

REVIEWING



LOCAL AUTHORITY FUNDING

SIX STEPS TO FAIRER COUNTY FUNDING

HOW PARLIAMENTARIANS CAN HELP MAKE THE CASE FOR BETTER FUNDED SERVICES FOR THEIR RESIDENTS

Regressive formula



The current local government funding system uses the past spend of councils and past use of services to determine council's future funding levels. Because this 'regression' based system looks backwards it does not account for the fast changing demographics of the country.

The impact on your local services

This means that the large and fast growing older populations in counties and rural areas, and the associated social care costs are not being properly funded. There is already substantial inequality of funding between councils, and this will continue to increase over time unless this is addressed.



Higher local taxation



One consequence of underfunding is that counties are having to raise higher levels of council tax than other areas to maintain the same level of services. This seems particularly unfair when we consider that some London councils have been able to reduce already low levels of council tax, and counties continue to be placed under pressure to increase them.

Resolving these inequities

We therefore welcome Government's commitment to a **Fair Funding Review** which aims to re-balance the way funding is distributed across the country. We need to ensure that Government prioritise this review, and ensure that work is accelerated to put in place a new funding formula during this Parliament.



Moving towards a 'cost drivers' approach



We must ensure that the funding review moves away from the old 'regression' methods, and instead moves to a 'cost-drivers' based approach. This approach would take into account the biggest drivers of council costs, based around measures such as changing populations and demographics, while also factoring in pressures caused by deprivation and rurality etc.

A system based on how much services cost

We also believe that the new funding system should be as simple as possible; we should look at the most substantial drivers of cost and resist adding hundreds of measures which would simply recreate current Government funding streams and funding inequalities.

