



*The Special Interest Group of Municipal Authorities (Outside London)*

## **SIGOMA response to the review of local authorities' relative needs and resources technical consultation**

### **1. About SIGOMA**

- 1.1. SIGOMA represent metropolitan and unitary authorities outside London, from the Southern Ports, the East Midlands, West Midlands, North West, North East and Yorkshire & Humberside. The 47 SIGOMA councils are home to 13.8 million people, 24.9% of the English population.
- 1.2. Our authorities typically represent areas that have suffered most during post-industrial decline. Many members feel that Whitehall has quickly forgotten the immense contribution their towns and cities have made to the status the country still enjoys in the world and has no plans or aspirations beyond the currently thriving parts of the country.
- 1.3. 42 of our 47 authorities are in the lower half of MHCLG's Deprivation Ranking<sup>1</sup> with 10 of the most deprived decile (15 authorities) being SIGOMA members, including the first 5 most deprived.
- 1.4. As reliance on local essential services has increased over the last decade due to austerity targeted on individuals, funding for authority services has fallen. The real-terms spending power of local government overall has fallen by an average 28.8% between 2010 and 2019<sup>2</sup> but for the poorest authorities that SIGOMA represent the cut is 34.3%, an additional £865 million cut, or an additional £18 million per authority.
- 1.5. As the pool of funding has fallen, Government must grasp this opportunity to fairly distribute remaining resources where they are most needed in order to ensure continuity of essential services equally across the country, with political impartiality.
- 1.6. There is a strong, pervasive and well documented link between deprivation and the demand for (and cost of) delivering, services by local authorities. Government must be clear that if this is not adequately recognised in the Fair Funding formula, the residents that our authorities represent face another decade of further decline in the core services on which they are increasingly dependent and relegation to a second class status in the country.

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<sup>1</sup> <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2015>

<sup>2</sup> Source: SIGOMA analysis of NAO source data for 2018 financial sustainability model

1.7. As this response is being written, the country is still experiencing the divisive consequences of what we firmly believe were votes of dis-affection, firstly in the 2016 Brexit Vote and then the 2018 general election which returned no overall control. An un-fair funding review resulting in an even wider poverty gap can only serve to increase that disaffection, whether Brexit is successful or not.

1.8. We share the Ministers' desire for a funding formula in which all authorities can have faith, but feel that some of the proposals in this consultation will not achieve that aim. We hope our comments and suggestions will be given serious consideration before finalising the funding formula.

## **2. General Comments**

2.1. SIGOMA shares the view expressed by the LGA and supported by all members that, without an adequate quantum of funding for the services that authorities currently provide, the Fair Funding formula is doomed to failure.

2.2. At best it would leave all authorities equally unable to deliver the services essential for the fabric of society.

**2.3. To choose between keeping homes and streets clean, giving the elderly dignified care, protecting vulnerable children, maintaining public health, keeping roads safely navigable and ensuring safe communities is a choice no authority should have to make in one of the most affluent countries in the world.**

2.4. Yet our authorities are now facing those choices and are being taken to the brink of financial failure in doing so. It now seems to be a measure of success within the Department if no council is in imminent danger of financial collapse in the next 6 months, based on its ability to sustain minimum statutory services.<sup>3</sup>

2.5. This is not good enough; and with local government in England facing an overall funding gap of £8 billion by 2025<sup>4</sup>, councils cannot sustain further cuts or additional services as they transition to additional rate retention. Additional funding is needed now.

2.6. The recent PAC report on sustainability of local government<sup>5</sup> has challenged MHCLG to produce a report on how they and the LGA can have arrived at such different conclusions regarding local government sustainability from the same set of financial information and we look forward to seeing this explanation.

2.7. Possibly of even greater concern in the context of this consultation, is a conclusion in the same PAC report, that:

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<sup>3</sup> <https://www.lgcplus.com/politics/finance/melanie-dawes-sustainability-is-defined-as-statutory-services-only/7026903.article>

<sup>4</sup> <https://www.local.gov.uk/about/news/funding-black-hole>

<sup>5</sup> [https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/1775/177505.htm#\\_idTextAnchor002](https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/1775/177505.htm#_idTextAnchor002) Item6

“...the Department does not know what its minimum expectations are of the full range of services that local authorities are expected to provide”.

- 2.8. It is difficult to understand how the Department can arrive at a fair distribution of funding or an estimate of the required funding total if this conclusion is true and we encourage MHCLG to illustrate in this review its understanding of the breadth and depth of services that this funding distribution is intended to support.
- 2.9. In order to arrive at a truly fair relative distribution of funding for local government, all decisions taken as part of this review must also be strictly and transparently evidence-based.
- 2.10. It is imperative that the options proposed are supported by sufficient evidence, of an objectively consistent quality, to justify the government’s preferred direction of travel.**
- 2.11. We therefore support the LGA and, no doubt, many others in their call for the review to go further in demonstrating transparency and providing sufficient evidence to explain each of its decisions via a detailed technical note setting out the exact evidence used to arrive at each view on the relative needs assessment (including decisions to omit cost drivers).**
- 2.12. Without this clarity, there is no way for councils and their representatives to continue to engage with this review in the informed or constructive manner necessary to move it forwards and our faith in its integrity will be irreparably damaged, as we know many of our members have already advised the Secretary of State.**

**Q1: Do you have views at this stage, or evidence not previously shared with us, relating to the proposed structure of the relative needs assessment set out in this section?**

### **3. Simplicity**

- 3.1. SIGOMA agrees with the principle of a selection of unique formulae applied to specific service areas and a foundation formula covering a range of other services that are principally (but not solely) driven by general population numbers.
- 3.2. The stated aim and one of the guiding principles of the structure is simplicity. However MHCLG have failed to define or disclose what the aims of “simplicity” are or how we will measure whether simplicity has been achieved. From the proposals presented we interpret it as simply meaning fewer cost drivers. We do not agree with this definition.
- 3.3. The result may be a “flatter” allocation with fewer variables and this may be simpler for the department to calculate but simplicity for the end-user is dependent on other factors. The department stands at risk of losing fairness without achieving the aim of a more understandable allocation.

3.4. The funding formula will always be complex to explain to a non-specialist. It covers a wide range of services and is determined by correlation with independent factors. MHCLG have not changed this underlying approach and we broadly support these techniques. Adding more cost drivers will not significantly add to existing complexity nor will removing them reduce it.

3.5. We and other commentators have stated that much of the complexity surrounding the earlier formula is related to how its outputs, the overall allocations, were presented.

3.6. This was done in a manner that:

- obscured service weightings in £ terms,
- hid the link between individual funding and individual service areas,
- made it difficult to understand the variation in funding impact of cost drivers at service level,
- hid the authority-level total impact of the resource adjustment within baseline funding.

**3.7. The consultation does not explain how allocations will be presented. If simplicity is a primary objective of this review, this explanation can and should be made at once and as a matter of priority. This is a view we have stated in working groups and heard others state in fair funding workshops, without any response to date from MHCLG. This issue is not addressed in this consultation.**

#### **4. Deprivation in the Foundation Formula**

4.1. It has come as a genuine surprise that MHCLG have taken the view that deprivation is not a driver of either cost or need in the foundation formula since their stated view in the working groups contradicts this.

4.2. The consultation paper states at 2.2.21 that: “in aggregate terms deprivation was not a major cost driver for the services included in the foundation formula”

4.3. It has never been presented to the working group that only “major” factors would be considered for inclusion. If this was the case, then it is likely that the whole of the area costs adjustment would be discounted and the whole basis of the proposed formula would stand to be reconsidered.

4.4. We have worked on the basis that a factor must explain significant variances at authority level and it is our view that the notable variance in foundation formula service costs explained by deprivation is indeed significant.

4.5. In our paper to the working group of 21 September on population concentrations, we presented data showing a high overall correlation between deprivation and cost per head (as well as with density and cost per head) for foundation formula services.

4.6. In commenting on the density correlation MHCLG expressed the view that our data, showing high correlation with density, was in fact a measure of correlation with deprivation.

