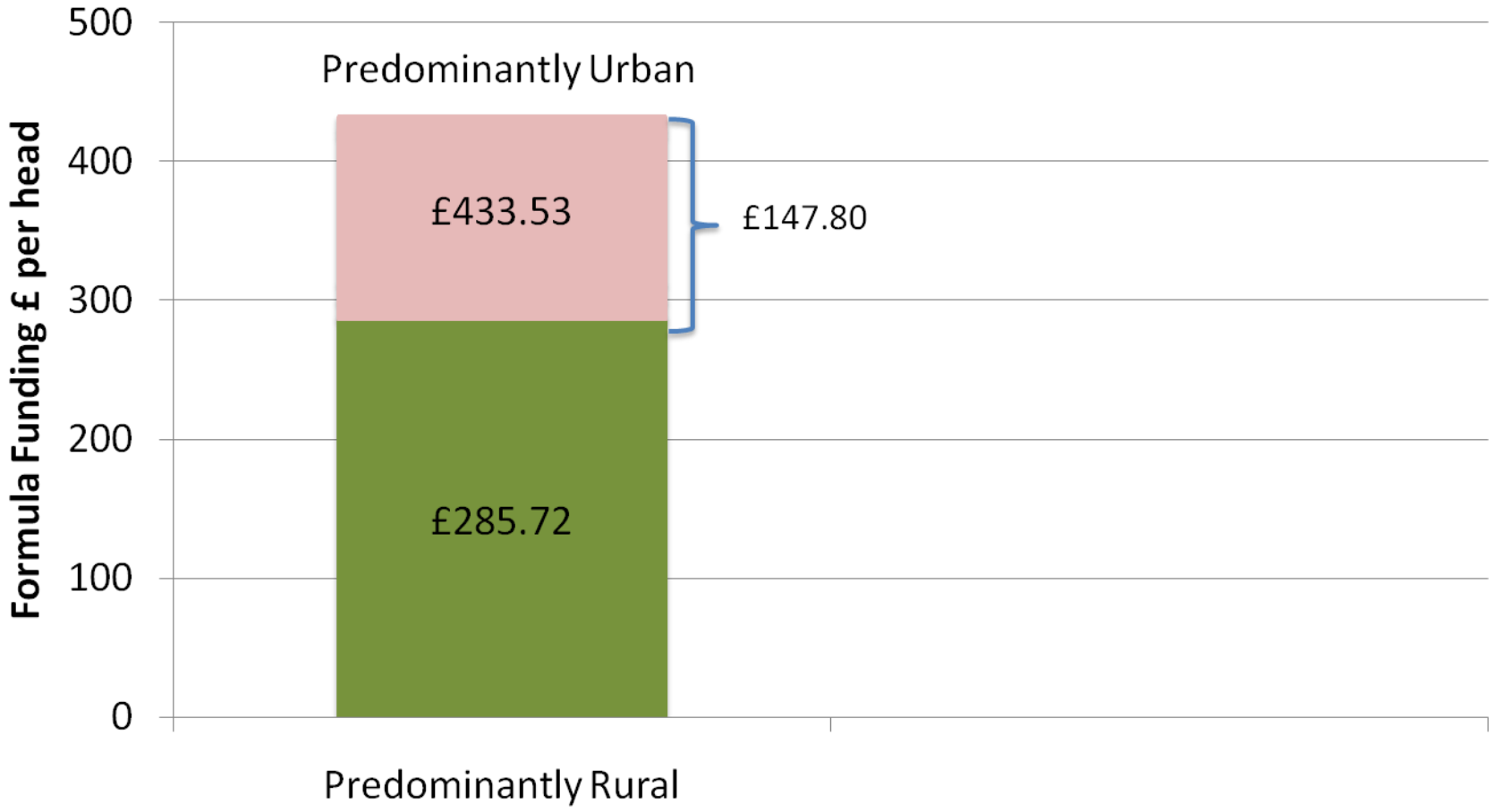
Technical Changes – post damping



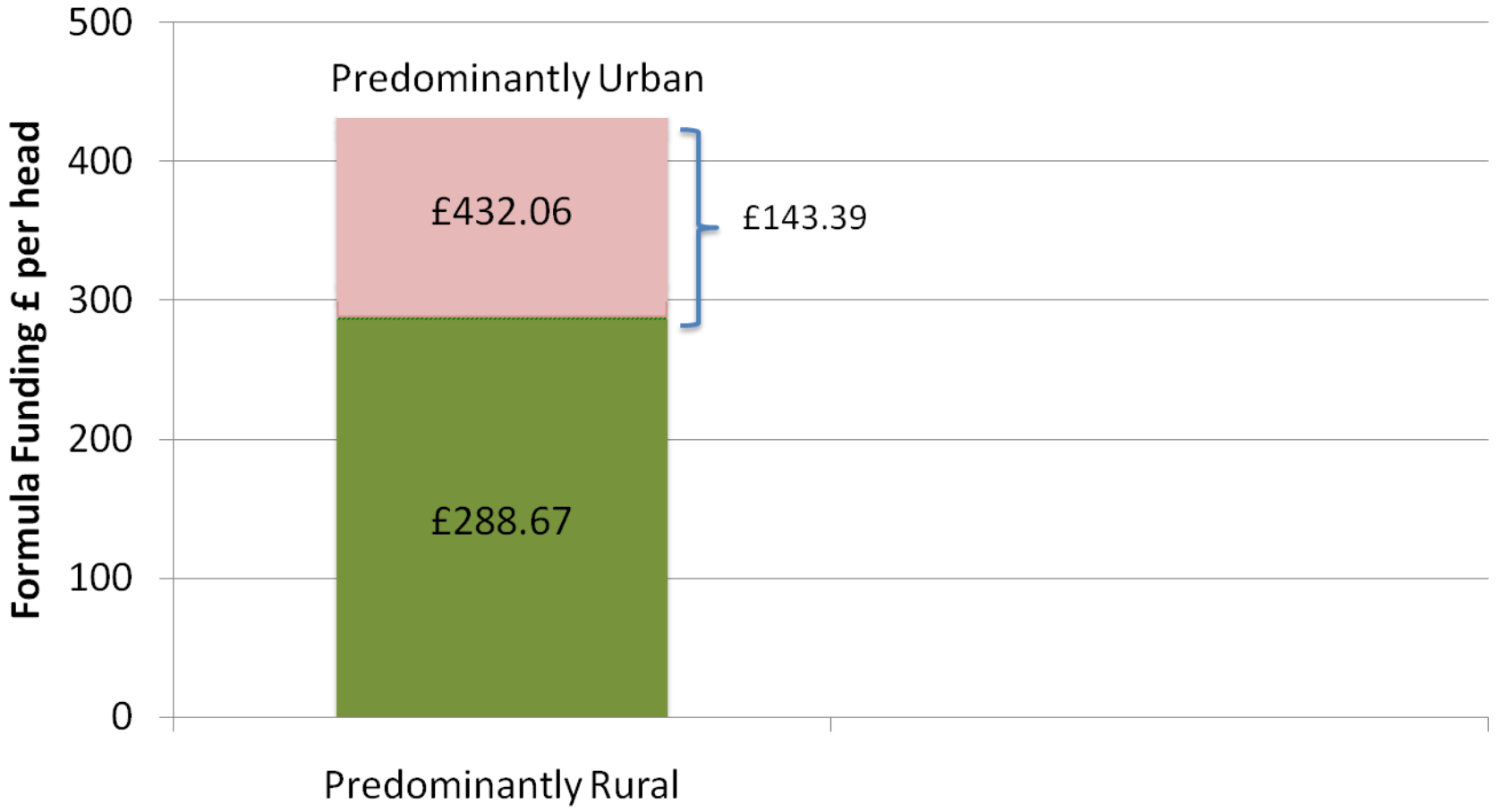
So in cash terms (post damping) predominantly rural