

POLICY DEVELOPMENT: NOT A STATEMENT OF GOVERNMENT POLICY

Fair Funding Review

Background

1. As part of the Final Local Government Finance Settlement for 2016-17, the Government announced that, as part of the transition to 100% business rates retention, there would be a 'Fair Funding Review' of authorities' funding needs.

Issues to consider

2. Based on a detailed review of the literature on this topic, the work done during last fundamental review of needs in 2000 and analysis of councils' responses to the consultation on the provisional settlement, we believe that the key first order questions that we will need to consider and that will be on the minds of local government for the Fair Funding Review are:
 - i. What do we mean by 'need'?
 - ii. What should the approach be for doing needs assessment for different services?
 - iii. At what geographical level should we do a needs assessment?
 - iv. How should 'resets' of the needs assessment be done?
 - v. How, and what, incentives should be built in to an assessment of councils' need?
3. These questions will inevitably cover a broad range of policy issues. Therefore, one of the first tasks for the technical working group on the Fair Funding Review will be to unpack the range of issues that sit under the questions above.

Timetable for the review

4. Following the initial meeting of the steering group, we will convene a technical working group for the Fair Funding Review.
5. As well as exploring the questions above, the technical working group will help identify what the key drivers of need to spend are for particular services. This will help inform any data collection that needs to be done for assessing council needs.
6. Following this data collection, we will begin the detailed analytical and modelling work required to produce funding formulae.

Question: Does the Group have any initial steers on the issues raised or think that there are any additional issues that should be considered?

Question: In light of these issues what remit does the Group want to give to the technical working group?

Question: Does the Group have views on the timetable for doing the Fair Funding Review?