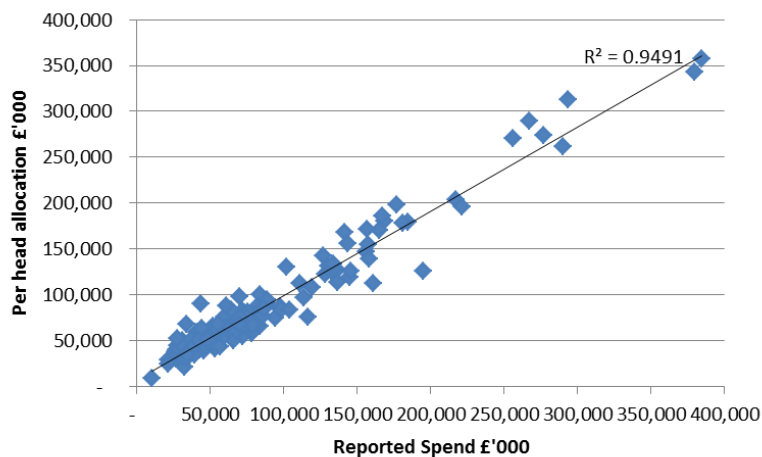
4.7. While we did not necessarily agree with their assessment, this response clearly implied to us a tacit acknowledgement that MHCLG at least understood deprivation was strongly correlated with higher relative needs and therefore costs in these service areas.

4.8. We are also concerned that, within their assessment, MHCLG have reduced to a simple average an impact which has wide significant variations between the highest and lowest deprivation deciles. So, for example, in the paper we presented, deprivation explained 31% of the per head variation for metropolitan boroughs, whilst in shire counties it explained only 2%.

4.9. To highlight the limited accuracy of this approach, using expenditure data of 2017-18<sup>6</sup> we have compared the outturn spend of individual authorities with a distribution of the same total, using an ACA weighted per capita allocation.

4.10. As might be expected, the average variation at authority level is low, a positive 5%. This high correlation is shown in the following table.

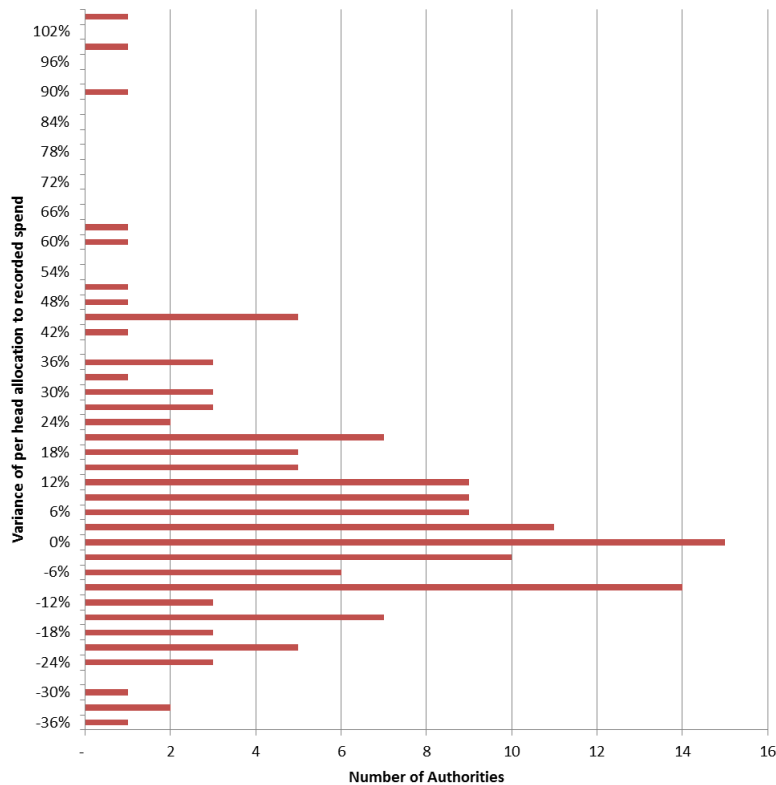
#### Foundation Equivalent Spend 2017-18 – Reported v Per Head Distribution



4.11. However, when one considers the impact at individual authority level, it can be seen that the individual percentage differences that occur can be extreme.

<sup>6</sup> Used by MHCLG in their explanation of service areas to be included in Foundation Formula

## Variation of a Per-Head distribution to Actual Spend<sup>7</sup>



- 4.12. According to the above projections, 15 authorities, 10% of authorities at county level would have spent between 18% and 36% less than they actually did, whilst three authorities would have spent almost double their actual spend.
- 4.13. Of the 15 with the worst variations, 9 are in the worst two deciles of deprivation and all but two are in the bottom half of the deprivation rankings.
- 4.14. Or, to consider it from another view-point all but 4 of the worst two deciles of deprivation of all authorities (30 authorities) would have spent less if spending on a straight per-head basis.
- 4.15. Looking then, at the quartile of authorities with highest negative variation, do they share a common characteristic?
- 4.16. In the following table we have shown those authorities and also extracted, for comparison to the variation, the percentage impact of the Deprivation adjustment within 2013 formula for EPCS services and in the right-most column the 2015 IMD ranking for those authorities.
- 4.17. So for example Manchester's per-head variation was -35%. If spending on national per-head basis Manchester would have spent 35% less. But Manchester were the 5<sup>th</sup> most deprived authority in the country, which was recognised by weighting its 2013 EPCS population by 27.5%

<sup>7</sup> ACA weightings are those used in 2013 formula calculation. Table excludes the results of the Isle of Scilly and the City of London. Counties represent the combined spend of the Shire County and Shire Districts to aid comparability.

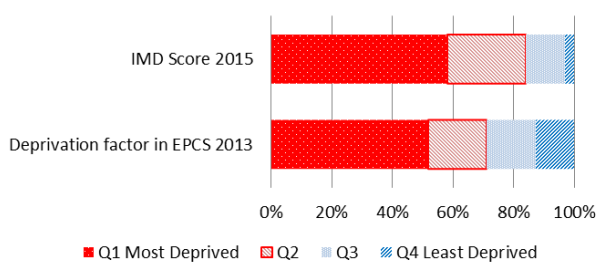
**Top 25% of Authorities with the Highest Negative Variation of Spend v per head Distribution**

Authority	2013 EPCS Deprivation Adjustment %	Variation of Actual Spend to Per-head %	2015 IMD Deprivation Ranking No.	
Hackney	23.1%	-11.45%	10	
Islington	21.1%	-9.84%	22	
Kensington & Chelsea	15.7%	-23.29%	75	
Southwark	19.9%	-10.95%	33	
Tower Hamlets	18.2%	-15.02%	9	
Brent	24.7%	-20.65%	55	
Haringey	25.4%	-15.61%	24	
Bolton	26.3%	-21.56%	40	
Manchester	27.5%	-35.41%	5	
Oldham	26.6%	-25.49%	28	
Rochdale	29.3%	-23.83%	15	
Salford	28.1%	-26.42%	20	
Stockport	27.5%	-18.17%	96	
Tameside	27.2%	-11.00%	34	
Knowsley	35.1%	-14.95%	2	
Liverpool	32.0%	-30.12%	4	
St. Helens	28.0%	-23.33%	30	
Sefton	27.4%	-18.78%	60	
Wirral	27.5%	-21.36%	52	
Newcastle upon Tyne	25.2%	-11.32%	42	
North Tyneside	25.2%	-10.83%	87	
Birmingham	29.9%	-9.95%	7	
Wolverhampton	30.3%	-12.72%	16	
Durham	26.6%	-17.77%	59	
Hartlepool	31.2%	-36.10%	17	
Kingston upon Hull	31.7%	-24.68%	3	
North Lincolnshire	22.1%	-15.21%	85	Q1 Highest adjustment/ High IMD
Northumberland	20.9%	-9.56%	90	Quarter2
Nottingham	12.4%	-35.64%	8	Quarter3
Redcar & Cleveland	29.3%	-10.73%	39	
Rutland	10.3%	-16.44%	149	Q4 Lowest adjustment/ Low IMD

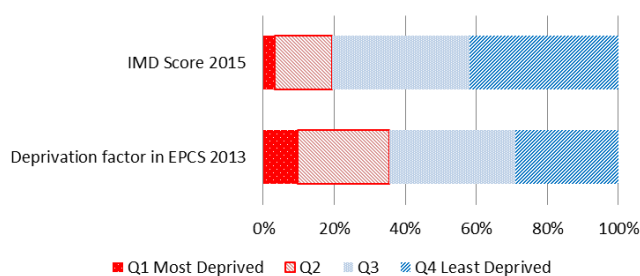
4.18. The table illustrates that there are significant proportion of authorities in this worst quartile with a high IMD ranking and with a high deprivation adjustment in 2013 EPCS formula.