authorities receive £2.95 per head more and predominantly urban authorities receive £1.47 less per head



The cash gap (ie. post damping) which was £147.80 …

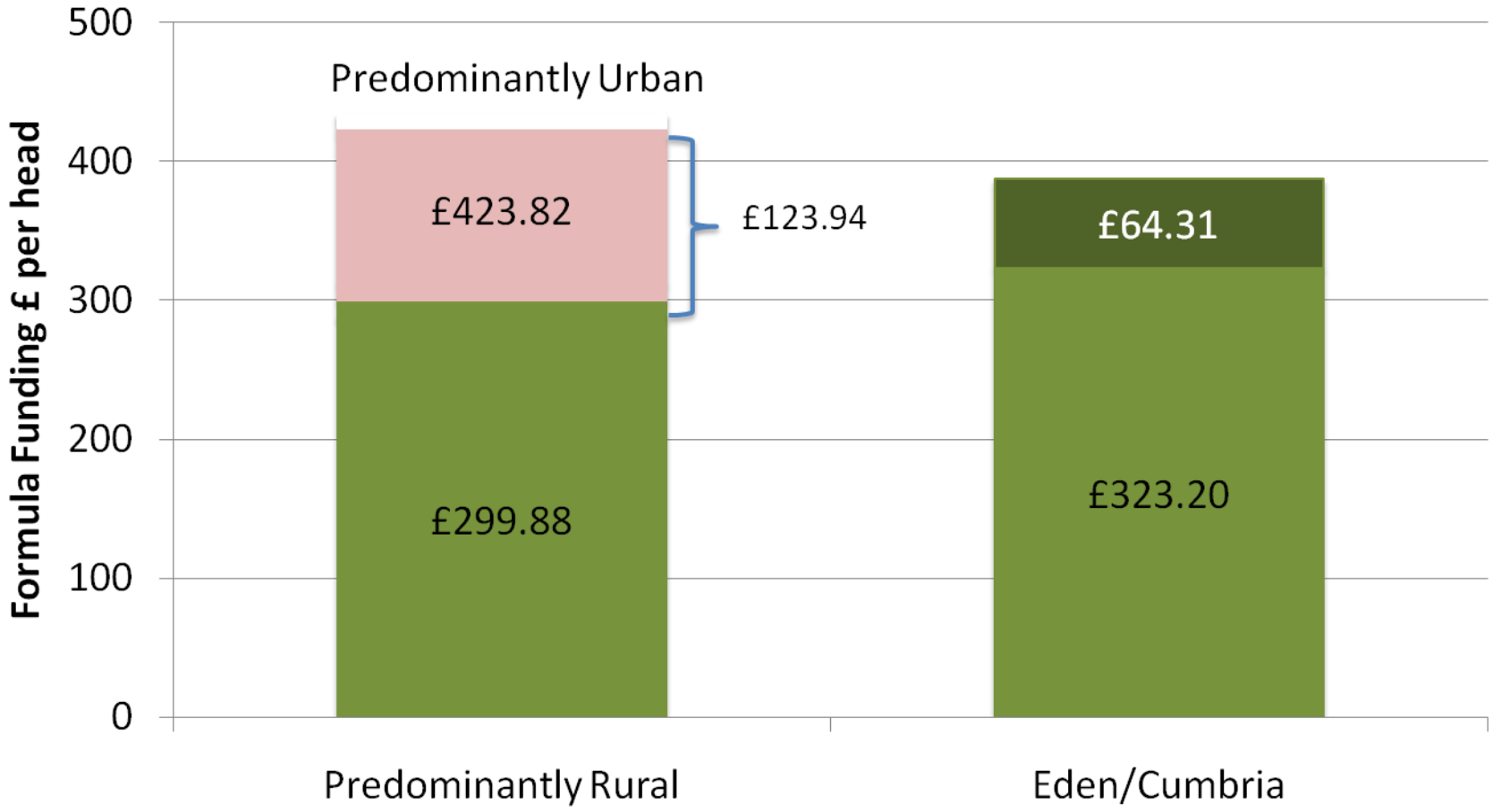


… is only reduced by £4.41 per head (whereas the pre damping gap has been reduced by £17.31)

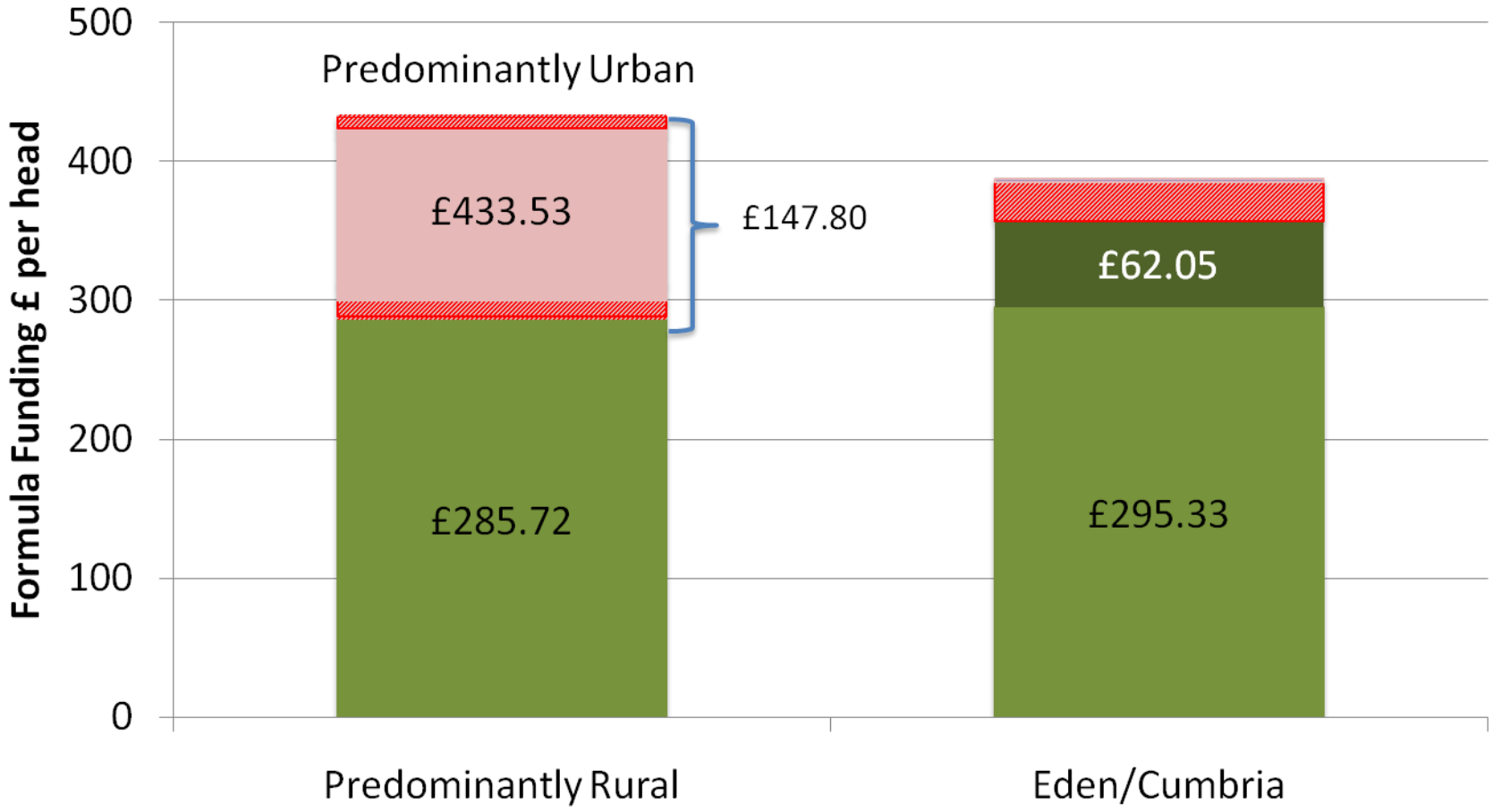


