

Local Government Funding: Making Sense of the Post- Election Uncertainty

Adrian Jenkins/ Dan Bates

Pixel Financial Management

September 2017



10.00 – 10.10	Introduction	Adrian Jenkins
10.10 – 10.50	Strategic view of local government funding	Adrian Jenkins
10.50 – 11.20	Technical Consultation Paper	Adrian Jenkins
11.20 – 11.35	Break	
11.35 – 12.45	Fair Funding: Needs Assessment and Redistribution	Dan Bates
12.45 – 13.30	Lunch	
13.30 – 14.30	100% Business Rate Pilots	Adrian Jenkins
14.30 – 14.15	Break	
14.45 – 15.15	Business Rates: Section 31 grants and Revaluation Adjustment	Dan Bates
15.15 – 15.40	Medium Term Financial Plans	
15.40- 16.00	Q&A	
16.00	Close	

Strategic view of local government funding



Political turmoil!

- General election
- Local Government Bill
- 100% Business Rate Retention
- Fiscal policy

Key variables in financial planning

- Fiscal policy
- Public sector pay
- Government grants
- Change in retention system
- Baseline reset
- Pilots
- Fair Funding
- Council tax equalisation

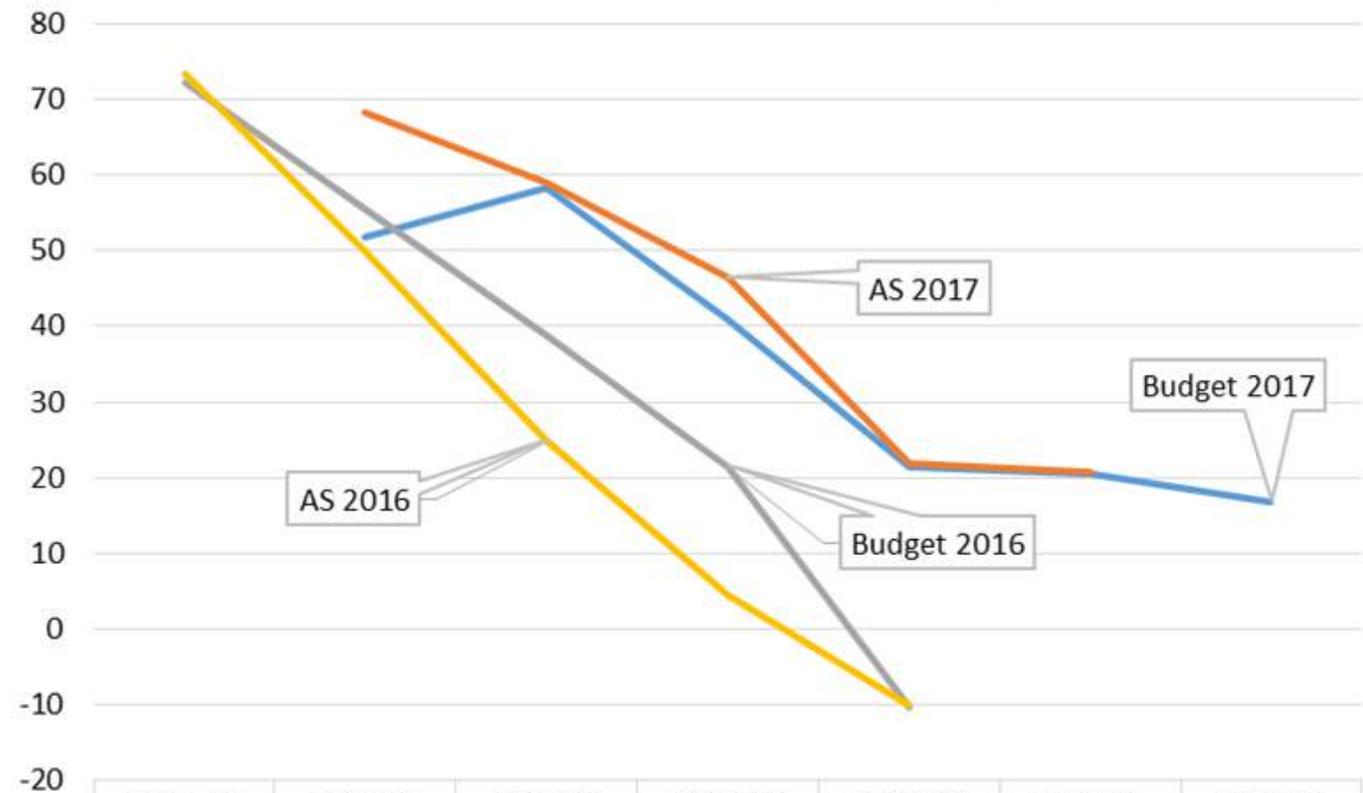
Fiscal policy

- Autumn Budget 2017 will be on 22 November 2017
<https://www.gov.uk/government/news/autumn-budget-2017-date-confirmed>
- One “major fiscal event” per year, now in Autumn only
- Not expecting the Autumn Statement to make significant changes to local government funding
- No additional funding for adult social care expected

Current fiscal policy

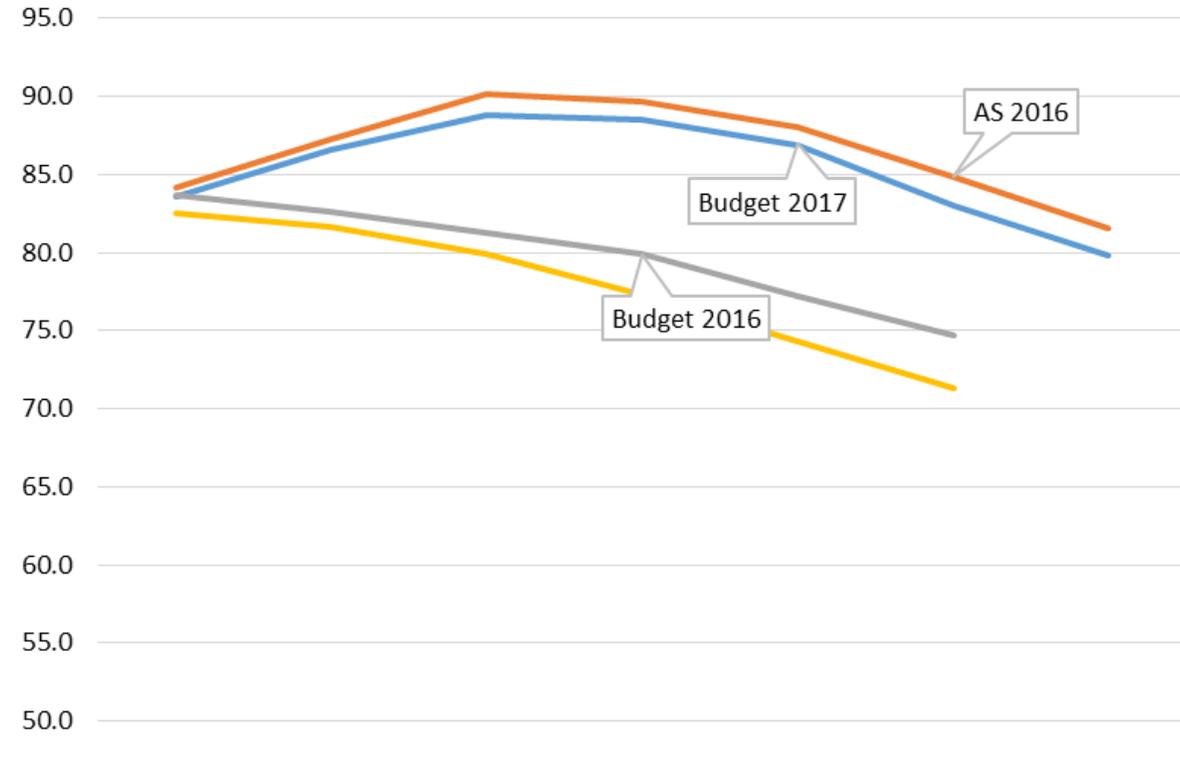
- Chancellor has given an indication of the direction of travel for public spending, but no detailed plans as yet (even for departmental spending)
- “departmental resource spending will continue to grow in line with inflation in 2020-21, and departmental spending will also grow with inflation in 2021-22” – about 2% per year
- Local government funding likely to grow by less than this – with some greater protection than in previous spending rounds

Chart 1 - Public Sector Net Borrowing



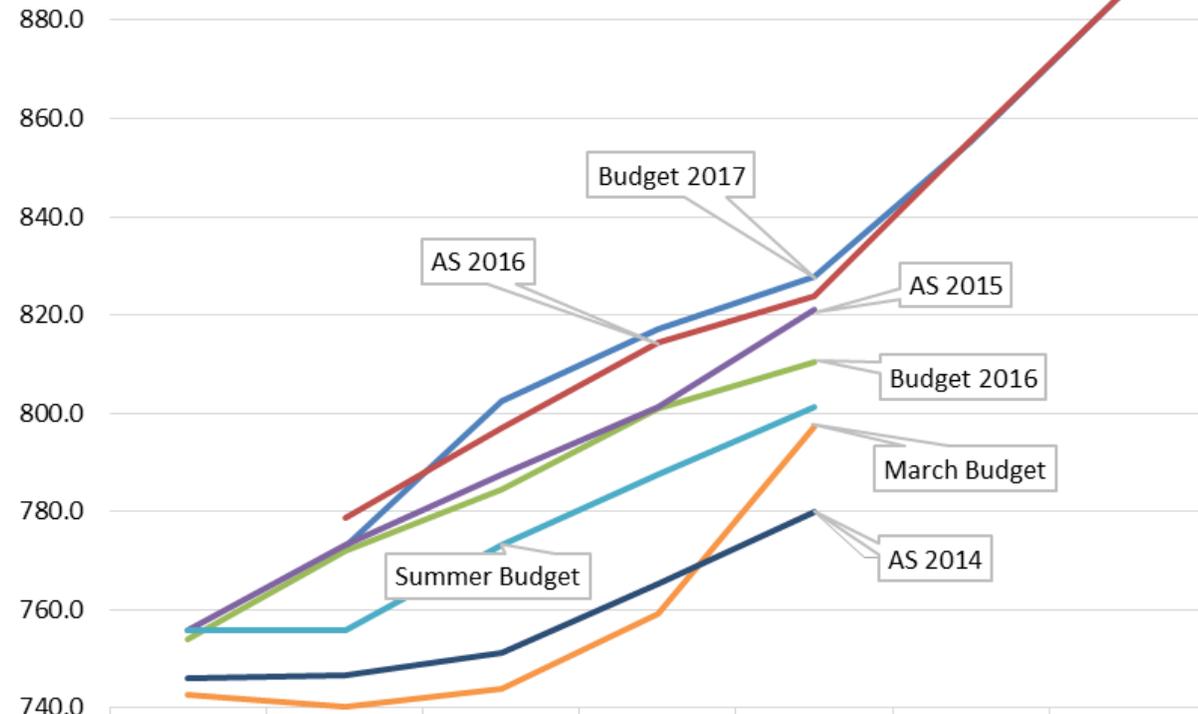
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Budget 2017		51.7	58.3	40.8	21.4	20.6	16.8
AS 2016		68.2	59	46.5	21.9	20.7	
Budget 2016	72.2	55.5	38.8	21.4	-10.4		
AS 2015	73.5	49.9	24.8	4.6	-10.1		

