RISK RESERVE

	Risk	Consequence	Scale	Financial Loss £M	Likelihood %	Annual Risk £M	Period (Years)	Reserve Required £M
ECONOMIC	Economic Downturn	Reduced Revenue Income – Leisure, Parking, Planning, Property	£0.075M per 1% - assess risk of further 5%	0.4	15	0.060	2	0.120
		Failure of significant service provider contractors	£20M pa corporately – assess risk of 10% cost increase	2.0	15	0.300	2	0.600
	Adverse Changes in Interest Rates	Higher financing costs	Net Debt £120M – 1% = £1.2M	1.2	10	0.120	1	0.120
	Break Insurance Long Term Agreement	Increase in Revenue Costs		0.250	10	0.025	2	0.050
	Energy Costs Significant Increases	Higher Annual Revenue Costs		0.4	20	0.080	2	0.160
	General Price Inflation	Higher Annual Revenue Costs	£30M – assess risk of 3%	0.9	25	0.225	2	0.450
EMPLOYMENT	Single Status Potential Claims	One-off costs	£10M	10	20	2.000	1	2.000
	Pandemic or Similar Event	Increased employee absence requiring cover at extra cost	£0.5M per 1% of employee costs	0.5	20	0.100	1	0.100
SERVICES	New Children's Care Packages	Higher Costs	Average £0.1M per Case – 5 cases Average £0.02M per case – 10 cases	0.5 0.2	20 20	0.100 0.040	2 2	0.200 0.080
	Social Care Increasing Demand	Higher annual Revenue Costs		0.5	20	0.100	2	0.200
	Capital Overspends	Fund from Revenue (no Capital Resources available)	One-off £5M funded over 10 years	0.6	10	0.060	2	0.120
GENERAL	Planned Savings Not Achieved	Higher annual Revenue Costs	£12M – assess risk of 25% shortfall	3.0	25	0.750	2	1.500
	Corporate Manslaughter	Unlimited Fine	Assess risk of £10M fine	10.0	1	0.100	1	0.100
	TOTAL GENERAL FUND RESERVE REQUIREMENT							**5.800**

APPENDIX 5

Projected General Fund Reserve at 31st March 2014

	2013-17 MTFP (Feb 2013)
Medium Term Financial Plan (MTFP) :-	£000
MTFP Planned Opening Balance 01/04/2013	15,382
Approved net contribution from balances	(4,414)
Planned Closing Balance 31/03/2014	**10,968**
Increase in opening balance from 2012-13 results	1,650
Projected corporate underspends / (overspends) :-	
Council Wide (Pressures)/Savings	18
People based savings	1,239
Place based savings	334
Resources based savings	95
Youth Offending Service Grant	250
Cabinet Approval - Arts Centre maintenance	(75)
Contingency - Employers pension costs	(320)
Additional LSSG grant	93
Projected General Fund Reserve (excluding Departmental) at 31st March 2014	**14,252**
Planned Balance at 31st March 2014	**10,968**
Improvement	**3,284**

Departmental projected year-end balances

	Improvement / (decline) compared with 2013-17 MTFP
	£000
People	484
Place	(266)
Resources	228
TOTAL	**446**

Summary Comparison with :-	2013-17 MTFP
	£000
Corporate Resources - increase in opening balance from 12/13 results	1,650
Corporate Resources - in year Improvement / (Decline)	1,634
Departmental - Improvement / (Decline)	446
Improvement / (Decline) compared with MTFP	**3,730**
Projected General Fund Reserve at 31st March 2014	**14,698**

ASSOCIATION OF NORTH EAST COUNCILS RESPONSE TO THE DCLG LOCAL GOVERNMENT FINANCE SETTLEMENT 2014-15 AND 2015-16 TECHNICAL CONSULTATION

1. SUMMARY OF FINANCIAL ISSUES

1.1. The recently published technical consultation paper proposes an extra £1bn of cuts to the core grant funding for services in 2015/16, bringing the cash reduction in core funding in 2015/16 to £3.1bn, which when added to the cut in 2014/15 of £2.4bn gives a total cut when compared with the current year to £5.5bn. The North East faces a disproportionately high share of this £5.5bn cut – with £351.5 million of targeted cuts allocated to the region. This is on average a cut of £ 296 per dwelling and compares with an England Average cut of around £233 per dwelling (excluding Fire Authorities). The North East faces significant cost pressures relating to high levels of deprivation and some of the biggest cuts, both in cash and percentage terms.

1.2. Finding ways to reduce the level of the additional cuts by reducing grant holdbacks and topslices would help all councils in preventing further unnecessary service cuts and job losses and an approach that should be given serious consideration by Government.

1.3. Achieving a fairer allocation of cuts is paramount and while technical suggestions can be put forward to change the distribution, initial work indicates that a simpler proposition of the adoption of an equal percentage cut in ‘spending power’ (grant plus council tax income) could bring significant benefits. This would also bring benefits to other areas of the Country (e.g. London) and other Metropolitan areas and deprived shire areas also suffering higher cuts as a result of the current approach.

2. FINANCIAL IMPLICATIONS

2.1 A technical consultation paper on the 2014/15 and 2015/16 Local Government Funding settlement was issued on 25 July, with a response date of 2 October. It included 6 specific questions and had exemplification for each authority of the impact of the extra 1% cut and holdbacks in 2014/15 and of a £3.1bn cut in core funding in 2015/16. This was £1bn higher than the overall cut for local government of £2.1bn announced in the spending review due to holdbacks and a cut of £800m to fund initiatives and funding allocations proposed by Ministers.

2.2 The paper did not show the full impact of the cuts in 2014/15 or the combined impact of the cuts over the next two years. An analysis of the cuts and a comparison with the funding in 2013/14 reveals that core funding in 2015/16 will in fact be cut by over £5.5billion compared with 2013/14 – a 21% cash cut and a real cut of 25%. This is on top of the cuts already experienced since 2010/11. A summary of the National Figures is shown below.

	CASH FUNDING			CHANGE in £M			ANNUAL % Change		
	2013/14	2014/15	2015/16	2014/15	2015/16	Total	2014/15	2015/16	TWO YEARS
	£m	£m	£m	£m	£m	£m	%	%	%
Revenue Support Grant	15,175	12,360	8,950	- 2,815	- 3,410	- 6,226	-18.6%	-27.6%	-41.0%
Baseline Business Rates / Top Up / Tariff	10,899	11,254	11,570	355	316	671	3.3%	2.8%	6.2%
Grant / Business Rates	**26,074**	**23,614**	**20,519**	**- 2,460**	**- 3,095**	**- 5,554**	**-9.4%**	**-13.1%**	**-21.3%**
Council Tax	23,371	23,628	23,912	257	284	541	1.1%	1.2%	2.3%
Non -School Funding (exl specific grants)	**49,445**	**47,242**	**44,431**	**- 2,203**	**- 2,811**	**- 5,014**	**-4.5%**	**-6.0%**	**-10.1%**