Formula Funding 2012/13 – pre-damping

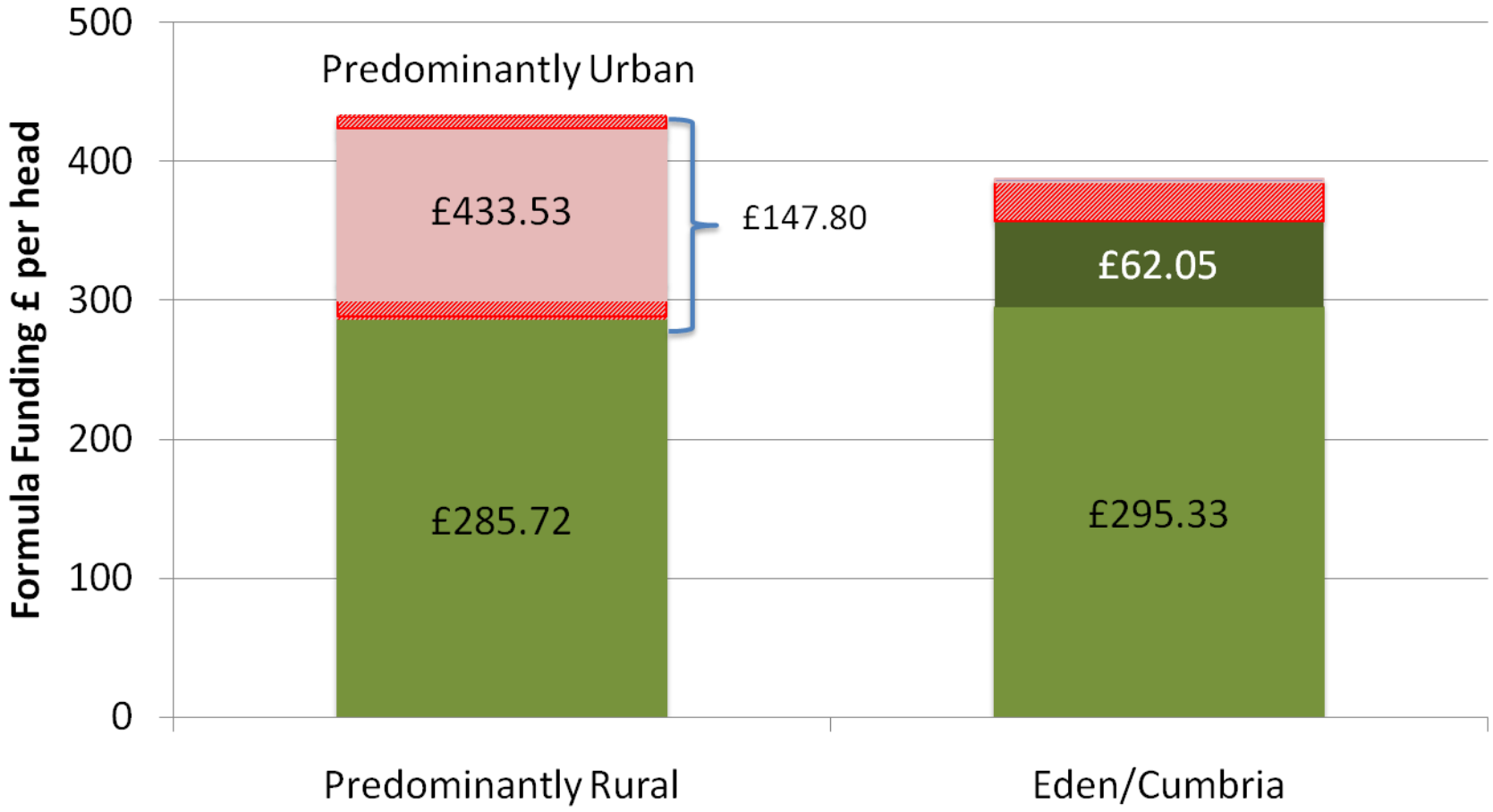
Cumbria funding per head in lighter shade of green and Eden in slightly darker shade of green