Chart 2 - Public Sector Net Debt (as % GDP)



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
— Budget 2017	83.6	86.6	88.8	88.5	86.9	83.0	79.8
— AS 2016	84.2	87.3	90.2	89.7	88.0	84.8	81.6
— Budget 2016	83.7	82.6	81.3	79.9	77.2	74.7	
— AS 2015	82.5	81.7	79.9	77.3	74.3	71.3	

Chart 6 - Total managed expenditure



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Budget 2017		772.8	802.4	817.2	827.9	855.4	886.4
AS 2016		778.8	797.0	814.5	823.7	855.6	886.4
Budget 2016	753.9	771.9	784.6	801.0	810.4		
AS 2015	755.7	773.3	787.5	801.2	821.0		
Summer Budget 2015	755.7	755.7	773.3	787.5	801.2		
March Budget 2015	742.6	740.3	743.9	759.2	797.3		
AS 2014	746.2	746.7	751.3	765.3	779.9		

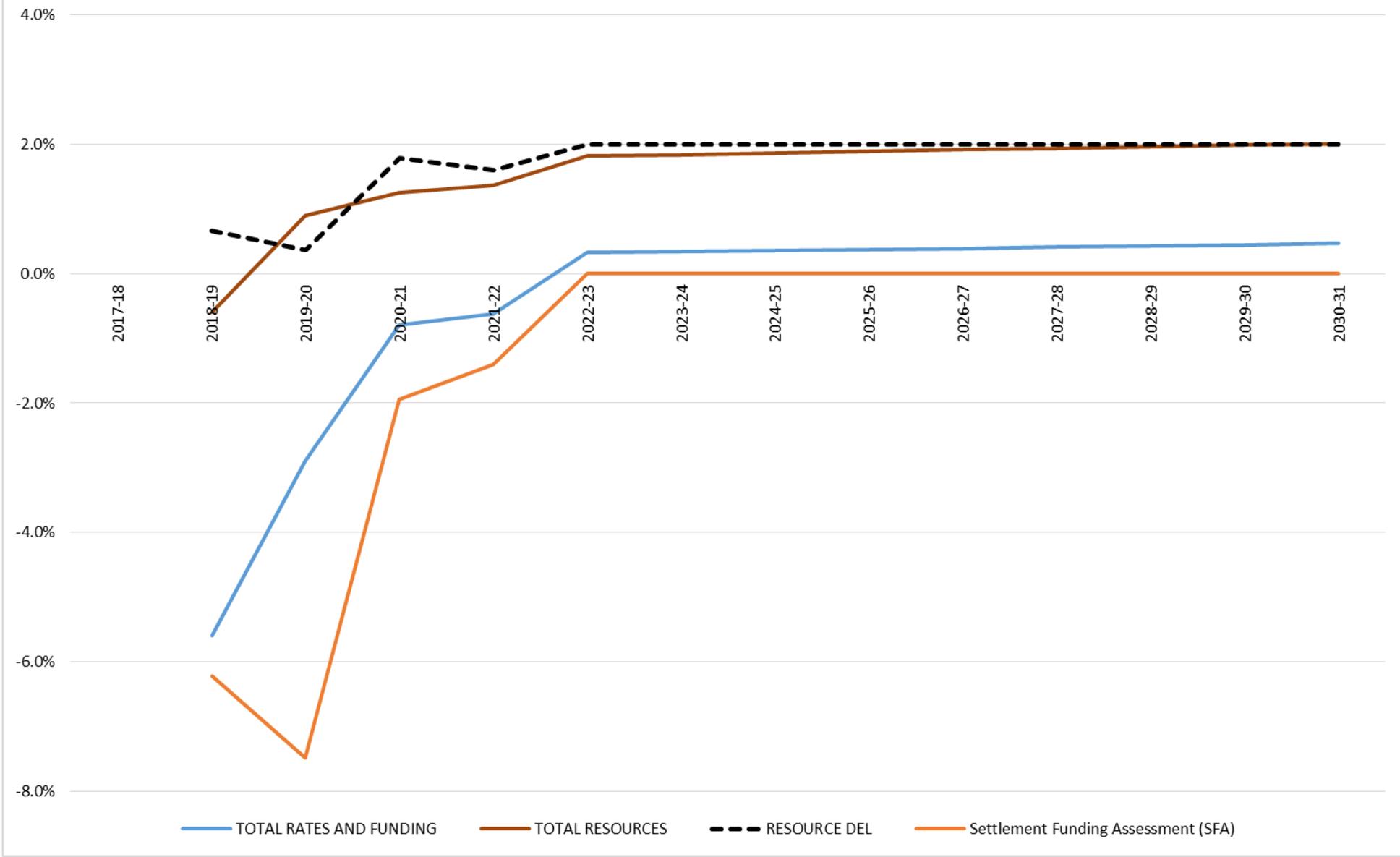
Public sector pay cap

- 1% pay cap on public sector pay since 2010
- Phased retreat from pay cap, with police officers and prison officers first (1.7% and 2.0% respectively)
- Not yet matching inflation (2.9%)
- Pressure to increase pay for other public sector workers
- Funding for additional pay costs not clear (even for police and prisons)
- Impact on local authority budgets could be considerable (estimates?)

Local government resources

- Retained business rates (baseline/ growth)
 - Settlement Funding Assessment (SFA)
 - Baseline Funding Level/ RSG
 - Council tax (standard, ASC precept)
 - Government grants
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- Take a view about each element and the total package

Chart 1 - National Funding for Local Government/ Resource DEL



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Settlement Funding Assessment (SFA)	16,632	15,599	14,584	14,300	14,100	14,100	14,100	14,100	14,100	14,100	14,100	14,100	14,100	14,100
SFA adjustment			-153											
Baseline Funding Level (BFL)	11,651	12,025	12,453	12,684	12,887	13,093	13,303	13,515	13,732	13,951	14,175	14,401	14,632	14,866
Revenue Support Grant	4,982	3,573	2,284	1,616	1,213	1,007	797	585	368	149	-75	-301	-532	-766
Settlement Funding Assessment (SFA)		-6.2%	-7.5%	-1.9%	-1.4%	0.0%								
Local share of rates	12,356	12,797	13,299	13,562	13,831	14,107	14,390	14,679	14,976	15,281	15,593	15,913	16,242	16,579
Levy	-248	-270	-294	0	-20	-41	-63	-86	-58	-83	-109	-137	-166	-102
Safety net	11	14	17	0	0	2	5	11	0	0	2	5	11	0
Net Top-up/ Tariff	153	158	164	-878	-892	-907	-921	-936	-1,045	-1,062	-1,079	-1,096	-1,114	-1,367
Returned surplus				878	912	945	978	1,011	1,103	1,145	1,186	1,227	1,268	1,468
TOTAL BRRS	12,272	12,699	13,186	13,562	13,831	14,107	14,390	14,679	14,976	15,281	15,593	15,913	16,242	16,579
Revenue Support Grant	4,982	3,573	2,284	1,616	1,213	1,007	797	585	368	149	-75	-301	-532	-766
Rural Services Delivery Grant	65	50	65	65	65	65	65	65	65	65	65	65	65	65
New Homes Bonus	1,252	938	900	900	900	900	900	900	900	900	900	900	900	900
Top-up/ (Tariff) adjustment			-153											
Transition Grant	150													
Public Health Grant	3,304	3,304	3,304	3,304	3,304	3,304	3,304	3,304	3,304	3,304	3,304	3,304	3,304	3,304
Improved Better Care Fund (Original Allocation)	105	825	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Improved Better Care Fund (Budget 2017)	1,010	674	337	337	337	337	337	337	337	337	337	337	337	337
Additional Adult Social Care Grant 2017-18	241													
Independent Living Fund	171	166	161	161	161	161	161	161	161	161	161	161	161	161
Council Tax Benefit/ Housing Benefit Admin Support Grant	73	73	73	73	73	73	73	73	73	73	73	73	73	73
TOTAL GRANT PAYMENTS	11,386	9,636	8,504	7,956	7,553	7,346	7,137	6,924	6,708	6,488	6,265	6,038	5,808	5,574

2017-18 2018-19 2019-20 2020-21 2021-22 2022-23 2023-24 2024-25 2025-26 2026-27 2027-28 2028-29 2029-30 2030-31

TOTAL RATES AND FUNDING

23,658	22,335	21,689	21,518	21,384	21,453	21,527	21,603	21,684	21,769	21,858	21,951	22,049	22,152
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TOTAL RATES AND FUNDING

	-5.6%	-2.9%	-0.8%	-0.6%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%
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Council tax (standard)

22,920	23,599	24,298	25,018	25,760	26,525	27,312	28,124	28,960	29,821	30,709	31,623	32,565	33,536
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Council tax (adult social care precept)

941	1,302	1,670	1,720	1,771	1,823	1,878	1,934	1,991	2,051	2,112	2,175	2,240	2,307
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TOTAL COUNCIL TAX

23,861	24,901	25,968	26,738	27,531	28,348	29,190	30,057	30,951	31,872	32,820	33,798	34,805	35,843
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TOTAL RESOURCES

47,519	47,236	47,657	48,255	48,915	49,802	50,717	51,661	52,635	53,641	54,678	55,749	56,855	57,995
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TOTAL RESOURCES

	-0.6%	0.9%	1.3%	1.4%	1.8%	1.8%	1.9%	1.9%	1.9%	1.9%	2.0%	2.0%	2.0%
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RESOURCE DEL (£BN)

305.4	307.4	308.5	314.0	319.0	325.4	331.9	338.5	345.3	352.2	359.2	366.4	373.8	381.2
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RESOURCE DEL

	0.7%	0.4%	1.8%	1.6%	2.0%								
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Government grants

- Transition grant – a review is likely and additional funding is possible
- Improved Better Care Fund – no change likely now until 2020-21
- Public Health Grant – “Public Health Minister Nicola Blackwood has announced that the ring fence on public health grants will be retained until 2019”
- New Homes Bonus

Adult social care funding

- Green Paper is not now expected until the New Year (possibly a couple of months into the NY)
- Cabinet Office confirmed nothing expected in the Autumn Budget
- Green Paper might propose some reorganisation so that local authorities can manage “markets” better (what is the optimum size?)
- IBCF is likely to disappear from 2020-21 and be replaced by a grant linked to the STP (which will become a legal entity)

- Continuing problem: cost of social care is increasing, and who pays?