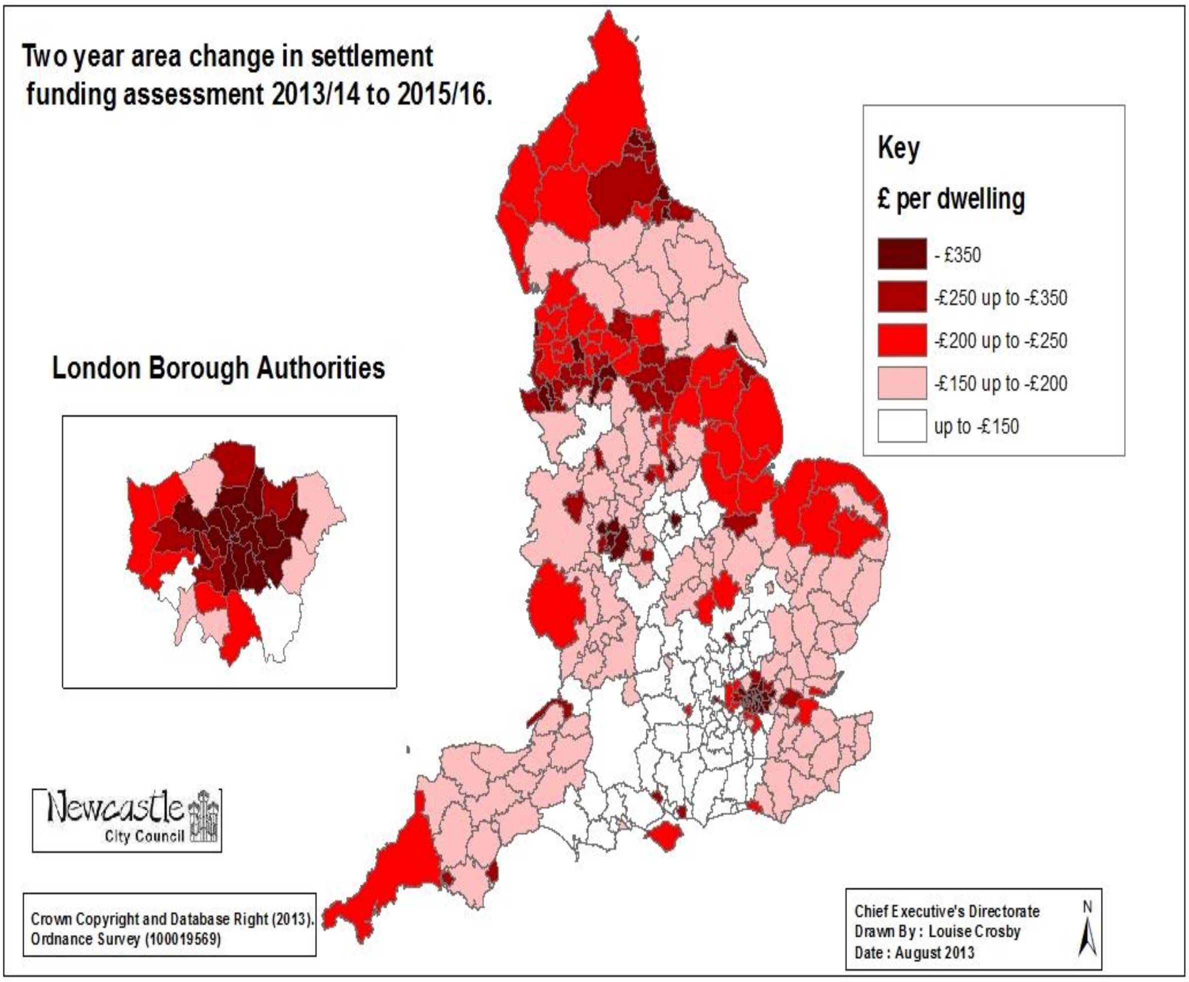
2.3 The recently published budget figures for 2013/14 reveals the difficulties that Councils across the country have had in cutting spending on some services, with budgets rising for social care, waste disposal and concessionary travel – due to demand and cost pressures on these statutory services. If this continues, as appears likely, it would mean that most of the £5.5billion cut will need to be found from a much larger cut in other services. To put the size of this cash cut into context, it is more than Councils' are planning to spend in total on highway maintenance, cultural services, planning and economic development. Within this, the extra £1billion cut in 2015/16 compares with total national budgeted spending on Libraries of only £776m in 2013/14.

2.4 In allocating the -21% cash cuts to services over the next two years, DCLG has chosen to give varying degrees of protection to the funding streams that are arbitrarily more visible within the revenue settlement. This produces cuts ranging from -15% to a 6% growth in funding for London Transport (because it is only funded by business rates!). By contrast, there is no clarity about whether any of the funding for the Integrated Transport Block proposed to go to LEPs is being held back centrally to be bid for against the growth agenda. The protection that is given has the result of increasing the level of the cut for all other services within the general funding block, which receive a higher cut of 25% in cash terms over the two years, as shown below.

ENGLAND						
	2013/14	2014/15 Revised	2015/16	CHANGE FROM 2013/14		
	£m	£m	£m	£m	%	
Upper Tier - Other*	13,371	11,956	10,030	-3,341	-25%	
Lower Tier - Other*	3,677	3,153	2,640	-1,036	-28%	Higher Cuts
Fire and Rescue*	1,064	987	903	-161	-15%	
Isle of Scilly	3	3	3	0	2%	
Council Tax Support*	3,295	2,932	2,471	-824	-25%	
SUB TOTAL	**21,409**	**19,030**	**16,048**	**-5,362**	**-25%**	
2011-12 Council Tax Freeze Grant	593	594	594	0	0%	
Early Intervention Funding	1,709	1,585	1,451	-258	-15%	
GLA General	46	42	41	-5	-10%	
GLA Transport	758	783	805	47	6%	Protected
London Bus	44	46	47	3	6%	
Homelessness Prevention	80	79	79	-1	-1%	
Lead Local Flood Authority	21	21	21	-0	-1%	
Learning Disability and Health Reform	1,413	1,434	1,434	21	1%	
TOTAL	**26,074**	**23,614**	**20,519**	**-5,554**	**-21%**	

* Figures have been adjusted to show Council Tax Support Separately

2.5 Of further concern is that the cuts for individual councils will vary significantly in cash and percentage terms. This will widen further the differential in the allocation of funding cuts that has emerged since the cuts commenced in 2010/11. The following heatmap clearly highlights the level of cuts in the settlement funding assessment across the two years to 2015/16.



2.6 The impact of the cut over the two years for North East authorities is summarised in the table below. The cut over two years is -£351.5million equating to £63 more per dwelling than the average. Almost all North East authorities have above average percentage and cash grant cuts with some being the most deprived councils in the country facing the highest levels of cuts. This contrasts sharply with the lower cuts facing the five least deprived Unitary councils highlighted below. When Council tax income is also taken into account the variation in the percentage cut in spending power is even clearer.

IMPACT OF TWO YEAR CUT 2013/14 to 2015/16				
	FUNDING CUT			CUT IN SFA & COUNCIL TAX
	£M	£ Dwelling	%	%
Gateshead	-28.8	-£312	-23%	-14%
Newcastle	-45.4	-£366	-23%	-15%
North Tyneside	-23.7	-£251	-22%	-13%
South Tyneside	-24.6	-£351	-23%	-15%
Sunderland	-42.0	-£336	-22%	-15%
Darlington	-11.3	-£232	-23%	-12%
Durham	-64.9	-£275	-23%	-13%
Hartlepool	-14.5	-£342	-23%	-15%
Middlesbrough	-24.1	-£395	-24%	-16%
Northumberland	-33.1	-£225	-22%	-10%
Redcar & Cleveland	-18.5	-£296	-23%	-14%
Stockton	-20.6	-£247	-24%	-13%
TOTAL / AVERAGE NE	**-351.5**	**-£296**	**-23%**	**-14%**
England (Exc Met & Shire District Fire)	**-5,436.0**	**-£233**	**-22%**	**-10%**
ENGLAND	**-5,554.5**	**-£240**	**-21%**	**-10%**
Central Bedfordshire	-13.7	-£124	-19%	-5%
Cheshire East	-18.7	-£113	-20%	-6%
Richmond Upon Thames	-9.4	-£114	-19%	-4%
Windsor and Maidenhead	-5.4	-£87	-19%	-5%
Wokingham	-5.4	-£86	-18%	-3%

3. RECOMMENDATIONS FOR ALTERNATIVES

Key Propositions

- Reduce the scale of the cuts by reducing holdbacks, topslices (freeze New Homes Bonus) and making new money for pressures.
- Allocate cuts on a simple equal percentage across all councils based on spending power.

NB Also Correct underlying grant distributions

3.1 Of paramount importance is the need to reduce the overall size of the grant cuts by removing the proposed topslices and holdbacks. The individual Topslice/Holdbacks have been highlighted below with suggested alternative solutions.

Topslice/Holdback	2013/14	2014/15	2015/16	Alternative Approach
	£m	£m	£m	
Safety net	25	120	50	Remove the Top Slice and fund from the extra NNDR collected before 31.3.2013. The 50% levy cap could also be removed which would provide funds to cover any genuine safety net costs.