4.19. The differing profiles of the quartile with the greatest negative variation compared to the quartile with the greatest positive variation is shown below, with the proportions of high deprivation in red and lower ones in blue:

### Single Tier - Quartile with Highest Negative Variation



### Single Tier - Quartile with Highest Positive Variation



4.20. The left chart shows that 22 out of 31 authorities (71%) with the highest negative variation had an above average deprivation adjustment in 2013 EPCS formula and 26 out of 31 (84%) were in the lowest half of the county level 2015 IMD ranking.

4.21. By contrast the right hand chart shows that 11 out of 31 authorities with the highest positive variation (35%) had an above average deprivation adjustment in 2013 EPCS formula and only 6 out of 31 (19%) were in the lowest half of the County level 2015 IMD ranking.

4.22. This is a significant indication of the influence of deprivation at either extreme. All the more when one considers that poorer authorities have suffered the greatest cuts to core spending power and as a result have cut spending on EPCS services harder than their wealthier neighbours in order to sustain care services, which has resulted in lower 2017-18 EPCS relative spend profiles.

**4.23. Whilst the average picture may be of a roughly even profile of spend per head, the proposed method of calculating distribution will, by MHCLG's own measure, consistently and significantly underfund the poorest authorities to the benefit of wealthier ones. It would be fundamentally unfair not to include a deprivation weighting in the foundation formula.**

**4.24. Deprivation weighting should carry at least the same weighting as in the previous formula.**

## 5. Case-by-case examples within Foundation

5.1. As well as variation in the impact of deprivation of individual authorities, use of a simple average also masks variation in its impact on the individual services the Government proposes to include in a foundation formula.

5.2. While we acknowledge the government's argument that the majority of **homelessness funding** is currently dealt with outside of the settlement, we do not agree that this justifies its inclusion in an unweighted formula



- 5.3. No funding stream other than local taxation is assured beyond 2020 therefore this cannot be used as an excuse to single out homelessness within formula for a per-head allocation and certainly not to avoid a deprivation weighting while weighting it for rurality.
- 5.4. A Between 2010 and 2018, rough sleeping in England increased by 165%. But this increase has not been flat across the country. The most deprived 50% of English councils experienced a 229% increase in rough sleeping compared to a rise of 125% in least deprived 50% over the same period. At the same time, while rural areas saw an average rise of 30%, urban areas saw an increase of 183%.
- 5.5. According to the NAO, the risk of becoming homeless “is greatest for households in areas of high economic activity on the margins of being able to pay market rents for their homes. A substantial amount of variation... between different local authorities is associated... with the proportion of households in an area receiving housing benefit to help pay their rent.” In short, the NAO found that the risk of becoming homeless is higher in more deprived urban areas.
- 5.6. The arguments made to justify the inclusion homelessness within unweighted foundation formula are inconsistent when compared to those made to justify a separate weighted formula for flood defence.
- 5.7. Comparing these the policy for treatment of these two will leave most councils puzzled:

	<b>Homelessness</b>	<b>Flood Defence</b>
<b>Government’s assessment of homelessness quantum dealt with within settlement and the total expenditure on Flood Defence contained within Revenue Outturn</b>	“English local authorities’ total expenditure on homelessness services in 2017-18 was £1.42bn ...Once other sources of homelessness funding are accounted for, the remaining cost of homelessness met through the settlement in 2017-18 was approximately <b>£340m</b> across England.”	Total expenditure on flood defence by English councils in 2017-18, <b>£35.8m</b> (Revenue Outturn 2017-18)
<b>Government’s Assessment of Variation in Council Expenditure</b>	“Nationally, the average proportion of lower tier authorities’ net current service expenditure that related to homelessness in this year was less than 5%. However, for some outlying authorities the proportion of expenditure was higher, and <b>in the case of eight authorities accounted for more than 10% of expenditure.</b> ”	“Nationally, the average proportion of lower tier authorities’ total expenditure on flood defence in 2017-18 was only 0.3%. However, for some outlying authorities the proportion was higher, and <b>for one authority flood prevention accounted for more than 10% of total expenditure.</b> ”

<p><b>Government's Conclusion</b></p>	<p>“On the basis that homelessness on average represents a relatively small proportion of net expenditure for the majority of councils and the fact that there is no separate funding formula for homelessness in the current methodology, the <b>Government believes that it would be disproportionate to introduce further complexity into the needs assessment for this service area.</b> As a result, the Government is minded to account for homelessness within the Foundation Formula.”</p>	<p>“Expenditure on flood defence and coastal protection on average accounts for a small proportion of local authorities' total expenditure. However, whilst the overall level of expenditure for these service areas is on average low, they do have a significant impact on a small number of lower tier authorities... <b>These spending patterns suggest separate flood defence and coastal protection relative needs formulas could be introduced for lower tier authorities.</b>”</p>
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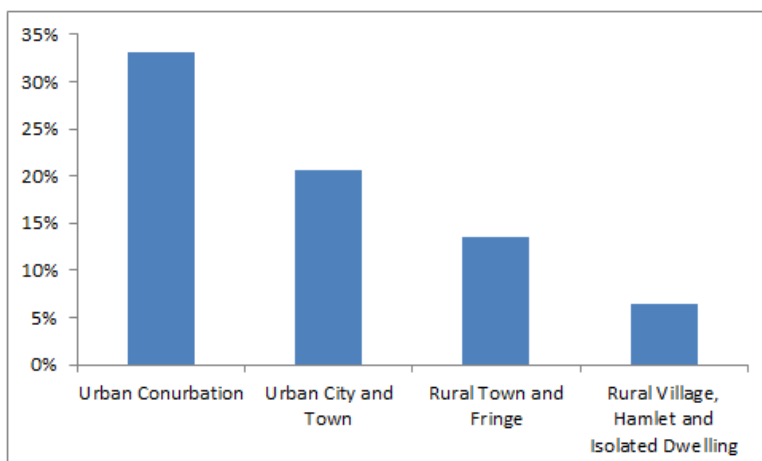
**5.8. If these service areas were to receive equal treatment, homelessness should have a separate funding stream, however there is precedence for including a service area within a funding sub-block with an independent weighting and we suggest this should be the case here.**

5.9. As well as homelessness, no information has been provided on the distribution of relative need for the other services within the foundation formula such as Libraries and Public Transport.

5.10. While these are largely place-based rather than people-based services, it is widely accepted that in more deprived and more urban areas, people will be more reliant on public transport for example and will use the service more often.

5.11. The Department for Transport's National Travel Survey 2016-17<sup>8</sup> for example suggests around 33% of residents in urban areas are dependent on public transport, compared to just 6% in rural areas.

