

## **The Fair Funding Review 2.0 Consultation Response**

### **Question 1 – What are your views on the updated SFA resulting in zero allocations, and the use of mitigations to avoid zero allocations?**

As far as we can tell, no authorities will receive a “zero allocation” from these funding reforms. In principle, though, we would not support any authority having a negative allocation for either SFA or RSG. Negative values imply that council tax income is being transferred from one part of the country to fund services in another. Local taxpayers will be rightly concerned if their local council tax is being used in this way. We would welcome the use of mitigations to avoid zero allocations, particularly for smaller authorities like district councils where even modest funding reductions can have significant service impacts.

### **Question 2 – Do you agree with how the government proposes to determine the Isles of Scilly’s Settlement Funding Assessment?**

Not applicable.

### **Question 3 – Do you agree with the government’s plans to simplify the grant landscape?**

We agree with the principle of simplifying grants and with the ambition to end wasteful competitive bidding and unnecessary admin burdens. However, we have several points to raise about the detail of the approach:

- To be able to make proper use of the greater simplicity and flexibility, councils will need more details of the new arrangements promptly, and in any event, before the provisional finance settlement.
- Any grants provided outside the main settlement should have allocations announced for multiple years. Otherwise, the usefulness and certainty of the multi-year settlement will be undermined.
- Where consolidated grants are created these should be distributed via a new formula and this formula must be consulted on openly and in plenty of time. There should be minimum standards for the process of determining new distributions, with full transparency about how formulas have been developed, and the data/ calculations that have been used to determine allocations. Some of the recent grant allocations (e.g. Extended Producer Responsibility Guarantee in 2025-26) have fallen short of these minimum standards.
- There should be a full schedule and timetable of all existing grants that will be rolled into the consolidated grants or into the main settlement over the next 3 years.

- The consultation is not entirely clear about the treatment of new burdens funding. It appears to indicate that all existing new burden grants will be rolled into the main settlement (RSG) and allocated according to Settlement Funding Assessment – unless there is an exception because the grant has a specific distribution. We would welcome clarification that this is the case. If it is, we are concerned that this approach will lead to some councils not receiving the full amount of reimbursement for the additional costs they necessarily incur as a result of specific government requirements. The entire point of new burdens is to reimburse councils for the specific cost they incur. We cannot see how this principle can be maintained if new burdens funding is distributed according to the main Settlement Funding Assessment. This gets the balance wrong between simplicity and fairness.
- We have concerns about future new burdens, especially in the context of funding for weekly food waste collections. Paragraph 3.2.4 of the consultation indicates that ‘future new burdens will continue to be funded through new Section 31 grants, in line with the New Burdens Doctrine’ rather than rolled into the main settlement. Our view is that funding for food waste collections is a future new burden (it is certainly not an existing new burden) and should be allocated by Section 31 grant with a clear distribution methodology that has been consulted upon. We would welcome clarification that this is the case. If this funding stream is rolled into the settlement at some future point, transitional arrangements should shield councils from any significant cliff edge difference between the allocation methodology used for the specific grant and the distribution using Settlement Funding Assessment.
- MHCLG should publish a full list as soon as possible – and certainly well before the provisional settlement – of all existing new burdens grants and any imminent new burden grants that will be rolled into the main settlement.

**Question 4 - Do you agree with the formulae for individual services the government proposes to include?**

Disagree.

We agree with the inclusion of separate formulae for Adult Social Care, Children and Young People’s Services, Home To School Transport, Fire and Rescue, and Highways Maintenance. We have provided more detailed comments about these formulae in response to later consultation questions.

We support the inclusion of a separate formula for Temporary Accommodation. This causes a significant cost pressure for many district councils. However, we have reservations about the way the TA formula works. Our initial analysis suggests that over 70% of the TA formula funding will be allocated to London boroughs. This is out of proportion to the share of households in TA (56%) and total expenditure on TA (62%) in London. This results in an under allocation of TA funding to councils outside London.

