

**Council – 20<sup>th</sup> February 2018**  
**Agenda Item 10**  
**Recommendation from Cabinet**  
**20<sup>th</sup> February 2018**

**Coventry City Council**  
**Minutes of the Meeting of Cabinet held at 10.00 am on Tuesday, 20 February 2018**

Present:

Members: Councillor G Duggins (Chair)  
Councillor A Khan (Deputy Chair)  
Councillor F Abbott  
Councillor K Caan  
Councillor J Innes  
Councillor K Maton  
Councillor J Mutton  
Councillor J O'Boyle  
Councillor E Ruane

Deputy Cabinet Members Councillor P Akhtar  
Councillor R Lakha  
Councillor C Thomas

Non-Voting Opposition Members: Councillor A Andrews  
Councillor G Ridley

Other Members: Councillor M Mutton  
Councillor K Taylor

Employees (by Directorate):

Chief Executive's M Reeves (Chief Executive),  
People G Quinton (Deputy Chief Executive (People)), N Hart  
Place M Yardley (Deputy Chief Executive (Place)),  
P Jennings, L Knight, J Newman,  
Apologies: Councillors Bigham, Brown and Clifford

**RECOMMENDATION**

**129. Consultation Response: Fair Funding Review: A Review of Relative Needs and Resources**

The Cabinet considered a report of the Deputy Chief Executive (Place), which set out a proposed consultation response to the Fair Funding Review.

The Government issued a consultation document on 19<sup>th</sup> December 2017 entitled "Fair Funding Review: a review of relative needs and resources. Responses were required by 12<sup>th</sup> March 2018.

The fair funding review would set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources. The new funding allocations were expected to take effect from financial year 2020/21, at the same time as a new 75% Business Rates retention model.

Given the significance of the outcome of such a consultation it was important for the Council to add its own response, which was set out at Appendix 1 of the report submitted. The expectation should be that such review results in a system that is evidence based and fair and the proposed responses to the consultation questions are intended to be technical in nature and/or framed in such a way that they were directed at achieving a rational and fair outcome.

The response incorporated the following broad elements:-

- Simplicity and fairness were both appropriate principles for establishing a needs assessment but fairness was the paramount objective.
- Agreeing the principle of using population projections in the distribution methodology including flexibility to adjust for annual shifts in population.
- Proposing that the relative needs assessment should be refreshed annually with the results applied the year after the forthcoming year.
- Agreeing that rurality and deprivation should be included in cost drivers in the needs assessment to the degree that the evidence demonstrates a significant link between these factors and expenditure pressure. Rurality should not be double counted in the Area Cost Adjustment.
- The weight of different funding formulas should be evidence based, supported by statistical analysis of actual spend levels not the judgement of central Government.
- A preference for techniques that minimise the roles of judgement and opposition to models such as outcome based regression in which authorities are funded according to the success in delivering outcomes.
- Outliers identified during the statistical analysis may warrant a separate approach, which could include the allocation of specific grants.
- Agreement that the service specific cost drivers set out in the consultation appeared to be broadly appropriate.

**RESOLVED that the Cabinet recommend that Council approve the attached consultation response to be sent to the Ministry of Housing, Communities and Local Government.**