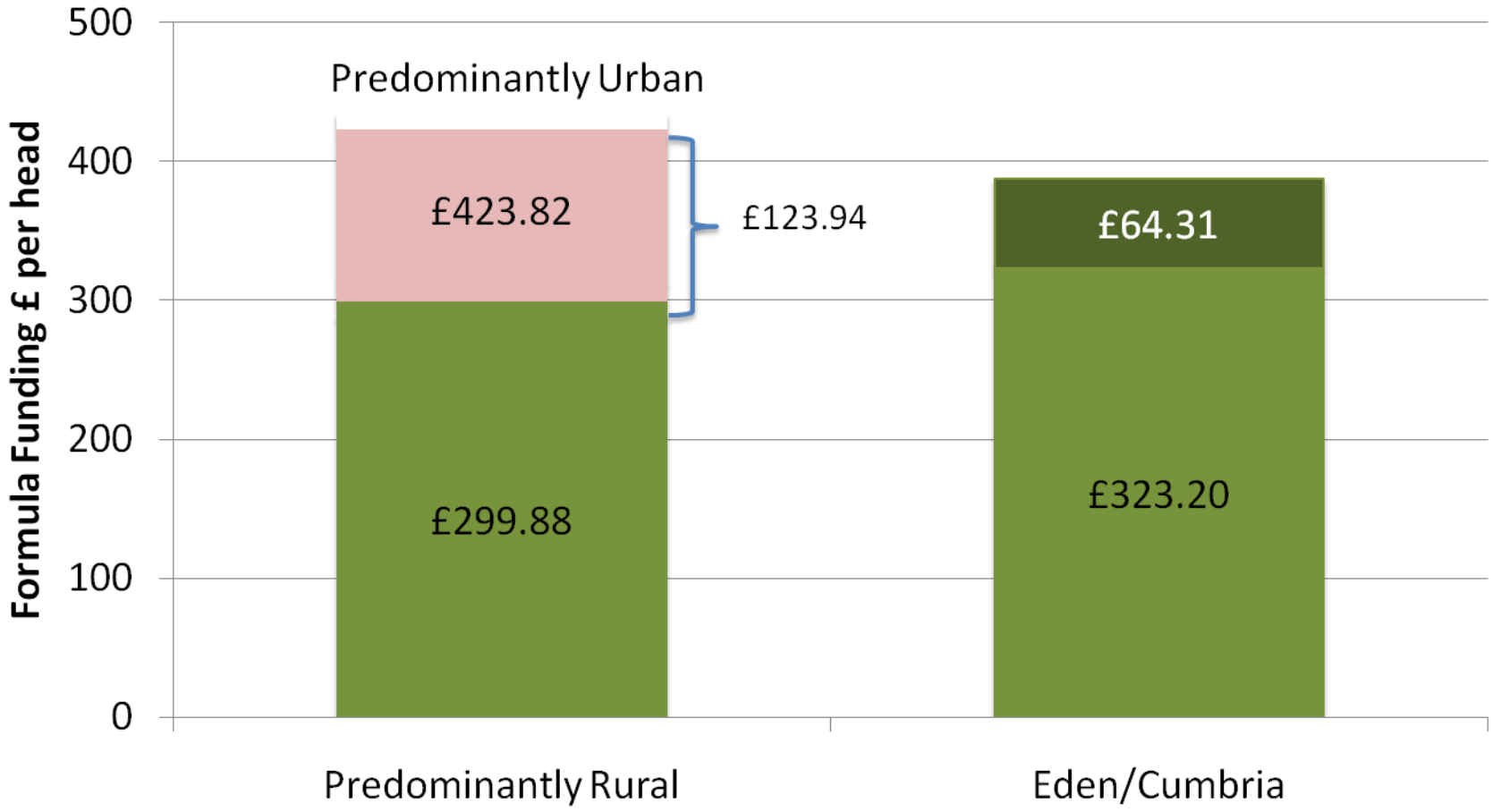
Formula Funding 2012/13 – post-damping (impact of damping in darker red stripe)



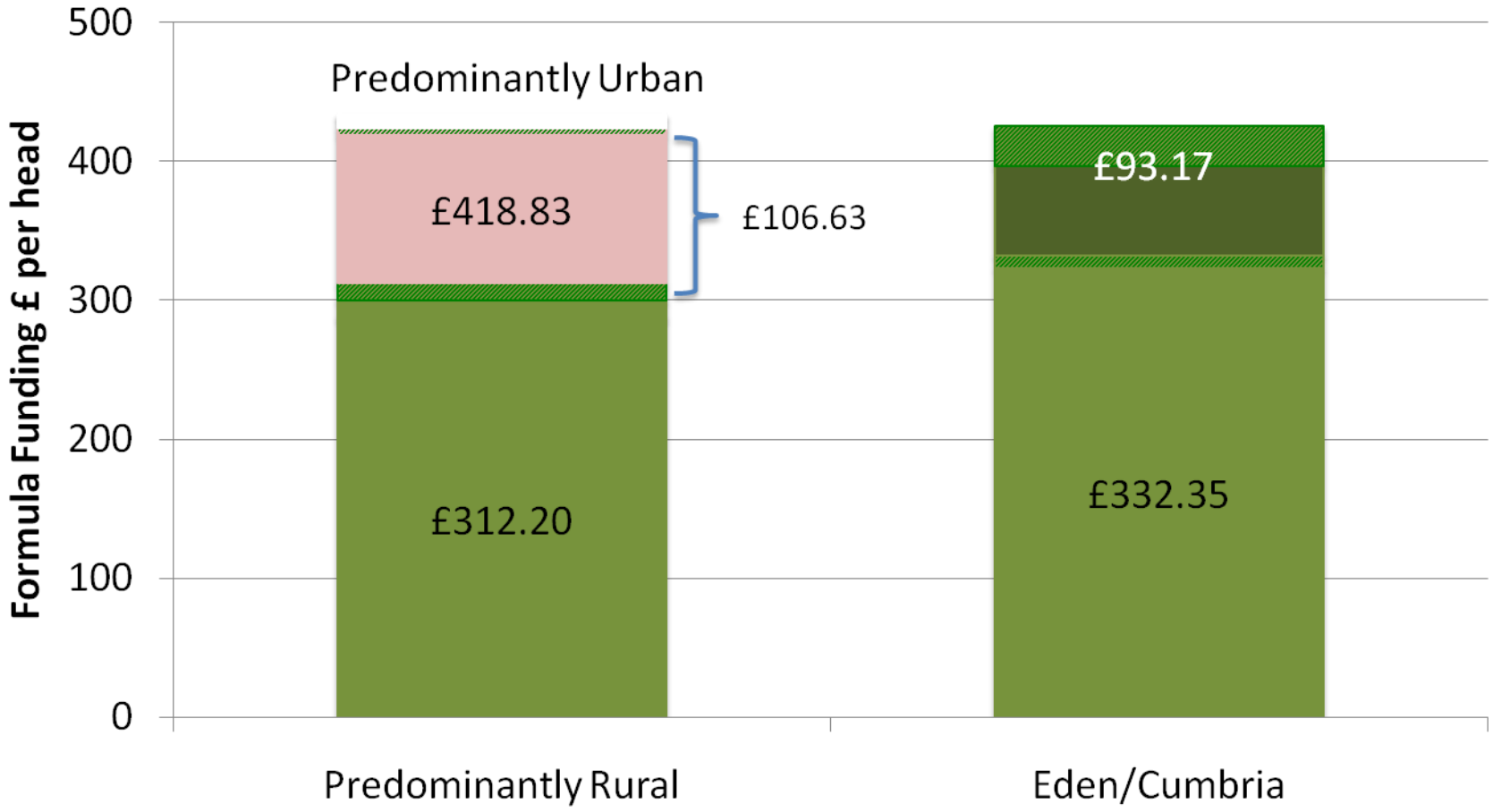