We estimate that, as a whole, districts could lose 8% of their TA funding from the shift to the new formula. If this is the case, we would urge the government to revisit the methodology for the TA formula.

We oppose rolling in some of the funding streams without proper protections, such as New Homes Bonus, Funding Floor, and Employer's National Insurance Contribution grants.

We have reservations about the methodology used to calculate the weighting of deprivation in the Foundation Formula (see our answer to Question 42). This should be responsive enough to recognise the additional costs of pockets of high deprivation within areas as well as overarching average levels of deprivation in an area.

We disagree with removing the separate formulae Fixed Costs (see our answer to Question 5).

**Question 5 – Do you agree with the areas of need the government proposes to no longer include in the assessment through the Foundation Formula?**

Disagree.

Some of the deleted Relative Needs Formulae (RNF) were very important to shire district councils.

The Fixed Cost Adjustment (FCA) was particularly important and reflected the basic costs of operation in every authority. The existing FCA ensures the relative costs of employing basic operational staff is recognised as a baseline for all local authorities regardless of size. Analysis conducted during the 2018 consultation indicated that the fixed cost uplift should be retained and should be weighted at least three times higher.

**Question 6 – Do you agree with the government's approach to calculating the control total shares for the relative needs formulae?**

We strongly support the methodology used to calculate control totals. Control totals should be determined based on actual spending patterns. We support using the most recent data on actual expenditure (i.e. from the latest post-audit RO return). This is the approach that was proposed in the 2018 consultation.

We support splitting the foundation formula control total using the expenditure patterns in shire county areas which have district and county councils. This is the only expenditure data that clearly shows the relative spend of the two types of council.

**Question 7 – Do you agree with the Labour Cost Adjustment (LCA) and Rates Cost Adjustment (RCA) equations set out in this chapter?**

Agree.

**Question 8 – What are your views on the proposed approach to the Area Cost Adjustment?**

We support the inclusion of Remoteness Adjustment, and the Accessibility Adjustment within the Labour Cost Adjustment. They recognise the higher unit costs that are incurred by authorities with high levels of sparsity and/or remote from competitive markets.

However, we are concerned about the weighting given to the Accessibility Adjustment and Remoteness Adjustment. Our analysis suggests they do not fully compensate rural authorities for the abolition of the sparsity indicators in the current formula. The ACA elements only provide funding for the additional unit costs in rural areas, whereas the current sparsity indicators provided funding for a wider range of cost pressures, including higher demand for some services in rural areas. In our view, the sparsity and remoteness adjustments should be adapted to cover a wider range of cost pressures. As it stands, the proposed methodology tends to disadvantage rural councils.

More positively, the proposal for the travel time adjustment is an improvement in technical terms. It applies the same methodology to every authority on the same basis, whereas both the sparsity and density measures in the current formula have cut-offs, which creates cliff edges.

We support the methodology for the Rates Cost Adjustment.

**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?**

We agree there is a strong case for including the Remoteness Adjustment in the ACA. Delivering a service over a wider geography with people further from population centres increases costs. There is also less likely to be a competitive market for procurement in such remote rural locations.

**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?**

Yes.

However, this means that the Government is assuming that local authorities funding is based on this notional level of council tax being applied. This means that some Local Authorities have a Council Tax that is less than the average amount will automatically have less resources to deliver services and as a result, must make greater cuts.

Authorities with low levels of council tax should be offered the opportunity, should they wish, to be able to increase to the national average level assumed by the Government

so that they have the choice for themselves and their residents to either fund services at minimum level of revenue funding for their need as identified by the Government, or operate at a reduced level of service with residents paying a lower level of council tax in return.

If the Government does not offer this flexibility then a LA with high taxbase and low Council Tax level will be disproportionately impacted by loss of grant in relation to the level of services they are able to provide.

It is also critical that Government states the national Council Tax level it is assuming for all tiers of local government.

