

15 January 2016

The Rt Hon Greg Clark MP  
Secretary of State  
Department for Communities and Local Government  
2 Marsham Street  
London  
SW1P 4DF

Dear Secretary of State

## **PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT (LGFS) 2016/17**

In response to the Department for Communities and Local Government's (DCLG) consultation on the provisional Local Government Finance Settlement 2016/17, North East councils have collectively identified a number of key issues to draw to your attention before final decisions are made on future funding. These are made in the spirit of co-operation and commitment towards delivering strong and ambitious plans for economic growth and for the future prosperity of places and communities right across the North East. We also acknowledge that resources for councils is central to the Department's thinking and that you recognise the cost pressures facing adult social care and are seeking to address these through measures such as the 2% adult social care precept. With regard to a move to multi-year settlements, which is something we have asked for, we believe there is a need for much greater clarity to illustrate what guarantee of grant certainty this would bring as well as the efficiencies and benefits to individual councils.

As I'm sure you are aware, we have been strongly focusing our efforts on ways in which we can continue to deliver on the Government's economic programme in the context of stretched resources and have, indeed, already managed and delivered higher than average savings targets following significant cuts in Revenue Support Grant and other grants since 2010. The disproportionately high cut in spending power during the five years of the last Parliament has, however, created huge financial challenges for councils in the region.

Given this background, North East councils' main concern regarding the 2016/17 LGFS is the large scale of proposed further funding reductions, particularly in the grant for upper tier and unitary services such as Children's and Adult Social Care, Concessionary Travel as well as Council Tax Support in billing authorities. The grant cuts will not be offset by increases in business rates or council tax and this poses significant challenges for all councils in managing cost pressures in these core statutory services.

It is important that the large scale of the cut in grant next year is properly acknowledged. The cut in national Revenue Support Grant in 2016/17 of £2.74bn (27.6%) includes a £2.14bn cut in grant for Upper Tier and Unitary services, with only £0.39bn of this being offset by the additional 2% precept for adult social care. This means substantial net cash cuts in the funding for social care next year. In the North East the cut in RSG for the twelve local authorities is £120m, with the potential to raise only £19.5m from the 2% precept to help offset this cut. This will place councils in an extremely difficult position, particularly given the additional cost pressures arising from the costs of the National Living Wage.

We therefore ask that the Secretary of State provides some additional funding to ease the impact in 2016/17, for example by reducing the cut in upper tier and unitary funding by passing onto councils the £94.3m extra funding from inflation on the central share of business rates in 2016/17.

The £1.25bn (2.8%) cut in core spending power in 2016/17 includes New Homes Bonus, all council tax income (including growth) and the 2% precept for adult social care. The North East continues to receive an above average 3.9% cut in spending power, due mainly to our relatively low council tax base. Based on our analysis, the North East is the region with the highest cut in spending power, both in cash and percentage terms, over the four years of the settlement.

The reality facing councils in the North East is that their spending power will reduce next year by an average of £68 per dwelling to £1,819 per dwelling, compared with a national average cut of £53 per dwelling. This leaves the North East with a spending power that is less than the national average of £1,829, while facing higher service and cost pressures. The relatively low council tax base in the North East continues to be a real issue for us, resulting in significant detriment which is no longer recognised or addressed by an adequate council tax resource equalisation adjustment. We recognise that the Department has sought to take this issue into account in the way the Better Care Funding has been calculated, however the general adjustment for low council tax bases continues to be eroded by the cuts in RSG.

Even though the SFA cut is more proportionate in percentage terms, the burden of the cuts in spending power continues to fall more heavily on poorer areas of the country – which cannot be sustainable or justified. Over the four years the Department's estimate is that spending power in the North East will fall by £33/dwelling -1.7%, more than the national average (£9/ dwelling -0.5%). We would ask that you consider further adjustments (such as a fairer way of top-slicing the funding for the New Homes Bonus) to ensure that the cut in spending power for the North East is no greater than the national average and reflects the cost pressures that councils face.

The focus on the impact on spending power over four years shows only a small percentage change in cash funding due to the assumption of a 10% increase in business rates income and a 20% increase in council tax income to offset the impact of large grant cuts. This assumes that these increases will in fact occur, however, it doesn't take into account the real pressures on service spending, the inclusion of new burdens money – such as the Care Act and Better Care Funding – and the impact of cuts to public health funding over the period.

Given the uncertainty about the increase in spending power over the four year period, we are asking the Government to give a guarantee that the business rates baseline will be increased each year by RPI as happens now. We would also recommend that there is a need for a general council tax equalisation adjustment to sit alongside the business rates adjustment.

We would also ask that the impact of the £40m cut in New Homes Bonus grant from DCLG and the £50m safety net top-slice is mitigated by passing the £94.3m of extra income from inflation on the central share of business rates to councils in 2016/17.

Funding adult social care cost pressures as recognised by Government will, as outlined, be critical for all councils. In addition, however, we would highlight the need for adequate resources to be made available to councils to enable them to carry out their statutory duties to protect and support children and young people. Councils in the North East are facing a much higher increase – 30% based on latest figures - in the number of Looked After Children and would ask you, therefore, to give greater focus in the finance settlement to addressing children's social care cost pressures.

We are keen to discuss the concerns highlighted with DCLG Ministers and Civil Servants and to provide further detail on solutions we believe would help improve the financial sustainability of North East councils and address some of the challenges they face. We attach an annex highlighting analysis underpinning the key issues outlined in our response. We are happy to meet in London or in the North East. I should be grateful if you would let us know as soon as possible.

Yours sincerely

A handwritten signature in black ink that reads "Paul Watson". The signature is written in a cursive style with a large initial 'P' and a long horizontal stroke at the end.

Councillor Paul Watson  
Chair

## ASSOCIATION OF NORTH EAST COUNCILS (ANEC) ASSESSMENT OF THE POTENTIAL IMPACT OF THE PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2016/17 TO 2019/20

### Introduction

- Following the publication of the provisional Local Government Finance Settlement 2016/17 North East councils have considered the potential impacts of the proposed funding reductions and policy changes. This annex sets out some of the implications for the North East and also provides relative information comparing the impact with the England average, in order to inform and supplement ANEC's response to the settlement.
- The provisional settlement unusually provided information on indicative grant and spending power over four years, with an offer of a four year settlement. This focussed the initial discussions on the impact over the four years to 2019/20, which appears at first sight to be relatively small – a national cash cut of only £222m (- 0.5%). This deflected attention from the larger and more immediate national cut in 2016/17, which involved:
  - a £2,743m (27.6%) cut in Revenue Support Grant (RSG);
  - a £2,648m (12.5%) cut in Settlement Funding Assessment (SFA), which includes localised business rates: and
  - a £1,247m (2.8%) cut in Core Spending Power, which also includes New Homes Bonus and all Council Tax Income, including the new 2% Precept for Adult Social Care, as well as an estimate of 'growth'.
- A comparison between the impact for the North East area and the England average shows that our cut in RSG and SFA is proportionately around 3.5% and 1.4% less than the percentage national reduction. When council tax income and New Homes Bonus is taken into account, the core spending power cut of 3.9% is just over 1% higher than the national average cut of 2.8%.