Future of Business Rate Retention

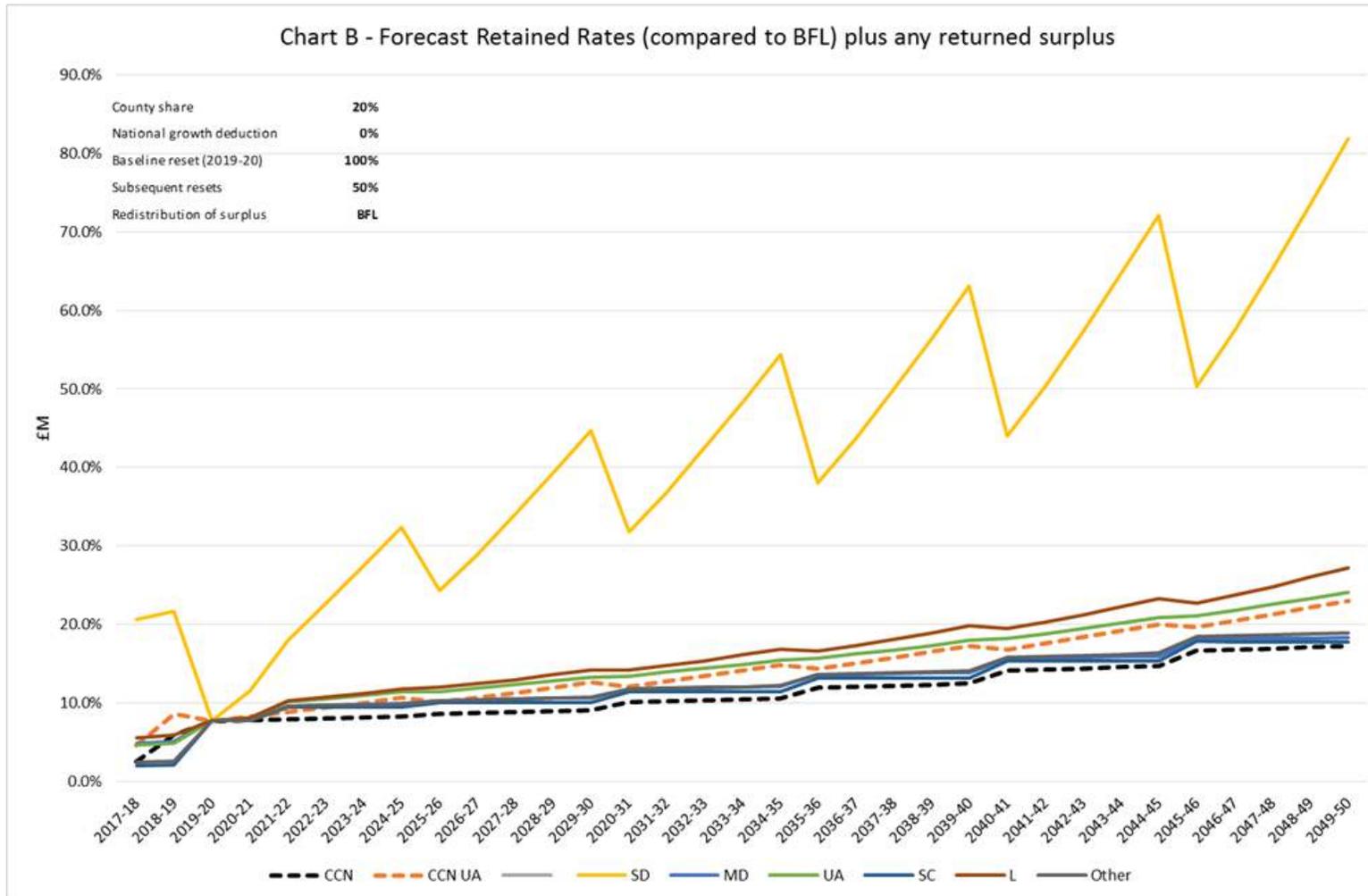
- Government still committed to increased rate retention and control over local tax receipts
- Not necessarily 100% retention – possibly via extension of pilots or transfer of funding
- 100% pilots likely to drive design of changes to future rate retention system

Baseline reset

- Baseline reset likely in 2020-21 alongside implementation of FFR
- Assuming full baseline reset in 2020-21 (partial 50% reset every five years thereafter)
- Calculation possibly based on average of 2017-18 and 2018-19?
- For authorities above baseline (esp. districts), this is the most significant variable in future funding

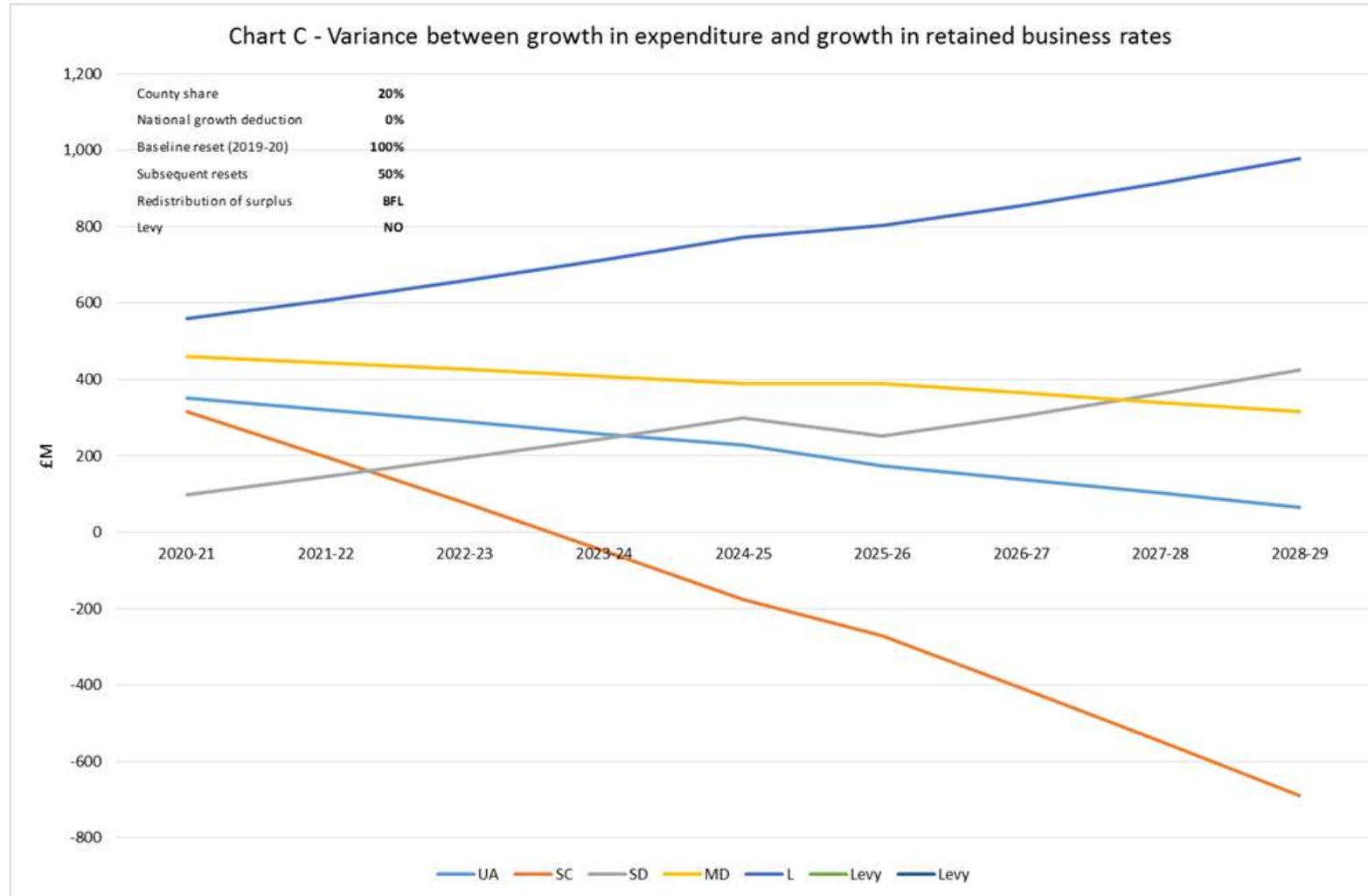
Modelling 100% Retention

20% county council share, 5 yearly 50% partial reset, redistribution by BFL, no levy



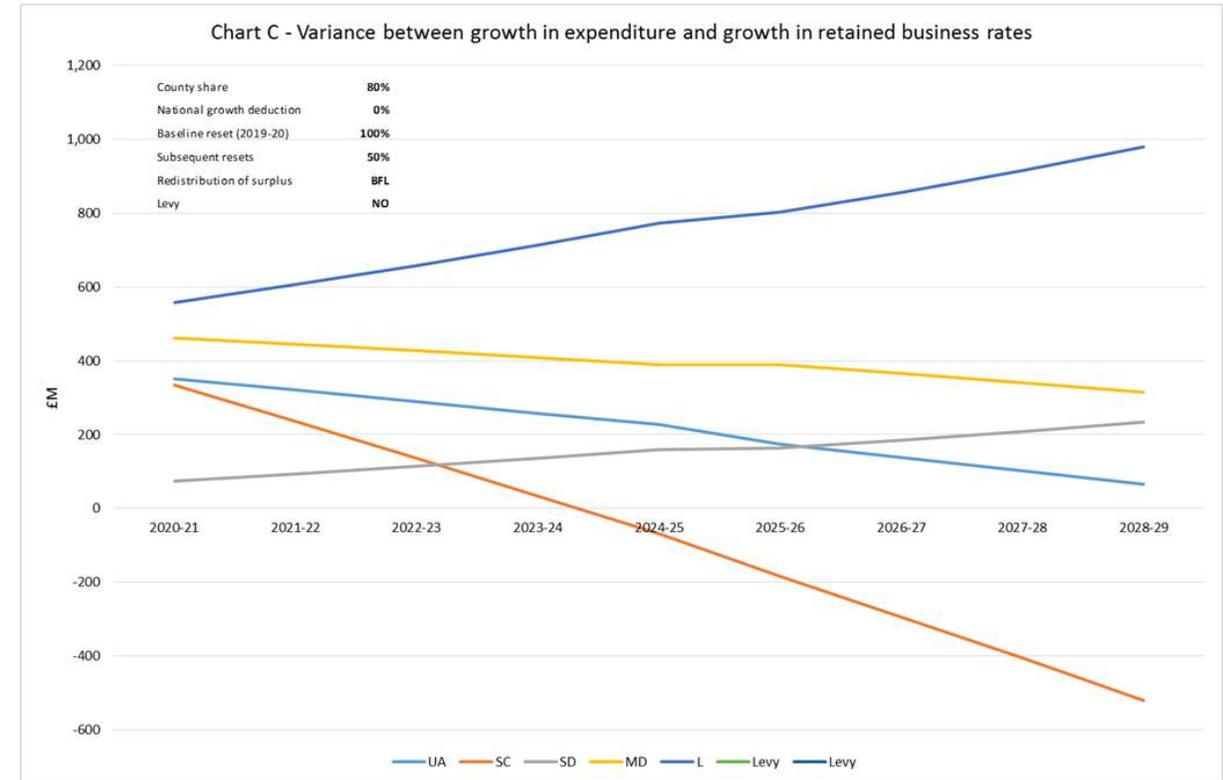
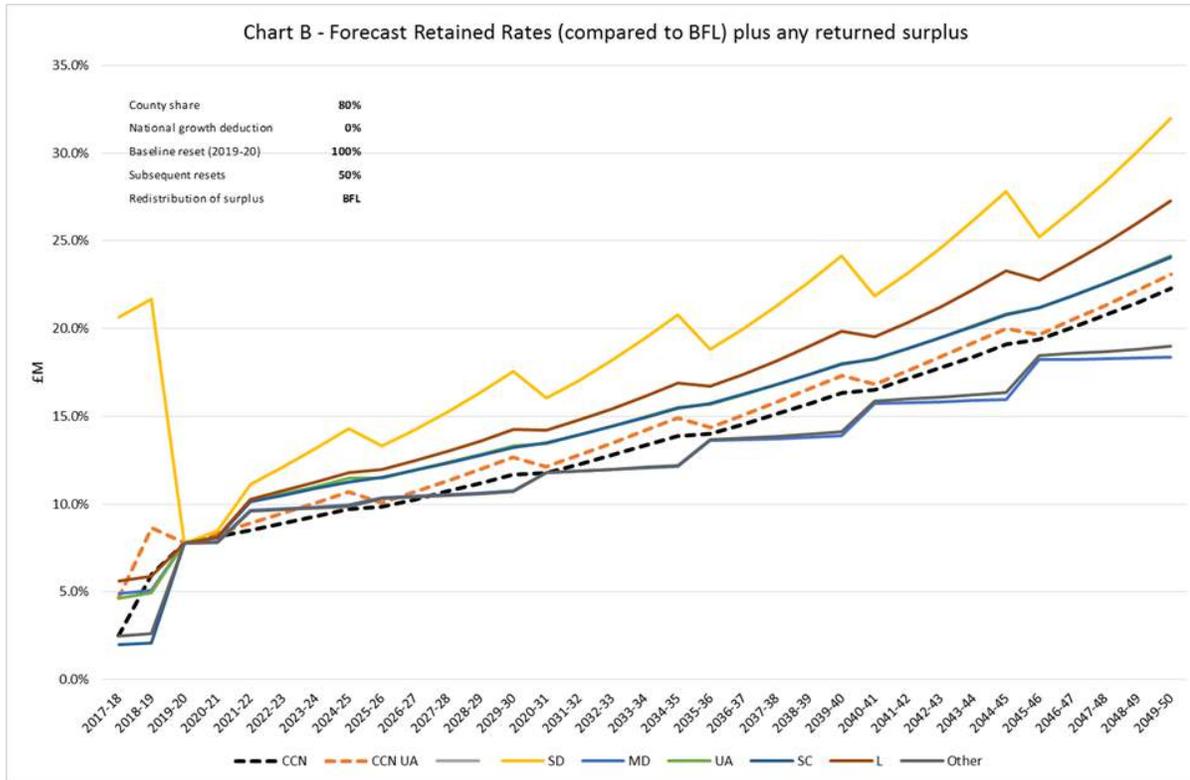
Divergence Between Rates and Need