Capitalisation	100	50		Remove Top Slice for Capitalisation and find an alternative solution for capitalisation. Alternative accounting solutions should be found that provide appropriate flexibility to spread significant one off costs over more than one year, without the necessity of a cut in revenue grant.
New Homes Bonus – Extra over and above 2013/14 level		381	681	Freeze New Homes Bonus at 2013/14 levels and remove topslice to go to LEPS
Collaboration and Efficiency Fund			100	Remove the Top slice and either make extra cash available or for individual councils to use capital receipts/reserves.
Fire Transformation Fund			30	
Social care new burdens (Dilnot)			335	There should be no grant cut (Topslice) here. Money for new burdens should be made available with extra cash provided. The £50m for capital should not result in an additional grant cut.
Independent Living Fund			188	Remove the Top Slice then provide extra transitional funding from DWP as this should have been made available for this transfer.
Balance / Troubled Families			147	Remove the Topslice. New money should have been found for this without it resulting in an additional grant cut

3.2 The main issue of concern with regard to the topslice is the way in which the cuts are unevenly distributed across local authorities. The new system works in such a way that the grant cut is taken as a % cut off Revenue Support Grant, with a few ad hoc decisions about protection to some funding streams. The outcome of this approach is that areas with higher needs end up with not just a higher cash cut but also a higher percentage cut. It also means that some key statutory services attract cuts that are extremely difficult if not impossible to make – for example in Children's social care; Adults social care; statutory concessionary travel; council tax support for pensioners; waste disposal due to the higher demand and cost increases in these areas. This results in much higher cuts having to be found from the remaining services. This is evident from the recently published budget figures for 2013/14 (See table below) which shows much higher reductions in spending from 2010/11 including Economic Development (55%), Planning Building and Development Control (23%), Community Development (35%), Community Safety (31%), Housing Strategy/Homeless/Welfare (23%) and Public Transport (39%). It is these services that will take the impact of the 25% cut if is not possible to make reductions in the statutory service areas and thus resulting in much greater in these services.

CHANGES IN KEY SERVICE BUDGETS 2010/11 TO 2013/14	ENGLAND			NORTH EAST	
	Budget 2013/14	% Change since 2010/11		Budget 2013/14	% Change since 2010/11
	£m	%		£m	%
Parking - Net Income	-634.6	14%		-14.1	4%
Flooding/Drainage/ Coast Protection	114.9	13%		4.6	8%
Concessionary Bus fares	1235.9	11%		82.9	3%
Waste Collection / Disposal	3526.5	4%		160.5	-2%
Childrens Social Care	6635.7	4%		355.9	1%
Adult Services	14650.4	1%		797.4	-4%
Fire	2174.4	-5%		132.4	-8%
Street Cleaning	707.7	-7%		38.9	-14%
Roads, Pavements, Street lights	-634.6	-8%		113.5	-27%
Police	11166.1	-8%		520.1	-13%
Open Spaces / Tourism	839.6	-15%		48.8	-30%
Libraries	775.5	-18%		43.3	-23%
Culture and Heritage	481.8	-19%		25.3	-23%
Recreation and sport	692.3	-19%		51.7	-28%
Planning, Building/Development Control	563.3	-23%		18.0	-26%
Housing Strategy / Homelessness/Welfare	2096.4	-23%		92.7	-11%
Regulatory (Trading Standards/Licensing etc)	611.0	-24%		25.3	-24%
Community Safety	348.3	-31%		16.9	-53%
Community Development	277.4	-36%		20.8	-48%
Public Transport inc Bus Services	2173.3	-39%		60.7	-15%
Economic Development / Business Support	363.2	-55%		24.6	-70%

3.3 A simpler and ‘fairer’ solution would be to introduce an equal allocation of cuts between councils to bring stability into the system. This is a simpler proposition which and could also bring significant benefits to deprived Councils including the North East, London and Core Cities. This is illustrated for North East Councils in the following table. An even Cut per Dwelling could reduce cuts by over £75m in 2015/16. An even percentage cut could reduce the cut in 2015/16 by over £94m.

NORTH EAST COUNCILS			IMPACT OF OTHER OPTIONS						
	DCLG CUT		EVEN CUT PER DWELLING			EQUAL % CUT PER DWELLING			
			CUT		CHANGE	CUT			CHANGE
	£M	£ Dwelling	£M	£ Dwelling	£M	£M	£ Dwelling	%	£M
Gateshead	-28.8	-£312	-21.6	-233	7.3	-20.8	-225	-10%	8.1
Newcastle	-45.4	-£366	-28.9	-233	16.5	-29.5	-238	-10%	15.9
North Tyneside	-23.7	-£251	-22.1	-233	1.7	-19.0	-201	-10%	4.7
South Tyneside	-24.6	-£351	-16.3	-233	8.3	-16.1	-230	-10%	8.5
Sunderland	-42.0	-£336	-29.1	-233	12.9	-27.7	-222	-10%	14.3
Darlington	-11.3	-£232	-11.4	-233	0.0	-9.4	-192	-10%	1.9
Durham	-64.9	-£275	-55.0	-233	9.9	-48.6	-206	-10%	16.3
Hartlepool	-14.5	-£342	-9.9	-233	4.6	-9.9	-232	-10%	4.7
Middlesbrough	-24.1	-£395	-14.2	-233	9.9	-14.7	-242	-10%	9.3
Northumberland	-33.1	-£225	-34.3	-233	-1.2	-32.1	-218	-10%	1.0
Redcar & Cleveland	-18.5	-£296	-14.6	-233	3.9	-13.7	-220	-10%	4.8
Stockton	-20.6	-£247	-19.4	-233	1.2	-16.4	-197	-10%	4.2
TOTAL / AVERAGE NE	**-351.5**	**-£296**	**-276.6**	**-233**	**74.9**	**-257.2**	**-217**	**-10%**	**94.2**
ENGLAND (exc Met & Shire Fire)	**5,436.0**	**-£233**	**5,436**	**-233**	**0.0**	**5,395**	**-231**	**-10%**	**-41.1**
								-10%	
Central Bedfordshire	-13.7	-£124	-25.7	-233	-12.0	-25.4	-230	-10%	-11.8
Cheshire East	-18.7	-£113	-38.8	-233	-20.0	-33.7	-203	-10%	-15.0
Richmond Upon Thames	-9.4	-£114	-19.2	-233	-9.8	-21.5	-261	-10%	-12.1
Windsor and Maidenhead	-5.4	-£87	-14.4	-233	-9.0	-11.8	-192	-10%	-6.5
Wokingham	-5.4	-£86	-14.6	-233	-9.2	-17.2	-273	-10%	-11.8

3.4 There are a range of further specific alternative solutions that can be made about the way the cuts are being made which will reduce the impact on deprived councils and these are summarised below

Current Issue / Proposal	**Alternative**
London Transport gets a cash uplift because it is funded only by Business Rates	If we are "all in this together" it would be fairer to apply a negative RSG adjustment to give an average cut
Council Tax Freeze grant is protected in cash terms and actually gets a cash uplift in 2014/15	There is no Justification in this proposal. It benefits areas with higher taxbases alone and if it is protected it should be done only if the Council Tax resource equalisation adjustment is also protected in cash terms.
GLA General Funding gets extra protection	No give standard amount for Fire / Other
Council Tax resource equalisation get full cut over 2 years (-16.1% in 2014/15). This also cuts the funding that councils receive to compensate them for students who do not pay council tax.	Identify the negative adjustment in cash terms and protect it at 2013/14 levels. Ensure that funding to compensate councils for high numbers of students is more visible and protected.
Council Tax Support funding gets full cut over 2 years (-16.1% in 2015/16)	Council Tax Support should be separately identified and protected with a cash freeze or a lower visible cut so that Government are accountable for any additional cuts in benefit

Funding For Children in Care cut again with little prospect of real cash savings in this area (-16.1% in 2015/16)	Highlight and protect with cash freeze or reduced cut
Concessionary travel for older People cut in full over two years (-16.1% in 2015/16)	Separately Protect / or change statutory scheme

Response to the individual Local Government Finance Settlement Questions

The DCLG consultation sets out six questions and a draft response is set out below. The questions are narrow in nature and do not consider other options. LGA was asked to circulate additional questions and has produced 21 further questions and a draft response is also set out below.