**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 and exclude the others that are local discretion.

**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 in principle, subject to consultation and review of the intended approach. Or the Government could apply what was the old national scheme before CTRS came in as a proxy.

**Question 13 – What are your views on the proposed statistical approach to proxy for the impact of Working Age Local Council Tax Support?**

Disagree.

We do not support the proposed methodology. There is insufficient evidence provided to substantiate it and no evidence that alternatives have been considered.

We do not support the use of IMD. It is inappropriate for use in this context. Using benefit data should have been explored because this is much more likely to correlate with the demand for Working Age Local Council Tax Support (WALCTS).

We recognise that some measure of deprivation does need to be taken into account because demand for the WALCTS will be higher in authorities with higher levels of deprivation. We would like to see more transparency about the approach that has been used.

**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. These are discretionary schemes. If they were included within equalisation, it would discourage authorities from applying them.

**Question 15 – Do you agree with the government’s proposal to apply a uniform Council Tax collection rate assumption to all authorities?**

We agree that a uniform rate should be applied. But the collection rate assumption should be based on the actual collection rate and not on full collection. The objective of the equalisation calculation is to base the adjustment on actual council tax levels (hence the use of the national average Band D).

Local authorities do not collect 100% of council tax. The actual average collection rate of 95.8% should be used.

The justification for using full collection rather than the actual collection rate is “to [ensure] that the incentive for all authorities to reduce tax avoidance remains”. This is misleading. Billing authorities are already incentivised to maximise collection. Using a different collection rate in the resources adjustment will not reduce that incentive – but will artificially remove resources from higher taxbase areas which is unachievable to collect through council tax.

**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.

We agree that the right approach is to use average share of council tax. However, we would welcome clarification whether or not the 11.0% share for district councils includes the parish precept. We do not think it should. This income is passed through and cannot be spent by districts. Including it in the district share would overstate income-raising ability.

In Cherwell the combined Council Tax of the district and Parishes is around 11%.

**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?**

Agree.

Following the baseline reset in 2026-27, district councils will be fully exposed to any variations in business rates and will not have had the opportunity to build up any growth. Districts are much more exposed to risk in the Business Rates Retention System (BRRS). A higher safety net would be very welcome, particularly in the early years following the reset.

We would also welcome a review of the safety net in the context of wider changes in the BRRS, and as part of the discussion around the balance between risk and reward needs.

There is also an argument that the safety net level should be set at 100% to ensure that local authorities are able to receive the minimum level of funding identified within the formula.

The consultation is silent on the treatment of business rates pools. We believe there is a strong case for them to be rolled into SFA and this be included as part of 2025/26 baseline Core Spending Power funding.

**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?**

Disagree.

The consultation asserts that there is no evidence that NHB has acted as an incentive for housebuilding. This assertion is itself not supported by adequate evidence. Given the elevation of housebuilding to a national mission, it would be counterproductive if local councils were not incentivised to support the delivery of housing. This sends the wrong signal at a time when councils need as much support as possible with further ambitions for housebuilding.

Building new homes creates additional demand for council services and hence additional cost. Council tax income from these new homes will not by itself cover the additional cost. NHB helps councils cover the cost of new homes. Removing it creates a disincentive for housebuilding.

Our strong view is that NHB should be retained unless and until a replacement is agreed.

**Question 19 – What measures could the government use to incentivise local authorities to specifically support affordable and sub-market housing?**

100% capital grants from Government for social/affordable homes.

Reinstate NHB - The point of NHB is that it gave additional Council Tax income for new homes. Council Tax income on its own does not cover the costs of additional services required for a property.

We believe some of the measures in this consultation will disincentivise affordable house building. This includes the ending of the New Homes Bonus and the approach of fully equalising council tax. To incentivise housebuilding, especially affordable homes, councils need to have confidence that a proportion of their growth in taxbase will be retained locally over an extended period.

We believe it would be possible and desirable to design a housing incentive scheme specifically targeted at affordable housing. This could include additional flexibility on council tax or business rates income if defined thresholds are met.