2016/17 HEADLINE LOCAL GOVERNMENT FINANCE FIGURES										
	England					ANEC				
	Total		Change			Total		Change		
	£m	£/dwelling	£m	£/dwelling	%	£m	£/dwelling	£m	£/dwelling	%
Revenue Support Grant	7,184	304	-2,743	-116	-27.6%	463	385	-147	-122	-24.1%
Settlement Funding Assessment	18,601	786	-2,648	-112	-12.5%	1,133	940	-141	-117	-11.1%
Core Spending Power	43,255	1,829	-1,247	-53	-2.8%	2,192	1,819	-82	-68	-3.9%

- The average spending power in the North East will reduce next year by £68 per dwelling to £1,819 per dwelling, compared with an England average cut of £53 per dwelling. This is generally due to the lower council taxbase in the ANEC area, which is no longer being recognised by an adequate council tax resource equalisation adjustment. This shows that even though the SFA cut is proportionate (in % terms), the burden of the cuts in terms of cut in spending power (£/dwelling) is still falling more heavily on poorer areas of the country.
- It should be noted that the average spending power per dwelling in the North East area of £1,819 is below the national average, despite the higher spending pressures facing the area. It should be noted that the spending power for

individual authorities does vary and this is set out in the additional detailed analysis set out at the end of this annex.

- 6 A comparison with the proportional change in the 2015/16 settlement (which is summarised in the table below) excluding public health and Better Care Fund money shows that the North East had a higher proportionate cut in RSG and SFA in 2015/16, as well as a higher cut in spending power compared with the national average.

2015/16 HEADLINE LOCAL GOVERNMENT FINANCE FIGURES (EXCLUDING PUBLIC HEALTH & BETTER CARE FUNDING)										
	England					ANEC				
	Total		Change			Total		Change		%
	£m	£/dwelling	£m	£/dwelling	£m	£/dwelling	£m	£/dwelling		
Revenue Support Grant	9,509	405	-3,492	-149	-26.9%	591	494	-227	-190	-27.8%
Settlement Funding Assessment	20,998	895	-3,232	-138	-13.3%	1,267	1,058	-212	-177	-14.3%
Core Spending Power	45,297	1,930	-2,843	-121	-5.9%	2,289	1,912.60	-187	-156	-7.5%

- 7 This would indicate that the cut in RSG and SFA are more proportionate in 2016/17 for the North East than they were in 2015/16. This is due in part to the fact that council tax freeze grant is now taking a proportionate share of grant cuts, instead of all the cut falling on core service funding.

- 8 The four year change to 2019/20 is shown in the table below.

2019/20 AND FOUR YEAR CHANGE TO HEADLINE LOCAL GOVERNMENT FINANCE FIGURES										
	England					ANEC				
	Total 2019/20		Change from 2015/16			Total 2019/20		Change from 2015/16		%
	£m	£/dwelling	£m	£/dwelling	£m	£/dwelling	£m	£/dwelling		
Revenue Support Grant	2,284	97	-7,643	-323	-77.0%	186	154	-425	-353	-69.6%
Settlement Funding Assessment	14,653	619	-6,597	-279	-31.0%	911	756	-363	-301	-28.5%
Core Spending Power	44,279	1,887	-222	-9	-0.5%	2,234	1,854	-39	-33	-1.7%

- 9 Looking at the four year change in RSG and SFA the cut for the North East is proportionally lower than the national average. The cut in Core Spending power is proportionately higher by 1.2%, due generally to the lower council tax base and income in the North East and the redistributive nature of New Homes Bonus. An attempt has been made to reflect lower council tax income in the way the Better Care Fund is allocated, but this only partly reflects the differences in council tax resources. The cash impact in terms of £/dwelling cut is higher than the national average by £24 per dwelling, which is a key issue.
- 10 The focus on the impact on spending power over four years shows only a small % change in cash funding due to the assumption of a 10% increase in Business Rate income and a 20% increase in council tax income to offset the impact of large grant cuts. This assumes that these increases will in fact occur, it ignores the real pressures on service spending, the inclusion of new burdens money in terms of the Care Act and the additional Better Care funding and it also ignores the impact of cuts to public health funding over the period.
11. The inclusion of assumed council tax growth over the period is a cause for concern as it is likely to distort the real change in spending power. The growth in the tax base may not just be due to a growth in dwellings – it could be due to other changes (such as changes to council tax support schemes) which may not be continued in future years. Additional dwelling usually means an increase in population, which in itself leads to additional service cost pressures. Where

growth is assumed the number of dwellings should be adjusted for in future years in the calculation of spending power per dwelling. The current analysis, which only uses dwelling as at 2015 in the calculation of spending power per dwelling at 2019/20, is inaccurate. An adjusted number of dwellings reflecting the assumed level of council tax growth should be used if this growth is still to be included in spending power.

