

Fair Funding Based on Need

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- Current system
- A potential new model

Current System

The current system and distribution of funding is based on;

- An opaque and impenetrable formula
- A formula that is and has been subject to ministerial judgement
- A formula that has lost a direct link to need
- A funding result that was always damped

Current System

- Core Spending Power = Revenue Support Grant, Council Tax, Business Rates, Improved Better Care Fund, New Homes Bonus, Rural Services Grant and Transitional Grant
- Analysis of the current system shows poor correlation between funding and cost drivers
- Current CSP compared to need

Proposed Solution

- This is a system that seeks to rebase and allocate funding in a fairer way based on cost drivers

Cost Drivers

- Children's Services
- Adult Social Care
- Highways
- Fire
- Other – waste, leisure, culture, planning...

Other factors

- Area Cost
- Sparsity
- Density

How the model works

- Estimate national ‘core spending power’ for five blocks - Children’s Services, Adult Social Care, Highways, Fire and Other
- Share the available funding based on cost drivers adjusted for area cost, sparsity and density

Results

- Results of the modelled CSP
- Modelled CSP compared with need

Council Tax

- Council Tax rates vary
- London authorities generally have low Council Tax with 9 out of the 10 lowest rates in the Country in London
- There is a logic to bringing Council Tax into the fairer funding equation

Other funding

- Similar patterns found
- Alternative funding streams