

Determining local authority funding allocations

Question 1

What are your views on the updated SFA resulting in zero allocations, and the use of mitigations to avoid zero allocations?

We think it unrealistic that any authority should have a zero allocation as this has the implication that all spending on local authority services can be funded from locally raised council tax and retained business rates. Negative values imply that local council tax income should be transferred to other authorities, this cannot be allowed to happen. Local taxpayers rightly expect their council tax should be spent on services in local areas and would not accept moving council tax to other areas. The vast majority of local authority services are statutory and should be funded from national taxation. There has been an over reliance on assuming funding can be raised from council tax within the local government settlement for many years and the council tax referendum limits (which were intended to prevent excessive increases) have become the expected normal for annual increases for all councils. It is becoming increasingly difficult to justify council tax levels which for the majority of households bear no resemblance to the services they benefit from, as a significant amount of local authority spending is targeted to small minority of residents. There needs to be more emphasis on council tax being raised to fund local services that are of wider community benefit and not just as another form of national taxation.

Question 2

Do you agree with how the government proposes to determine the Council of the Isles of Scilly's Settlement Funding Assessment?

Agree for Isles of Scilly as this is long standing approach and has little impact on other authorities. However, we do not support a bespoke arrangement for larger authorities such as Greater London Authority as this accounts for a much larger share of the settlement and funding should be determined by the same formula as other authorities. If there are any bespoke elements for London this should be within the overall settlement for London and not top-sliced from funding for authorities outside London.

Funding Simplification

Question 3

Do you agree with the government's plans to simplify the grant landscape?

Agree. The local government funding settlement remains incredibly complex and difficult to understand as the system comprises of departmental specific grants (with ring-fences on how grants are spent) and grants within the MHCLG local government settlement (some of which are general and can be spent on local priorities, whilst others have conditions such as Better Care Fund reporting). This mix of different grants blurs accountability. The picture is further complicated by the timing of grant announcements which have had the feel of funding being drip-fed to local authorities. The local government finance settlement itself is unnecessarily complex with settlement funding assessment, social care grants and a number of other grants included in the announcement. The social care grants are allocated via slightly different formulas based on the same principle of relative needs (albeit using out of date measures) and council tax equalisation. We support rolling these social care grants into the new and updated adult

social care relative needs formula within Revenue Support Grant but as with response to Q1 we are concerned if the tax equalisation results in some authorities receiving a zero or negative allocation. The consolidation of departmental ring-fenced grants and the rolling of grants into RSG alongside multi-year allocations should improve certainty and accountability.

Any departmental grants that remain outside the settlement should comply with same multi-year approach as the main settlement and should be announced in time for authorities to plan accordingly.

Where consolidated or new grants are established it is essential that allocations are subject to full, transparent and timely consultation. This has not always been the case in the past.

Approach to Assessing Demand

Question 4

Do you agree with the formulae for individual services the government proposes to include?

Agree, we think the streamlining of services covered by the formula is reasonable and covers the main areas of spending differences (subject to concerns raised elsewhere in the response on some individual aspects). We support the principle that there should only be a formula for individual services where there is a strong case that doing so improves the overall effectiveness of the assessment of needs. Our only question is what evidence has the government considered in concluding there is not a strong case to reflect relative needs in relation to waste collection and disposal/recycling as this is a significant area of spending which is likely to be less cost effective in large geographical areas.

We welcome the recognition of additional costs of delivering services in large relatively sparse geographical areas. However, we do not support recognising high population density.

We support the government that the data on which the current formula is based is out of date and that there is too much focus on relatively minor areas of spending in the current formula.

We are disappointed that the government is proposing to no longer to recognise legacy capital financing. Whilst we accept that the impact of this is diminishing over time and as time passes it becomes more difficult to identify the impact of legacy debt, but KCC still faces legacy costs of borrowing taken out under the Supported Borrowing regime (with the understanding that the financing costs were to be covered in the finance settlement for the lifetime of that borrowing). We have previously provided independent evaluation of the impact. We can update that analysis if the government is willing to reconsider retaining legacy capital finance within the formula.