DCLG Q1: Do you agree with the Government's proposal on how to implement the 1% reduction to the Local Government Expenditure Limit (LG DEL)?
NO. We do not agree to the way the reduction is proposed to be made. Arbitrary protection is given to some funding streams because they can be separately identified. Other important funding which is less visible is subject to deeper cuts without an understanding of the impact of the cuts and their deliverability. The consultation paper focussed only on the additional cut to that previously proposed for 2014/15 but not adequately considered or debated in detail. The outcome of the overall cut in funding for 2014/15 must be considered in a far more transparent way. This is particularly important as it appears that the 2014/15 proposals produce a very significant redistribution of funding, with much higher cuts falling on the most deprived councils in the country.
DCLG Q2: Do you agree with the proposal for reducing the funding available for capitalisation for 2014-15 by £50m and using this revenue to reduce the amount required to be held back from Revenue Support Grant to fund the safety net?
NO. We do not consider it appropriate for there to be any reduction in funding for capitalisation directives in 2013/14 or for 2014/15 and future years. Alternative accounting solutions should be found that provide appropriate flexibility to spread significant one off costs over more than one year, without the necessity of a cut in revenue grant. The current approach results in a bizarre outcome of all councils revenue grants being cut, for the Secretary for State to give permission to a few individual councils to use their own funds to fund capitalised expenditure, while DCLG and Treasury appear to retain the cut in core funding . This anomaly within Central Government's accounting arrangement's needs addressing as a matter of urgency as this approach is resulting in real unnecessary cuts to Core Council services.

DCLG Q3: Do you agree with the way the Government proposes to hold back the funding that is necessary for New Homes Bonus and safety net support, and to return any surplus to authorities?
NO. In the light of the severe impact of the funding holdbacks for these items we do not consider that any holdbacks of funding can be justified. In terms of the Safety net Holdback our research has revealed that the need for the holdback is not justified. The costs primarily relate to the backdating cost of potentially successful rating appeals. Over the last two years DCLG has collected in over £600million of additional rates, some of which will be the subject of these appeals. In any event, the estimated Business Rates income to be collected in 2013/14 is likely to be underestimated by councils and the levy and central share available to fund the safety net is likely to have been overstated. With doubt about any actual year end costs DCLG should not be imposing up front cuts on services and jobs given the impact that it will have for councils, their service users; their employees and on the economy as a whole. The concept of holdbacks is a flawed one, particularly in the light of councils having to set a balanced budget, based on the grant income that they know they will receive. It can result in cuts that may well not be required.
DCLG Q4: Do you agree with the proposed methodology for calculating control totals for each of the elements within the Settlement Funding Assessment?

NO. The protections given to some funding streams that are visible is arbitrary and has the effect of increasing the cut in the general revenue funding block for all other services from -21% in cash terms over the two year to -25% over the two years. There is not a sufficiently strong case for giving some items a cash protection, allowing an inflationary increase in transport funding for London (while there is a 25% cut for transport funding for other areas). There is possibly more merit in providing protection for other areas of funding, which cannot be given protection because the funding has not been kept visible, such as – 1. Children's Social Care 2. Concessionary Travel 3. Council Tax (Benefit) Support 4. Council Tax Resource Equalisation Adjustment (including compensation for student council tax exemptions) 5. Grants rolled in, including Supporting People Grant, Housing Strategy for Older People, HIV/AIDs and Preserved Rights The outcome is to increase the distribution of cuts towards areas that face the greatest pressure from deprivation (e.g. pressure on children's social care services); with higher proportion of pensioners (including frailer and poorer pensioners); with lower council tax bases; and with higher numbers of students.
DCLG Q5: Do you agree with the proposed methodology for transferring in the 2013-14 Council Tax Freeze Compensation?
NO. While the freeze grant should be included, it should not be given a cash protection at the expense of a higher cut allocated to other services, including Council Tax Resource Equalisation Adjustment. In 2013/14 the Government Accepted that the Council Tax Resource Equalisation adjustment should be restored. The current approach would see it cut again by 25% over the next two years. It is essential that it continues to have cash protection. Only then could it be justified to give protection to the council tax freeze grant.
Question 6: Do you agree with the proposed methodology for adjusting the 2015-16 settlement to take account of the loss of tax revenue due to the Exchequer from the local authorities who are too small to participate in the Carbon Reduction Commitment Energy Efficiency Scheme?

NO. The consultation paper proposes that the Exchequer should consider using the "New Burdens Principle" to take account of the lost tax revenue from the Local Authorities too small to participate in the Carbon Reduction Commitment Energy Efficiency Scheme.

The 2011 Guidance stipulates that 'The new burdens doctrine **only applies where central government requires or exhorts authorities to do something new or additional**.' However, this proposal does neither; it does not require authorities to do anything new or additional.

If the government is to be consistent in its use of this principle it should reconsider its approach taken to the £800m designated as 'New Burdens' funding in the Spending Round announcement rather than cutting Core baseline funding as revealed in the settlement consultation. The Spending Round had given the impression that additional baseline funding would be available such as the £335m for social care new burdens associated with Dilnot reforms, rather than being part of it. New burdens funding is allocated to councils to meet new costs from the transferal of responsibilities or costs from central to local government. The £30m fire transformation fund and £100m collaboration and Efficiency Fund and the £188m costs associated with closing down the Independent Living Fund are further examples. Clearly these are instances that should have been dealt with under this doctrine and Core baseline funding should not have to be cut in this way.

ASSOCIATION OF NORTH EAST COUNCILS

ASSOCIATION OF NORTH EAST COUNCILS RESPONSE TO THE DCLG LOCAL NEW HOMES BONUS AND THE LOCAL GROWTH FUND TECHNICAL CONSULTATION

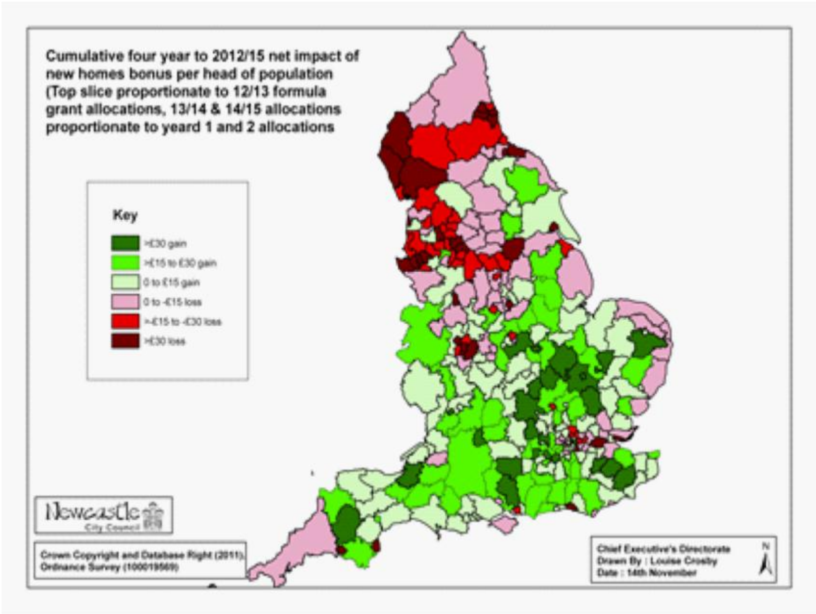
Summary of Recommendations as also highlighted within our response to the Local Government Finance Settlement response.

a) Limit the scale of the New Homes Bonus, given the impact on social care and other key services its impact needs to be scaled back.
b) Freeze the New Homes Bonus and topslice at current 2013/14 levels.
c) Reduce the £400m topslice for the LEP.
d) Any commitments should not just be contractual and should also include commitments to offset revenue cuts.

1. Overview

1.1 The New Homes Bonus grant looks at first glance to be a positive scheme. However, there are significant concerns about the way in which the New Homes Bonus mechanism works, and the size and scale of the distributional impact the scheme has both on cutting formula funding by applying a simple percentage reduction to fund the scheme. Then by allocating the reward linked to council tax bands which broadens the distributional impact and benefits wealthier less deprived high tax base Councils over poorer more deprived low tax base Councils. This is because those Councils with high needs and low tax base and high levels of council tax benefit costs have a larger top slice from their revenue support grant used to fund the scheme. They are also more likely to receive less reward back from the scheme as this is based upon housing growth which in deprived areas is generally constrained by lower market demand and lower council tax values. The scheme does not reflect the very different housing market conditions that councils are facing. Factors such as Councils facing much more difficult housing market conditions due to external factors – such as the economic downturn – losing out not because they are not striving to build houses but simply because of the market conditions.

