
**Executive Leader (Finance and Performance)
Decision Session**

9 April 2018

Report of the Deputy Chief Executive/ Director of Customer and Corporate Services

**CITY OF YORK COUNCIL'S RESPONSE TO THE GOVERNMENT
CONSULTATION ON THE FAIR FUNDING REVIEW**

Summary

1. Funding baselines for local authorities, as determined by the local government finance settlement, are based on an assessment of local authorities' relative needs and resources. The methodology behind this assessment was introduced over ten years ago, and has not been updated since the introduction of the 50% business rates retention system in 2013/14.
2. Since that time, demographic pressures have affected local areas in different ways, as has the cost of providing particular services. In recognition of these pressures, the Government announced a review in 2016 to address concerns about the fairness of current funding distributions. The outcome of this review will enable the Government to reconsider how the relative needs and resources of local authorities should be assessed in a world in which they will continue to have greater control over the money that they raise.
3. Over the past year, the Ministry for Housing, Communities and Local Government (MHCLG) has worked in close collaboration with local authorities and their representatives on the design of the review, including through a joint Local Government Association (LGA) and MHCLG chaired technical working group.
4. The fair funding review will set new baseline funding allocations for local authorities. Even for authorities, such as York, who do not receive Revenue Support Grant (RSG) this is still relevant because the baseline funding allocation will determine the amount of top up or tariff which the Council will receive or pay to central government through the business rates retention scheme.

5. The Government issued a technical consultation paper in December 2017 in relation to the Fair Funding Review in relation to relative needs and resources. This consultation focuses specifically on potential approaches that have been identified to measure the relative needs of local authorities. Responses to this consultation were required by 12 March 2018.
6. On 20 October 2016 Council passed a motion to request that funding consultation responses are reported to Executive Members. Therefore the consultation response from City of York Council is included at Annexe A for information.

Recommendations

7. The Leader is asked to note the consultation response from City of York Council in relation to the Fair Funding Review.

Reason:

So that the public can see how the council is responding to local government funding consultations.

Consultation Summary

8. The technical consultation paper is available at:
<https://www.gov.uk/government/consultations/fair-funding-review-a-review-of-relative-needs-and-resources>
9. The paper deals mostly with the overall structure of the funding formulae, and with the possible indicators that might be used. It is envisaged that there will be a Foundation Formula to provide a simplified funding methodology, and for there to be separate funding formulae for specific services where it is necessary to reflect a more complex set of variables.
10. Three blocks of indicators are proposed for the Foundation Formula. They are population, deprivation and rurality.
11. This consultation only deals with methods for assessing 'needs'. The way that the Fair Funding Review (FFR) deals with resources (council tax) and damping will be at least as important and these will be the subject of future consultation papers.

Future Consultations

12. There are major research projects in two of the major funding formulae (adults' and children's services). The research into Children's Services is not due to complete until Summer 2019. It is assumed that the development of the adult social care formulae will be announced in the adult social care Green Paper in Summer 2018.
13. Another consultation paper on the FFR is expected in late 2018 or early 2019.

Specialist Implications

Financial

14. The financial implications are contained within the body of the report.

Human Resources (HR)

15. There are no HR implications to this report

One Planet Council/ Equalities

16. There are no specific equality implications in this report, however equality issues are accounted for at all stages of the financial planning process.

Legal

17. There are no legal implications to this report.

Crime and Disorder

18. There are no crime and disorder implications to this report.

Information Technology (IT)

19. There are no information technology implications to this report.

Property

20. There are no property implications to this report.

Other

21. There are no other implications to this report.

Contact Details

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Report
Approved



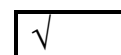
Date 27/3/18

Specialist Implications Officer(s)

None

Wards Affected: List wards or tick box to indicate all

All



For further information please contact the authors of the report

Background Papers:

Financial Strategy 2018/19 to 2022/23 – 8 February Executive, explains the business rates retention scheme in further detail.

Annex:

A – City of York Council Consultation Response to Fair Funding Review; a review of relative needs and resources

List of abbreviations used in this report

FFR- Fair Funding Review

LGA – Local Government Association

MHCLG – Ministry of Housing, Communities and Local Government

RSG- Revenue Support Grant