20% county council share, 5 yearly 50% partial reset, redistribution by BFL, no levy



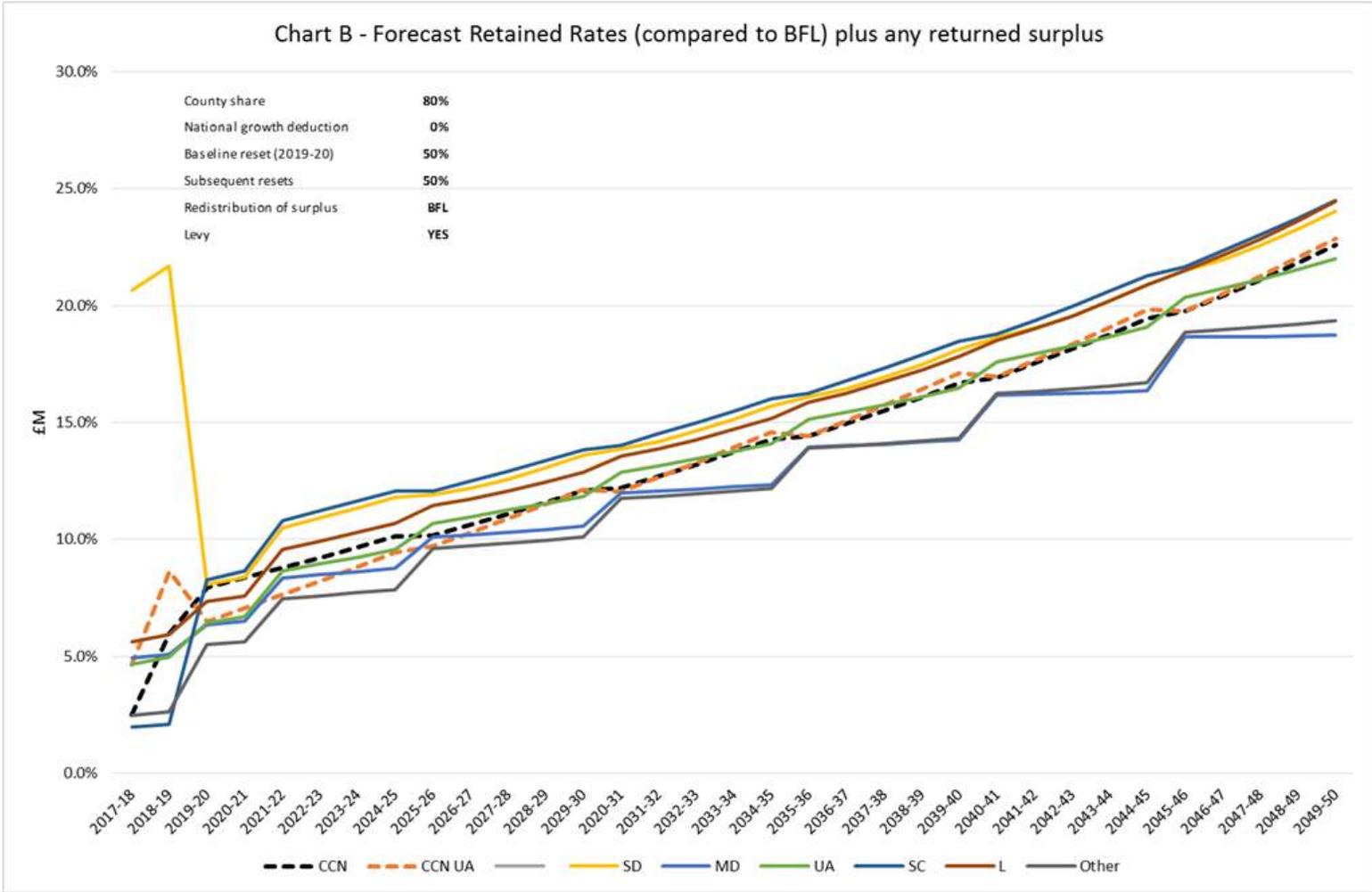
Tier Splits

80% county council share, 5 yearly 50% partial reset, redistribution by BFL, no levy

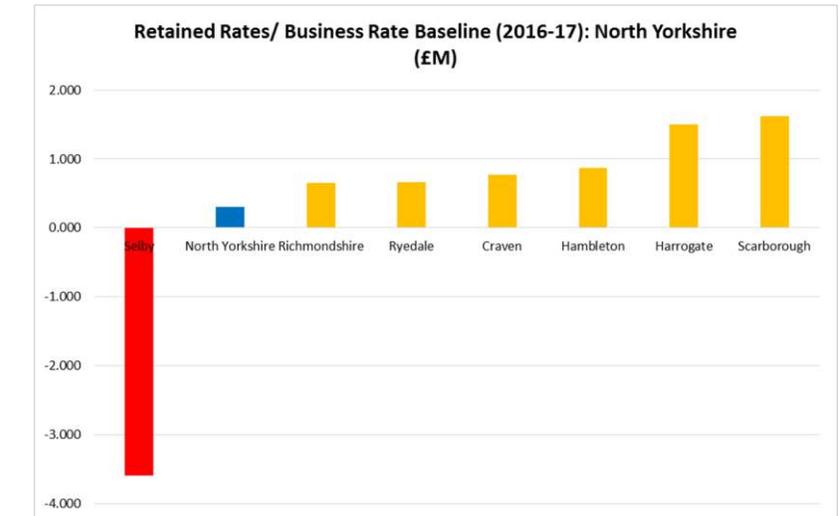
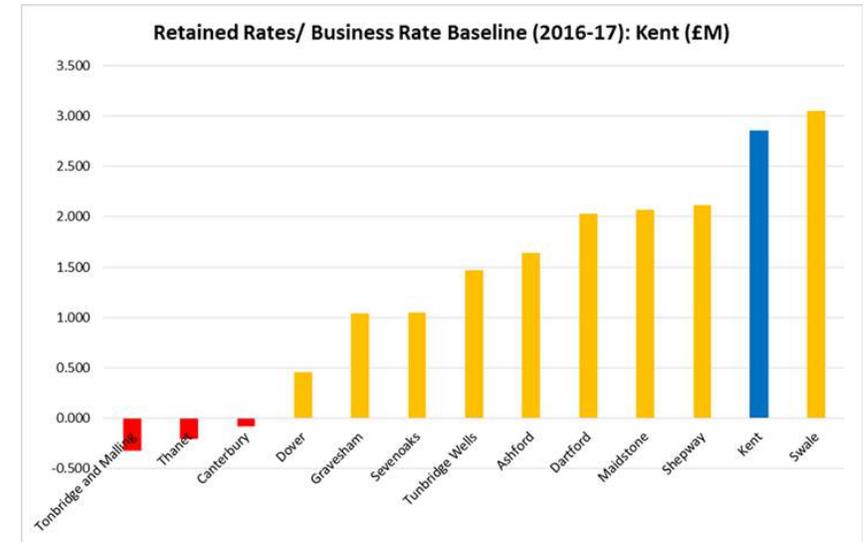
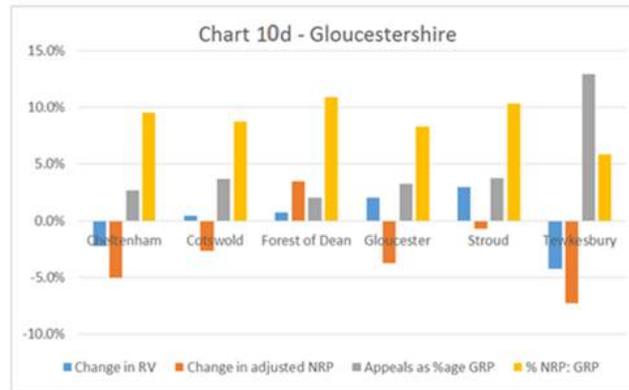
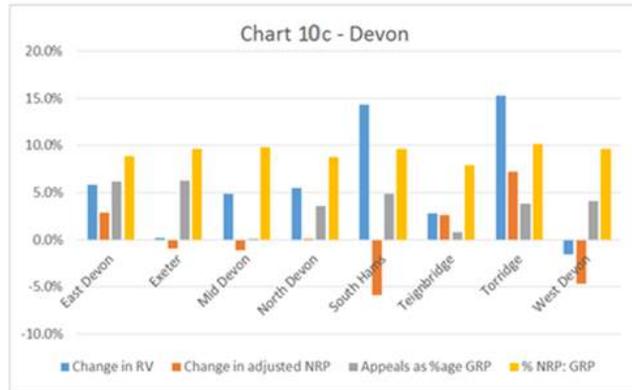
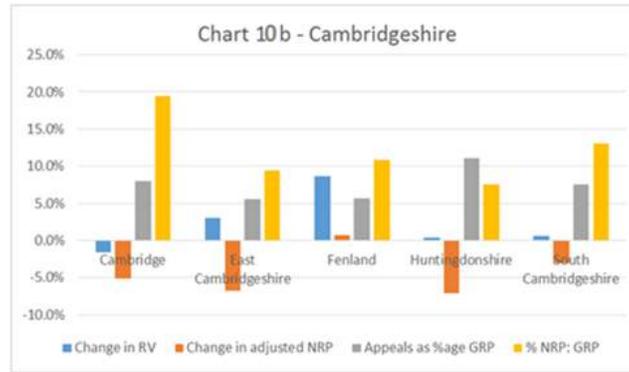
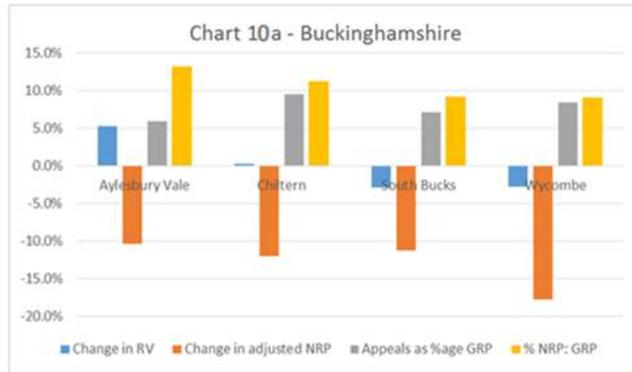