Percentage of households that did not own a car or van in 2016/17 by urban rural classification<sup>9</sup>



<sup>8</sup> <https://www.gov.uk/government/collections/national-travel-survey-statistics>

<sup>9</sup> <https://www.gov.uk/government/statistical-data-sets/nts99-travel-by-region-and-area-type-of-residence> NTS9902

- 5.12. Similarly, according to the most recent 2017-18, annual Taking Part survey from the Department for Culture, Media and Sport, people in urban areas used libraries more often, with 33.4% visiting in the 12 months prior compared to 29.1% in rural areas.
- 5.13. Those not in work were also 6.6% more likely to use their public library, suggesting the relative need for these services may be greater in areas of higher employment deprivation.<sup>10</sup> Again, this suggests that there will be greater levels of dependency on and therefore greater volumes of service users within deprived urban areas.
- 5.14. MHCLG have previously dismissed as unobtainable data to weight issues such as such as daytime populations yet we are aware that local authority level census data is available on workday populations that could act as a reasonable proxy for this. Many, though not all, SIGOMA authorities would support the inclusion of such a weighting to relevant services within the foundation formula such as street cleansing and environmental services.<sup>11</sup>

**5.16 Deprivation and long term unemployment should be significant weighting factors in foundation formula or separately applied within foundation formula on the services listed above. Government needs to consider the fluctuations in populations and how these affect demand for certain services.**

**6. Adult Social Care**

- 6.1. Neither of the cost drivers as shown includes the baseline age category population i.e. the population aged 16-64 or the population aged 65 and older. It appears that only the “top up” adjustments are shown. If this is not an error there is a fundamental problem with this formula.
- 6.2. It is unfortunate that, after such a long time within which data could have been obtained, some of the benefit data underlying the analysis will be from 2012-13.
- 6.3. The formula does not include a weighting for long-term unemployment. Hence this will attribute the same cost weight to an individual who was briefly claiming benefits at the time of the dataset to those areas with continuing unemployment. In 2013, this data was taken from 2011 census and can be modelled based on this, as will be the case with other data sets. The ONS however confirm that up to the introduction of universal credit they provided a proxy of those on a claimant count for over 12 months.
- 6.4. An individual’s ability to maintain self-sufficiency deteriorates over a longer period of unemployment. This increases poverty and dependency on local services. It also increases the costs of managing the individual into employment.
- 6.5. The age related top-ups area is complex and the lack of explanation of the suggested formula does not help. In the absence of a detailed explanation our view is that the top ups should capture:

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<sup>10</sup> <https://www.gov.uk/government/statistics/taking-part-201718-quarter-4-statistical-release> ‘Libraries’ datasheet

<sup>11</sup> <https://www.nomisweb.co.uk/census/2011/wd1101ew>

- Proportion of those with a limiting disability at 65+ and
- Those where old age is highly likely to lead to age related disability (we suggest 80+)

6.6. Hence, we would suggest a 65+ year old population base weighted for.

- Proportion 65 to 79 year olds with a limiting disability and
- All 80+ year olds
- All of the above should be weighted for ability to pay (say pension credit entitlement)

6.7. In view of the increasing incidence of cost shunting for residential placements we suggest no ACA, or a reduced ACA adjustment on adult social care until studies have been undertaken on the actual cost adjustment that is appropriate for an area.

6.8. We look forward to the social care green paper and the technical consultation and urge this to be issued as soon as possible and as a matter of urgency.

## **7. Children and Young Peoples Services**

7.1. As there are no proposals on the likely cost drivers we can make no comment.

7.2. All authorities are concerned by the extremely tight timetable and urge Government to present information to authorities as soon as possible. We trust that the department will not be constrained in doing so by its partnership with DfE.

7.3. The National Audit Office in their report <sup>12</sup> stated that “The Department does not fully understand what is causing increases in demand and activity in children’s social care”.

**7.4. Members trust the department will be able to arrive at a fair and open method of distributing funds within the service but also an understanding of the overall amount of funding necessary to maintain the service beyond a mere statutory minimum.**

## **8. Highways Maintenance**

8.1. We find the proposed formula barely recognisable from discussions in the working group

8.2. It has been and remains our position that the type of road will directly impact on the cost of and demand for routine maintenance, structural maintenance and street lighting and that a built-up setting will be a de-facto influence on the higher demand for and cost of that maintenance with increased incidence of

- higher quality and more complex adjacent pedestrian routes,
- street lights,
- traffic lights,
- infrastructure beneath roads

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<sup>12</sup> Pressures on children’s social care NAO 21 January 2019

- environmental issues due to population and vehicle concentrations.

8.3. In the 2013 formula, built up roads carried a weighting of twice that of non built-up roads. An effective measure of these is available at: <https://www.gov.uk/government/statistics/road-lengths-in-great-britain-2017>.

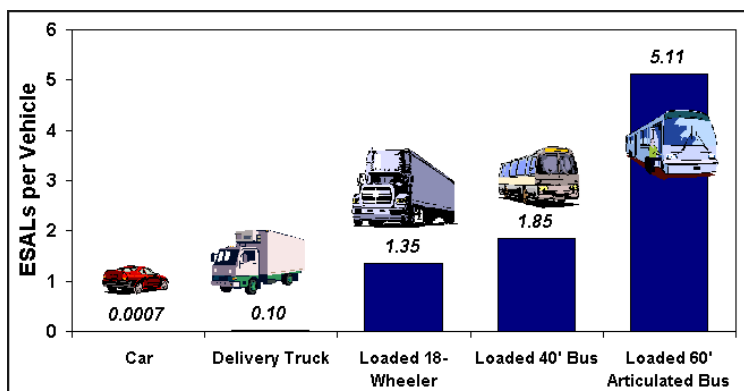
8.4. The 2013 weighting appears, from a sample of 2013 formula, to make a significant difference between authorities, our sample showed the highest multiplying factor on base miles of road to be around 1.7 times greater between the highest and the lowest weighting, ensuring sufficient funding to municipal roads which are more costly to maintain.

8.5. On a similar theme we do not agree that the use of HGVs buses and coaches has an equal impact on the state of roads as cars. This clearly cannot be the case and is reflected in a much higher road tax for HGVs<sup>13</sup> etc. as well as the abundant research evidence to the contrary<sup>1</sup>.

8.6. For example, a 2009 paper sponsored by the EC research Council<sup>14</sup> stated:

*“Most often, the concept of an Equivalent Single-Axle Load (ESAL) is used by engineers to assess the effects of heavy vehicles on pavements. In the 1960s, The American Association of State Highway Officials (AASHO) undertook research to evaluate ESAL values for different axle configurations (single, tandem, tridem), at different weights and on different types of pavements. It resulted that ESAL values varied approximately as the fourth power of static axle load. In other words, the effect of a 11.6t single axle compared to a reference 10t would be roughly  $(11.6/10)^4 = 1.81$  i.e. around 80% greater”.*

8.7. The relative impact of cars vs trucks from this research is demonstrated graphically in the table below suggesting an impact of an 18w commercial vehicle of over 1,900 times greater than that of a car.



8.8. According to DFT domestic road freight statistics Over 78% of all goods lifted in the UK involved an origin or destination that was urban. This is in contrast with 6% of goods lifted

<sup>13</sup> <https://www.gov.uk/government/collections/hgv-road-user-levy>

<sup>14</sup> [https://ec.europa.eu/transport/sites/transport/files/modes/road/events/doc/2009\\_06\\_24/2009\\_gigaliners\\_workshop\\_jrc\\_2.pdf](https://ec.europa.eu/transport/sites/transport/files/modes/road/events/doc/2009_06_24/2009_gigaliners_workshop_jrc_2.pdf)

involving a rural origin or destination, highlighting the significant negative impact failing to weight heavy vehicles could have on the urban roads that help drive the English economy.<sup>15</sup>

- 8.9. Whilst it may be the case that MHCLGs examination currently finds this has no redistributive impact between authorities (which we would need to see evidence of) this may not always be the case over time, therefore as part of future proofing at least, an appropriate weighting must be included in the formula.
- 8.10. Members also disagree with the exclusion of weather-based weighting.
- 8.11. Snow and freezing temperatures are widely acknowledged as key causal factors in the formation and size of potholes.<sup>16</sup> According to the LGA councils face a £9.3 billion roads repair backlog, fixing a pothole every 21 seconds, with priority given to repairing potholes that pose the greatest risk based on their size and location.<sup>17</sup>
- 8.12. An above average expectation of extreme adverse weather, snow, ice and rain will affect how authorities budget and plan. Whilst in an individual year one council or area may buck the national trends, the natural averages will assert themselves over time and to ignore them will be to consistently underfund highway budgets of some authorities.
- 8.13. For example in 2017-18, councils in England spent £192.6m on 'Winter Service', 3% of their total highways and transport spend<sup>18</sup>. But, in County Durham, which sees some of England's heaviest snowfall, spend on Winter Service was 10% of their total highways and transport budget.<sup>19</sup>
- 8.14. Whilst ad-hoc in-year allocations are welcome, when issuing such allocations the government has acknowledged to the press the impact of adverse weather on road repair costs. And, although unpredictable weather fronts can of course hit any authority, who will need ad-hoc funding, there are underlying trends that cannot be ignored.
- 8.15. The formula must therefore be weighted to support the additional pressures faced by those authorities that routinely see higher winter service costs and more road-attribution than their neighbours.
- 8.16. Weather trends must be one of the most abundantly available sets of data and analysis in the country<sup>20</sup> and can be predicted and therefore recorded in sufficient detail<sup>21</sup> to arrive at