Cumbria loses £27.87 per head to damping and Eden loses £2.26 per head



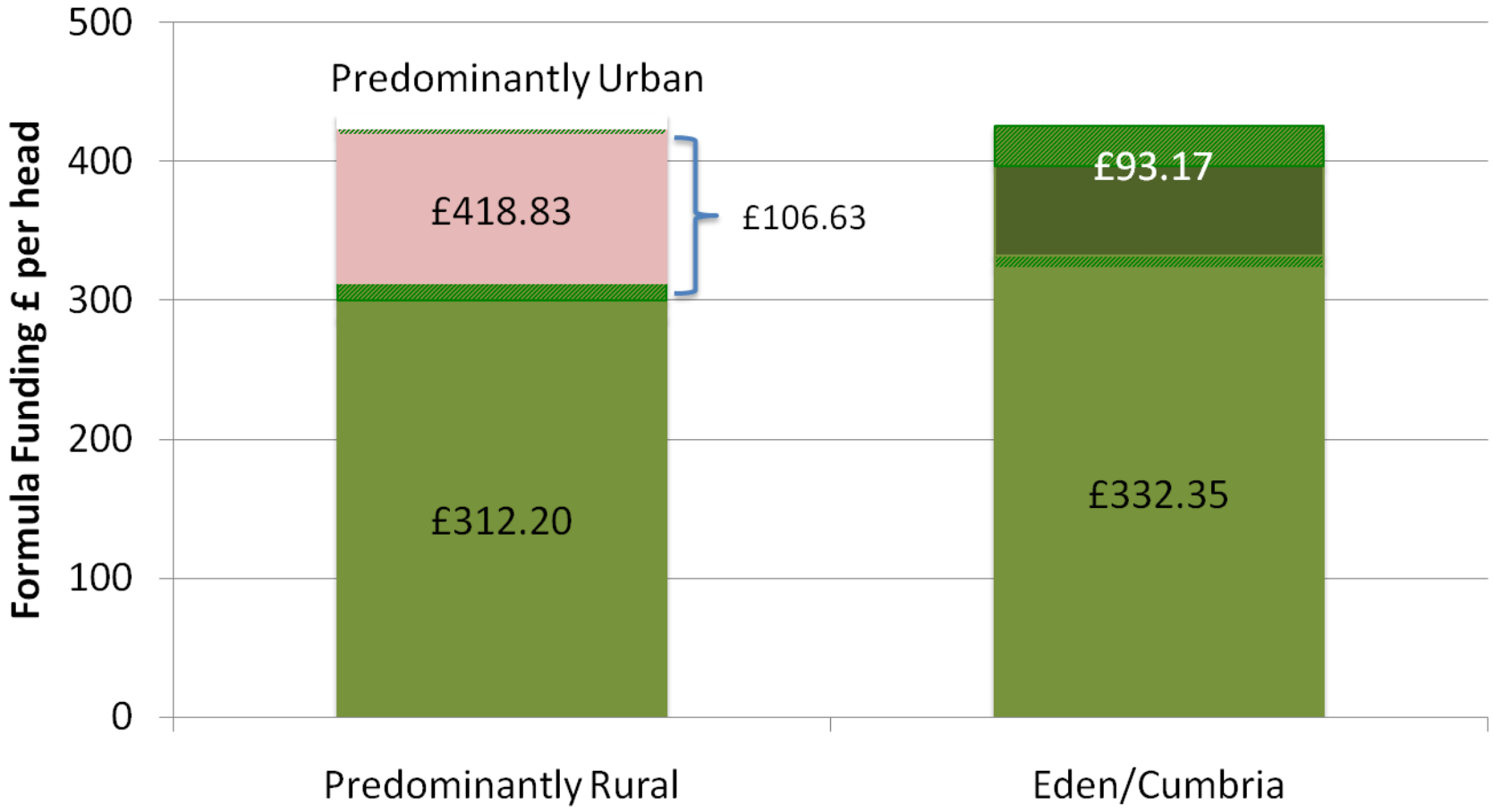
Back to original Formula Funding 2012/13 – pre-damping …