The Levy on Growth

Retain levy, 80% county council share, 5 yearly 50% partial reset, redistribution by BFL



Pooling and Partnership Working



Budget pressures and strategy in local government

- IFS report published **“The local vantage: how views of local government finance vary across councils”**
- “[N]ine-tenths reported to the LGiU that service quality had been sustained or improved in the prior year”; and “a clear majority in councils with social care responsibilities report that quality has been sustained or improved (which may or may not be true)”
- 88% of authorities “believed that some local authorities will get into serious trouble in the next 5 years”
- “respondents’ confidence in their council’s ability to make savings declines the further in to the future one looks”
- Pessimism about adult social care; district councils more optimistic
- Mixed support for incentives-based funding depending on rewards

Balanced budget proposals

- Northamptonshire CC proposing balancing budget over 4-5 years rather than every year
- CIPFA: “councils can overspend as long as they have enough money in their reserves to cover it” – would “look long and hard before making such a change” due to concerns it might cause other councils “to have less grip on their finances”.
- **Are other authorities in a similar position? Will changes in FFR and funding overall in 2020-21 improve financial position for some or all councils?**

Fair Funding Review



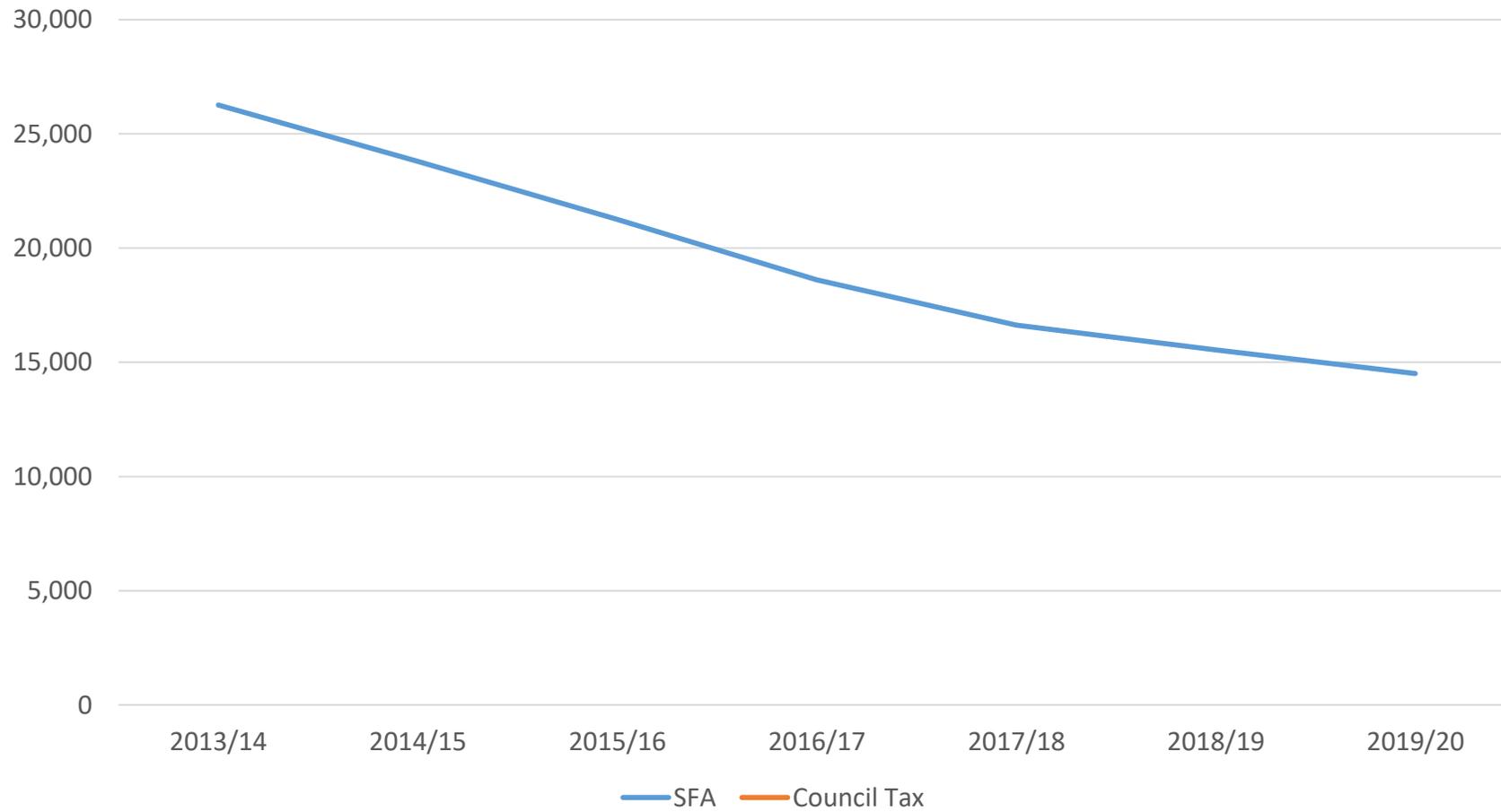
Government Fair Funding Review – Needs and Redistribution Technical Working Group



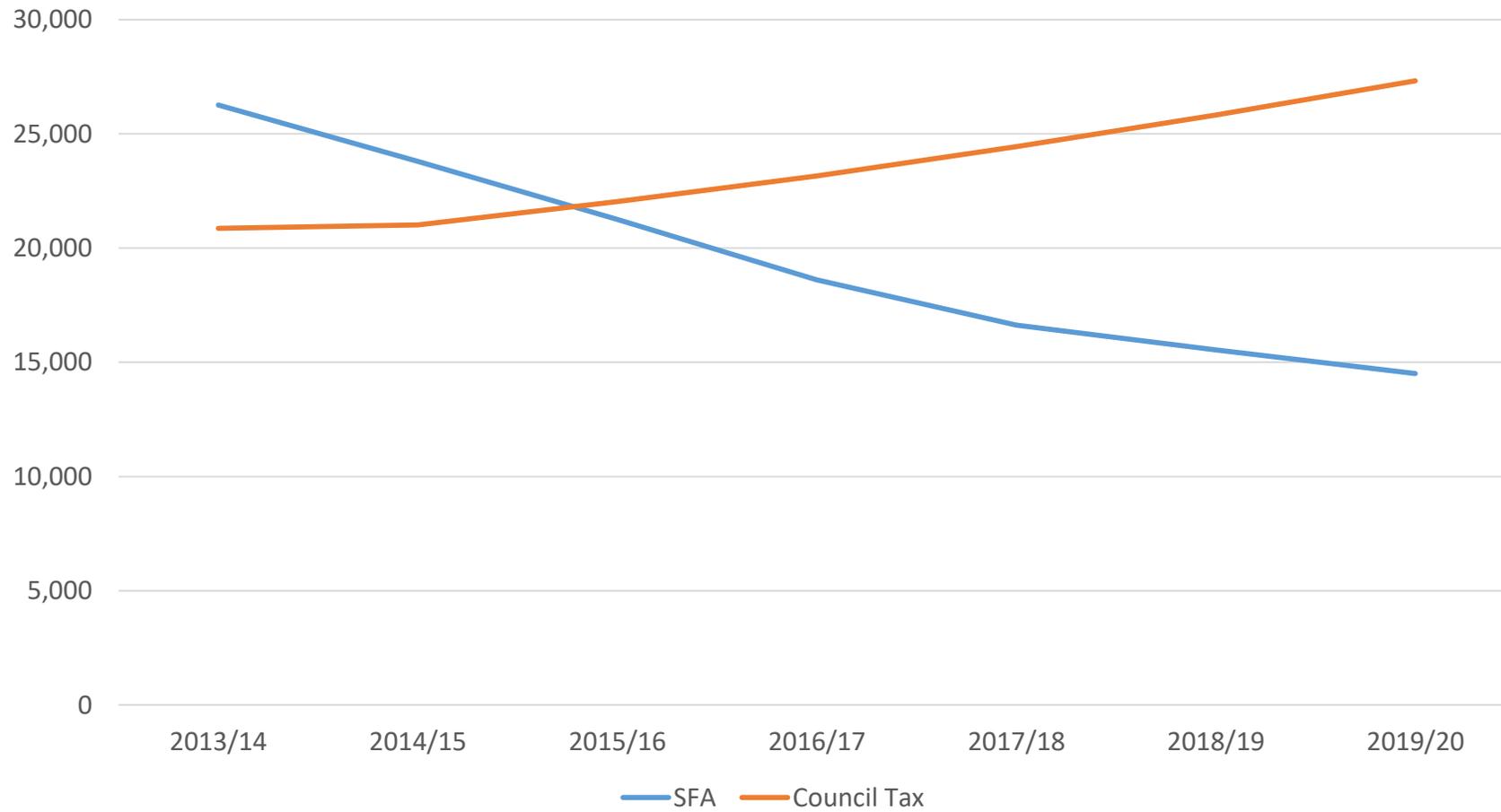
When were our needs last recognised?