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<sup>15</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/728937/domestic-road-freight-2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728937/domestic-road-freight-2017.pdf) p5

<sup>16</sup> <http://news.bbc.co.uk/1/hi/magazine/8453969.stm>

<sup>17</sup> <https://www.local.gov.uk/about/news/lga-responds-pothole-report-rac-foundation>

<sup>18</sup> <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2017-to-2018-individual-local-authority-data-outturn>

<sup>19</sup> <https://www.metoffice.gov.uk/learning/precipitation/snow/snowiest-places>

<sup>20</sup> <https://www.metoffice.gov.uk/public/weather/climate-network/#?tab=climateNetwork>

<sup>21</sup> <https://www.metoffice.gov.uk/services/transport/roads/independent-gritting>

robust local authority level averages. MHCLG should make use of these to create an “adverse weather” weighting.

**8.17. We join with the LGA in requesting details of the other drivers that were considered in this evaluation and how these were found not to improve the precision of the formula. In the absence of published independent evidence, we recommend that the existing road, vehicle and weather weightings remain.**

## **9. Public Health**

9.1. There was, and is, a widespread lack of confidence within Local Government in the ACRA<sup>22</sup> formula.

9.2. The initial consultation on the proposed change to ACRA, compared to the existing basis (in proportion to returns of spend by primary care trusts undertaken prior to the transfer of responsibilities) was in October 2015; though authorities had taken over Public Health budgets during 2013-14.

9.3. Whilst the Department of Health is quoted as considering this a concluded consultation, the comment on their consultation website remains as “We are analysing your feedback”. None of the consultation responses have been published nor any conclusions given in response to the submissions.

9.4. The intervening years would have been an excellent opportunity for ACRA to consider the effectiveness of their formula as a predictor of expenditure, either overall or at a selective authority level. No such evidence has been presented with this proposal nor is any promised. Given this and the fact that the ACRA formula was not implemented from 2016 (presumably as a consequence of the consultation responses) there is a great deal of doubt hanging over the implementation of this formula, which the proposal does nothing to address.

9.5. To raise some of our points from the original consultation (never published and therefore not answered).

9.6. Regarding used of SMR<75s, many of our members were disturbed at the modelled likely outcomes and in particular by a comparison of the proposed weighted population shares, (contained in the exposition book) to the Health Deprivation indicator contained in the 2015 Index of Multiple Deprivation.

9.7. For example why would Westminster, with an HIMD<sup>23</sup> score of -0.30 receives the same 0.25 per 100,000 under ACRA as Leicester with an HIMD score of +0.55 or why Reading with an HIMD health score of -0.32 receives an ACRA share of 0.23 whilst Warrington with an HIMD score of +0.35 receives a share of only 0.17 per 100,000. Similarly it difficult to interpret why

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<sup>22</sup> Advisory Committee on Resource Allocation

<sup>23</sup> Health-Index of Multiple Deprivation

both Kensington and Chelsea and Gateshead receive a share per 100,000 of 0.22 when the former has a Health IMD score of -0.87 and the latter a score of +0.78.

- 9.8. The HIMD health indicator measures “the risk of premature death and impairment of quality of life through poor mental or physical health”. We would therefore have expected better correlation between ACRA shares per 100,000 and IMD health scores.
- 9.9. We welcomed the honesty of the Department of Health in identifying the possible drawbacks of SMR data but feel that identifying the possible issues does not go far enough in establishing a plausible basis for a measure that has, as the report acknowledges, a dramatic impact on settlement outcomes. ACRA has itself identified the issue that the SMR measure takes no account of the effectiveness of current spend in alleviating what might otherwise be worse SMR data.
- 9.10. The ACRA formula therefore is taking little account of the impact of preventative actions. Allocations should be more heavily weighted on health expectation using the key independent factors that impact on health such as deprivation, environment and education.
- 9.11. Whilst the initial (2013) ACRA committee would have relied heavily on existing DoH members, the 2015 consultation could have included local authority Directors of Public Health with experience of the service in a local authority context, but did not. Therefore local authorities have had no direct input to the creation of this formula.
- 9.12. Though there would be “winners and losers” from the ACRA formula, the message from health professional within authorities is clear. The fundamental underlying problem is inadequate total funding for public health.
- 9.13. Whilst the city of York may have a valid argument to increase its per head allocation from £39 per head (£20 below the national average) there would be few who believe that Blackpool, with all the complications attendant on its high levels of deprivation, should cut its public health expenditure by 31% in order to fund this, which would be a consequence of the ACRA formula based on current funding totals.
- 9.14. On a more practical and obvious point, we note the proposed formula includes a sparsity adjustment. This appears to be in addition to an area cost adjustment which we understand includes a rurality weighting via both a labour cost adjustment for accessibility (using the measures of ‘dispersal’ and ‘traversal’) as well as a remoteness adjustment.
- 9.15. LG Futures’ 2014 research into the Drivers of Service Costs in Rural Areas used sparsity measures as a proxy for rurality, suggesting any potential impact of these factors would be closely comparable.<sup>24</sup>

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<sup>24</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/388587/Rural\\_summary\\_report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/388587/Rural_summary_report.pdf) p9



9.16. The inclusion of sparsity as a cost driver also contradicts the earlier statement within the consultation that while sparsity does not drive need, the government is of the view that it does modify costs associated with it.

“Our intended approach draws a clear distinction between factors which drive demand for services (e.g. cost drivers) and factors which affect the cost of delivering a particular service (e.g. the need to provide multiple service hubs across sparsely populated locations or travel between different locations).”<sup>25</sup>

9.17. Our members, representing predominantly urban areas, would be concerned that the inclusion of a sparsity adjustment in addition to factors that bear a very close resemblance to it being included in the area cost adjustment risks double counting.

**9.18. The Department of Health must publish and address the issues arising from the 2015 consultation. Local Authority health professionals must be directly involved in the creation of a new formula and a realistic evaluation of the expectations from, and total cost of, a public health service must be determined.**

## **10. Unaccompanied Asylum Seeking Children**

10.1. The Government is minded not to include a specific Unaccompanied Asylum Seeking Children formula in the needs assessment on the basis that this is a service area for which the pattern of demand may be subject to unpredictable changes between authorities.

10.2. It is our understanding that the dispersal of asylum seekers is based on a resettlement scheme which is voluntary for councils to opt in to. We also understand that those volunteers with the lowest cost housing tend to receive the highest proportions of asylum seekers.<sup>26</sup>

10.3. Spend on unaccompanied asylum seeking children is recorded in RO data and that “where asylum seekers are allocated is a decision taken by central government.”<sup>27</sup>

10.4. It has been widely reported that many particularly affluent authorities in the south of England house no asylum seekers.

10.5. We do not therefore accept that this is a service area for which the pattern of demand may be subject to unpredictable changes between authorities or that it would not be possible to reflect these sudden shifts through a relative needs formula.