**Question 20 – Are there any further flexibilities that you think could support local decision-making during the transitional period?**

MHCLG should offer a big package of additional freedoms and flexibilities for councils to raise and retain income locally. This should include changes to council tax referendum thresholds as well as new freedoms on fees and charges. This is especially important for district councils given their higher gearing to local income and much lower share of government grant.

The current limit of 2.99% or £5 does not provide district councils with the funding required to maintain their vital services. Last year district councils generated 53% of their revenue funding from council tax yet district councils have consistently been given tighter council tax referendum principles than town and parish councils and Police and Crime Commissioners (PCCs) over a long period.

Increasing the referendum principles to at least 5% or £10 could generate around £100m extra income per year for district council services at no cost to central government. The current £5 limit is only relevant to 20 out of 164 district councils. Even if these additional flexibilities were used in full in 2026/27, it would only cost the average Band D household 22p extra a week. District precepts would remain below PCC precepts in the vast majority of areas.

Additionally, if the government approach is based on national council tax levels, there should be additional flexibility for councils below the average national level to increase council tax up to the average. They should not be held to prior administrations decisions, especially if the administration has changed and the electorate has voted for a different approach.

We believe the government should be much more ambitious in devolving to councils the flexibility to set fees and charges, and to recover the full cost of providing service. Please see our response to Question 31.

The Government is considering introducing a two tier approach to floors. A floor is the maximum change in funding that can take place. Given all of the financial challenges facing local government currently a 0% cash floor should be applied to all; this is still a real terms reduction in overall funding year on year for the Spending Review period.

Capital Receipts Flexibility – revise the legislation as it was previously to be used for transformation related costs including redundancy and Pension Fund Strain.

Pensions – is it essential that actuaries assume that the pension fund is 100% funded for all of its commitments, both current and in the future? Local Government has a funded scheme and feels like it has been penalised for setting money aside; we had a big overall pot and were punished for not being 100% funded and had to up our



contributions – Central Government has an unfunded scheme and doesn't worry about the future – it raises enough cash for the coming year. Across local government there have been significant additional contributions and the funds have caught up far quicker than expected, so does there need to be as much of a concern if a pot isn't forecast to be 100% funded over its lifetime? Maybe the threshold could be reduced whilst ensuring there is sufficient cash available for X (to be determined) years of payouts.

**Question 21 – What are the safeguards that would need to go alongside any additional flexibilities?**

Generally, none are necessary. Councils are democratically elected bodies, accountable for their decisions at the ballot box. In respect of allowing councils to balance their budgets over a multi-year period, we agree that this should be time-limited and should not exceed three years.

**Question 22 – Do you agree or disagree that we should move local authorities to their updated allocations over the multi-year Settlement? Please provide any additional information, including the impact this measure could have on local authorities' financial sustainability and service provision.**

Disagree.

We agree that the updated allocations should be phased in. The Government has stated that it intends to do a full business rates reset from 1 April 2026. This will reduce the council's resources by c£12m in 2026/27 (42% of the Council's net budget of £26m). If this were to be applied to the impact of the reset then it would mean annual reductions in funding in each of the next three years of c£4m.

When other grant reductions and pressures are added in this results in the council needing to identify £16m savings over its 5 year MTFS period, with the majority in the first three years. Savings of this scale would pose a considerable challenge to a local authority with a net budget of £26m.

Therefore, our clear view is that the three-year period of the settlement is too short. While there is a case for introducing funding changes within a fixed period, we would strongly prefer that the time period was determined based on the impact on authorities' funding rather than an arbitrary period. For those district councils who are losing, overall funding allocations over the next 3 years will reduce in cash terms. In fact, most of the 41 district councils that will have a below-cash funding floor in 2026-27 will have lower levels of overall resources in 2028-29 than they have in cash terms in 2025-26. This represents very significant real-terms cuts, even with the maximum increase in Band D council tax. It is much less than the increase in spending pressures.

