1. Rutland County Council is a Unitary Authority located in the East Midlands, with Lincolnshire, Leicestershire and Northamptonshire being the bordering counties. It covers an area of 151.5 square miles (392.5 square kilometres). The population of the county is 37,400 (source: ONS, 2011 Census) which has increased by 8% since 2001. The population is projected to grow by a further 12% by 2020.

**Executive Summary**

2. The Council wants to make three comments which we hope the inquiry will consider:

   - Additional Government funding is needed;
   - Funding distribution needs to be fairer; and
   - More work is required to understand “need”.

**Main points**

**New funding is needed**

3. The Minister says in his foreword to the Relative Resources review that “I am determined, therefore, to ensure every council gets the resources and support to rise to new challenges, grow their economies and deliver opportunity for all. Central to this is the question of how we should allocate the funding we have.”

4. Unfortunately, the Minister has missed the key point. The continued focus on distribution/allocation is very important but placing this issue before sufficiency is simply wrong. What local authorities need and want is increased funding and certainty about quantum and duration, preferably a rolling 3 year programme. The Government seems to accept this principle in other sectors, like the NHS, but in respect of local government it continues to invest time in reworking how to cut up a cake that is simply not big enough to feed all. The LGA and other representative bodies have done a significant amount of work to quantify the gap which we understand to be just under £8 billion by 2025.

5. So yes, the distribution methodology needs to be simpler and transparent but without an injection of additional resource the work is somewhat pointless.

6. The Government needs to examine its own figures which show that in overall terms there has been a 3.8% increase in funding over the period. If you exclude Council tax then the movement is -18.5%. A 3.8% increase in funding at a time
when the Government has failed to achieve its inflation target of 2%, there is an unprecedented demand for social care (facilitated by changes to Government policy) alongside the implementation of auto enrolment and the national living wage is simply unacceptable. If a real term 2% increase pa had been applied over the settlement period, total resources would at least £2 billion greater than today.

The inequity of funding

7. Thirdly, our constituents will often ask why is Band D council greater in Rutland than say in Leicester City? This is a good question.

8. The answer to the question posed by constituents has nothing to do with inefficiency or waste. Using returns to Government showing budget/expenditure data across different service areas, the latest returns for 18/19 data show in overall terms the Council’s costs per household are below average compared to other Unitary councils (£1,713 v £1,738).

9. Rutland is quoted as being a Council with good tax raising powers. Our Band D rate for 18/19 is £1,624.13. Leicester’s charge is £1,506.98. If they charged the same rate as Rutland, with a tax base of 74461, they could generate £4.35m more (this is a conservative estimate dampened by 50% to reflect recovery rate, discounts etc).

10. The point is that the answer to the question posed by constituents has nothing to do with inefficiency or waste and everything to do with a funding system that has created a historic position that today makes no sense and is inequitable.

11. In 19/20, if Rutland received the same funding per head as the average Unitary Council we could call on an extra £4.4million – more than 10 per cent of our total budget for the year ahead. It’s largely because of this inequality that we rely so heavily on Council Tax to fund services. Under the current arrangements,
Rutland’s Band D council tax will continue to rise disproportionately more than others because of its starting point.

**Assessing need**

12. The Council notes the use of terms like “funding need” in both the Committees terms of reference but also in Government consultations in respect of Fair Funding and Business Rates Retention.

13. Typically, the assessment is that spending is a proxy for need but this view is overly simplistic and does not reflect the realities of the real world local authorities face.

14. To illustrate the point, the Council wants to talk about the “need” to spend in adult social care. According to Local Government finance returns, local authorities spend £14.9bn on adult social care (2016/17) outturn figures. This excludes the amount spent on housing, public health and other services which can contribute in some form to the amount local authorities spend. Most would agree that demand for services will increase and that will lead to additional spend. In Rutland alone, our population of Rutland is growing and by 2039 the total population is predicted to reach 41,300 people, a total population growth of 8.7% compared with 2014. However, this growth is not uniform across the different age bands. In the next 25 years, the population is predicted to grow as follows:

   a. A 2.8% decrease in children and young people aged 0-24 years (10,600 people to 10,300)
   b. A reduction in the working age population aged 25-64 of 9.1% (from 18,600 people to 16,900)
   c. A 37.7% increase in people aged 65-84 (from 7,700 people to 10,600)
   d. A 169.2% increase in the oldest population group of people aged 85 years and over (from 1,300 people to 3,500)

15. Getting a realistic view of demographic changes, the health of individuals and their financial circumstances is therefore imperative in modelling future “need to spend” both in social care and health.

16. The Council also knows that spending and performance levels of authorities is different across the country yet most authorities will want similar outcomes: to prevent people from needing care, to keep people in their own homes/living independently and to provide high quality care to those who need it. Spending levels simply tell us what authorities spend now to deliver existing outcomes whether good or bad. The key question is how much do we, as a nation, “need to spend” to deliver the successful outcomes we all want. Making existing spending levels more affordable is not simply the answer if those levels do not deliver desired outcomes.

17. Equally, it is not necessarily the case that spending more delivers better outcomes. Work needs to done on assessing “the need to spend” in adult social care, prevention services (housing, public health etc) and health. Looking at adult social care spend in isolation is not sufficient. Unfortunately, the existing funding regime means that “need to spend” all too often reflects what Councils
can “afford” to spend rather than “need”. This can lead to longer term issues and simply shunt costs from one organisation to another.

18. The final comment the Council would make therefore is that there needs to be a better debate about “need”. We have to accept that the “need” may be different in different areas for valid reasons but the more we can move away from “need” being decided by available funding the better.

*April 2019*