- Needs was one of the four blocks which made up Formula Funding
- Alongside Resources, Central Allocation and Damping
- Needs and Resources often considered together and relative weightings of these blocks, determined by Ministerial judgement, can be used to redistribute significantly
- Four Block Formula Funding added to other funding streams to make Settlement Funding Assessment (SFA)
- Relative needs frozen within funding at 2013/14 levels but underlying actual needs will have moved significantly

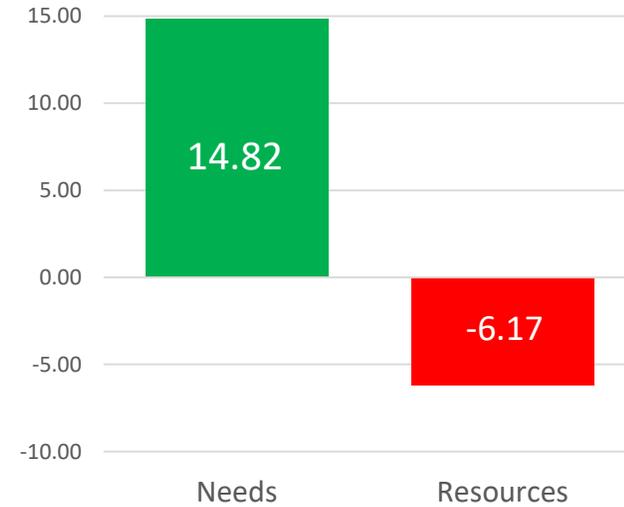
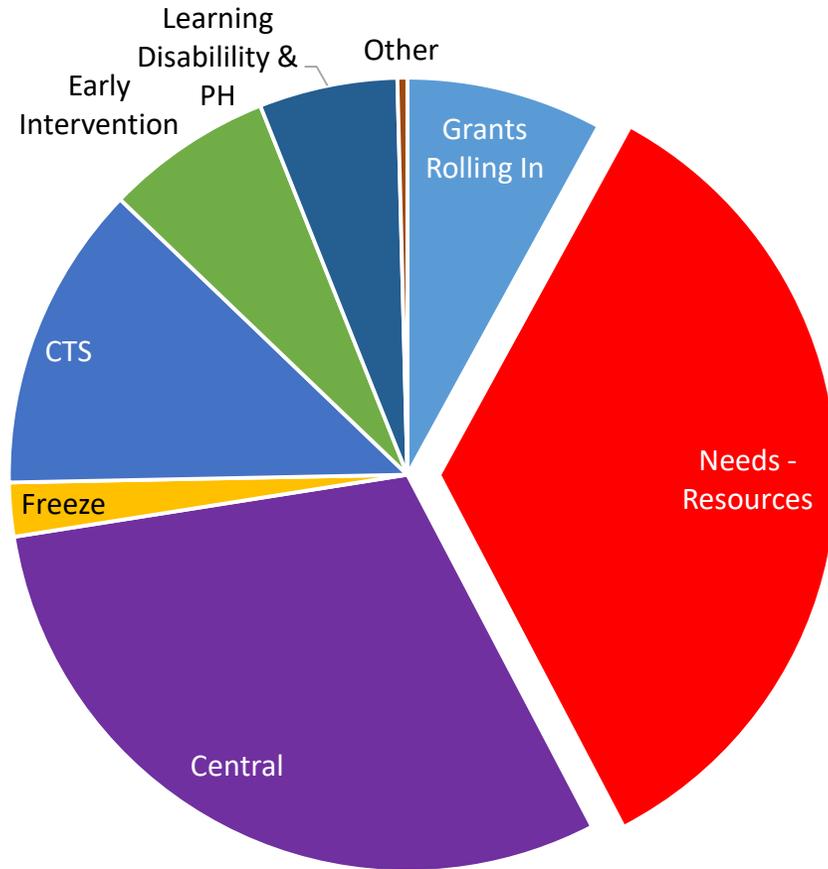
Levels of SFA 2013/14 to 2019/20



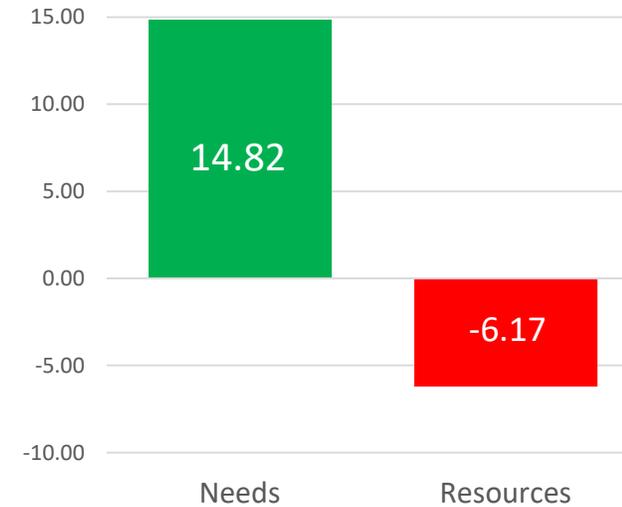
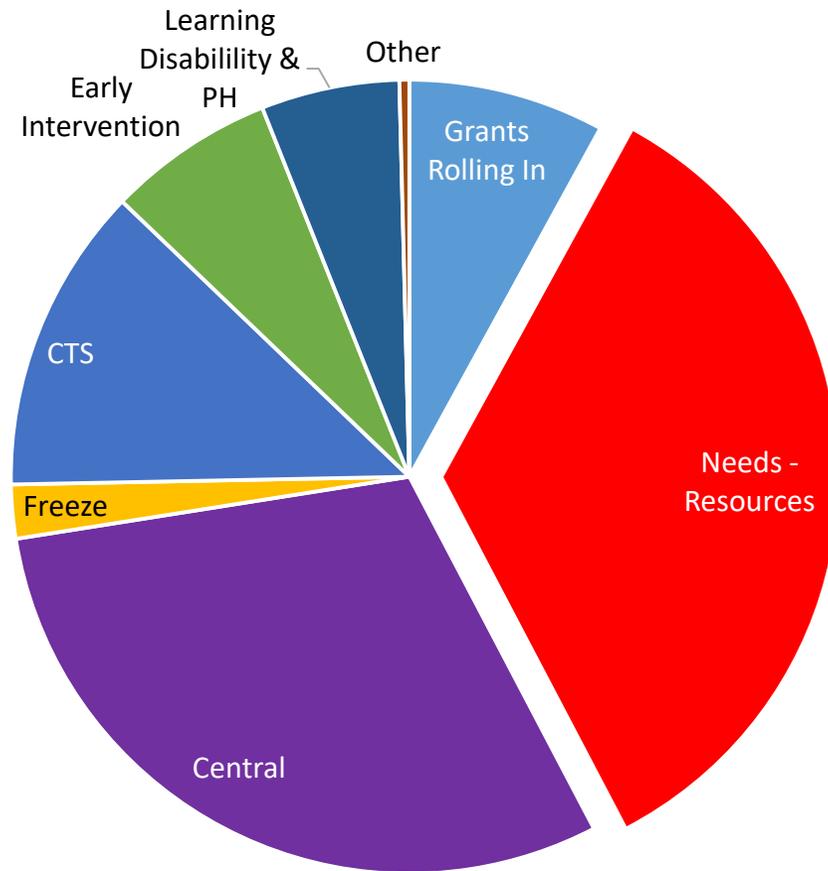
SFA and Council Tax – 2013/14 to 2019/20



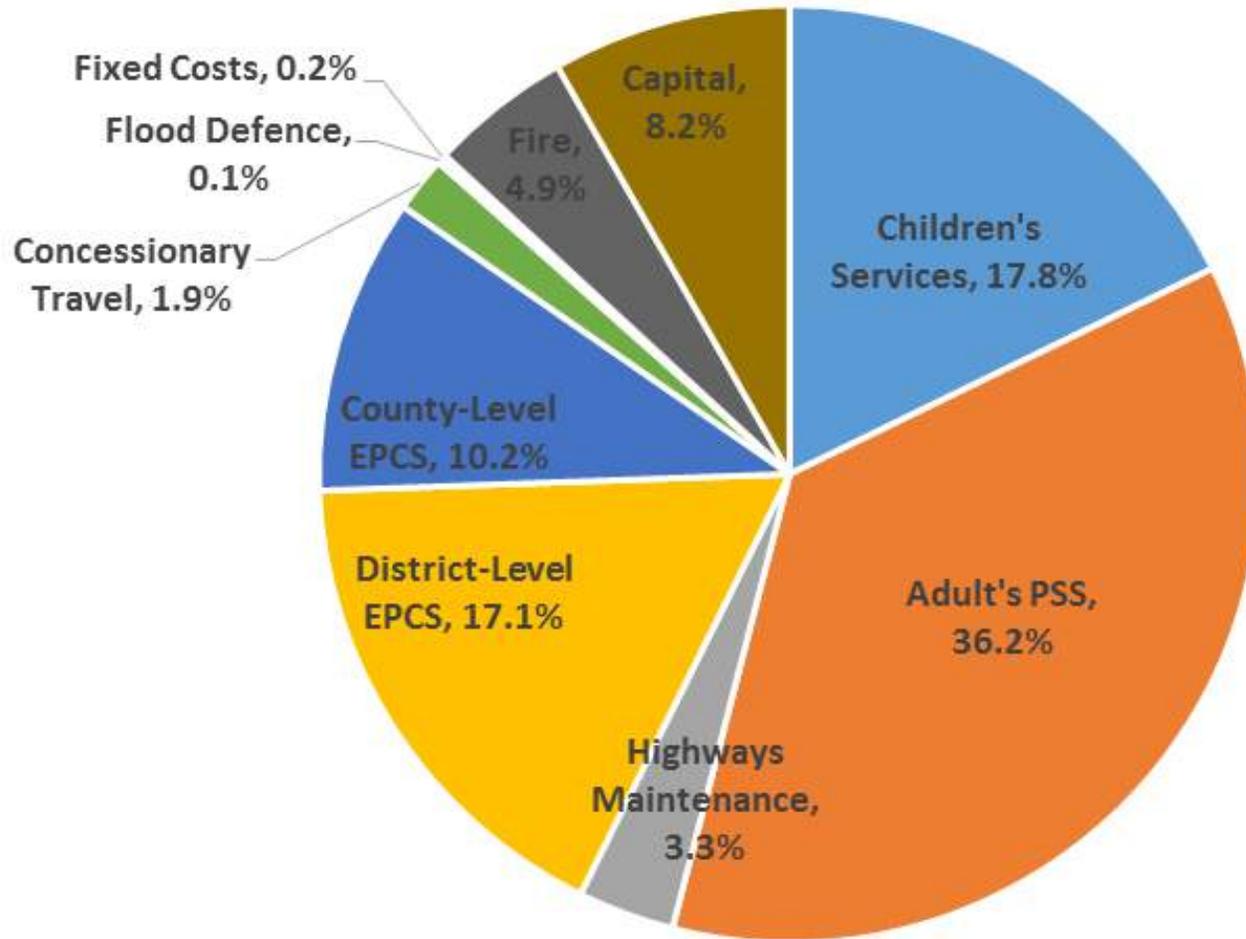
SFA 2013/14: £26.256bn



SFA 2013/14: £26.256bn - 2019/20: £14.584



Formula Funding - Share for each service



<https://www.local.gov.uk/topics/finance-and-business-rates/business-rates-retention>