We do not agree it is right or prudent for councils to be expected to run down reserves to plug funding gaps that they did not create. Reserves can only be used once and

should be saved for their intended purpose and risks the council is exposed to. There is also ongoing uncertainty about how the costs associated with transitioning to new unitary councils through local government reorganisation will be financed. This represents an additional financial pressure that may need to be met from reserves.

We strongly believe that in the current financial climate a 0% cash floor (a cash reduction in grant received from Government) is the maximum transition rate that should be applied for local authorities that are likely to lose resources as a result of the revised formula and business rates reset.

Without significant safeguards that continue for years in excess of the current proposed three year transition the likely impact on services provided to the residents of Cherwell will be severe.

**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?**

**Please provide any additional information, including on:**

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

Agree.

A 0% minimum funding floor is an essential part of a comprehensive transitional protection regime. We note that this would still mean that councils received a real-terms cut in funding at a time when demand continues to rise.

We understand that we may be in line to receive a below-cash funding floor. Our strong view is that all councils should have the benefit of the same 0% funding floor if they need it. It is not clear how MHCLG has defined and selected the councils that will not be offered the 0% floor. There should be a clear process for selecting some authorities and not others. The selection of some authorities and not others also creates a cliff edge: those marginally above the threshold will have a 0% floor, those marginally below the threshold will have, potentially, a much lower floor. All authorities should be treated consistently and fairly.

If some councils are offered a lower funding floor, our strong preference is for the impact of the lower floor to be phased over the three-year period rather than frontloaded in Year 1. It is unreasonable to expect councils to absorb a significant cash cut – potentially as high as 7% - to their funding next year.

If, contrary to our view, the government does not offer every council the 0% funding floor, it is vital that any council that does not benefit is offered different, equivalent support or flexibilities to manage the impact. This could include greater council tax

flexibility which should be available to any affected council, regardless of whether its council tax is relatively high or low.

**Question 24 – Do you agree or disagree with including projections on residential population?**

Disagree.

We do not support the use of population projections because they are not sufficiently reliable or accurate.

Sub National Population Projections (SNPPs) are produced using historical data and population component trends that are projected into the future, whereas Mid-Year Estimates (MYEs) are produced using changes to the population components measured during the previous year. Projections are not forecasts and do not attempt to predict the impact of future political and economic changes or local development policies.

In other words, projections are based on historic trends and simply projected forwards. It is for this reason that projections can often be significantly inaccurate. The ONS highlights that "...projections become increasingly uncertain as they go forward into the future, particularly for smaller geographic areas and detailed age and sex breakdowns".

**Question 25 – Do you agree or disagree with including projections on Council Tax level?**

We disagree that projections of council tax levels (Band D) should be used.

**Question 26 – Do you agree or disagree with including projections on Council Tax base?**

We disagree that council tax projections should be used.

There are no formal council tax projections or forecast published by ONS or any government department. Projections would be based on previous years' trends, which might not reflect future capacity to grow. It would be unacceptable to use such unreliable projections, which would lock-in allocations over 3 years.

Our view is that neither population nor taxbase should be updated within the 3-year allocations. The quality of the projections is insufficiently robust.

**Question 27 - If you agree, what is your preferred method of projecting residential population, Council Tax level and Council Tax base? Please provide any additional information, including any explanation or evidence for your response and any views on technical delivery.**

Not applicable.

**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.

**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?**

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

Agree that the starting point should be the resources provided to the original authorities. Then the new local authorities should agree an appropriate split if there are council boundaries that have been separated. But we think there should be a review factored in to ensure the division means each authority is operating in a broadly equally good (or bad) financial environment.

Government must consider the rate at which efficiency savings can be delivered without undermining existing services. Without this, there is a risk that new councils will start on the wrong foot by having to grapple with cuts to their spending power whilst trying to stabilise new organisations.