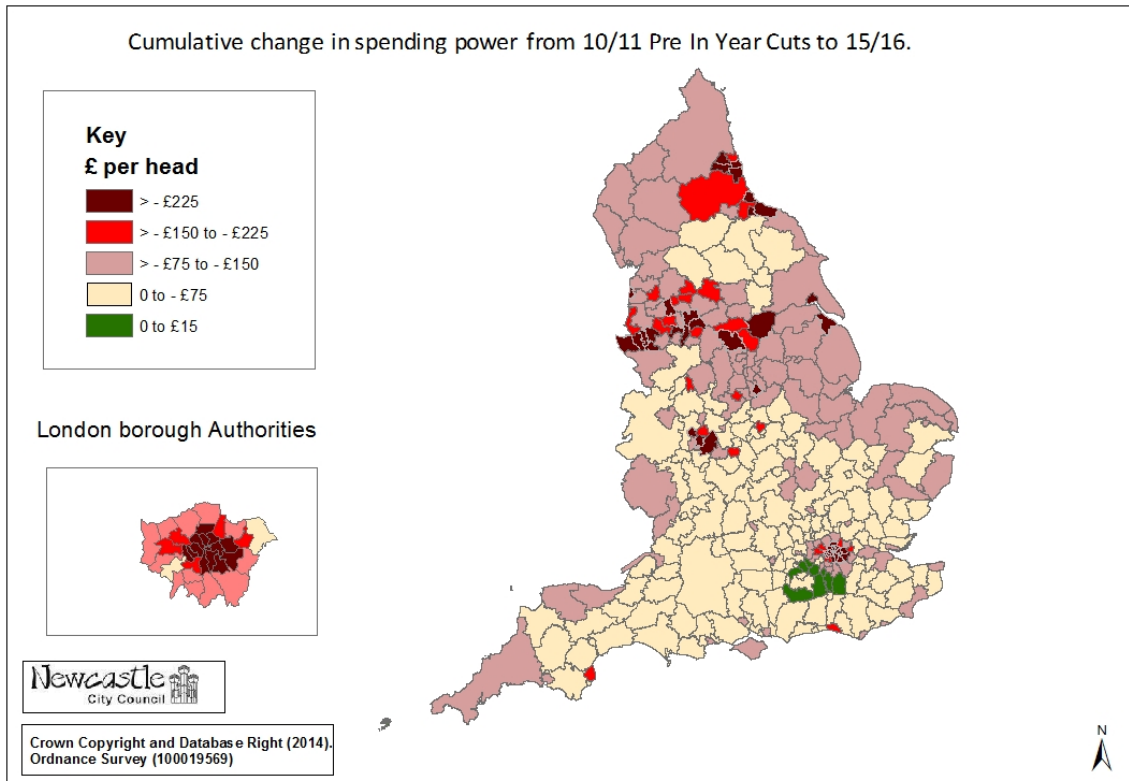
## Key Issues

12 In light of this assessment the following key issues and concerns are identified:

- The large scale of the cuts in RSG, SFA and Spending power in 2016/17 and 2017/18;
- The large cut in 2016/17 for Upper Tier Services including Childrens and Adult Social Care – large net cut for adult services next two years;
- Pressures relating to Children’s Social Care costs;
- Give councils with social care responsibilities the inflation on the Central Share in 2016/17 (£94.36m) and future years to mitigate the impact of the £40m cut in New Homes Bonus grant from DCLG and the £50m safety net topslice. This would cushion some of the cut in this funding for social care;
- Uncertainty about the increase in spending power over the 4 years – will the Government give assurances that Business rates baseline will be increased each year by RPI - underwritten if necessary by the central share?
- New Homes Bonus – highlights the impact of the extra topslice against the extra NHB grant and press for the funding of the topslice to be revisited as part of the consultation – to reduce the distributional impact;
- Need for a general council tax equalisation adjustment – to sit alongside the Business Rate adjustment;
- There is clear contrast between the North East and other regions, with the North East receiving the largest cut in spending power of any region and ; and
- Clarification is needed on what the acceptance of the 4 year offer would mean in detail.

13 The 2016/17 settlement continues the disproportionate cut in spending power that the North East has experienced from 2010/11 to 2015/16. This disproportionate cut was highlighted in our previous analysis and in the heat map showing changes in spending power since 2010/11.

<b>Cumulative 2010/11 to 2015/16 Regional Area* Spending Power Change</b>			
	£m	%	£phd
North East	-562.455	-19.5%	-£215
London	-1,662.832	-18.2%	-£203
North West	-1,337.251	-18.1%	-£190
Yorkshire & Humber	-854.924	-17.0%	-£160
West Midlands	-843.951	-15.5%	-£151
East Midlands	-494.271	-12.3%	-£108
South West	-382.359	-8.2%	-£71
East	-411.638	-8.0%	-£70
South East	-449.833	-6.1%	-£52
<b>ENGLAND</b>	<b>-6,999.514</b>	<b>-13.7%</b>	<b>-£131</b>



We have also compared the change in actual spending on key service lines from 2010/11 to 2014/15, which indicates the areas of greatest service pressures and where councils have made cuts. Higher cuts have had to be made in discretionary services and higher cuts have had to be made in the North East (due to disproportionate cuts in funding and spending power) across almost all services. This includes significant cuts in social care services, which is why the spending on social care in the North East has increased by less than the rest of England

	NORTH EAST		REST OF ENGLAND	
	Actual Spend in 2014/15 £m	% Change on 2010/11 %	Actual Spend in 2014/15 £m	% Change on 2010/11 %
Parking	-9.6	0.8%	-678.0	35.0%
Childrens Social Care	413.6	12.1%	7,677.7	22.2%
Flooding / Drainage/ Coast Protection	2.0	49.1%	70.4	18.6%
Concessionary Bus Travel	82.7	3.1%	1,071.7	8.1%
Waste Management / Refuse Collection	147.9	-4.8%	3,183.0	2.6%
Adult Social Care	714.1	-11.8%	13,781.8	1.3%
Central Services	193.5	-8.3%	2,873.2	-4.7%
Street Cleaning	38.8	-23.1%	656.9	-5.4%
Fire and Rescue	127.2	-4.3%	1,917.9	-5.6%
Police	501.9	-15.0%	10,387.0	-8.5%
Culture and Heritage	27.2	-24.0%	481.8	-13.8%
Libraries	39.3	-25.3%	723.2	-16.3%
Open Spaces / Tourism	44.6	-34.7%	708.5	-18.7%
Recreation and Sport	41.4	-38.3%	616.4	-18.8%
Public Transport (inc Support Bus Services)	57.2	-18.1%	2,024.6	-19.8%
Roads, Pavements, Street Lights	109.7	-23.7%	1,887.0	-20.5%
Planning, Building/Development Control	16.8	-41.7%	535.3	-21.5%
GF Housing - Strategy/Homelessness/Welfare	78.9	-28.3%	1,772.8	-25.3%
Community Safety	12.9	-53.1%	298.5	-31.4%
Regulatory (Trading standards/ licensing / cemeteries etc)	19.1	-44.7%	515.2	-32.0%
Community Development	16.1	-66.1%	267.3	-38.3%
Economic Development Business support	28.3	-62.0%	423.9	-48.9%

## **Additional Analysis**

14 Set out below in a range of charts and tables is additional detailed analysis showing:

- The reduction in Upper Tier Funding;
- The impact of £90m Safety net and Extra NHB Topslice and impact of an additional £94.36m allocated on the basis of the RSG for Upper Tier Services;
- Adult Social Care 2% Precept;
- Better Care Funding;
- Combined impact of Council Tax Precept and Better Care Funding;
- New Homes Bonus analysis; and
- Regional change in Spending Power.



## Reduction in Upper Tier Funding

This table shows the significant cut in Upper Tier Funding in 2016/17 and over the next 4 years