We are concerned that deprivation measures have been included without any statistical analysis and evidence. An over reliance on deprivation measures could result in double or triple counting, particularly in the Foundation Formulas, although we recognise there may be a need for some measure of deprivation the weighting is not supported. We have serious concerns over the suitability of the Index of Multiple Deprivation (IMD) to distribute funding, given its broad range of measures (many of which are not relevant to LG services) and the subjective weightings with its calculation.

Question 5

Do you agree with the areas of need the government proposes to no longer include in the assessment through the Foundation Formula?

Agree

Question 6

Do you agree with the government's approach to calculating the control total shares for the relative needs formulae?

Agree, the approach outlined seems reasonable. Our only comment is that Revenue Outturn service spend continues to include an apportionment of overheads which could skew the distribution. We have consistently suggested that direct service expenditure and overheads should be separately identifiable in RO returns in future. This would allow more accurate assessment of the controls totals in the future (recognising we are not suggesting that previous RO returns should be recalculated).

Approach to Assessing Cost

Question 7

Do you agree with the Labour Cost Adjustment (LCA) and Rates Cost Adjustment (RCA) equations set out in this chapter?

Agree. We particularly welcome the inclusion of a measure of accessibility within the Labour Cost Adjustment. We have consistently argued that there is ample evidence that providing community based social care services is more expensive in counties covering large geographical areas with a more dispersed population due to additional travel time and costs involved. We also recognise that travel time/cost affects other services such as home to school transport, waste collection and disposal/recycling (albeit there is no separate waste formula).

Question 8

What are your views on the proposed approach to the Area Cost Adjustment (ACA)?

We think the distinction between traversal cost (time and cost based on distribution of households) and dispersal costs (time and cost of access to services) are a useful distinction as they affect services differently. We also agree that a cap should be applied where the measures are obviously skewed.

We are happy that weightings for ACA will result in a single index for each formula. We are also broadly happy with the approach to determine weights based spending from Revenue Outturn (RO) and Subjective Analysis Return (SAR). We welcome specific modelling for waste and social care.

Question 9

Do you agree or disagree with the inclusion of the Remoteness Adjustment? Do you have any evidence to support or contradict the theory that rural areas face additional costs due to separation from major markets?

Agree. We can provide evidence that supports the case that in several key markets there are fewer providers (and thus less competition) in more remote areas, impacting on the cost of procured goods and services. However, we also have evidence that areas with large coastal boundaries, particularly for a peninsular authority like Kent, also suffer from less competitiveness due suppliers not being able to benefit from cross boundary trade compared to other areas with land borders. As well the proposed use of journey times between major centres we think the government should also include the proportion of an authority's borders that are coastal as a measure of remoteness.

Approach to Resources

Question 10

Do you agree with the government's proposal to set a notional Council Tax level at the national average level, to achieve the objective of full equalisation?

We strongly disagree with full council tax equalisation.

We support the principle that resource equalisation should be based on each authority's relative tax base applied to a notional tax charge. We have consistently challenged the reforms introduced in 2016 (with no prior consultation or notification) where the methodology for the relative resources element of equalisation changed from notional charge to actual charge.

We agree with the government that partial equalisation could be contrary to the objective of distributing grant in such a way that enables all authorities to provide the same level of services to their residents. However, we believe this should only apply to statutory services and it should remain a local decision on the level of spending on non-statutory services where there is a degree of choice, and a balance to be struck with levels of local taxation. We are concerned that this local aspect of council tax could be lost through full equalisation which is a strong argument in favour of partial equalisation. This has not been adequately explored in the consultation and government should seek further views on this particular aspect.

Question 11

Do you agree with the government's proposal to fully include the impact of mandatory discounts and exemptions in the measure of taxbase?

Agree, the impact of mandatory discounts on the overall ability to raise council tax income is a significant factor and should be included in the relative resource calculation. The impact of discretionary discounts and premiums should not be included in the calculation.

Question 12

Do you agree with the government's proposal to use statistical methods to proxy for the impact of Working Age Local Council Tax Support in the measure of taxbase?