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<sup>25</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/764487/Review\\_of\\_Local\\_Authorities\\_Relative\\_Needs\\_and\\_Resources\\_consultation\\_document.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764487/Review_of_Local_Authorities_Relative_Needs_and_Resources_consultation_document.pdf) p21

<sup>26</sup> [https://publications.parliament.uk/pa/cm201719/cmselect/cmhaff/1758/175805.htm#\\_idTextAnchor010](https://publications.parliament.uk/pa/cm201719/cmselect/cmhaff/1758/175805.htm#_idTextAnchor010)

<sup>27</sup> <https://www.wigan.gov.uk/Council/Communities/Asylum-seekers.aspx>

- 10.6. It is a pattern of distribution that is, we understand, decided by the home office and the private sector organisations they employ, while the decision making process for resettlement is chiefly driven by the availability of low cost housing.
- 10.7. This is currently resulting in a situation where it has been reported that 180 local authorities across the country house no asylum seekers at all, but Greater [Manchester](#) alone supports 6,681.
- 10.8. As children, unaccompanied asylum seekers will likely fall within the remit of Children's social care, but as the government notes, councils may retain responsibility for these individuals beyond the age of 18 years of age up to the age of 25.
- 10.9. In these instances, relative costs should be predictable precisely because the dispersal of asylum seekers is driven by central government policy. That policy may indeed be subject to unpredictable change in the future, but in the meantime, the pattern of distribution is clear and the availability of low cost housing would appear to be an obvious cost driver.
- 10.10. We therefore welcome the government's commitment to test this assumption through further engagement with authorities as their research progresses and would strongly encourage engagement with individual SIGOMA member authorities on this issue.**

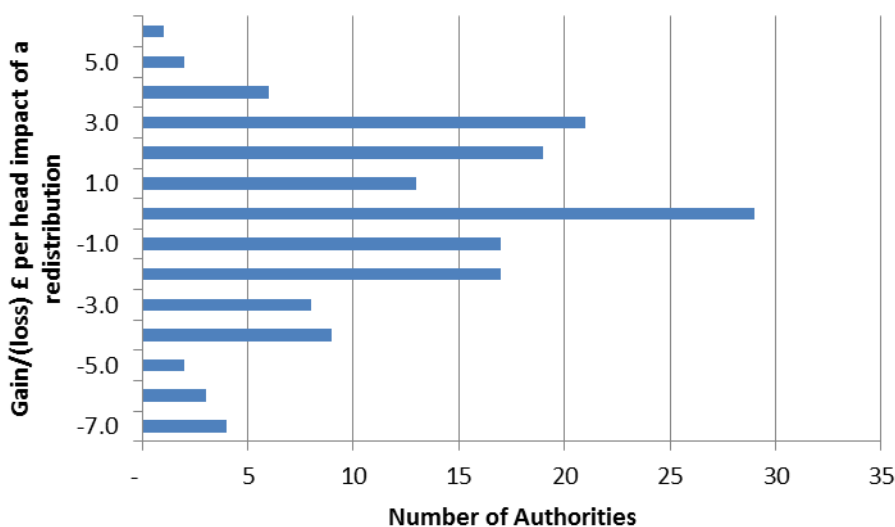
**Q3: What are your views on the best approach to Home to Schools Transport and Concessionary Travel?**

**11. Concessionary Travel**

- 11.1. Again it is difficult to understand how MHCLG can propose a flat per head distribution in the face of the evidence presented at our working groups.
- 11.2. Our colleagues from North East Councils presented a logical and compelling analysis of the reasons for a separate formula and the fact that concessionary travel was separately modelled on bus boarding's within EPCS formula of 2013, even though EPCS formula was largely population based. This suggest to us MHCLG have not paid sufficient regard to their own previous analysis or the arguments made within the group on the factors that drive costs to the authority.
- 11.3. This is another example where the over-arching correlation may tempt the outsider to the view that a per-head allocation would suffice. Overall the concessionary travel allocations of 2013-14 correlate closely to a weighted per head allocation, we calculate by around 76%.
- 11.4. The variation in impact on Councils of a per-head distribution at authority level however is unacceptable. On an assumed allocation of £400 million, 18 authorities would lose over £1 million by the change in distribution including many London authorities as well as Newcastle, Liverpool, Sheffield and Birmingham.

- 11.5. By the same estimate 21 authorities would gain over £1 million, of which 5 would gain over 2 million.
- 11.6. Totals may be misleading as to the comparable impact but on a £ per head basis the variation is equally significant.
- 11.7. This is reflected in the table below with a range of around £10 per head between the lowest negative effect and the highest positive

**Table: £ per head gain (loss) from change to per-head distribution**



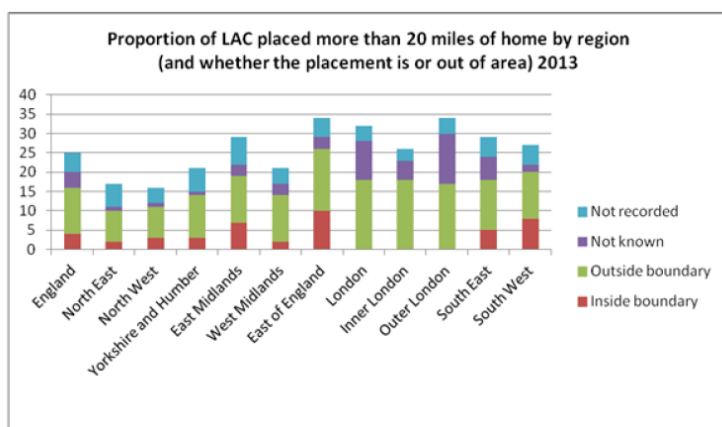
- 11.8. There is no logical support for this change in allocation basis. Simplification is only obtained at the expense of ignoring the actual profile of how costs are incurred. If, as MHCLG suggest, there is no reliable current information on bus boarding’s then historical information should be used as a proxy, to avoid a manifestly unfair redistribution basis. Alternative measures may revolve around the number of travel hubs.
- 11.9. It is also clear that the allocation for concessionary travel within formula at 2019 falls considerably short of spend by authorities, which is largely beyond their control. Spend by authorities on concessionary travel and related cost lines including ITA levy is around £1.4 billion in 2017-18, compared to the estimated £500 million within formula at 2017-18. The LGA are quoted as assessing the funding gap for free travel as £650 million.<sup>28</sup>
- 11.10. Concessionary travel should be subject to a separate formula and a funding review undertaken of the quantum necessary to meet unavoidable costs of authorities, before setting any adjustment to the business rate retention total to meet fiscal neutrality.**

<sup>28</sup> <https://www.localgov.co.uk/Underfunding-of-bus-scheme-leaves-elderly-isolated/46852>

## Q4: What are your views on the proposed approach to the Area Cost Adjustment?

### 12. Area Cost Adjustment

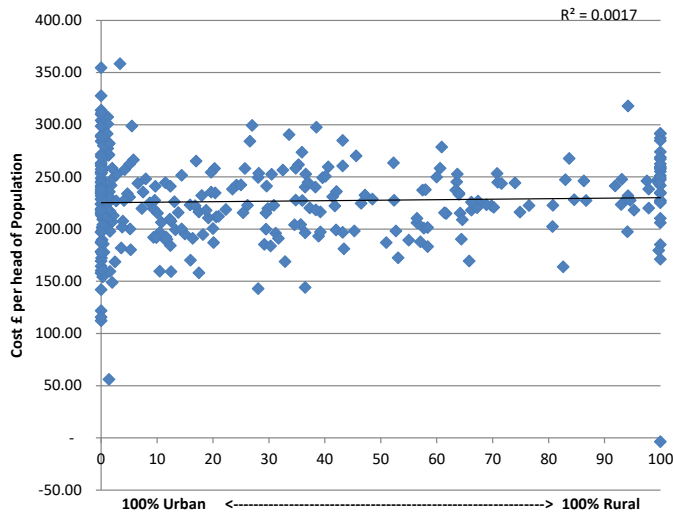
- 12.1. We have consistently argued that any adjustment to the formula is acceptable if it is evidence based. By this, of course, we mean that the evidence should face the same standard of evaluation as is applied to evidence for all other factors in the formula. But this does not appear to be the case for this proposal.
- 12.2. Within working groups the increasing incidence of out-of-authority service commissioning has arisen, whereby an authority responsible for a services commissions this from another authority. For example, this 2014 study showed that the proportion of looked after children placed outside the authority boundary was much higher in London that in other regions.<sup>29</sup>



- 12.3. Hence our response to the consultation is that an area cost adjustment based on pay and rates should be demonstrably linked to above average costs actually being faced by the authority. We recommend a sample study of the actual authority labour costs compared to the ASHE data in areas of significantly varying labour rates.
- 12.4. Similarly we consider the acceptance of remoteness weighting and accessibility as having been made on too narrow an evidence base.
- 12.5. The prime source used appears to have been waste collection times for more and less rural services within one authority, presented by PIXEL on behalf of the Rural Services Network.
- 12.6. Using MHCLG's own basis for establishing drivers of additional costs we have combined measures of rurality against Foundation Formula spend per head (after adjusting for labour and rates ACA – using 2013 measures<sup>30</sup>)
- 12.7. The result is shown in the chart below comparing ACA adjusted cost per head <sup>7</sup> (based on 2017-18 Outturn spend) for rural and urban services.