	REVENUE SUPPORT GRANT FOR UPPER TIER SERVICES									
	2015/16 ADJ	2016/17	2017/18	2018/19	2019/20	CUT IN 2016/17		CUT BY 2019/20		
	£m	£m	£m	£m	£m	£m	%	£m	%	
<b>TOTAL England</b>	<b>7,840.48</b>	<b>5,699.76</b>	<b>4,017.34</b>	<b>2,897.30</b>	<b>1,861.35</b>	<b>-2,140.72</b>	<b>-27%</b>	<b>-5,979.14</b>	<b>-76%</b>	
Darlington	16.30	11.88	8.39	6.07	3.78	-4.42	-27%	-12.52	-77%	
Durham	91.53	69.01	51.11	39.02	27.08	-22.52	-25%	-64.45	-70%	
Gateshead	43.43	33.39	25.39	19.97	14.60	-10.04	-23%	-28.82	-66%	
Hartlepool	20.48	15.93	12.30	9.81	7.35	-4.55	-22%	-13.13	-64%	
Middlesbrough	31.32	24.45	18.92	15.09	11.28	-6.87	-22%	-20.03	-64%	
Newcastle upon Tyne	64.66	50.91	39.86	32.25	24.69	-13.75	-21%	-39.97	-62%	
North Tyneside	36.89	27.80	20.62	15.81	11.07	-9.09	-25%	-25.82	-70%	
Northumberland	47.83	34.20	23.51	16.47	9.55	-13.63	-28%	-38.28	-80%	
Redcar and Cleveland	25.57	19.15	14.05	10.62	7.22	-6.42	-25%	-18.35	-72%	
South Tyneside	36.60	28.82	22.57	18.27	14.00	-7.78	-21%	-22.59	-62%	
Stockton-on-Tees	26.88	19.28	13.29	9.31	5.38	-7.60	-28%	-21.50	-80%	
Sunderland	64.47	51.28	40.68	33.36	26.09	-13.19	-20%	-38.38	-60%	
<b>NORTH EAST</b>	<b>505.94</b>	<b>386.09</b>	<b>290.68</b>	<b>226.04</b>	<b>162.10</b>	<b>-119.85</b>	<b>-24%</b>	<b>-343.84</b>	<b>-68%</b>	
	REVENUE SUPPORT GRANT FOR UPPER TIER SERVICES									
	2015/16 ADJ	2016/17	2017/18	2018/19	2019/20	CUT IN 2016/17		CUT BY 2019/20		
	£/dwelling	£/dwelling	£/dwelling	£/dwelling	£/dwelling	£/dwelling	%	£/dwelling	%	
<b>TOTAL England</b>	<b>331.49</b>	<b>240.98</b>	<b>169.85</b>	<b>122.50</b>	<b>78.70</b>	<b>-90.51</b>	<b>-27%</b>	<b>-252.79</b>	<b>-76%</b>	
Darlington	328.88	239.67	169.28	122.39	76.20	-89.21	-27%	-252.68	-77%	
Durham	381.67	287.76	213.13	162.73	112.92	-93.91	-25%	-268.74	-70%	
Gateshead	467.77	359.63	273.50	215.09	157.31	-108.14	-23%	-310.46	-66%	
Hartlepool	476.10	370.41	285.89	228.14	170.91	-105.69	-22%	-305.19	-64%	
Middlesbrough	504.28	393.67	304.61	242.96	181.69	-110.60	-22%	-322.59	-64%	
Newcastle upon Tyne	509.59	401.22	314.15	254.14	194.56	-108.38	-21%	-315.04	-62%	
North Tyneside	384.78	289.98	215.03	164.90	115.48	-94.80	-25%	-269.30	-70%	
Northumberland	319.94	228.77	157.25	110.17	63.90	-91.17	-28%	-256.04	-80%	
Redcar and Cleveland	404.59	302.99	222.33	167.99	114.31	-101.61	-25%	-290.29	-72%	
South Tyneside	516.88	407.00	318.78	258.04	197.76	-109.88	-21%	-319.12	-62%	
Stockton-on-Tees	317.41	227.70	156.97	109.91	63.56	-89.70	-28%	-253.85	-80%	
Sunderland	508.29	404.30	320.69	262.99	205.68	-103.99	-20%	-302.61	-60%	
<b>NORTH EAST</b>	<b>419.84</b>	<b>320.38</b>	<b>241.21</b>	<b>187.57</b>	<b>134.51</b>	<b>-99.46</b>	<b>-24%</b>	<b>-285.32</b>	<b>-68%</b>	

## **£90m Reduction in Grant Topslices or Allocation of the £94.36m of Extra Business Rates income to support Social Care**

A key proposal would be to reduce the overall grant topslice for New Homes Bonus by the £40m cut in DCLG Grant and by £50m for the Business Rates Safety Net. Instead we would propose that these two topslices be funded by the Increase in the Business Rate Central Share for the RPI inflation uplift in 2016/17 – estimated at £94m. The Government has said that the Central Share would be transferred to local government anyway by 2019/20.

The current topslices have been taken generally from RSG and the estimated cost and benefit of reducing these two topslices is estimated at £5.7m for North East authorities, as shown below. This is based on a pro rata allocation to the £24m refund of the New Homes Bonus topslice

	Estimate of £50m Safety Net Topslice	Estimate of £40m NHB Topslice	Estimate of £90m Topslice
	£	£	£
England	<b>50,000,000</b>	<b>40,000,000</b>	<b>90,000,000</b>
Darlington	103,133	82,506	185,639
Durham	577,323	461,858	1,039,181
Gateshead	265,010	212,008	477,017
Hartlepool	129,114	103,291	232,406
Middlesbrough	207,185	165,748	372,934
Newcastle	409,124	327,299	736,423
North Tyneside	219,233	175,387	394,620
Northumberland	313,966	251,173	565,138
Redcar & Cleveland	162,333	129,866	292,199
South Tyneside	223,878	179,102	402,980
Stockton-on-Tees	178,606	142,885	321,490
Sunderland	388,624	310,899	699,523
<b>TOTAL ANEC</b>	<b>3,177,528</b>	<b>2,542,023</b>	<b>5,719,551</b>

The additional £90m or the full £94.36m of grant funding could be allocated to help reduce the pressure on the cuts in Adult and Childrens Social Care. One way of achieving this would be to increase the RSG provided for Upper Tier Services – which includes adult and children social care.

The benefit of this approach is that it would be linked to a social care pressure highlighted by the Secretary of State. It would also give a higher level of funding to shire counties which would secure their support.

The estimated benefit for ANEC would be increased to £6.39m as illustrated below.

	£90m Extra Upper Tier RSG £	£94m Extra Upper Tier RSG £
<b>England</b>	<b>90,000,000</b>	<b>94,360,000</b>
	-	
Darlington	187,545	196,631
Durham	1,089,615	1,142,401
Gateshead	527,179	552,718
Hartlepool	251,587	263,775
Middlesbrough	386,018	404,719
Newcastle	803,844	842,786
North Tyneside	438,990	460,257
Northumberland	540,009	566,169
Redcar & Cleveland	302,361	317,009
South Tyneside	455,027	477,071
Stockton-on-Tees	304,491	319,242
Sunderland	809,744	848,972
<b>TOTAL ANEC</b>	<b>6,096,412</b>	<b>6,391,750</b>

## ADULT SOCIAL CARE 2% PRECEPT

The potential income from the 2% Adult Social Care precept is shown in the table below in £m and in £/dwelling.