Agree. We agree with the principle that it is a mandatory requirement to have a working age scheme and thus the differential impact on ability to raise council tax from local economic circumstances affecting the number of claimants should be reflected in the calculation. We agree that taking no account of these differences is not tenable. We also agree that the calculation should not be based on actual levels of working age reductions as these will include the impact of local discretionary decisions. This is particularly important in two tier areas where the decisions on working age reductions are taken by the billing authorities (lower tier) but impact is much more material to the council tax income for precepting authorities (upper tier).

Question 13

What are your views on the proposed statistical approach to proxy for the impact of Working Age Local Council Tax Support?

The proposed approach seems overly complex and theoretical. We are particularly concerned about using Index of Multiple Deprivation to weight population in the calculation. Although IMD is a numerical measure it was intended to identify whether one area is more or less deprived than another for ranking purposes, but not a measure of the extent of the differences. We are also concerned that IMD is not necessarily a good proxy for working age claimants as it does not take into account other aspects of eligibility criteria. A more robust measure would be a uniform approach based on number and value of working age reductions if the national default scheme were in place in every local authority area. In Kent the collection authorities have been able to calculate this even though individual local schemes are currently in place so it should be possible to apply the same uniform approach in other areas.

Question 14

Do you agree with the government's proposal to assume that authorities make no use of their discretionary discount and premium schemes in the measure of taxbase?

Agree. It is paramount that authorities should be able to make decisions about these local arrangements in response to local circumstances safe in the knowledge it will not affect grant funding allocations. As with working age schemes in two tier areas the discretionary decisions on discounts and premiums are made by billing authorities (lower tier) although the most material impact is on the upper tier authorities. This apparent inconsistency would be resolved through Local Government reorganisation plans although this will lead to harmonisation considerations for the new successor unitary authorities.

Question 15

Do you agree with the government's proposal to apply a uniform Council Tax collection rate assumption to all authorities?

Agree with principle of a uniform rate but this should not be based on 100%. We suggest the uniform rate should be based on an average as full council tax collection is unlikely to ever be feasible.

Question 16

Do you agree with the government's proposal to split or allocate the resource adjustment in multi-tier areas according to the average share in Council Tax receipts in multi-tier areas?

Agree, in principle we agree this should be based on national average rather than actual tier splits in each area. However, we do not understand why the split in London does not equate to 100% of council tax or why the Police and Crime Commissioners' share is not shown in two tier areas. This appears to be inconsistent and overstates the county council share in two tier areas.

Running the Business Rates Retention System

Question 17

Noting a potential trade-off of an increased levy charged on business rate growth for some local authorities, do you agree that the level of Safety Net protection should increase for 2026-27?

Neither agree or disagree, as there is insufficient justification for increasing the level of safety net protection, particularly as the consultation acknowledges the government is still exploring options for redesigning the levy rate. Any changes to the safety net should include a review of tier splits in two tier areas.

The principle that safety net protection should be funded from levies on excess growth should be honoured. Safety net protection should not be funded at the expense of the overall settlement for all authorities. Pooling has worked well to share the benefits of business rate growth and mitigate the risk of losses in local areas according to local circumstances. We are extremely concerned that the consultation suggests pooling would not continue. This would be a retrograde step which would especially penalise two-tier areas and the only justification seems to be to increase the levy available to government to fund the enhanced safety net. KCC is firmly of the view that the current safety net and pooling arrangements should continue.

The New Homes Bonus

Question 18

Do you agree with the government's proposal to end the New Homes Bonus in the Settlement from 2026-27 and return the funding currently allocated to the Bonus to the core Settlement, distributed via the updated Settlement Funding Assessment?

Agree. We have consistently challenged the basis of New Homes Bonus grant. It is based on council tax base growth from new homes and homes brought back into use but only for those above an arbitrary 0.4% threshold. We have never supported this arbitrary threshold and have been concerned that using council tax base introduces a significant lag between planning approvals and completions. We have also consistently challenged the 80/20 split in two tier areas as this understates the role the strategic upper tier authorities play in promoting housing growth. However, it should be acknowledged that transferring the allocation to the updated SFA will result in a significantly different distribution both between authorities and particularly between upper tier and lower tier authorities in two-tier areas, although we do agree there is no better fair way of distributing this funding other than through updated SFA and any resulting turbulence should be dealt with through transitional damping.