1.2 The potential to increase the total level of the bonus to £2billion as opposed to the £1billion that Councils first consulted upon is of particular concern as it is double the level of funding first identified to fund the scheme and inevitably leads to even greater top slicing of resources in the new Business Rates system resulting in a disproportionate redistribution away from areas more reliant on formula grant. The following heatmap demonstrates the Net redistributive nature around the country of the New Homes Bonus.



1.3 In the North East all 12 councils are net losers under the New Homes Bonus arrangement with an estimated net loss of £20m to the region in 2014/15 as shown in the table below. If the New Homes Bonus topslice increased from £654.8m in 2014/15 to £2bn in 2018/19 the net annual loss to the region in that year would potentially grow to around £60m, which would have a dramatic impact on the front line services that councils in the region could provide.

New Homes Bonus Redistribution in 2014/15, North East Councils

	2013/14	2014/15			REDISTRIBUTION DIFFERENCE		
Local Authority	New Homes Bonus	Extra New Homes bonus for 2014/15	New Homes Bonus	New Homes Bonus Adjustment 2014-15	Scaled to 2014/15 Grant Topslice of - £654.788m	New Homes Bonus Scaled to £654.788m	**Difference**
	£m	£m	£m	£m	£m	£m	**£m**
ENGLAND	**668.339**	**236.449**	**904.788**	**145.212**	**-654.788**	**654.788**	**0.000**
NORTH EAST							
Darlington	0.870	0.289	1.159	0.302	-1.360	0.839	**-0.522**
Durham	4.800	2.248	7.048	1.676	-7.558	5.101	**-2.458**
Gateshead	1.012	0.341	1.353	0.770	-3.472	0.979	**-2.492**
Hartlepool	1.188	0.419	1.607	0.375	-1.692	1.163	**-0.528**
Middlesbrough	1.269	0.351	1.620	0.606	-2.732	1.172	**-1.560**
Newcastle upon Tyne	2.102	0.948	3.050	1.190	-5.367	2.207	**-3.159**
North Tyneside	1.299	0.447	1.746	0.636	-2.868	1.264	**-1.604**
Northumberland	2.784	1.040	3.824	0.907	-4.092	2.767	**-1.324**
Redcar and Cleveland	0.949	0.509	1.458	0.475	-2.141	1.055	**-1.086**
South Tyneside	0.767	0.358	1.126	0.651	-2.937	0.815	**-2.122**
Stockton-on-Tees	2.255	0.933	3.188	0.522	-2.355	2.307	**-0.048**
Sunderland	1.704	0.552	2.255	1.131	-5.098	1.632	**-3.466**
	20.998	**8.436**	**29.434**	**9.241**	**-41.671**	**21.301**	**-20.370**

1.4 By transferring £400m of Councils own reward to LEPs the scheme moves away from two of the core principles of the final scheme design of being a "**Predictable** permanent feature of local government funding" and "**Flexible**" with local authorities able to decide how to spend the funding in line with local community wishes and therefore not contractual. This proposal could potentially transfer further funding of around £13m from North East Councils to LEPs based upon current allocations. This is funding that has been used in Council's planning and earmarked for local priorities as per the scheme design.

1.5 We would therefore recommend that the scheme be frozen at its current level and the £400m top slice proposed for LEPs be returned to the revenue support grant.

Specific responses to the individual questions posed within the technical consultation are as follows with the overarching principle that we believe that the current level of funding should remain unchanged.

Question 1: We would welcome views on the underlying principles of pooling the New Homes Bonus in this way, with specific regard to ensuring that pooled funding remains in the Local Enterprise Area where it originates and that the method of calculating the Bonus remains unchanged?

The New Homes Bonus final scheme design payment is an unringfenced revenue grant payable to each council for a period of six years. Two of the main principles of the scheme are that it is Predictable and Flexible:

1. "Predictable - the scheme is intended to be a permanent feature of local government funding and will therefore continue beyond the six-year cycle. The design features have been kept simple and stable to ensure that expected rewards for growth are delivered.
2. Flexible - local authorities will be able to decide how to spend the funding in line with local community wishes…… This may relate specifically to the new development or more widely to the local community. For example, they may wish to offer council tax discounts to local residents, support frontline services like bin collections, or improve local facilities like playgrounds and parks."

The proposals outlined give no recognition of the current level of reward and how that has already been committed in council budgets and forward planning under the principles of the current scheme. Reward earmarked and anticipated based on current levels rolling forward by Councils to use as they see fit should remain intact. The issue with the proposals is that Government intends to take funding included in council base budgets and hand over 35% of it to LEPS without recognition of the existing use/proposals and the impact on council budgets and forward planning.

Therefore, current levels of reward should remain intact with only a proportion of the new reward allocated to LEPs within that authority area but only if the Government do decide to increase the New Homes Bonus scheme. However, as highlighted above our recommendation would be freezing the scheme at its current levels.

Question 2: The first mechanism is that an equal percentage of all New Homes Bonus allocations will be pooled to the lead authority of their Local Enterprise Partnership, the precise percentage to be determined, but will be that necessary to make £400m nationally. Do respondents consider this to be an appropriate method?
Yes, this would be our preferred mechanism.
Question 3: The second mechanism would act as described above for all areas with a single tier of local government (unitary authorities, metropolitan boroughs, etc). Where areas have two tiers of local government (lower tier district councils and upper tier counties) the alternative distribution mechanism would operate whereby upper tier authorities would surrender all of their New Homes Bonus, with the balance coming from the lower tier. Do respondents consider this to be a preferable method of pooling for two tier areas?
N/A
Question 4: Do respondents consider that the content of the proposed condition placed on the section 31 grant will be sufficient to enforce the local pooling of the New Homes Bonus funds?
Yes
Question 5: The government considers that the existing accountability arrangements for Local Enterprise Partnership should apply to pooled funding as these are considered to provide sufficient safeguards for the protection of spending. Do recipients agree?
Yes
Question 6: Do recipients agree that locally pooled New Homes Bonus in London should pass to the Greater London Authority to be spent under existing arrangements?
N/A to us but would suggest that this should be determined by London Councils
Question 7: Do you agree that where an authority is a member of more than one Local Enterprise Partnership, then the proportion to be pooled should be divided equally amongst the Local Enterprise Partnerships?
This seems a sensible view unless it would make sense to split proportionately according to the size of the LEPs.

Question 8a: The Government proposes that where local authorities can demonstrate that they have committed contractually to use future bonus allocations on local growth priorities, Local Enterprise Partnerships should take this into account when determining their local growth plan and their priorities for using pooled funding. Do respondents agree with this proposal?
As highlighted in Question 1 the New Homes Bonus final scheme design payment is an unringfenced revenue grant payable to each council for a period of six years with one of the key principles of the scheme being it's flexibility for local authorities to be able to decide how to spend the grant in with their local communities wishes and the predictability that the funding is a permanent feature of local government funding captured for six years for each years reward. Under the principles of the final scheme design we believe that Council's should not have to be required to demonstrate that they have committed contractually to use future bonus allocations. It should be sufficient that it has been budgeted for and used under the flexibility principle of the scheme in line with Council priorities.
Question 8b: If respondents disagree with question 8a are there alternative approaches for dealing with such commitments? Please refer to point 8a
Question 8c: Are there other circumstances in which a spending commitment should be taken into account by the Local Enterprise Partnership?
Yes, where New Homes Bonus has been incorporated into base budgets whether that is for growth priorities or in line with local community priorities as highlighted under the flexibility principle.

ASSOCIATION OF NORTH EAST COUNCILS

ASSOCIATION OF NORTH EAST COUNCILS RESPONSE TO THE DCLG CONSULTATION ON USE OF CAPITAL RECEIPTS FROM ASSET SALES

Summary of ANEC recommendations to the consultation

Local authorities to have a local discretion, in conjunction with their appointed external auditors, to best determine how exceptional revenue costs would be funded from their own or shared capital receipt pool and/or a reduced MRP in year provision.
That any Government proposal has at its centre flexibility of application and ease of use.
That arrangements are in place for the beginning of the 2014/15 financial year
That the existing capital directions are maintained, but that the funding from grant holdbacks / top slicing is ceased.

1. Overview

1.1 ANEC member authorities do not need the proposed mechanism to encourage good asset management, planning or to incentivise the appropriate sales of specific local authority assets.