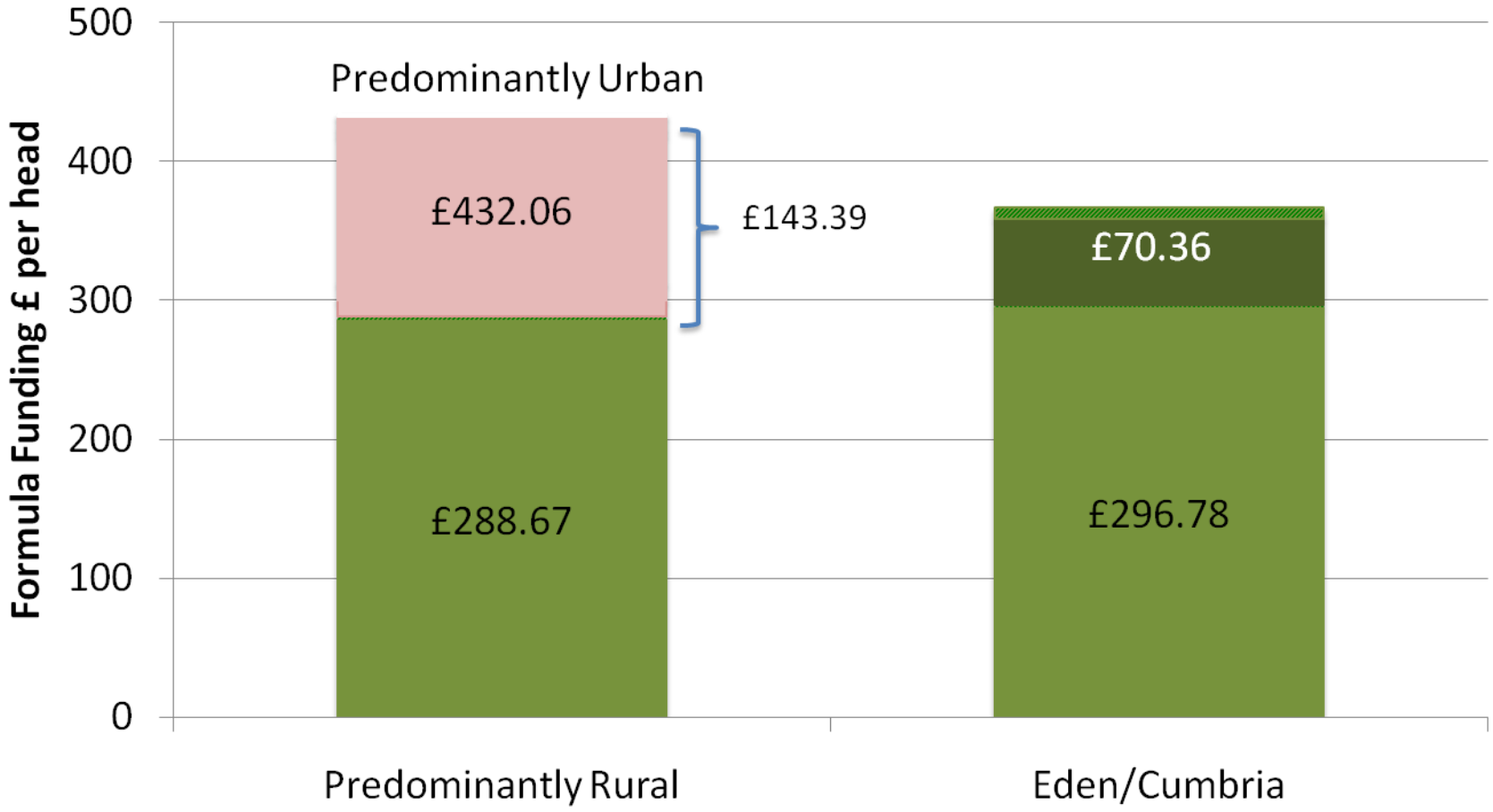
… and add technical changes (gain shown in green stripe)



Significant pre-damping gains, particularly for Eden (+£28.86 per head), show significance of Cost of Rural Services technical adjustment



Technical Changes – post damping



Collectively, Cumbria and Eden lose £58.39 per person from the damping regime