Question 19

What measures could the government use to incentivise local authorities to specifically support affordable and sub-market housing?

We support the principle of incentivising housing growth, however, in general we believe these should be bespoke arrangements and should sit outside of the relative need/relative resource equalisation within the main settlement and covered in this consultation and response. One possible incentive within the settlement would be to exclude new housing from council tax base in the relative resource adjustments until future resets. This is explored further in response to question.27

Transitional arrangements and keeping allocations up to date

Question 20

Are there any further flexibilities that you think could support local decision-making during the transitional period?

We support capital receipt flexibilities but only on spending that will support service transformation and efficiencies. We would support flexibilities which reduce statutory burdens on local authorities and/or allowed scope for greater income generation/income sharing.

Reform of council tax is long overdue. Whilst it is a resilient tax, it is regressive and previous funding arrangements have seen a wide divergence in Band D charges with London authorities able to have much lower charges than other areas. We believe that devolution is key to unlocking additional flexibilities and could reduce the reliance on council tax increases as way funding increasing costs and demand on local services.

We are opposed to previous suggestions that local authorities should be given additional flexibilities to fund revenue spending from borrowing as this runs counter to the balanced budget requirement. We are concerned that allowing borrowing to fund revenue spending could add to the already large amounts of capital debt resulting in even more of an authority's revenue budget being consumed on debt servicing costs adding even further to the challenge of balancing revenue spending. Therefore, borrowing should not even be considered as a transitional mechanism.

We do recognise that there may need to be bespoke arrangements for a very small number of authorities in exceptional circumstances. We accept these are likely to have to be agreed with authorities on an individual basis.

Question 21

What are the safeguards that would need to go alongside any additional flexibilities?

The main safeguard we would like to see is that any additional flexibilities should not be at the expense of the overall settlement available to all local authorities.

Question 22

Do you agree or disagree that we should move local authorities to their updated allocations over the multi-year Settlement?

Agree. We fully support the 3-year phased approach to transitional damping. One of the problems with previous damping arrangements was that they were not time limited which led to the previous distribution of funds being baked into future allocations and the objectives of funding reforms never fully achieved

Please provide any additional information, including the impact this measure could have on local authorities' financial sustainability and service provision.

Question 23

Do you agree or disagree that we should use a funding floor to protect as many local authorities' income as possible, at flat cash in each year of the Settlement?

Disagree. A funding floor seems an unnecessary additional transitional arrangement as well as phased damping. It appears to be designed as window dressing as there is no particular rationale that says protecting the same level of cash as the current settlement is a pre-requisite. We would suggest that if there is a floor this should not be funded at the expense of SFA allocation for other authorities which should receive their full share of assessed needs after applying the phased transitional damping.

Please provide any additional information, including on:

- **The level of protection or income baseline, considerate of the tradeoff with allocating funding according to the updated assessment of need and resources; and**
- **The possible impacts on local authorities' financial sustainability and service provision.**

Question 24

Do you agree or disagree with including projections on residential population?

Disagree. .

Question 25

Do you agree or disagree with including projections on Council Tax level?

Disagree.

Question 26

Do you agree or disagree with including projections on Council Tax base?

Disagree.

Question 27

Please provide any additional information, including any explanation or evidence for your response and any views on technical delivery. If you agree, what is your preferred method of projecting residential population, Council Tax level and Council Tax base?

Q24 We agree that data should be updated at the at the beginning of each multi-year period and not annually. Whilst we understand that using population projections should

provide a more contemporary and dynamic assessment of needs and resources, hopefully smoothing the transition between reset periods. However, we are equally concerned that forecast errors could more than offset this smoothing. What modelling has been done to identify the impact of errors in previous forecasts? We would need to see any modelling before reaching a firm view whether or not using population projections would meet the intended objectives

Q25 - We would not be happy that the multi-year settlement is based on an assumed increase in the notional council level used in the resource equalisation and should not be based on the government's referendum principles and historic patterns of council decisions on the basis this further erodes the idea that council tax levels are a local decision. Council's should continue to benefit from local decisions to raise council tax and not including assumed increases would act as an incentive to new house building. We do not believe increases should be subject to a referendum or included in core spending power.