If the sole reason for the sale of an asset was to gain a capital receipt in order to pump prime a revenue project, then the justification of achieving true value for money is effectively marginalised.

The key driver for the proposed mechanism would be the stated second broad aim:

'To enable additional resources, from local authority asset sales, to give capital receipt flexibility for the one-off cost of reforming, integrating or restructuring services.'

Any additional assistance facilitated by central Government needs to be simple to access, practical in its application and timely in its implementation and effect.

The flexibility of using capital receipts for one-off revenue projects would better sit at a local authority level, which after considering the whole range of options for the effective use of resources, can agree a position with their own independent external auditors.

1.2 ANEC is willing to assist in providing Government with information and advice on issues relating to capital planning and programming and the factors that are considered by local authorities prior to any asset disposal and/or addition.

The suggestion in the proposal that only capital receipts from the sale of new assets can be available for this purpose is too limiting and does not facilitate timely delivery.

It is also impracticable that a local authority could sell an asset quickly to achieve the immediate funding resource for the identified revenue project.

1.3 Any form of a bid process for this type of flexibility does not meet the suggested criteria of 'simple, practical and timely'.

Local authorities need some certainty on the level of capital receipts that may become available for the one-off costs associated with enabling its programmes. Capital receipts often are subject to delay, as disposed assets are subjected to planning considerations by the buyer.

The proposed bid approach should not be adopted and an alternative approach should be identified.

1.4 The integrity of the local authority's Statement of Accounts is better maintained if the expenditure is capitalised when capital financing is to be applied.

It is not necessary to relate a particular asset disposal to the financing of one-off costs for a particular transformation project or programme. This is not how local authorities operate and again would limit timely availability of funds.

If a central system is to be sanctioned we agree with the DCLG proposal that the capitalisation direction approach should be adopted but the direction does not need to include a link to a particular asset disposal.

1.5 The capital receipts flexibility should be made available as soon as possible and therefore should apply from 2014/15.

If DCLG allows existing available capital receipts to be applied to the proposed flexibility, as well as a proportion of future capital receipts, the commencement in 2014/15 would be of no concern.

1.6 There should be a distinction between the proposed capital receipts flexibility and other existing capitalisation directions. The equal pay Capital Finance Regulations should take precedence over all other capital receipt directions.

Specific responses to the individual questions posed within the consultation are as follows with the overarching principle that we believe that local decisions should determine the use of capital receipts to fund one-off revenue investments

Question 1: Do you consider that the proposal to allow some flexibility for use of capital receipts from new asset sales will provide you with a useful additional flexibility for one off revenue costs associated with restructuring and reforming local services to deliver longer term savings?
Local authorities require as much flexibility as possible when it comes to enabling their difficult and complex change programmes, subject of course to the maintenance of the integrity of the accounts. Any new financing mechanism needs to be timely in its implementation and effect. The sooner that programmes are delivered the sooner improvements, changes and savings can be achieved. The suggestion in the proposal that only capital receipts from the sale of new assets can be available for this purpose would be limiting and would not facilitate timely delivery. It is recognised that central Government require a limit to be placed on the overall level of financing from this source across the country, given the impact on Public Sector Current Expenditure (PSCE), but from our perspective there is no need to have this additional limitation in place. It is not advisable to put a local authority in a position that they would need to sell an asset quickly to achieve a timely financing stream for a revenue project or programme. This would add risk to the delivery of a robust options appraisal exercise for the sale of the asset and may result in poor value for money for the local tax payer. The fact that a local authority has an existing level of capital receipts that is available for use would suggest that it already has a healthy asset disposal strategy in place that is very much part of its asset management plan.

We would suggest a different approach to resourcing one off revenue costs that avoids the use of capital receipts for revenue purposes. By using capital receipts to fund only capital expenditure, you would be minimising external borrowing needs and keeping capital expenditure both true and lower by not passing across revenue costs as capital.

We would then allow, say 50%, of that equivalent capital receipt value to be processed as a reduction in the required Minimum Revenue Provision for that year. Effectively taking a debt provision 'holiday', which could be caught up in future years, when savings begin to materialise.

This would allow appropriate revenue resources to be used on one-off revenue costs, keeping the discipline of Capital for Capital and Revenue for Revenue strict.

Question 2: To evidence base the response to question one, we would welcome (in no more than 400 words) your initial ideas for change(s) that you consider would benefit from the flexible use of capital receipts policy?

Information could include the level of funding required, type of asset(s) to be disposed, details of the service transformation and savings that could be achieved and future use of the asset(s).

Local authority change programmes would generally include the following areas:

Service re-design and service integration;
Shared service arrangements;
Trust models;
Joint ventures and partnerships;
Outsourcing;
Property asset rationalisation; and
Devolution of services to other local bodies.

Question 3: Do you agree that these criteria should be used, or would you suggest alternative or additional measurements to decide a bid based approach?
Our view would be that the proposed bid approach should not be adopted and an alternative approach should be identified. An alternative approach would be that a local authority notify DCLG of their anticipated capital receipts usage for the year, indicating also the 50% MRP provision reduction that would be utilised in that year. DCLG confirms the position and issues an effective MRP Direction ahead of the relevant financial year. This approach would be transparent to Government and to independent external auditors for each local authority and it meets the suggested criteria of simple, practical and timely.

Question 4: Do you agree that a direction letter mechanism would be the best method of delivering the aims of the policy proposals?
Agreed, that a direction letter would be required to give clarity and visibility.

Question 5: Is the proposed timetable realistic to allow for the practical implementation of the flexible use of capital receipts proposal?
Flexibility to resourcing one off costs needs to be available from 2014/2015 financial year.

Question 6: If you felt the timetable was not realistic, what changes would you make to the proposed implementation of the policy to allow for the practical delivery of the flexible use of capital receipts?
Local Authorities submit their MRP deferment provision requests by January 2014. Direction letters issued confirming the position by DCLG by February 2014. Local authorities confirm their Treasury Management position in March 2014.

APPENDIX 9

Analysis for 'Money Talks'		Statutory Minimum £000's	Business Case £000's	Discretionary Services £000's	Total MSL Budgets £000's
1	Adult Social Care & Housing	33,442	(362)	24	33,104
2	Leisure & Culture	927	(25)	2,141	3,043
3	Children & Young People	14,591	2,184	887	17,662
4	Highways & Design	6,139	(240)	0	5,899
5	Corporate Management & Democracy	7,300	76	278	7,654
6	Environmental Services	8,037	(941)	830	7,926
7	Corporate Support Services	5,410	6,494	309	12,213
8	Economy & Regeneration	1,677	(2,565)	797	(91)
9	Health & Working with others	508	314	278	1,100
		78,031	**4,935**	**5,544**	**88,510**
	Plus full year effect of the £3m in year savings				1,575
	MTFP expenditure 2013/14 as per MTFP				**90,085**

BUDGET REDUCTION PROPOSALS

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
A - Transfer of Responsibility of Services to Others	0.000	0.000	0.300	0.300	0.300	0.300
B - Public Involvement and Demand reduction in Street Cleaning and Parks and Open Spaces	0.050	0.250	0.600	0.600	0.600	0.600
C - Voluntary Sector	0.000	0.100	0.200	0.200	0.200	0.200
D - Economic Growth	0.200	0.500	1.500	1.500	1.500	1.500
E - Public Sector Collaboration & Joint Commissioning	0.000	0.000	1.300	1.300	1.300	1.300
F - Internal Efficiency Impacts & Restructures	0.000	0.300	0.800	0.800	0.800	0.800
G - Service Redesigns						
- Refuse Collection	0.100	0.400	0.400	0.400	0.400	0.400
- Dolphin Centre & Eastbourne Leisure Facilities	0.200	0.340	0.440	0.440	0.440	0.440
- Homelessness Services	0.120	0.350	0.350	0.350	0.350	0.350
- Lifeline	0.126	0.204	0.337	0.337	0.337	0.337
- CCTV	0.080	0.080	0.080	0.080	0.080	0.080
- Crown Street Library	0.022	0.045	0.045	0.045	0.045	0.045
Sub total	0.648	1.419	1.652	1.652	1.652	1.652
H - Adult Social Care	1.000	2.000	3.000	3.000	3.000	3.000
I - Children's Social Care	0.750	1.500	1.750	1.750	1.750	1.750
J - Public Health Recommissioning of Services	0.800	1.200	2.700	2.700	2.700	2.700
Total	**3.448**	**7.269**	**13.802**	**13.802**	**13.802**	**13.802**

