

Fair Funding Review: a Review of Relative Needs and Resources

Technical Consultation on Relative Need

Response by the City of London Corporation

Submitted by the City Remembrancer's Office

1. The City Corporation welcomes the opportunity to respond to the “Technical Consultation on Relative Need” as part of the Fair Funding Review.
2. It is acknowledged that this consultation is only about relative needs. We look forward to learning further about relative resources and transitional arrangements later in the year and will comment on those proposals in due course.
3. Of greatest importance in any new system are the accuracy and fairness of the approach to assessing relative need. Subject to these overriding criteria, the City Corporation supports developing an up to date assessment of the relative needs of local authorities on the basis of the principles set out in the consultation at section 1.4. The preference for needs assessment that is as simple as is practicable, as expressed in paragraph 1.4.3 (i), is welcomed but it is important to recognise that local government finance can be a complex matter; where the issue is complex, it may be that intricate formulae are required to capture all aspects necessary in order to secure a fair outcome.
4. It may be possible to use a simple “foundation” funding formula as described in paragraph 2.6.2 (iii), although this is unlikely to be adequate on its own and further factors would need to be taken into account, for example daytime population and types of population (children and adults with learning difficulties). Formulae must be sufficiently sophisticated to cater for small authorities with particular spending needs. The City’s area, for example, has the greatest density of commercial premises in the UK which produces significant demands on services and infrastructure and must be included in a needs assessment. Subject to these observations, the overall approach outlined in paragraph 2.6.3 should be followed.
5. Resident population numbers are not a sufficient indicator of need. Elements within a population must be taken into account when assessing need, for example daytime population. An effect experienced very strongly in the Square Mile is the arrival of a significant number of people in the morning and their departure in the evening. This daytime population of about 430,000 people makes substantial demands on local services out of proportion with the geographic size of the area and the resident population (7,000 dwellings).
6. The Government recognises that the City’s public health funding should reflect the daytime population. The City is conscious, however, that business rates retention pilots have included public health funding within their scope. It is, therefore, crucial for any future changes that may affect public health funding to reflect current City arrangements.

7. It is agreed that needs assessment should include services such as adult and children's social care, as well as waste collection and disposal, highways maintenance, public realm protection and enhancement, housing, cultural facilities, and other functions such as environmental measures. The overall conclusion in Chapter 4, that service areas may require a more specific approach to needs assessment, is correct. More specific factors that are relevant to a needs assessment related to the City Corporation include -
- The City's daytime population, as described above.
 - Trading standards and consumer protection. The City contains shops, restaurants and bars that cater for the daytime population. This clearly causes expenditure substantially beyond that which would be expected if assessed on the basis of resident population.
 - Waste collection and disposal, and construction management. The City has the highest density of office space in the UK which produces very substantial volumes of waste far in excess of that produced by the resident population and beyond what would be expected based on the geographical measurement of the City's area.
 - Highway maintenance. The intensity of traffic flow; significant proportion of heavy vehicles, including buses; and the concentration of use by the daytime population, are all factors that must be taken into account in the assessment of the City Corporation's needs.
 - Density of daytime population and built environment should be taken into account in any needs assessment.
8. Subject to the points made above, the City Corporation broadly agrees with the three main cost drivers of population, rurality and deprivation as set out in the consultation at section 3.3.
9. In conclusion, the City Corporation would expect that any needs assessment includes similar measures to those which are currently enshrined in the national system in order to ensure that the Corporation is able to provide local government services to the standard necessary to sustain a world-leading financial and commercial district, and that the City's council-tax-payers are protected from unreasonably high bills. The unique disparity between the City's 430,000 workforce and its residential population entails spending pressures for which a formulaic approach (whether national or regional) cannot adequately cater.