<sup>30</sup> At district level, with each district taking a pro rata share of its County expenditure

2017-18 £ per head and Urban /Rural Effect<sup>31</sup>



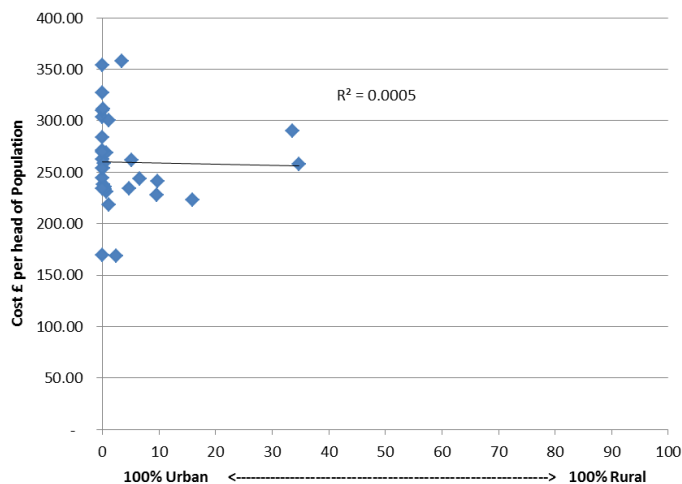
12.8. The correlation is close to zero, suggesting either that neither extreme consistently correlates to higher costs, or that one effect cancels out the other.

12.9. It has been argued by many that other factors distort this analysis but, as stated, the above per head costs have already been adjusted for labour and rates ACAs.

12.10. We have however also undertaken an evaluation of the impact of deprivation on this data<sup>32</sup>.

12.11. The top decile of deprived (worst off) local authorities appears as follows:

2017-18 £ per head and Urban /Rural Effect - Worst Deprivation Decile

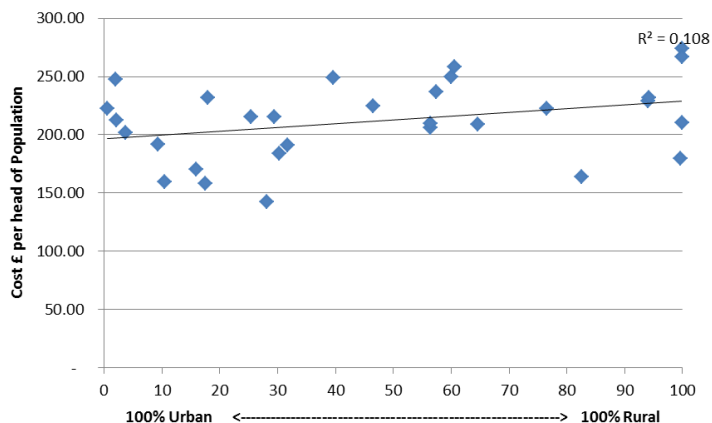


12.12. And the Least Deprived Decile appears as follows:

<sup>31</sup> Outliers of city of London and Scilly Isles removed – negatives due to income in the collection

<sup>32</sup> Though MHCLG maintain that deprivation is not a significant factor in Foundation formula

2017-18 £ per head and Urban /Rural Effect - Least Deprivation Decile



12.13. This shows a correlation of less than 0.11. In each decile of deprivation the correlation of increased expenditure with rurality are:

Deprivation Decile	Correlation Factor
<b>Most deprived</b>	+0.00
<b>2</b>	-0.00
<b>3</b>	+0.01
<b>4</b>	+0.10
<b>5</b>	-0.03
<b>6</b>	+0.00
<b>7</b>	+0.26
<b>8</b>	+0.21
<b>9</b>	+0.03
<b>Least deprived</b>	+0.11

Of the ten deciles three show a correlation of less than 0.005, one is negatively correlated and none is above 0.26 whilst the overall effect is a negative 0.002

12.14. It should be borne in mind that this analysis is of expenditure in 2017-18, a year in which rural authorities, who made up 14.1% of 2016-17 local authority core spending power:

- were supported by un-ringfenced Rural Services Delivery Grant of £65 million, up fourfold from 2015.<sup>33</sup>
- received £23 million, 15% of un-ringfenced £150 million transition grant<sup>34</sup>
- received £242 million, 19% of un-ringfenced New Homes Bonus

This was also at a time when shire districts (who are predominantly rural and who's spend is predominantly on Foundation services) collectively earned **£197 million, 37%, above** their total baseline funding from Business Rate retention, whilst metropolitan boroughs

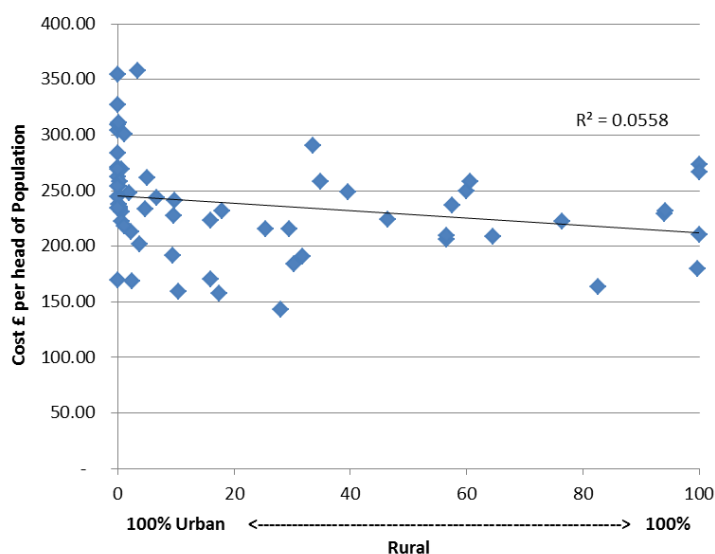
<sup>33</sup> <https://www.gov.uk/government/publications/core-spending-power-final-local-government-finance-settlement-2018-to-2019> & <https://www.rsnonline.org.uk/fivefold-increase-in-rural-services-grant>

<sup>34</sup> And a further circa £63 million to rural counties such as Surrey, Hampshire and Buckinghamshire

(predominantly urban and with upper and lower tier responsibilities) collectively earned **£114 million, just 4% above their baseline funding.**

12.15. The fact that after all of this additional funding in rural areas there such a weak correlation of rurality to spend on foundation services leaves us asking what evidence has underpinned this proposal beyond the representations of the rural services interest group.

12.16. Interestingly there is a slight but **negative** correlation to rurality shown when the worst decile of deprivation (predominantly urban) is combined with the lowest deprivation decile (predominantly rural). However, presumably MHCLG would argue, and we would agree, that this is the influence mainly of deprivation in foundation expenditure!



12.17. The recent representations from the Rural Services Network, which MHCLG have presented as persuasive does little more than confirm correlation for the specific service areas which LG Futures had already suggested were influenced by it, while ignoring the service areas they suggest were negatively correlated to it.

