**Fair Funding Review Working Group**

**Summary of the 16 November 2017 meeting**

The technical working group were provided with a progress update on the Fair Funding Review programme which included:

* the recent procurement of a children’s services research and data collection contract,
* the forward plan for further technical working group meetings. The summary agendas of future meetings of the group is provided as an Appendix, and
* an update on the forthcoming consultation on relative needs.

There were two main items on the meeting agenda. The first was from the Fair Funding Review’s resources work stream, which is considering how to adjust settlement allocations for relative abilities to generate local income. In particular, the presentation focussed on how to treat council tax income:

* The group was provided with a number of worked examples which showed the impact on funding distributions on the basis of three high level scenarios, ranging from no adjustment for council tax, an adjustment on the basis of a notional council tax level, and an adjustment on the basis of actual council tax income.
* There was a good discussion that recognised the merits of an approach based on notional council tax levels and which considered whether it would be appropriate to combine this with some measure of actual council tax levels.
* The group acknowledged that local council tax support is a key issue and should have a place in the new system along with several other potential adjustments to the tax base.
* The group will return to this subject in future meetings and the Government expects to publish a technical paper on this issue in 2018.

The group also considered the concept of basing a new relative needs assessment on either an overarching foundation formula covering all services, or a foundation formula that sits alongside several potential service-specific formulas:

* The group discussed how far it is possible to get with a simplified approach, and acknowledged that there was a good case for more specific approaches in some high profile service areas with unique cost drivers.

Finally, the group received a report from the LGA about their planned work to help local authorities engage further with the work of the Review.

* The LGA intends to either commission, or produce in-house, analysis which would help member councils assess various emerging proposals on the Fair Funding Review and also build their own.
* This work will also allow the LGA to have discussions with members around points of consensus which could become LGA policy.