

TITLE OF REPORT: Budget and Council Tax Level 2016/17**REPORT OF: Jane Robinson - Chief Executive**
Darren Collins - Strategic Director, Corporate Resources

Purpose of Report

1. To request Cabinet to recommend to Council on 25 February 2016 the Budget and Council Tax level for 2016/17. As part of the council tax setting process, Cabinet is also asked to recommend to Council the prudential indicators and Minimum Revenue Provision (MRP) Statement set out in this report.

Background

2. On 14 July 2015, the Council agreed the Medium Term Financial Strategy (MTFS) that covered the period 2016/17 to 2020/21 and identified a very challenging financial position over the medium term and funding gap of over £77 million in the period with over £50 million of the gap in the first two years.
3. On 3 November 2015, Cabinet approved the basis for undertaking public consultation on budget proposals for 2016 - 2018 which took place between 3 November and 30 December 2015.
4. On 15 December 2015, Cabinet agreed the Local Council Tax Support Scheme for 2016/17.
5. On 17 December 2015, the Government announced the Provisional Local Government Finance Settlement for 2016/17.
6. On 19 January 2016, Cabinet agreed the Council Tax and Business Rates base forecasts for 2016/17.
7. On 19 January 2016, Cabinet noted the Provisional Local Government Funding Settlement and update of the funding gap for 2016/17. This identified a revised funding gap of £25.5 million that the Council was required to close in the 2016/17 financial year.
8. On 8 February 2016, the Final Local Government Funding Settlement was laid before Parliament. For this Council the final settlement was consistent with the provisional settlement reported to Cabinet on 19 January 2016 with no additional resources made available from Government. Public Health allocations were confirmed by Public Health England on 11 February 2016.
9. In relation to the financial year beginning in April 2016, the Secretary of State has determined (and the House of Commons has approved) a referendum threshold of 4% (comprising 2% for expenditure on adult social care and 2% for other expenditure) for adult social care authorities.
10. This report represents the final stage of the budget setting process in determining the budget and council tax level for 2016/17.

Proposal

11. The proposed base budget for 2016/17 before savings is £217.679m. Funding for 2016/17 is £198.883m based on the final settlement and including a council tax increase of 3.99%, council tax income and Collection Fund transfers leaving a budget savings requirement of £18.796m which can be summarised as follows:

Budget Savings Requirement 2016/17	£m
Net Budget brought forward into 2016/17	207.387
Plus, Inflation, New Burdens & Pressures & New Responsibilities	10.292
Equals Provisional Net Budget	217.679
Budget Savings Requirement	(18.796)
Proposed Net Budget 2016/17	198.883

12. The budget proposals approved for consultation by Cabinet on 3 November 2015 of £34.4m covering 2016/17 to 2017/18 have been reviewed to reflect the responses to consultation. The revised budget proposals result in savings of £18.796m for 2016/17 which closes the funding gap for the year.
13. This report proposes a budget in 2016/17 that includes £18.796m of savings in response to government funding reductions and service demand pressures. The budget has been balanced without recourse to the General Reserve in line with the Council's Medium Term Financial Strategy. However a total of £4.409m from reserves has been earmarked to mitigate some areas of savings over a 12 month period to allow service transformation, further consultation, timings of contractual delivery and ensure Council Plan priorities can be delivered. This includes the deployment of £3.971m from the Council's General Reserve and £0.438m from the ring-fenced Public Health reserve to be used in 2016/17.
14. The proposed budget will result in a council tax increase of 1.99% for residents of the Borough of Gateshead in respect of Gateshead Council expenditure which will generate additional income of £1.478m. This report recommends a 1.99% council tax increase in the Council's band D council tax in 2016/17.
15. The proposed budget will also result in a council tax increase of 2% for residents of the Borough of Gateshead in respect of a new charge for Adult Social Care expenditure which will generate income of £1.485m. This report recommends a further 2% council tax increase in the Council's band D council tax in 2016/17.
16. This will result in a combined council tax increase of 3.99% for residents of the Borough of Gateshead (excluding precepts) resulting in a 75 pence a week rise for the majority of council tax payers in Gateshead who live in the lowest value properties (Band A).
17. In developing the proposed budget for 2016/17 the Council recognises the impact of a possible council tax increase on some of the most vulnerable in society and particularly those on fixed incomes. Due to a combined effect of continued budget pressures and significant funding reductions, locally raised revenue increases in importance to protect vital services and it is on this basis that the proposal for an increase has been restricted to the minimum level within referendum principles that will protect the delivery of essential Council services to the residents of Gateshead.

Recommendations

18. Cabinet is requested to make the following recommendations to the Council:
- (1) That Gateshead's Band D council tax for 2016/17 is increased by 3.99% to £1,530.03
 - (2) The revenue estimates of £198.883m for 2016/17 be approved.
 - (3) That use of £3.971m from the Council's General Reserve and £0.438m from the Public Health Reserve be agreed to mitigate the impact of budget proposals in 2016/17.
 - (4) That the indicative schools funding presented in Appendix 2 be agreed.
 - (5) That the recommendations of the Strategic Director, Corporate Resources in respect of the robustness of estimates and adequacy of reserves identified in appendix 5 be noted.
 - (6) That the Prudential and Treasury Indicators set out in Appendix 6 to this report be agreed.
 - (7) That the method of calculating the Minimum Revenue Provision (MRP) for 2016/17 as set out in Appendix 7 be approved.
 - (8) That the Budget Proposals following the outcome of consultation in Appendix 2 be noted.
 - (9) That it be noted that at its meeting on 19 January 2016, Cabinet calculated the following amounts for the year 2016/17 in accordance with regulations made under Section 31B(3) of the Local Government Finance Act 1992 as amended by the Localism Act 2011:-
 - (a) **50,480.1** being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as its Council Tax base for the year;
 - (b) **1,184.7** for Lamesley Parish being the amount calculated by the Council, in accordance with regulation 6 of the Regulations, as the amount of its Council Tax base for the year for dwellings in those parts of its area to which special items relate.
 - (10) That the following amounts be now calculated by the Council for the year 2016/17 in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992, as amended by the Localism Act 2011 ('the Act'): -
 - (a) **£574,790,475** being the aggregate total of the expenditure amounts, which the Council estimates for the items, set out in Section 31A(2) of the Act taking into account the precept issued by Lamesley Parish Council
 - (b) **(£497,545,093)** being the aggregate total of the income amounts, which the Council estimate for the items, set out in Section 31A(3) of the Act
 - (c) **£77,245,382** being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year including Lamesley Parish Council