<b>POTENTIAL ADULT SOCIAL CARE PRECEPT INCOME - SHOWN IN SPENDING POWER ESTIMATE</b>								
Local Authority	2016/17	2017/18	2018/19	2019/20	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£/dwelling	£/dwelling	£/dwelling	£/dwelling
England	392.75	820.87	1,289.80	1,803.95	16.61	34.71	54.53	76.27
Darlington	0.80	1.69	2.67	3.74	16.23	34.08	53.79	75.56
Durham	3.51	7.27	11.31	15.66	14.65	30.32	47.16	65.29
Gateshead	1.52	3.22	5.12	7.27	16.35	34.65	55.20	78.26
Hartlepool	0.64	1.33	2.08	2.90	14.91	31.00	48.45	67.39
Middlesbrough	0.86	1.78	2.78	3.86	13.86	28.73	44.78	62.13
Newcastle upon Tyne	1.75	3.64	5.67	7.88	13.82	28.67	44.72	62.10
North Tyneside	1.55	3.27	5.20	7.37	16.13	34.13	54.29	76.86
Northumberland	2.81	5.81	9.02	12.47	18.80	38.84	60.32	83.39
Redcar and Cleveland	1.05	2.21	3.50	4.92	16.67	35.02	55.33	77.80
South Tyneside	0.99	2.07	3.28	4.62	13.92	29.29	46.31	65.19
Stockton-on-Tees	1.43	3.01	4.76	6.70	16.92	35.57	56.24	79.14
Sunderland	1.59	3.31	5.17	7.20	12.52	26.07	40.78	56.79
<b>NORTH EAST</b>	<b>18.51</b>	<b>38.62</b>	<b>60.57</b>	<b>84.58</b>	<b>15.36</b>	<b>32.04</b>	<b>50.26</b>	<b>70.18</b>

The amount of income that councils can raise locally is lower than the national average in terms of £/dwelling on average in the North East and for 9 out of 12 authorities, due to relatively low taxbases. The precept raises more council tax in Northumberland because it is also applied to what would be the Fire Precept in other areas where these are separate.

## BETTER CARE FUND

The potential income from the Better Care Fund is set out below. No Better Care Fund is paid in 2016/17. A minimal level is estimated from 2017/18 rising to £1,500m nationally by 2019/20.

The estimated income from the better care fund that was included in estimated Core Spending Power is shown in the table below.

### POTENTIAL BETTER CARE FUND INCOME - SHOWN IN SPENDING POWER ESTIMATE

Local Authority	2016/17	2017/18	2018/19	2019/20	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£/dwelling	£/dwelling	£/dwelling	£/dwelling
<b>England</b>	<b>0.00</b>	<b>105.00</b>	<b>825.00</b>	<b>1,500.00</b>	<b>0.00</b>	<b>4.44</b>	<b>34.88</b>	<b>63.42</b>
Darlington	0.00	0.16	1.73	3.15	0.00	3.24	34.92	63.51
Durham	0.00	2.38	13.41	23.14	0.00	9.92	55.91	96.51
Gateshead	0.00	0.76	4.81	8.32	0.00	8.18	51.78	89.58
Hartlepool	0.00	0.39	2.31	3.99	0.00	9.17	53.60	92.78
Middlesbrough	0.00	0.75	3.85	6.56	0.00	12.07	62.06	105.65
Newcastle upon Tyne	0.00	1.41	7.46	12.75	0.00	11.15	58.83	100.51
North Tyneside	0.00	0.46	3.84	6.81	0.00	4.84	40.02	71.02
Northumberland	0.00	0.04	4.34	8.46	0.00	0.27	29.02	56.59
Redcar and Cleveland	0.00	0.37	2.82	4.99	0.00	5.88	44.58	78.90
South Tyneside	0.00	0.96	4.73	7.97	0.00	13.53	66.83	112.51
Stockton-on-Tees	0.00	0.16	2.65	4.92	0.00	1.93	31.35	58.13
Sunderland	0.00	1.80	8.54	14.35	0.00	14.21	67.36	113.11
<b>NORTH EAST</b>	<b>0.00</b>	<b>9.66</b>	<b>60.49</b>	<b>105.40</b>	<b>0.00</b>	<b>8.01</b>	<b>50.20</b>	<b>87.46</b>

## COMBINED IMPACT OF THE ADULT SOCIAL CARE PRECEPT AND THE BETTER CARE FUND

### POTENTIAL ADULT CARE PRECEPT/ BETTER CARE FUNDING BY 2019/20

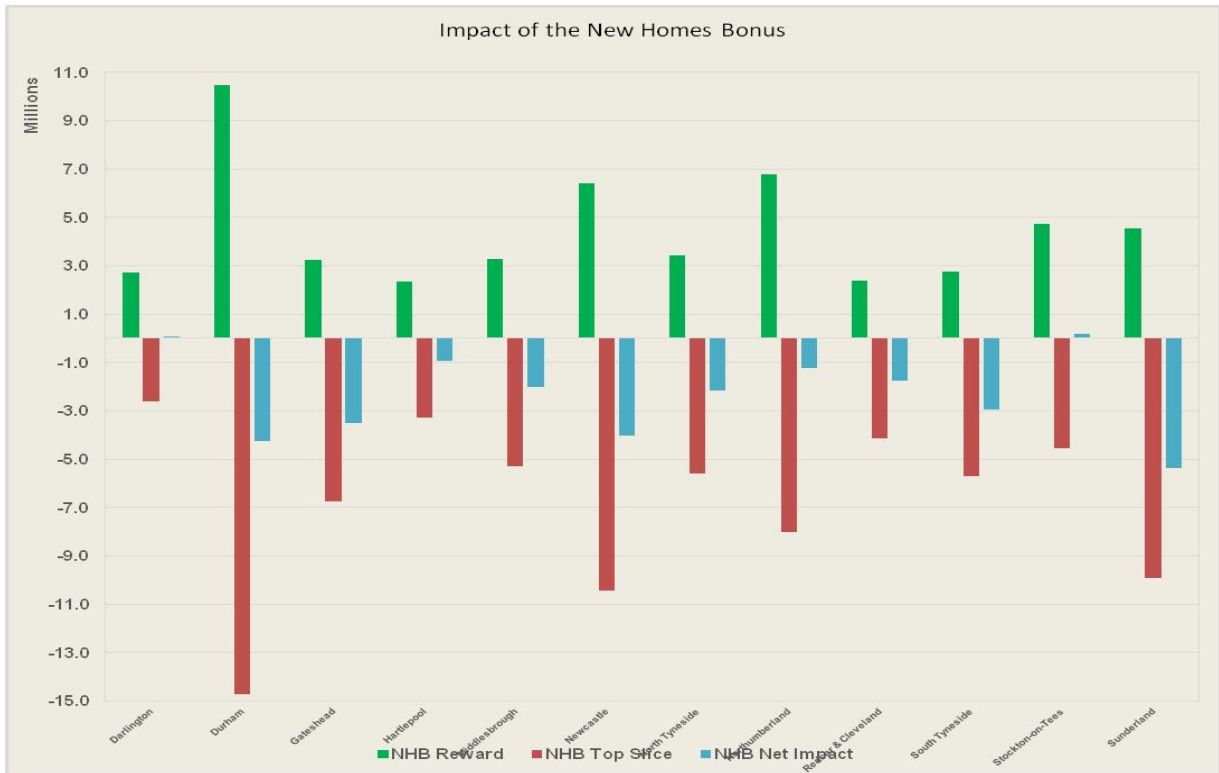
Local Authority	Potential Council Tax revenue from 2% Adult Social Care Precept	Proposed Improved Better Care Fund	Total	Potential Council Tax revenue from 2% Adult Social Care Precept	Proposed Improved Better Care Fund	Total
	£ millions	£ millions	£ millions	£/Dwelling	£/Dwelling	£/Dwelling
<b>England</b>	<b>1,803.95</b>	<b>1,500.00</b>	<b>3,303.95</b>	<b>76.27</b>	<b>63.42</b>	<b>139.69</b>
Darlington	3.74	3.15	6.89	75.56	63.51	139.07
Durham	15.66	23.14	38.80	65.29	96.51	161.80
Gateshead	7.27	8.32	15.58	78.26	89.58	167.85
Hartlepool	2.90	3.99	6.89	67.39	92.78	160.17
Middlesbrough	3.86	6.56	10.42	62.13	105.65	167.78
Newcastle upon Tyne	7.88	12.75	20.63	62.10	100.51	162.61
North Tyneside	7.37	6.81	14.18	76.86	71.02	147.89
Northumberland	12.47	8.46	20.93	83.39	56.59	139.98
Redcar and Cleveland	4.92	4.99	9.90	77.80	78.90	156.70
South Tyneside	4.62	7.97	12.58	65.19	112.51	177.70
Stockton-on-Tees	6.70	4.92	11.62	79.14	58.13	137.27
Sunderland	7.20	14.35	21.55	56.79	113.11	169.90
<b>NORTH EAST</b>	<b>84.58</b>	<b>105.40</b>	<b>189.98</b>	<b>70.18</b>	<b>87.46</b>	<b>157.65</b>