**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?**

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

Numerous requirements have been imposed on local government over decades by successive governments. There is scope for many of them to be removed, reduced or simplified. These include

- The regime for Freedom of Information and subject access requests
- Planning appeals
- Excessive reporting requirements for annual accounts
- Whole of Government Accounts
- Bureaucratic procedural requirements in legislation or statutory guidance, of which the numerous requirements to publish notices in local newspapers are only one example

- Transparency Code, SAR's GDPR between the public sector.

The Government needs to remove some of the larger statutory requirements to give local authorities the flexibility to make tough decisions if funding isn't sufficient.

We would also support a fundamental review of central government monitoring and reporting requirements and of unnecessary hurdles to data sharing in the public sector.

**Question 31 – Do you agree with the proposed framework outlined at paragraph 11.2.3 for assessing whether a fee should be changed?**

**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.**

Disagree.

The framework set out in the consultation is very high-level and is not a substitute for concrete action to devolve fee setting. A hierarchy is not required. Instead, a common approach is needed, which we set out below.

The proposal is far too slow and cautious. We do not agree that the first step should be for government to increase some fees centrally before considering devolution. There is no reason why we cannot proceed directly and quickly to free councils to set all fees and charges for services they provide, including penalties arising from enforcement.

The approach should be that all fees and charges collected by councils should be set locally to ensure they will meet the cost of specific services in full, unless the council decides there is a reason to charge a below-cost fee.

The view that service users need to be 'protected' is understandable, but misplaced. In many cases, service users have discretion to avoid a charge by changing their behaviour. In addition, many charges – such as for obtaining an alcohol licence or building control certificate - are incurred as the result of undertaking a commercial enterprise. If the level of charge does not reflect the cost of the service, other council taxpayers are subsidising something which benefits the individual or company.

It is time to set aside concerns about variation in fees between areas. Council tax varies between areas, as do car parking charges, taxi licensing fees and a range of other fees and charges that councils already set. Private sector companies do not operate universal pricing.

For example, prices for fuel vary from area to area and prices for goods can even vary between the same company's superstore and local stores in the same town. Variation is a consequence of devolution. In our view the Government should prioritise devolution and demonstrate that it has reset the relationship between central and local government by bringing forward an urgent, comprehensive programme to delegate setting of all fees, charges and penalties to councils. This would be subject to a requirement not to exceed full cost recovery.

Having fees set by central government creates a rigid system that is not responsive enough to changing circumstances. Even when levels are reviewed, the process of implementing changes through legislation is often ponderous.

We do not believe that changing the criteria used by central government to set this system would make it nimble in the way a locally led system would be.

**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.**

The Government is looking at this question through the wrong lens. Consistent with our earlier response, service users deserve to pay the full price of services that they use rather than expect to have it subsidised by other council tax payers. The best and simplest solution is to devolve all fee setting to councils, subject only to a requirement not to exceed full cost recovery.

Or if the Government wants to minimise the cost of living impact then allocate additional funding to make this the case rather than require the council tax payer to make the subsidy.

**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? 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.**

We disagree with the measures outlined in paragraph 11.2.5. It is time to reset the relationship between central and local government and see central government withdraw from the minutiae of what the appropriate fee for a particular service or activity should be.

If councils were empowered to set all fees and charges locally but only at the level that covers the cost of a service, it would ensure that those seeking licences, being inspected or using particular services would bear the cost of them. At the same time, limiting fees to the level required for full cost recovery would ensure that service users do not suffer a financial impact above and beyond that which is necessary to deliver a service without burdening council taxpayers who do not use it.

An additional safeguard would be provided by the fact that councils would be accountable to their local electorates at the ballot box for the level of any fees set locally and for any impacts that arise from them.

**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?**

Disagree.

As already indicated, we believe that central government reviews of fees are generally unnecessary and unduly lengthy. Local Government has the financial challenges now and needs to be given the freedoms and flexibilities. Responsibility should be devolved to local government immediately. While we recognise that primary legislation would be required, there is an ideal vehicle immediately to hand: the English Devolution and Community Empowerment Bill. If necessary, councils can conduct their own reviews that reflect the specifics of their local circumstances.