Q26 - There are many factors that affect council tax base other than just new housing e.g. changes single occupancy, changes in claimants under Local Council Tax Reduction Schemes, etc. Whilst we understand logic that if relative needs are based on population forecast then relative resources should be based on tax base estimates but even more than is the case with population projections we are concerned that any additional accuracy/equity could be offset by forecast errors. Again, what modelling has been done to compare validity of previous Office for Budget Responsibility forecasts with tax base set by individual authorities?

From our own experience we would be concerned about using tax base growth over the previous 5 year period as a prediction for future growth as this would include the significant turbulence arising from Covid lockdowns and impact of subsequent global and national economic circumstances which may not be repeated.

Fixing the tax base in the relative resource calculation for the whole multi-year period would allow those authorities with significant new housing to benefit for the council tax proceeds in their taxbase and not have an adjustment in grant distribution until the next multi-year period. This would provide a short-term incentive to promote housing growth. Since the resource equalisation has not been reset since 2013-14 under the current system there has already been a similar incentive that has applied over a much longer period for growth over the last 12 years and thus would be more equitable than the current arrangements.

Q27 - On balance we think that the first multi-year settlement should be calculated on consistent data i.e. same population and taxbase in each year. This would provide a more predictable outcome and it's likely that transitional damping will have a much greater impact on the settlements for each year than changes in forecast data so using forecasts becomes rather academic.

Devolution, local government reorganisation and wider reform

Question 28

Do you agree with the proposed above approach to determining allocations for areas which reorganise into a single unitary authority along existing geographic boundaries?

Agree, this seems appropriate. Presumably this would lead to a revised damping calculation for the new authorities rather than combining the damping for the previous authorities? If so this could be difficult to predict for any new authorities created in 2026 or 2027 i.e. during the damping period.

Question 29

Do you agree that, where areas are reorganising into multiple new unitary authorities, they should agree a proposal for the division of existing funding locally, based on any guidance set out by central government?

Agree. This is fine in principle and particularly in the case of social care as it would allow the impact of disproportionate care placement decisions to be reflected in baseline funding allocations. However, we are not convinced that the statement “it is important that areas determine allocations locally because local authorities hold the information needed to assess the level of need and resources at sub local authority level” is necessarily always the case. What this fails to address is that the very nature of a relative needs formula makes it difficult to disaggregate into sub areas and thus there will have to be some subjective judgements.

We welcome government guidance, but this should not override the principal objective of ensuring new authorities at least start from a relatively financially sustainable position.

Please provide any supporting information, including any further information areas would find helpful in guidance.

Question 30

Do you agree that the government should work to reduce unnecessary or disproportionate burden created by statutory duties? If you agree, what specific areas of statutory duties impose significant burden without significant value for residents?

Agree

Please provide any examples of changes you would like to see to statutory duties, being as specific as possible.

Significant and urgent reform is needed of the arrangements for assessing and supporting children with Special Educational Needs and Disabilities and home to school transport. Both present authorities like Kent with significant and unavoidable costs due to current legislative

requirements. The current overspends on the Dedicated Schools Grant are being held a negative reserve which although this is currently subject to a statutory override there is an impact on the Council's treasury balances available for investment with consequential loss of investment returns.

Sales, fees and charges

Question 31

Do you agree with the proposed framework outlined at paragraph 11.2.3 for assessing whether a fee should be changed?

Agree. We do not have any particular concerns with the proposed framework and in particular we welcome that government is not seeking to legislate to change fees across the whole system and there is still a role for local authorities to reflect local circumstances. We do believe that one possible solution to the financial pressure arising from the increased demand for and cost of local authority services will inevitably require more services to be covered by full cost recovery so that the limited resources from national and local taxation are better targeted. This should not exclude enhancing the ability to raise charges on statutory services i.e. just because a service is statutory it shouldn't necessarily be free or subsidised.

Please provide any additional information, for example any additional considerations which would strengthen this proposed assessment framework, and any data which would be used to assess against it.