APPENDIX 11

MEDIUM TERM FINANCIAL TERM 2014 TO 2020

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m	£m
People	50.417	51.355	52.435	53.520	54.325	55.142
Place	17.971	20.006	20.684	21.455	21.760	22.069
Resources	15.131	15.503	15.737	16.017	16.255	16.497
Financing costs	4.421	4.368	4.208	4.053	4.053	4.053
Council Wide	0.007	0.007	0.007	0.007	0.007	0.007
Contingencies	1.283	1.393	1.493	2.623	2.623	2.623
Proposed Savings	(3.448)	(7.269)	(13.802)	(13.802)	(13.802)	(13.802)
Contribution to/(from) revenue balances	(1.066)	(6.141)	(1.691)	0.000	0.000	0.000
Total Expenditure	84.716	79.222	79.071	83.873	85.221	86.590
Future Efficiency and savings programme	0.000	0.000	(3.704)	(11.551)	(12.605)	(13.176)
Total Net Expenditure	**84.716**	**79.222**	**75.367**	**72.322**	**72.616**	**73.414**
<u>Resources - Projected and assumed</u>						
Council Tax	37.469	38.409	39.373	40.362	41.371	42.405
Business rates retained locally	17.260	17.744	18.294	18.916	19.673	20.460
Top Up	3.955	4.066	4.192	4.334	4.503	4.679
RSG	24.461	17.541	11.571	6.765	5.074	3.805
NHB	1.298	1.650	2.028	2.156	2.273	2.431
NHB required to fund £400M nationally	0.000	(0.565)	(0.572)	(0.587)	(0.610)	(0.641)
NHB returned	0.273	0.377	0.481	0.376	0.333	0.275
Total Resources	**84.716**	**79.222**	**75.367**	**72.322**	**72.616**	**73.414**
<u>Balances</u>						
Opening balance	14.698	13.632	7.491	5.800	5.800	5.800
Less Redundancy Reserve						
Contribution to/(from) balances	(1.066)	(6.141)	(1.691)	0.000	0.000	0.000
Closing balance	**13.632**	**7.491**	**5.800**	**5.800**	**5.800**	**5.800**

REVENUE ESTIMATES
2014/15 - Summary

	2013/14	2014/15			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
People	50,156	105,832	(17,072)	(38,343)	50,417
Place	17,734	87,063	(27,135)	(41,957)	17,971
Resources	16,319	20,683	(5,467)	(85)	15,131
Group Totals	**84,209**	**213,578**	**(49,674)**	**(80,385)**	**83,519**
Financing Costs	3,899	4,421	0	0	4,421
Council Wide Pressures / Savings	139	7	0	0	7
Contingencies	1,193	1,283	0	0	1,283
Grand Total	**89,440**	**219,289**	**(49,674)**	**(80,385)**	**89,230**

Revenue Estimates 2014/15 - People

	2013/14	2014/15			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
Director of People	329	983	(307)	(240)	436
Children, Families & Learning					
Children & Family Social Care - Management & Social Work	2,170	2,109	0	0	2,109
Children & Family Social Care - LAC	8,751	9,162	(92)	(248)	8,822
Children & Family Social Care - YOS	309	878	(257)	(296)	325
Children & Family Social Care - Other C&F	209	213	0	0	213
Educational Services	976	15,362	(2,720)	(11,489)	1,153
Family Support	3,570	6,746	(104)	(3,276)	3,366
Review Development & Safeguarding	383	494	(99)	0	395
Schools	0	15,572	0	(15,572)	0
Transport Unit	0	2,177	(2,177)	0	0
Public Health	109	7,338	(55)	(7,184)	99
Development and Commissioning					
Assistant Director Development & Commissioning	112	113	0	0	113
Communities & Welfare Rights	236	259	(27)	0	232
Community Safety	105	119	(13)	0	106
Commissioning	4,005	3,901	(27)	0	3,874
Workforce Development	419	448	(47)	(27)	374
Adults					
External Purchase of Care	21,042	31,665	(9,463)	0	22,202
Intake and Reablement	1,004	2,203	(1,225)	0	978
Older People Long Term Condition	1,850	1,863	(34)	0	1,829
Physical Disability Long Term Condition	262	410	(150)	0	260
Learning Disability Long Term Condition	1,697	1,875	(140)	0	1,735
Mental Health Long Term Condition	669	792	(138)	(11)	643
Disabled Children	648	615	3	0	618
Service Development and Integration	1,301	535	0	0	535
Total People	**50,156**	**105,832**	**(17,072)**	**(38,343)**	**50,417**

Revenue Estimates 2014/15 - Place

	2013/14	2014/15			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
Director of Place					
Directorate & Administration	165	168	0	0	168
Policy & Regeneration					
AD & Consolidated Budgets Policy & Regeneration	253	279	0	0	279
Building Control	157	367	(206)	0	161
CCTV	116	517	(392)	0	125
Christmas Lights	32	32	0	0	32
Commercial & Licensing	(25)	134	(159)	0	(25)
Concessionary Fares	3,107	3,234	0	0	3,234
Development Management	(219)	480	(618)	(27)	(165)
Economic Regeneration	277	276	0	0	276
Emergency Planning	90	91	0	0	91
Environmental Health	490	545	(30)	0	515
Flood & Water Act	92	94	0	0	94
HOS & Admin Support	164	165	0	0	165
LSTF	0	456	0	(456)	0
Parking	(1,658)	1,295	(2,928)	0	(1,633)
Private Sector Housing	162	188	(22)	0	166
Programme & Projects	526	961	(154)	(354)	453
Strategy & Commissioning	640	583	(1)	(97)	485
Taxi Licensing	0	124	(124)	0	0
Trading Standards	262	267	(2)	0	265
Community Services					
AD Community Services	111	113	0	0	113
Cemeteries & Crematorium	(739)	527	(1,297)	0	(770)
Civic Theatre	(160)	2,904	(3,052)	0	(148)
Community Grants	3	3	0	0	3
Countryside	137	175	(38)	0	137
Dolphin Centre	930	3,572	(2,717)	0	855
Eastbourne Complex	15	140	(108)	0	32
Head of Steam	194	244	(48)	0	196
Indoor Bowling Centre	0	24	(12)	0	12
Libraries	844	924	(74)	0	850
Markets	(248)	326	(590)	0	(264)
Outdoor Events	113	114	0	0	114
Sports Development	65	129	(32)	(31)	66
Strategic Development of Arts	155	141	(20)	0	121
Stray Dogs	51	55	0	0	55
Street Scene	4,804	6,930	(2,009)	0	4,921
Stressholme Golf Course	99	0	0	0	0
Transport Unit - Fleet Management	0	0	0	0	0
Waste Disposal	3,372	3,473	0	0	3,473
Winter Maintenance	455	461	0	0	461

Revenue Estimates 2014/15 - Place (continued)

	2013/14	2014/15			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
Highways, Design & Projects					
AD Highways, Design & Projects	95	100	0	0	100
Capital Projects & Building Design Services	(20)	197	(79)	0	118
Highways	2,566	2,965	(532)	0	2,433
General Support Services					
Works Property & Other	111	113	0	0	113
Joint Boards & Levies					
Coroners	162	175	0	0	175
EA Levy	91	94	0	0	94
Outside Contributions	356	355	0	0	355
DLO Profits					
Construction	(476)	3,841	(3,979)	0	(138)
Building Maintenance	(378)	3,003	(3,382)	0	(379)
Highways	(219)	2,967	(3,008)	0	(41)
School Meals	47	871	(825)	0	46
Other	2	0	0	0	0
Housing General Fund					
Housing benefits / Council Tax	(87)	39,210	0	(39,470)	(260)
Improvement Grants	22	52	(30)	0	22
Housing benefit administration	57	996	(72)	(828)	96
Community Housing services	216	221	0	0	221
Housing Options	182	350	(106)	(60)	184
Welfare Services	160	0	0	0	0
Northumbrian Water Commission	(141)	0	(142)	0	(142)
Service, Strategy & Regulation	84	69	0	0	69
Key Point of Access	(1)	64	(63)		1
Council Tax and NNDR collection	72	423	(284)	(148)	(9)
Social Fund Admin	0	79	0	(79)	0
Social Fund Programme	0	407	0	(407)	0
Total – Place	**17,734**	**87,063**	**(27,135)**	**(41,957)**	**17,971**