Terms of reference updated on 17 July 2017



Department for
Communities and
Local Government

POLICY DEVELOPMENT: NOT A STATEMENT OF GOVERNMENT POLICY

The Fair Funding Review

Terms of reference

The Fair Funding Review will:

- **set new baseline funding allocations** for local authorities,
- deliver an **up-to-date assessment of the relative needs** of local authorities,
- examine the **relative resources** of local authorities,
- focus initially on the **services currently funded through the local government finance settlement**, and
- be **developed through close collaboration with local government** to seek views on the right approach



Department for
Communities and
Local Government

POLICY DEVELOPMENT: NOT A STATEMENT OF GOVERNMENT POLICY

The Fair Funding Review

The areas of focus of the Review can broadly be divided into three closely related strands of work:

- 1) **Relative needs**
- 2) **Relative resources**
- 3) **Transitional arrangements** **Such as Damping!!**



The Fair Funding Review

Guiding principles

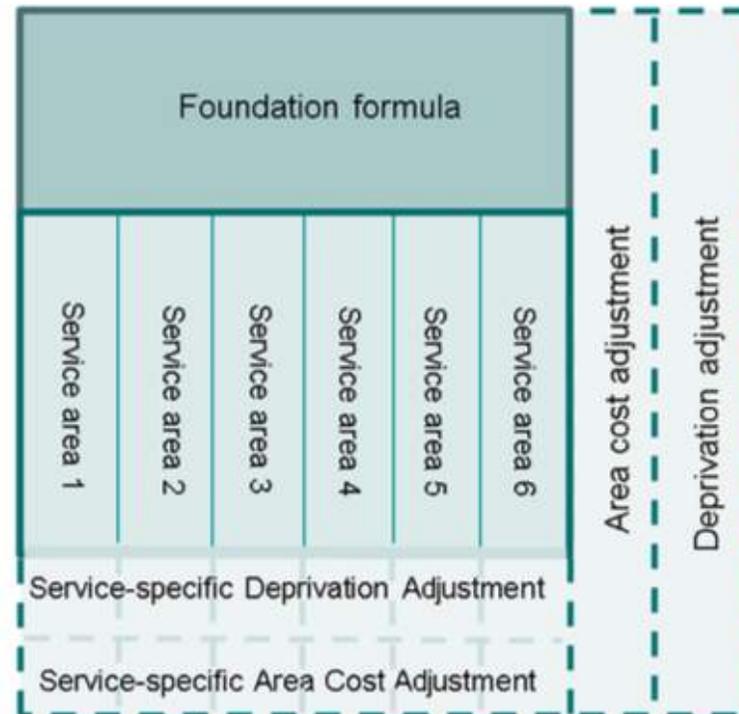
- **Simplicity** – this Review is an opportunity for bold, clear thinking to identify the most important factors that drive the ‘need to spend’ on local services,
- **Transparency** – it should be straightforward for those affected by the relative needs assessment to understand what factors have influenced the levels of funding received by a local authority,
- **Contemporary** – the new relative needs assessment will be based on the most up-to-date data that is available,
- **Sustainability** – an evidence-based approach will be deployed to identify the factors which drive costs for local authorities today and in the future,
- **Robustness** - the new funding formula should take into account the best possible objective analysis, and
- **Stability** – the funding formula should support predictable, long-term funding allocations as part of a multi-year settlement.

Cost drivers versus Regression

- Debate simplified to these two competing concepts for measuring “need” (and distributing funding)
- Debate moving away from regression and towards cost drivers (see ALATS work)
- Leicestershire model – comprehensive model based on cost drivers (for first time?)
- Recent schools funding review made similar change – with unpredictable results at times



The Fair Funding Review Relative needs



- Depiction of both service-specific and cross-cutting ACA and Deprivation adjustments, alongside a 'foundation formula' and several potential service specific formulas within a new relative needs assessment (The diagram is for illustrative purposes and no inference should be drawn from the size of individual block elements)

What is a Foundation Formula?

- A key principle of the Review is to work towards simplification of the current funding formulas. With that aim in mind, the Review is working to identify the extent to which a simple and transparent ‘foundation’ formula using common cost drivers can be used to allocate at least a proportion of the available funding to each type of local authority.
 - Most obvious drivers being population and number of dwellings
 - Possibly elements of sparsity/density and deprivation though these might be factored into specific service reviews
 - Seems to err towards County Council’s and rural authorities call for simpler more population based model

Service Areas

- Whilst work has been underway to identify a foundation formula, the Review is also considering whether there may be a need to identify individual service areas where a more specific approach is required, and that a proportion of the available funding could be allocated based on the particular cost drivers for those services.
 - More targeted areas
 - Include Adult and Child Social Care
 - Highways
 - Fire
 - Legacy Capital Financing

Pixel Early Modelling

- Adult Social Care
- Lower Tier EPCS
- Resources

- More to follow – we think it is time well spent to revisit the fairer funding models

- Caveat – extremely complex model – interrelationships mean that a very small changes in one area can cause significant redistributions

Service Areas: Adult Social Care

- Existing Formula
 - Basic Amount (72.647 for all councils)
 - Population Aged 65+
 - With extra allowance for looked after households
 - Top Ups
 - Older people: Aged 90+
 - Deprivation Top-Up (Hackney 156.648, Surrey 15.225)
 - Attendance Allowance
 - Rented Accommodation
 - One Person Household
 - Pension Credits / Older Person JSA
- Adjustments
 - Sparsity
 - Low Income

Service Areas: Adult Social Care

- Looking forward
 - Clearly size of older population will make a big difference - demographic shift
 - Simplicity versus complexity argument – so should an older person in Hackney attract 10 times the ‘top-up’ of an older person in Surrey
 - Multiple regression versus Cost Drivers
 - London v Met v Shire
 - Rural v Urban

Service Areas: Adult Social Care

- Existing Formula
 - Basic Amount (72.647 for all councils) – Low needs authorities would push for this amount to be retained and enhanced
 - Population Aged 65+ - but understand your population movements
 - With extra allowance for looked after households
 - Top Ups
 - Older people: Aged 90+ - again understand population movements
 - Deprivation Top-Up (Hackney 156.648, Surrey 15.225) – these weightings create massive swings – high deprivation authorities will want to retain. Lower deprivation authorities will want cost driver evidence to support this. Regression v Cost Drivers
 - Attendance Allowance
 - Rented Accommodation
 - One Person Household
 - Pension Credits / Older Person JSA
- Adjustments
 - Sparsity – understand your sparsity as this weighting might increase
 - Low Income

Service Areas: Adult Social Care: Population Change

- Population Projections: Office for National Statistics: 2013 to 2017

	65+ as % of population	Increase in 65+ population
City of London	16%	27.27%
Milton Keynes	13%	18.18%
Westminster	12%	15.00%
Tower Hamlets	6%	14.91%
Newham	7%	14.29%
Camden	12%	13.51%
Bracknell Forest	14%	12.99%
Central Bedfordshire	18%	12.93%
West Berkshire	19%	12.69%
Kensington and Chelsea	15%	12.38%
Average	18%	8.17%

Service Areas: Adult Social Care: Population Change

- Population Projections: Office for National Statistics: 2013 to 2017

	65+ as % of population	Increase in 65+ population
Lewisham	9%	4.06%
Coventry	14%	3.94%
Manchester	9%	3.89%
Sheffield	16%	3.89%
Bexley	16%	3.82%
Brighton and Hove	13%	3.76%
Birmingham	13%	3.72%
Sandwell	15%	2.70%
Barking and Dagenham	9%	2.05%
Blackpool	21%	1.41%
Average	18%	8.17%

Service Areas: Adult Social Care: Population Change

- Population Projections: Office for National Statistics: 2013 to 2017

	65+ as % of population	Increase in 65+ population
East Sussex	25%	8.74%
West Sussex	23%	8.25%
Devon	25%	8.04%
Average	18%	8.17%

Service Areas: Adult Social Care: Population Change

- Population Projections: Office for National Statistics: 2013 to 2021

		Increase in 65+ population
City of London		36.36%
Milton Keynes		36.04%
Tower Hamlets		30.43%
Newham		29.95%
Westminster		28.08%
Bracknell Forest		25.97%
Central Bedfordshire		25.40%
Camden		24.71%
Brent		24.42%
West Berkshire		24.23%
Average		16.14%

Service Areas: Adult Social Care: Population Change

- Population Projections: Office for National Statistics: 2013 to 2021

		Increase in 65+ population
Gateshead		9.38%
Birmingham		9.06%
Bristol, City of		8.95%
Salford		8.91%
Bexley		8.91%
Sheffield		8.45%
Wolverhampton		8.35%
Sandwell		7.07%
Barking and Dagenham		6.67%
Blackpool		3.18%
Average		16.14%

Service Areas: Adult Social Care: Top-Ups

- Re-modelled with new populations (go to ASC model)
- Deprivation Top-Up
 - Using 2013/14 formula model
 - Halved the deprivation top up
 - Hackney's – 65+ population 18,083 - Adult Social Care RNF reduced by 33% - results in needs loss of £13.4m (11.1%)
 - Surrey – 65+ population 202,620 - Adult Social Care RNF reduced by 7% - results in needs loss of £12.5m (9.7%)
 - Rutland – 65+ population 8,484 - Adult Social Care RNF reduced by 6% - results in a needs loss of £392k (6.9%)
- Most top-up weightings (particularly deprivation) have traditionally favoured more urban authorities
- Reducing weighting should favour Shire areas
- Increased pressure to recognise sparsity /rurality and de-reconise density should also favour Shire areas

Part of Foundation Formula (?): EPCS Lower Tier

- Basic Amount
- Top-Ups
 - Sparsity
 - Density
 - Multiplied by Population
 - Add Population Inflows indicator
 - Deprivation indicator
 - Adjust for Area Cost
- Note to self - go to EPCS Lower model

Part of Foundation Formula (?): EPCS Lower Tier

Biggest increases in population – 2013 to 2016

	Mid Year 2013	Mid Year 2016	Change
Exeter	119,090	129,801	8.99%
Aylesbury Vale	179,208	193,113	7.76%
Cambridge	122,439	131,799	7.64%
Oxford	150,498	161,291	7.17%
Corby	63,641	68,187	7.14%
Watford	91,195	96,773	6.12%
Dartford	99,955	105,543	5.59%
Canterbury	154,448	162,416	5.16%
Tewkesbury	84,283	88,589	5.11%
Chorley	108,828	114,351	5.07%