Question 32

The government invites views from respondents on how best to balance the need to maintain fee values and the original policy intent of the fee whilst minimising cost of living impacts for service users.

We support mechanisms that would ensure fee increases are affordable both in terms of the council's overall funding requirements and individual household budgets.

Question 33

Do you agree that the measures above provide an effective balance between protecting charge payers from excessive increases, while providing authorities with greater control over local revenue raising?

Agree. We think the proposed measures represent a reasonable balance for service users but we remain concerned whether adequate regard has been given to balance between fees for service users and contribution expected from local council tax payers. We have not seen any evidence of assessment of ability to pay to underpin the decision in the Spending Review to maintain referendum levels at 5% over the spending review period.

Please provide a rationale or your response. We are also interested in any further mechanisms which could be applied to fees that are updated or devolved, that will help strike a balance between those objectives.

Question 34

Do you agree that we should take action to update fees before exploring options to devolve certain fees to local government in the longer term?

Agree, although we would welcome additional devolved fee setting powers at the earliest possible opportunity (albeit with due notice so that we can consult with local residents and communities over how those powers should be exercised).

Proposed design of relative needs formulae

Question 35

Do you agree or disagree that these are the right Relative Needs Indicators?

Are there any other Relative Needs Indicators we should consider?

Note that we will not be able to add additional indicators for a 2026-27 update.

Neither agree nor disagree

Disagree for younger adults. We have previously expressed concerns that relative needs indicators for younger adults are very broad proxy indicators based on the overall population whereas the client group is generally a very well defined and known group of clients who would only represent a relatively small proportion of those living with no family or in receipt of welfare benefits. We can still see merit in exploring whether all or an element of relative needs should not be based on actual client numbers/assessed needs especially as these clients are in the care system for a long time. The Adult Social Care Client Level Dataset contains up-to-date person level information of those accessing services (including enablement) with all local authorities, providing a comprehensive understanding of activity, length of time in different types of services and the committed costs. This would provide an extensive set of data to base new calculations on, rather than using rescaled ASC Activity from 2012-13. Surely this important and far-reaching work meets the reasons for the creation and implementation of a national Client Level Dataset for ASC, which contains full postcodes.

Agree for older persons. The proxies for older persons are more representative of the client group eligible for social care as there is a stronger correlation with those receiving disability benefits (a proxy for health), living without a partner (a proxy for family support) and income/housing ownership (a proxy for wealth). Access to older persons social care is influenced by all these factors.

Question 36

Do you agree or disagree with including population projections in the ASC formula, when published, that have been rebased using Census 2021 data?

Disagree. We are not comfortable with using population projections within the ASC formula even if some of the measures of need are frozen based on 2021 census. However, as with comments in response to question 24 we would like to know what modelling has been done to identify whether forecast errors negate some of the benefit and whether keeping data constant over the multi-year settlement makes any significant difference (particularly during the initial damped period) compared to simplicity and predictability from constant data (and potentially more equitable in the short-term on the presumption that damping would more than outweigh the impact of using data projections).

Question 37

Do you agree or disagree with our proposal to include a Low-Income Adjustment (LIA) for the older adults component of the ASC RNF model?

Disagree. We are not convinced that the low income adjustment makes much difference, as noted in the consultation if it were excluded the impact on final allocation shares would be small.

The relative needs assessment already includes weightings for income and wealth (wealth being a significant factor in determining client contributions) so we are not convinced that a further low income adjustment is necessary.

Question 38

Do you agree or disagree that the overall ASC RNF should combine the two component allocation shares using weights derived from the national ASC net current expenditure data on younger and older adults (in this case 2023 to 2024)?

Agree. We certainly believe the updated 52%/48% split between younger adults and older persons is more realistic than the current 40%/60%. Traditionally net spend on services for younger adults has been considerably higher than net spend on older persons even more than this updated ratio in some areas (particularly county areas) although in recent years we have seen spending on older persons residential services increasing most rapidly due to a combination of complexity and market supply of places

If you disagree, what other weightings would you use? Please provide details for why you would use these weights and what data it would be based on?

Question 39

Do you agree that ethnicity should be removed as a variable in the CYPS formula? Please explain your reasoning.