12.18. This research, by a body this consultation describes as “independent experts in their field” and who are relied upon in relation to the adults and children’s social care formulae, showed that: while that services positively and significantly related to sparsity accounted for a relatively small proportion of overall local authority spending - £7.0bn (or 15.0%) nationally in 2012/13, sparsity was significantly and negatively associated with services, accounting for £14.6bn (or 31.1%) of local authority spending.<sup>35</sup>

12.19. We therefore note with concern that current proposals are to add an Area Cost Adjustment which could include measures of sparsity (remoteness) not only to the foundation formula but

<sup>35</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/388587/Rural\\_summary\\_report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/388587/Rural_summary_report.pdf) p9

to all service-specific formulae except legacy capital finance, including those which research commissioned by the government suggests is negatively correlated with higher costs.

12.20. We would caution that our members would strongly object to the inclusion of remoteness in an ACA applied to any service where the independent evidence suggests there is a neutral or negative correlation to remoteness/sparsity.

12.21. And, although the consultation states that the ACA will “reflect the different impact of... costs, [and] this will vary using weights which are appropriate for the relevant services”, nowhere does it explain how this will be varied. The detail behind this proposal must be evidence-based and transparent in its proposals.

12.22. As the table below illustrates the 11 services that LGF found correlated with Sparsity would get a Density adjustment whilst the 15 services correlated with Density would get a Sparsity adjustment, whilst the majority of service expenditure, 53.9%, with no statistically significant relation to either would be adjusted for both density and sparsity, leaving less funds for authorities with neither extreme characteristic.

Sparse areas		Dense Areas
Sparsity is significantly and positively related to increased unit costs in <u>11 services</u>		Density is positively significantly and positively associated with increased unit costs in <u>15 services</u>
Accounting for £7.0bn (or 15.0%) of spend		Accounting for £14.6bn (or 31.1%) of spend
↓		↓
Longer journey times (associated with dispersal)		Longer journey times (associated with congestion)
Longer journey times (associated with dispersal)		Longer journey times (associated with congestion)

12.23. Due to these myriad concerns, we object to the untested, unproven use of rurality measures within a universal area cost adjustment and to the use of journey time statistics as a proxy for this. We call on the Department to produce their own analysis supporting the proposed weighting.

**Q5: Do you agree that the government should continue to take account of non-discretionary council tax discounts and exemptions and pensioner age element of local Council Tax Support in the measure of Council Tax base?**

13. We agree that government initiatives which reduce council tax income should be taken into account by reducing Council Tax Base, in the manner proposed in the consultation.

**Question 6: Do you agree that an assumptions based approach to measuring the impact of discretionary discounts and exemptions should be made when measuring the Council Tax Base?**



and

**Question 7: Do you agree that the Government should take account of the income foregone due to local council tax support for working age people?**

14. In the instances of empty homes and second homes and second home premiums there is no link to the ability of the taxpayer to pay hence no discount should be assumed and the maximum premium applied.

14.1. In the instance of support for working age residents, however, there is an issue of the taxpayer's ability to bear the cost of a decision on the discount.

14.2. **Therefore in this case there needs to be a hypothecated reduction which must be formulated against the number of low income working age tax payers. We would support an assumptions based approach that reflects the impact on collection rates of low incomes and benefit claimant variations.**

14.3. **We therefore support an assumptions based approach with this underlying approach.**

**Q8: Do you agree to a notional approach to Council Tax levels in the resource adjustment? What are your views on how this should be determined?**

15. We agree to a notional value for the resource adjustment.

15.1. As there is no mention of a central block share (which also incorporated a resource adjustment) within new formula, the needs resource adjustment value will reflect the full impact of the resource adjustment.

15.2. Government are increasingly using Council Tax as a main funding tool for local authorities.

15.3. On an ad-hoc basis, using Council Tax to plug funding gaps will give rise to an increasing miss-match between income levels and needs, which must be addressed through the resource adjustment.

15.4. **Hence, the quantum of the resource adjustment should be set at 100% or close to 100% of the value of forecast Council Tax income, thereby balancing the needs of high income low needs authorities with low income high need.**

15.5. **Government should "future proof" against changes in Council Tax growth by adapting the resource adjustment for forecast change in Council Tax income. The necessity for this was seen in 2016 when Government updated it basis for RSG reductions to take into account current Council Tax levels.**

**Q9: What are your views on how the government should determine the measure of Council Tax collection rates in the resource adjustment?**

16. Actual Collection rates will no doubt be affected by the efficiency of certain authorities (as will all other factors the government uses for regression based analysis). However there should be identifiable trends, due to external factors that will affect collection rates. The main one is the ability of the tenant to bear a tax charge.

16.1. As funding for Council Tax support has fallen and councils are forced to charge those whom they have previously exempted, collection will become an increasing problem and for some more than others.

16.2. Therefore, there needs to be an assumed collection rate but the assumption needs to vary in line with the number of working age taxpayers who are also benefit claimants in a borough or district.

**Q10: Do you have views on how the Government should determine the allocation of council tax between each tier and/or fire and rescue authorities in multi-tier areas?**

No comment.

**Q11 Do you agree that the government should apply a single measure of Council Tax resource fixed over the period between resets for the purpose of a resource adjustment in multi-year settlement funding?**

17. As stated in our response to Question 8, the government must be consistent in its approach to the formula.

18. The disparity caused by a widening tax base and increasing reliance on Council Tax as a means of financing local authority services means that relative changes in Council Tax income must be taken into account.

19. Therefore resource measures must be future proofed in the same way that is proposed for needs and as happened in the 2016 change in RSG reduction within the 4 year offer, which took into account current levels of Council Tax, as referred to in the answer to question 15.

**Q12: Do you agree that surplus sales fees and charges should not be taken into account when assessing local authority relative resource adjustment?**

20. We acknowledge the difficulty this has presented within the working group.

20.1. We suggest that where aggregated sales fees and charges in an authority are excessive in relation to net service expenditure this should be taken into account in the resource adjustment.

20.2. This is a method proposed in relation to Levy on business rates, so not outside the principles of government funding.

**Q13 Do you have a view on the basis on which surplus parking income should be taken into account?**

20.3. All authorities receive some parking income therefore there must be a “normal” or average rate per capita.

20.4. Formula could impute a parking premium into resource adjustment for authorities with amounts excessively above the per capita amount.

**Q14: Do you agree with the proposed transition principles?**

21. We agree with the principles as stated.

21.1. We would add that there should be no double benefit. That is, an authority should not benefit from business rate retention whilst receiving transition funding.

**Q15: What are your views on how the baseline should be constructed?**

21.2. The baseline will need to be a mixture of closing settlement funding plus a notional value of grants rolling in.

21.3. Funding baselines should not include the temporary refunds of negative RSG awarded in 2018 settlements and not part of settlement funding.

**Q16: Do you have any comments at this stage on the potential impact of the proposals outlined in this consultation document on persons who share a protected characteristic?**

**22. Equalities**

22.1. To fail to recognise Deprivation as a factor for services so closely related to poverty, low income, unemployment and homelessness must have an impact on the most vulnerable members of society.

22.2. Perhaps the greatest concern of our members for the future is that they are being forced to reduce or eliminate services that helped to prevent families and individuals becoming dependant on more intensive support such as:

- Early years centres
- Community centres
- Public health initiatives

22.3. In addition authorities are cutting back on basic services in deprived areas such as street cleansing, public space maintenance and highway maintenance, which help the quality of life

and are particularly felt where residents do not have the funds or the capacity to take initiative themselves.

22.4. Moreover many of our members have seen the organisational infrastructure within their authority cut to the bone and beyond, which inevitably affects their ability to monitor and react to developing issues in service areas, often the result of austerity initiatives emanating from Government and affecting those in greatest need.

22.5. The increasing emphasis placed on locally raised taxation to fund local authority services cannot help but favour those with healthy local economies, to the relative disadvantage of those less fortunate. It is essential that equalisation recognises this effect. The impact of a less-than-fair funding formula will directly impact on those most dependent on our services.

## End Note

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<sup>i</sup> Also the UK Roads Liaison Group highway maintenance guide sites that maintenance responses should be prioritised by: “location of the defect relative to highway features”

- “characteristics and speed of traffic”
- “and forecast weather conditions, especially potential for freezing of surface water”<sup>1</sup>

<sup>1</sup> [https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8383\\_p13](https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8383_p13)