## New homes Bonus

The following New Homes Bonus analysis highlights the net impact of NHB for the provisional 2016/17 settlement. The net impact of the scheme shows the total NHB allocations as in the Core Spending Power spreadsheet and the provisional allocations as per the NHB allocations spreadsheet. Taking one from the other gives the returned funding amounts for each local authority. The returned funding element is used as a proxy for the level of top slice apportioned to each local authority from the total top slice. This proxy top slice is then taken from the total NHB allocations to give the net impact of the scheme. The table also includes a column to show the value above or below the average net impact.

Local Authority	New Homes Bonus (including returned amount) per Core SP spreadsheet		New Homes Bonus Provisional Rewards (from allocations spreadsheet)		New Homes Bonus Provisional Returned Funding		Initial Top Slice in Proportion to Returned Funding		Upfront Net Impact of the Scheme (before any returned funding)	
	2016-17		2016-17		2016-17		2016-17		2016-17	
	£		£		£		£		£	
England	<b>1,485,000,000</b>	<b>1,460,768,441</b>	<b>24,231,559</b>		<b>-1,275,000,000</b>				210,000,000	
Darlington	2,700,489	2,650,508	49,981		-2,629,889				70,601	
Durham	10,461,357	10,181,569	279,789		-14,721,731				-4,260,373	
Gateshead	3,236,786	3,108,354	128,432		-6,757,745				-3,520,960	
Hartlepool	2,341,867	2,279,294	62,573		-3,292,415				-950,548	
Middlesbrough	3,271,379	3,170,970	100,408		-5,283,228				-2,011,849	
Newcastle	6,392,426	6,194,152	198,274		-10,432,664				-4,040,238	
North Tyneside	3,438,399	3,332,152	106,247		-5,590,447				-2,152,048	
Northumberland	6,762,030	6,609,872	152,158		-8,006,124				-1,244,094	
Redcar & Cleveland	2,384,301	2,305,630	78,672		-4,139,486				-1,755,184	
South Tyneside	2,767,424	2,658,926	108,498		-5,708,889				-2,941,465	
Stockton-on-Tees	4,747,054	4,660,496	86,558		-4,554,447				192,607	
Sunderland	4,555,394	4,367,055	188,339		-9,909,903				-5,354,509	
<b>TOTAL NORTH EAST</b>	<b>53,058,906</b>	<b>51,518,977</b>	<b>1,539,929</b>		<b>-81,026,967</b>				<b>-27,968,062</b>	

The North East has a net loss of almost £28m from the New Homes Bonus arrangements, with 10 out of 12 authorities losing in net terms. For the two authorities that gain, their net gain is less than the average related to a net £210m grant allocation.



The position in terms of £/dwelling is set out below.

Local Authority	New Homes Bonus (including returned amount) per Core SP spreadsheet		New Homes Bonus Provisional Rewards (from allocations spreadsheet)		New Homes Bonus Provisional Returned Funding		Initial Top Slice in Proportion to Returned Funding		Upfront Net Impact of the Scheme (before any returned funding)	
	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	
	£/Dwelling	£/Dwelling	£/Dwelling	£/Dwelling	£/Dwelling	£/Dwelling	£/Dwelling	£/Dwelling	£/Dwelling	
<b>England</b>	<b>62.78</b>	<b>61.76</b>	<b>1.02</b>	<b>-</b>	<b>53.91</b>	<b>8.88</b>				
Darlington	54.49	53.48	1.01	-	-53.07	1.42				
Durham	43.62	42.46	1.17	-	-61.39	-17.77				
Gateshead	34.87	33.48	1.38	-	-72.79	-37.93				
Hartlepool	54.44	52.99	1.45	-	-76.54	-22.10				
Middlesbrough	52.68	51.06	1.62	-	-85.08	-32.40				
Newcastle	50.38	48.82	1.56	-	-82.22	-31.84				
North Tyneside	35.86	34.76	1.11	-	-58.31	-22.45				
Northumberland	45.23	44.22	1.02	-	-53.56	-8.32				
Redcar & Cleveland	37.73	36.48	1.24	-	-65.50	-27.77				
South Tyneside	39.09	37.55	1.53	-	-80.63	-41.54				
Stockton-on-Tees	56.05	55.03	1.02	-	-53.78	2.27				
Sunderland	35.91	34.43	1.48	-	-78.13	-42.21				
<b>TOTAL NORTH EAST</b>	<b>44.03</b>	<b>42.75</b>	<b>1.28</b>	<b>-</b>	<b>-67.24</b>	<b>-23.21</b>				

## Regional Impact of Spending power Change

The North East has the largest reduction in spending power of any region in 2016/17

<b>Regional Change in Spending Power 2016/17</b>		
	%	£/Dwelling
EAST	-2.6%	-£46
EAST MIDLANDS	-2.9%	-£49
LONDON	-2.1%	-£52
<b>NORTH EAST</b>	<b>-3.6%</b>	<b>-£68</b>
NORTH WEST	-3.6%	-£65
SOUTH EAST	-2.4%	-£42
SOUTH WEST	-2.4%	-£41
WEST MIDLANDS	-3.3%	-£60
YORKSHIRE & HUMBER	-3.5%	-£61
<b>England</b>	<b>-2.8%</b>	<b>-£53</b>