Revenue Estimates 2014/15 - Resources

	2013/14	2014/15			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
Chief Executive Officer	231	233	0	0	233
Director of Resources	200	201	0	0	201
AD Resources	105	112	(7)	0	105
Organisational Planning	3,326	2,738	(180)	(85)	2,473
Customer Services	409	687	(227)	0	460
Legal & Procurement	1,083	1,397	(287)	0	1,110
Democratic Services	1,351	1,403	(14)	0	1,389
Registrars of births, deaths and marriages	(50)	194	(244)	0	(50)
Administration & Town Hall	2,012	2,240	(210)	0	2,030
Financial Services & Governance	1,692	2,871	(1,228)	0	1,643
Xentrall Services (D & S Partnership)	1,852	2,486	(782)	0	1,704
Complaints & Freedom of Information	141	147	0	0	147
ICT Infrastructure	543	752	(9)	0	743
AD Transformation	113	115	0	0	115
Property Management & Corporate Landlord	2,328	3,826	(1,736)	0	2,090
Human Resources	444	915	(474)	0	441
Health & Safety	94	166	(69)	0	97
Equal Pay	445	200	0	0	200
Total Resources	**16,319**	**20,683**	**(5,467)**	**(85)**	**15,131**

<u>Plan for delivery of the Impact Assessment process for the Budget proposals.</u>

The Equality Scheme currently in operation stresses that the Council will use EIA to assess and report the effects of actions, services and proposals (referred to throughout the scheme as activities) on people in respect of their legally protected characteristics. It is essential that this response whilst being proportionate meets the requirements of the Council to have due regard to the effects of it activities on people with Protected Characteristics.

It is important that the process of carrying out an impact assessment is seen as an ongoing task built into the development of proposals and strategies and is revisited throughout the lifetime of the project as part of the day to day activities. The detail of the majority of budget proposals at the present time is not clear but already there is a potential for a number of groups with particular protected characteristics to be identified as affected, sometimes by multiple proposals.

The timescales for impact assessment work varies but where discussions take place with service users about where savings are to come from impact assessments can be built into that co-design process. There needs to be awareness that this can take place at the same time as the co-design process but needs to provide detail about impacts of any options being discussed. It is also important that this research into impacts is logged on the EIA forms to provide an audit trail. Set out in Annex A is the methods and groups that need to be engaged in the co-design process.

There are however a limited number of more detailed proposals and set out below is the suggested impact assessment process for these.

<u>Alternate Weekly Collections</u>

This proposal will be subject to a detailed impact assessment.
A consultation exercise will be carried out to establish the impacts that the introduction of the service may have on residents via a survey open to all residents. This survey will be available online and in paper format between 13th November and 16th December.

Darlington Borough Council has a duty to consult with residents and understand the impacts (if any) that this proposal, if implemented will have on those with a particular characteristic as set out in the Equality Act 2010.

The survey will therefore ask respondents if any of the impacts that they identify are as a result of protected characteristics as identified in the Equalities Act. These answers will be confidential and will only be used for the purposes of consultation. The survey will also ask for contact details so that more in depth impact assessments can be carried out with those with protected characteristics if necessary.

However, some people will not be able to use surveys on web or written form and it is essential to give these people an opportunity to identify their impacts too. Capacity is such that this needs to be done in a way that is proportionate. It is therefore proposed that sessions are organised with the following organisations:

- Equalities Darlington (This includes representatives of most protected characteristics)
- DAD – drop-in sessions
- Learning Disability Network (Healthwatch could facilitate this)
- Age UK
- Arthritis Patients

<u>Lifeline Impact Assessment</u>

The impact assessment for this proposal has already commenced with a desk top exercise taking place internally following an earlier discussion with officers. The proposal will affect a number of protected characteristic groups but especially older people, disabled people including those with physical impairments, learning disability or mental health impairments. Within the residents affected by the changes there are a number of different groups including those eligible for housing benefit, those in properties owned by registered social landlords and self-funders. All of these groups will be affected differently and whilst the majority of clients will simply receive funding support through housing benefit rather than the supporting people funding as now.

One of the other issues that need to be reviewed in the EIA is the impact on staff with protected characteristics and HR will be undertaking this process. Whilst changes to the Job Description are minimal it will be important to log the positive and negative impacts of these changes and to understand what will not happen that does happen now and vica versa.

If the current desktop identifies the need for more direct impact assessments work with residents this will be undertaken in a way that is appropriate for the different client groups.

Building Strong Communities

Proposal	Potential Protected Characteristics affected	Groups to be engaged	Method
Head of Steam	Age Gender	Service users with an annual pass Schools Scout groups Surestart Age UK Railway VCS Groups including Preservation Trust	Co-design of Trust Primary School Heads meeting 11-19 Partnership Newsletter and web articles Letters to organisations
Cockerton Library	Age Disability Pregnancy and Maternity	Service Users Schools in the geographical area including parents and staff Local Community groups Housing providers DAD Surestart Church Groups Community Partnerships	This will require detailed impact assessment work as there are legal obligations to be met. Lynne Litchfield undertook initial work last time.
Public Involvement and demand reduction in street cleaners, park and open spaces	Age Disability	Service Users Schools in the geographical area including parents and staff Local Community groups Housing providers DAD Surestart Church Groups Community Partnerships Friends groups	Co design and work volunteer organisations and Friends Groups

Proposal	Potential Protected Characteristics affected	Groups to be engaged	Method
		Sports groups	
Voluntary Sector	Various to be identified when activities/changes are identified	To be clarified but will include a range of VCS organisations and their services users	Co-design with voluntary organisations

Grow the Darlington Economy

Proposal	Potential Protected Characteristics affected	Groups to be engaged	Method
Economic Growth	Each development will require a EIA and the PC will vary with each development	Dependent on the housing or business development	To be identified

Every Pound Well Spent

Proposal	Potential Protected Characteristics affected	Groups to be engaged	Method
Public Sector Collaboration	Each development will require a EIA and the PC will vary with each development	Group will vary for each collaboration but will include staff and service user groups	To be identified as collaborations are developed
Dolphin and Eastbourne Leisure Facilities	Age Disability Sex Gender re-assignment Transgender Marriage and Civil Partnerships Pregnancy and maternity	Users of the service Groups supporting these protected characteristic groups including: Age UK MSLC YMCA GADD DAD	To be agreed when the proposal is fully worked up. Co-design could include representatives from these groups at an early stage to inform the process. This may depend upon

Proposal	Potential Protected Characteristics affected	Groups to be engaged	Method
		MENCAP	commercial sensitivities.
Homelessness services	Age Sex Race	First Stop YMCA 700 CLUB Specialist providers for supporting people clients	To be agreed when the desktop exercise has been undertaken and the level of impact assessment required
CCTV	Age Race Disability Religion or belief Sexual orientation	Age UK GOLD DAD Hearing impaired GADD Faith Groups BME network Community Partnerships	To be agreed when the proposal is fully worked up.
Civic Theatre	Disability	May be no requirement to engage but this will depend upon changes proposed and whether there is likely to be reduced access to specialist performances	To be clarified
Adult Social Care	Age Disability Gender reassignment Pregnancy and maternity Race Religion or belief Sex Sexual orientation Marriage and civil partnership	Groups and individuals will need to be identified as the detail becomes available. Working with service user groups to co-design will help with identification of potential impacts early in the process	Again this will be dependent on the client group and the detail of the proposal

Proposal	Potential Protected Characteristics affected	Groups to be engaged	Method
Children's Social Care	Age Disability Pregnancy and maternity Sexual orientation Sex	Key groups here will be those linked to age and disability but there may be a need to look at the others listed dependant on the detailed option.	Again this will be dependent on the client group and the detail of the proposal
Public Health Commissioning of services	Age Disability Pregnancy and maternity Sexual orientation Sex	Work is already ongoing to look at the Health Improvement service and a broad range of groups will need to be engaged with including: Age UK YMCA DAD MIND Mencap First Stop Community Partnerships Healthwatch	Exact methods will be defined once each part of the proposals are identified. This is likely to include website, and face to face discussions at existing meetings where service users are present.