Part of Foundation Formula (?): EPCS Lower Tier

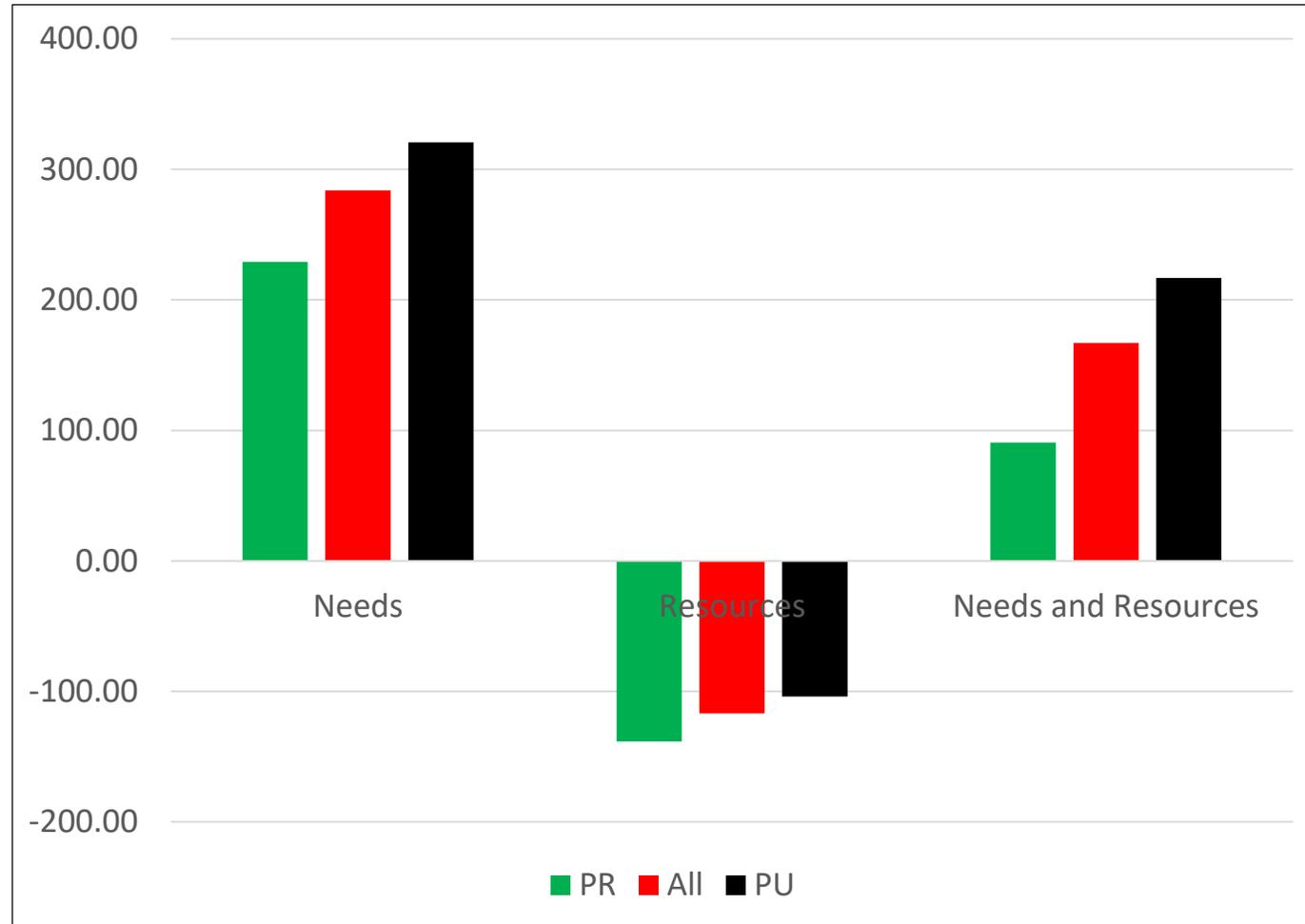
Lowest increases in population – 2013 to 2016

	Mid Year 2013	Mid Year 2016	Change
High Peak	92,367	91,662	-0.76%
East Lindsey	139,816	138,443	-0.98%
Scarborough	108,942	107,824	-1.03%
Tamworth	77,899	76,955	-1.21%
Woking	101,401	99,695	-1.68%
Copeland	70,771	69,307	-2.07%
West Somerset	35,071	34,306	-2.18%
Harrogate	159,892	156,312	-2.24%

Relative Resources Amount

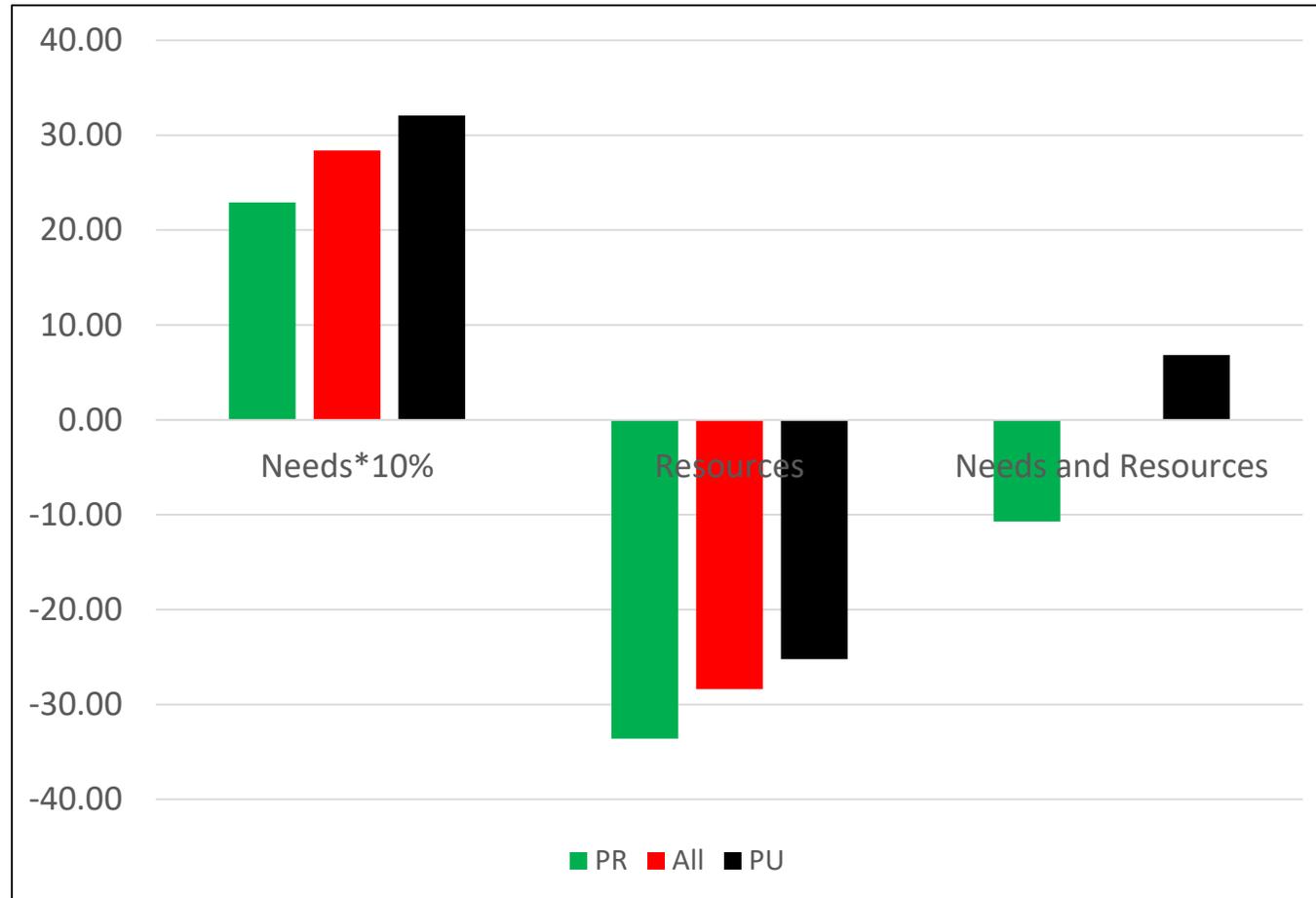
- A negative amount which subtracts from needs
- Often referred to as 'equalisation'
- Is a proxy for the amount of needs which an authority can meet from local resources (ie. Council tax)
- Uses taxbase figures such that those with a high taxbase have higher (negative) resources amounts
- Shire / Rural authorities tend to have higher relative taxbases
- Relative size of needs and resources block is ministerial judgement
- **Don't ignore the relationship between needs and resources**

Modelling increase in needs and resources in 2013/14



- Actual 2013/14 needs and resources analysed by predominantly urban and predominantly rural
- But what would happen if needs were increased by 10% and resources increased to fund this needs increase

Modelling increase in needs and resources in 2013/14



- Needs increase benefits those with higher needs (in 2013/14 this was urban but in 2020/21 might be rural)
- But the increase in the resources equalisation to pay for the additional needs would hit higher taxbase authorities (ie rural)

The Relative Resource Amount is calculated as follows.

- (j) Taxbase (22,706)
multiplied by Lower-Tier Share of Taxbase (0.11251453)
divided by PROJECTED POPULATION IN 2012 (61,958)
= 0.04123383299711;
- (k) The minimum for all authorities of the result of (j)
= 0.02801731583313;
- (l) The result of (j) minus the result of (k)
= 0.01321651716398
- (m) The sum of:
the result of (l) (0.01321651716398)

= 0.01321651716398
- (n) The result of (m) (0.01321651716398)
multiplied by PROJECTED POPULATION (61,958)
= 818.868970445746
- (o) The sum for all authorities of the result of (n)
= (5,364,741.377842);
- (p) The result of (n) (818.868970445746)
divided by the result of (o) (5,364,741.377842)
multiplied by £-5,561,160,325
= £ -848,850

Relative Resources Amount: Mechanics

- Taxbase per head
- Lowest Resource Authority established (Leicester City)
- Amount of resources above minimum multiplied by population and result used to calculate proportionate share of negative Ministerial set Resources Amount
- The higher the taxbase per head, the higher the negative Resources Amount, the lower overall funding
- So high taxbase authorities such as Surrey lose the most via this block
- Go to Resources Model

TWG discussion paper on Relative Resources Amount

- Potential significant changes being considered
 - Existing system assumes national level of Council Tax for all authorities so only taxbase differentiates for resources amount
 - Group considering Council Tax Levels
 - And Other Fees and Charges especially Parking!!
-
- If you have higher than average Council Tax levels you would want to resist this
 - Parking income – if you use this to help balance budget, you may lose via resources block

Factoring Council Tax Levels into Relative Resources Amount

- It could be argued that this approach ensures that the distribution of the bulk of overall spending power (settlement baseline funding plus Council Tax Requirement) is more aligned with the same distribution of relative need. It would enable areas which cannot raise as much income from council tax due to historically low council tax levels to receive a larger proportion of settlement funding to meet their need.
- On the other hand, by distributing proportionally less settlement funding to areas with higher council tax levels, this approach could sustain a discrepancy in the amount of council tax paid by residents in England for roughly the same level of public service.

Conclusions

- Be very careful with your assumptions on underlying changes to needs and resources
- Taxbase and older people growth has been much higher than we thought in London and lower in Shires
- So understand your own indicators – they are not necessarily reflective of your authority type!
- Regressions v Cost Drivers – weighting of 'top-ups'
- Simple v Multi-Layered
- Improved needs might be wiped away by resources and if not damping!!