## HEADLINE SUMMARY LOCAL GOVERNMENT SETTLEMENT FIGURES FOR ANEC

### 2016/17 HEADLINE LOCAL GOVERNMENT FINANCE FIGURES

	England					ANEC				
	Total		Change			Total		Change		
	£m	£/dwelling	£m	£/dwelling	%	£m	£/dwelling	£m	£/dwelling	%
Revenue Support Grant	7,184	304	-2,743	-116	-27.6%	463	385	-147	-122	-24.1%
Settlement Funding Assessment	18,601	786	-2,648	-112	-12.5%	1,133	940	-141	-117	-11.1%
Core Spending Power	43,255	1,829	-1,247	-53	-2.8%	2,192	1,819	-82	-68	-3.9%

### 2015/16 HEADLINE LOCAL GOVERNMENT FINANCE FIGURES (EXCLUDING PUBLIC HEALTH & BETTER CARE FUNDING)

	England					ANEC				
	Total		Change			Total		Change		
	£m	£/dwelling	£m	£/dwelling	%	£m	£/dwelling	£m	£/dwelling	%
Revenue Support Grant	9,509	405	-3,492	-149	-26.9%	591	494	-227	-190	-27.8%
Settlement Funding Assessment	20,998	895	-3,232	-138	-13.3%	1,267	1,058	-212	-177	-14.3%
Core Spending Power	45,297	1,930	-2,843	-121	-5.9%	2,289	1,912.60	-187	-156	-7.5%

### 2019/20 AND FOUR YEAR CHANGE TO HEADLINE LOCAL GOVERNMENT FINANCE FIGURES

	England					ANEC				
	Total 2019/20		Change from 2015/16			Total 2019/20		Change from 2015/16		
	£m	£/dwelling	£m	£/dwelling	%	£m	£/dwelling	£m	£/dwelling	%
Revenue Support Grant	2,284	97	-7,643	-323	-77.0%	186	154	-425	-353	-69.6%
Settlement Funding Assessment	14,653	619	-6,597	-279	-31.0%	911	756	-363	-301	-28.5%
Core Spending Power	44,279	1,887	-222	-9	-0.5%	2,234	1,854	-39	-33	-1.7%

## HEADLINE LOCAL GOVERNMENT SETTLEMENT FIGURES FOR ANEC

	Revenue Support Grant					RSG CUT					TOTAL
	2015-16 adj	2016-17	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20		
	£m	£m	£m	£m	£m	£m	£m	£m	£m		
TOTAL NORTH EAST	610.41	463.38	343.94	264.52	185.56	-147.03	-119.44	-79.42	-78.96	-424.85	-69.6%
ENGLAND	9,926.76	7,183.93	4,990.73	3,599.39	2,283.95	-2,742.84	-2,193.20	-1,391.34	-1,315.44	-7,642.81	-77.0%

	Settlement Funding Assessment (SFA)					SFA CUT					TOTAL
	2015-16 adj	2016-17	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20		
	£m	£m	£m	£m	£m	£m	£m	£m	£m		
TOTAL NORTH EAST	1,274.37	1,133.04	1,027.00	967.87	911.47	-141.33	-106.04	-59.14	-56.40	-362.91	-28.5%
ENGLAND	21,249.94	18,601.46	16,631.40	15,583.47	14,652.58	-2,648.48	-1,970.06	-1,047.93	-930.89	-6,597.36	-31.0%

	Core Spending Power					Core Spending Power Cut					TOTAL
	2015-16 adj	2016-17	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20		
	£m	£m	£m	£m	£m	£m	£m	£m	£m		
TOTAL NORTH EAST	2,273.50	2,191.51	2,150.87	2,182.53	2,234.10	-81.99	-40.64	31.66	51.58	-39.40	-1.7%
ENGLAND	44,501.32	43,254.76	42,690.14	43,170.30	44,278.86	-1,246.56	-564.62	480.16	1,108.56	-222.46	-0.5%

## HEADLINE LOCAL GOVERNMENT SETTLEMENT FIGURES FOR ANEC

	Revenue Support Grant					RSG CUT					TOTAL
	2015-16 adj	2016-17	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20		
	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Darlington	18.58	13.29	9.09	6.33	3.56	-5.30	-4.19	-2.76	-2.77	-15.02	-80.8%
Durham	103.68	77.14	56.00	41.86	27.62	-26.54	-21.14	-14.14	-14.24	-76.06	-73.4%
Gateshead	49.13	37.26	27.78	21.42	15.01	-11.87	-9.47	-6.36	-6.41	-34.11	-69.4%
Hartlepool	23.72	18.21	13.79	10.80	7.78	-5.51	-4.42	-2.99	-3.02	-15.94	-67.2%
Middlesbrough	35.81	27.64	21.05	16.53	11.96	-8.17	-6.59	-4.52	-4.57	-23.85	-66.6%
Newcastle	74.28	57.76	44.46	35.39	26.21	-16.52	-13.30	-9.07	-9.18	-48.07	-64.7%
North Tyneside	42.02	31.18	22.60	16.91	11.20	-10.83	-8.59	-5.68	-5.72	-30.82	-73.4%
Northumberland	58.49	41.46	27.80	18.99	10.28	-17.03	-13.66	-8.81	-8.71	-48.21	-82.4%
Redcar and Cleveland	29.20	21.55	15.46	11.40	7.31	-7.65	-6.09	-4.06	-4.09	-21.89	-75.0%
South Tyneside	41.06	31.98	24.68	19.70	14.67	-9.08	-7.30	-4.98	-5.03	-26.39	-64.3%
Stockton	31.21	21.96	14.65	9.84	5.00	-9.25	-7.31	-4.81	-4.84	-26.21	-84.0%
Sunderland	72.77	57.23	44.71	36.16	27.51	-15.54	-12.52	-8.55	-8.65	-45.26	-62.2%
<b>NORTH EAST</b>	<b>579.95</b>	<b>436.67</b>	<b>322.07</b>	<b>245.34</b>	<b>168.10</b>	<b>-143.28</b>	<b>-114.60</b>	<b>-76.73</b>	<b>-77.24</b>	<b>-411.85</b>	<b>-71.0%</b>
Cleveland Fire	8.70	7.72	6.44	5.72	5.24	0.98	1.27	0.73	0.48	-3.46	-39.8%
Durham Fire	6.82	5.81	4.53	3.84	3.42	1.00	1.28	0.69	0.42	-3.39	-49.8%
Tyne Wear Fire	14.94	13.18	10.90	9.62	8.80	1.76	2.28	1.28	0.82	-6.15	-41.1%
<b>TOTAL NORTH EAST</b>	<b>610.41</b>	<b>463.38</b>	<b>343.94</b>	<b>264.52</b>	<b>185.56</b>	<b>-147.03</b>	<b>-119.44</b>	<b>-79.42</b>	<b>-78.96</b>	<b>-424.85</b>	<b>-69.6%</b>
<b>ENGLAND</b>	<b>9,926.76</b>	<b>7,183.93</b>	<b>4,990.73</b>	<b>3,599.39</b>	<b>2,283.95</b>	<b>-2,742.84</b>	<b>-2,193.20</b>	<b>-1,391.34</b>	<b>-1,315.44</b>	<b>-7,642.81</b>	<b>-77.0%</b>