If the Devolution bill cannot be used, then pending alternative primary legislation, there would be support for rapid steps by Ministers to review fees upwards where they are set by secondary legislation.

**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.**

No comment

**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?**

We do not support using population projections within the ASC RNFs. It is very hard to project populations at the local authority level and even more challenging for smaller population cohorts. We favour certainty over projections. Population can be updated at the periodic resets and formula reviews, as long as these are sufficiently frequent (no longer than 3 years).

More specifically, the 2026-27 population projections are a long way from the 2021 rebasing and are likely to introduce more variation in population figures. ONS figures show that the further projections are from the base year, the more inaccurate the figures are.

**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?**

We support the principle that the formula should factor in the ability of residents to self-fund their care or contribute towards it. These are substantial income streams for local authorities. It is reasonable that they are taken into account when assessing the net costs to local authorities.

The methodology used in the Older Adults RNF is untested. We would like to see some alternatives before deciding whether it is right to support it. Council tax bandings will partially reflect the ability of residents to pay for their care but there are many other factors.

**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)?**

**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?**

No comment

**Question 39 – Do you agree that ethnicity should be removed as a variable in the CYPS formula? Please explain your reasoning.**

No comment

**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.**

No comment

**Question 41 – Do you believe that the components of daytime population inflow should be weighted to reflect their relative impact on demand for services?**

Yes. We agree that “commuters and tourists likely use non-social-care services at different levels of intensity than the resident population.”

No evidence has been presented in the consultation about how residents and non-residents should be weighted. We would like to understand the options that MHCLG is considering.

**Question 42 – Do you agree with/have any comments on the design of the Foundation Formula?**

We support the aim of linking funding more tightly to demand for services and the cost of providing them. we also support the aim of tackling deprivation and inequality.

We agree that levels of deprivation are a factor in determining need. Most of the districts that have suffered the biggest cuts to spending since 2010 are those with



highest levels of deprivation. The most deprived shire districts have lost more than half of their 2010 resources in real terms.

However, we believe the weight given to deprivation should reflect the extra costs it creates for councils. Analysis previously undertaken by MHCLG and published in the 2018 consultation paper found that most of the variation in expenditure for the functions within the Foundation Formula could be explained by population. Adding deprivation increased the explanatory power of the formula, but only marginally (by between 0.4% to 4%). The weighting for deprivation in the proposed foundation formulas is considerably higher than this.

We recognise that the increase in funding will be very welcome to councils in the most deprived areas. But it is not clear to us on what basis the deprivation weighting has been calculated and why it is so different to the level implied in the 2018 analysis.

The formula should recognise the additional costs of pockets of deprivation within areas as well as the overarching average level of deprivation across an area.

**Question 43 – Do you agree with/have any comments on the design of the Fire and Rescue Formula?**

Not applicable

**Question 44 – Do you agree with/have any comments on the design of the formula for Highways Maintenance?**

No comment

**Question 45 – Do you agree with/have any comments on the design of the formula for Home-to-School-Transport?**

No comment

**Question 46 – Do you have any views on the potential impacts of the proposals in this consultation on persons who share a protected characteristic?**

As local government generally supports those who are the most vulnerable in society, the proposals to divert resources away from some councils as part of the fair funding review is likely to have a disproportionate impact on people with protected characteristics in those areas.

According to the 2019 Index of Multiple Deprivation Cherwell has a number of Lower Super Output Areas in the top 20% and top 30% of deprivation within Banbury and within the top 30% in Bicester, two of its main urban centres. Any significant removal of resources is likely to result in savings required by the council which will

disproportionately impact on those living in these areas. It is generally accepted that high levels of deprivation are a proxy for protected characteristics and as a result, the impact of the Government's proposal, **if the Government diverts resources from CDC**, is highly likely to have a significant impact on protected characteristics within Cherwell.