Agree. We believe ethnicity was always a poor measure of relative needs as it was too simplistic and the reasons why children are engaged with children's social care are myriad and complex.

Question 40

Do you agree overall that the new formula represents an accurate assessment of need for children and family services? Please share any reflections or suggested changes.

Agree. We believe the relative needs formula used for the allocation of the Children's Social Care Prevention Grant resulted in a much better distribution of resources than the previous children's RNF. Our main concern with the Children's Social Care Prevention Grant was the 30% adjusted for relative resources as unlike adult social care there is no specific council tax levy for children's social care. We believe the new children's RNF has been well researched although this research evidence has not been shared.

Question 41

Do you believe that the components of daytime population inflow should be weighted to reflect their relative impact on demand for services?

.Agree We remain unconvinced that daytime population has as much impact on local authority services as the consultation suggests although we accept there is some impact. The Foundation

Formula should be principally based on resident population with a top-up for daytime/night time visitors rather than being based on projected daytime population.

Question 42

Do you agree with/have any comments on the design of the Foundation Formula?

Disagree. We accept the principal that the Foundation Formula should be based on population with an area cost adjustment and should include a small deprivation top-up. However, it is unclear from the consultation what weighting has been given to deprivation and as outlined in our response to Q14 we do not agree with using Index of Multiple Deprivation for the to-up calculation as although IMD is a numerical measure it was intended to identify whether one area is more or less deprived than another for ranking purposes, but not a measure of the extent of the differences. Therefore, it is poor measure to use in the top-up calculation.

As per response to Q42 we think the Foundation Formula should be based on resident population with a top up for inflows.

Question 43

Do you agree with/have any comments on the design of the Fire and Rescue Formula?

No view. No specific comments other than we have already indicated that length of coastline should be a factor in the Area Cost Adjustment and we note it is a proposed factor in Fire and Rescue RNF which adds further weight to our argument that it affects the cost of delivering other services, particularly in a peninsular county like Kent.

Question 44

Do you agree with/have any comments on the design of the formula for Highways Maintenance?

Agree. Road length and usage are key factors influencing the cost of highway management and maintenance. We believe this RNF should be identified as management and maintenance rather than solely maintenance

Question 45

Do you agree with/have any comments on the design of the formula for Home-to-School-Transport?

Agree. We fully support the inclusion of a relative needs formula for Home to School Transport. This is a significant area of spending for upper tier councils, particularly county areas serving a larger area with more dispersed communities and lacking public transport. Spending on home to school transport has been growing as a result of increased demand for Education and Health Care Plans as well increased market costs due to labour recruitment and higher fuel and maintenance costs.

We think the design of the formula based on pupil population and travel distance is the right approach, however we do not support the arbitrary capping the maximum travel distance. We do think there is a strong argument for a more service specific Area Cost Adjustment for Home to School Transport which takes into account the competitiveness of the market in some areas compared to others.

The Department for Education has launched a consultation on The Belonging Regulations covering the recoupment of educational costs for out-area looked-after children. This includes seeking views on recouping the home to school transport costs for looked-after children placed into care in another local authority area. Under the current arrangements the local authority where the child is placed is responsible for maintaining an Education and Health Care Plan (EHCP) and regulations permit recoupment of social care costs, however, other costs (such as special educational provision and associated home to school transport) can only be recouped by mutual agreement between the authorities. If the regulations are not adjusted to reflect home to school transport costs then authorities which receive more looked-after children than they place elsewhere will continue to be penalised and there would be a strong case to include and adjustment to the home to school transport relative needs formula to reflect net movement of looked-after children with EHCPs.

Question 46

Do you have any views on the potential impacts of the proposals in this consultation on persons who share a protected characteristic?

Whilst we have no specific evidence on protected characteristics given the scale of local authority services, and the heavy bias on spending to support the most vulnerable (many of whom would have protected characteristics), it is essential that the formulas are based on up to date data and are the best measures of need across all local authority types and areas so that councils can have the assurance that in providing services that offer best value to local residents they are not disadvantaged by an out of date and skewed funding distribution. To this extent the update and review is long overdue.