	Settlement Funding Assessment (SFA)					SFA CUT				TOTAL	
	2015-16 adj	2016-17	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20	£m	%
	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Darlington	39.37	34.25	30.47	28.34	26.27	-5.13	-3.78	-2.13	-2.07	-13.10	-33.3%
Durham	219.22	193.65	174.80	164.16	153.83	-25.58	-18.85	-10.64	-10.33	-65.39	-29.8%
Gateshead	102.19	90.77	82.35	77.60	72.98	-11.43	-8.42	-4.75	-4.62	-29.21	-28.6%
Hartlepool	49.58	44.28	40.37	38.17	36.02	-5.30	-3.91	-2.20	-2.15	-13.55	-27.3%
Middlesbrough	77.58	69.76	63.99	60.74	57.58	-7.82	-5.76	-3.25	-3.16	-20.00	-25.8%
Newcastle	156.32	140.49	128.81	122.23	115.83	-15.83	-11.67	-6.58	-6.41	-40.49	-25.9%
North Tyneside	85.86	75.39	67.67	63.32	59.08	-10.47	-7.72	-4.35	-4.23	-26.77	-31.2%
Northumberland	121.04	104.53	92.11	85.20	78.61	-16.51	-12.42	-6.91	-6.59	-42.43	-35.1%
Redcar and Cleveland	61.93	54.55	49.11	46.04	43.06	-7.38	-5.44	-3.07	-2.98	-18.87	-30.5%
South Tyneside	85.95	77.25	70.83	67.21	63.70	-8.70	-6.41	-3.62	-3.51	-22.25	-25.9%
Stockton	67.21	58.27	51.67	47.95	44.32	-8.95	-6.60	-3.72	-3.63	-22.89	-34.1%
Sunderland	150.71	135.82	124.84	118.65	112.64	-14.89	-10.97	-6.19	-6.01	-38.07	-25.3%
<b>NORTH EAST</b>	<b>1,216.96</b>	<b>1,078.99</b>	<b>977.02</b>	<b>919.62</b>	<b>863.93</b>	<b>-137.97</b>	<b>-101.96</b>	<b>-57.41</b>	<b>-55.69</b>	<b>-353.03</b>	<b>-29.0%</b>
Cleveland Fire	17.20	16.29	15.18	14.71	14.52	-0.91	-1.11	-0.47	-0.19	-2.68	-15.6%
Durham Fire	11.16	10.36	9.39	8.98	8.81	-0.80	-0.97	-0.41	-0.17	-2.35	-21.1%
Tyne Wear Fire	29.05	27.41	25.40	24.55	24.21	-1.65	-2.00	-0.85	-0.35	-4.85	-16.7%
<b>TOTAL NORTH EAST</b>	<b>1,274.37</b>	<b>1,133.04</b>	<b>1,027.00</b>	<b>967.87</b>	<b>911.47</b>	<b>-141.33</b>	<b>-106.04</b>	<b>-59.14</b>	<b>-56.40</b>	<b>-362.91</b>	<b>-28.5%</b>
<b>ENGLAND</b>	<b>21,249.94</b>	<b>18,601.46</b>	<b>16,631.40</b>	<b>15,583.47</b>	<b>14,652.58</b>	<b>-2,648.48</b>	<b>-1,970.06</b>	<b>-1,047.93</b>	<b>-930.89</b>	<b>-6,597.36</b>	<b>-31.0%</b>

	Core Spending Power					Core Spending Power Cut				TOTAL	
	2015-16 adj	2016-17	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20	£m	%
	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Darlington	80.55	78.50	77.50	78.73	81.04	-2.05	-1.00	1.24	2.31	0.50	0.6%
Durham	402.06	385.59	377.74	383.39	392.34	-16.47	-7.85	5.65	8.95	-9.72	-2.4%
Gateshead	178.15	172.40	170.44	174.71	180.25	-5.75	-1.96	4.27	5.54	2.10	1.2%
Hartlepool	82.98	79.75	77.98	78.66	80.13	-3.23	-1.77	0.69	1.47	-2.85	-3.4%
Middlesbrough	122.28	117.47	114.67	115.65	117.63	-4.80	-2.80	0.98	1.98	-4.64	-3.8%
Newcastle	248.34	237.42	231.75	233.70	237.64	-10.92	-5.68	1.95	3.94	-10.70	-4.3%
North Tyneside	163.44	158.69	157.12	161.01	166.36	-4.75	-1.57	3.89	5.34	2.92	1.8%
Northumberland	266.06	257.05	251.75	254.11	259.45	-9.01	-5.30	2.36	5.35	-6.61	-2.5%
Redcar and Cleveland	114.98	111.33	109.74	111.96	115.13	-3.65	-1.60	2.23	3.17	0.15	0.1%
South Tyneside	136.19	130.93	128.78	131.46	134.96	-5.26	-2.15	2.68	3.51	-1.22	-0.9%
Stockton	141.05	137.00	135.35	137.50	141.59	-4.05	-1.65	2.15	4.09	0.54	0.4%
Sunderland	232.40	222.42	217.65	221.20	225.91	-9.98	-4.77	3.54	4.72	-6.49	-2.8%
<b>NORTH EAST</b>	<b>2,168.48</b>	<b>2,088.55</b>	<b>2,050.46</b>	<b>2,082.09</b>	<b>2,132.45</b>	<b>-79.92</b>	<b>-38.10</b>	<b>31.63</b>	<b>50.36</b>	<b>-36.03</b>	<b>-1.7%</b>
Cleveland Fire	27.24	26.67	25.96	25.92	26.18	-0.57	-0.71	-0.04	0.26	-1.06	-3.9%
Durham Fire	28.47	27.89	27.20	27.21	27.53	-0.57	-0.69	0.00	0.33	-0.93	-3.3%
Tyne Wear Fire	49.32	48.39	47.25	47.31	47.94	-0.92	-1.15	0.06	0.63	-1.38	-2.8%
<b>TOTAL NORTH EAST</b>	<b>2,273.50</b>	<b>2,191.51</b>	<b>2,150.87</b>	<b>2,182.53</b>	<b>2,234.10</b>	<b>-81.99</b>	<b>-40.64</b>	<b>31.66</b>	<b>51.58</b>	<b>-39.40</b>	<b>-1.7%</b>
<b>ENGLAND</b>	<b>44,501.32</b>	<b>43,254.76</b>	<b>42,690.14</b>	<b>43,170.30</b>	<b>44,278.86</b>	<b>-1,246.56</b>	<b>-564.62</b>	<b>480.16</b>	<b>1,108.56</b>	<b>-222.46</b>	<b>-0.5%</b>