- (d) **£1,530.2145** being the amount at (c) above, all divided by the amount at (9)(a) above, calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year including Lamesley Parish Council
- (e) **£9,258.36** being the aggregate amount of all special items (Lamesley Parish Council) referred to in Section 34(1) of the Act
- (f) **£1,530.0311** being the amount at (d) less the result given by dividing the amount at (e) above by the amount at (9)(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item (Lamesley Parish Council) relates
- (g) Part of the Council's area: Lamesley Parish
£1,537.8461 being the amounts given by adding to the amount at (f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at (9)(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items (Lamesley Parish Council) relate.

(h)

Valuation Band	Lamesley Parish £	All other parts of the Council's area £
A	5.21	1,020.02
B	6.08	1,190.02
C	6.95	1,360.03
D	7.81	1,530.03
E	9.55	1,870.04
F	11.29	2,210.04
G	13.02	2,550.05
H	15.62	3,060.06

being the amounts given by multiplying the amounts at (f) and (g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (11) That it be noted that for the year 2016/17, the Police and Crime Commissioner for Northumbria, and Tyne and Wear Fire and Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below: -

Valuation Band	Police and Crime Commissioner for Northumbria £	Tyne and Wear Fire and Rescue Authority £
A	62.22	50.74
B	72.59	59.20
C	82.96	67.65
D	93.33	76.11
E	114.07	93.02
F	134.81	109.94
G	155.55	126.85
H	186.66	152.22

- (12) That, having calculated the aggregate in each case of the amounts at (10)(h) and (11) above, the Council in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2016/17 for each of the categories of dwellings shown below: -

Valuation Band	Lamesley Parish £	All other parts of the Council's area £
A	1,138.19	1,132.98
B	1,327.89	1,321.81
C	1,517.59	1,510.64
D	1,707.28	1,699.47
E	2,086.68	2,077.13
F	2,466.08	2,454.79
G	2,845.47	2,832.45
H	3,414.56	3,398.94

- (13) That under section 52ZB of the Local Government Finance Act 1992 (as amended by the Localism Act 2011), the Council's relevant basic amount of council tax for 2016/17 is not excessive in accordance with the principles determined under section 52ZC of the Act.

For the following reason:

- To fulfil the Council's statutory duty to set the Budget and Council Tax for 2016/17.

CONTACT: Darren Collins, extension 3582

PLAN REF:

Policy Context

1. The proposals in this report support the vision for Gateshead as set out in Vision 2030 and the Council Plan 2015 to 2020. In particular the budget will ensure that resources are focussed on the delivery of the Council's priorities, thus ensuring a sustainable financial position.
2. The Council is operating in a challenging national policy context which has been compounded by Government funding reductions and unfunded cost pressures. The Government's methodology for funding local authorities is inextricably linked to the performance of the local economy in the local authority areas via New Homes Bonus Funding arrangements, Business Rate Retention and Local Council Tax Reduction Schemes.

Background

3. The Council has approached the budget consultation for 2016 to 2018 based on the Council Plan for 2015 to 2020 to:
 - Meet the needs of Gateshead based on a Strategic Needs Assessment.
 - Sustain Vision 2030 and uphold the Council's values.
 - Reach decisions and manage change in a principled way.
4. This report comes from a background of the Council finding £110m savings since 2010 as well as over 2,100 fewer people working for the organisation.
5. The Council Plan has been refreshed to cover the period 2015 to 2020 and sets the focus for the development of individual business plans for each of the council's services over the next five years as;
 - Maximising Growth - Doing all we can to support economic growth and revenue generation – given reductions in central government funding, success in this area will enable the Council to redirect resource to activities which protect the most vulnerable.
 - Focusing on managing demand (particularly in social care) with a targeted approach, emphasising early intervention and prevention.
 - Increasing collective responsibility – encouraging and supporting local people, partner organisations, businesses and local communities to play a more active role in achieving the outcomes for Gateshead.
 - Continuing to drive efficiencies through changes to the way the Council works, for example, through exploiting new technology, consolidation of buildings and services, reducing complex processes and increased trading.
6. The Council's budget estimates for 2016/17 attached at Appendix 2 have been prepared in accordance with the MTFS framework.

Considerations

7. In finalising the budget and council tax for 2016/17, the following issues require consideration and are set out in the body of this appendix:-
- Medium Term Financial Strategy – Key Principles
 - Settlement 2016/17;
 - Projected revenue outturn 2015/16;
 - Budget guidance & base budget requirements 2016/17;
 - Budget Proposals 2016 to 2018 following consultation; (see also appendix 2 and 3)
 - Business Rates 2016/17
 - Council Tax 2016/17
 - Adequacy of reserves and robustness of budget estimates; (see also appendix 4 and 5)
 - Approval of prudential indicators for 2016/17 (see also appendix 6);
 - Minimum Revenue Provision (MRP) (see also appendix 7)

Medium Term Financial Strategy - Key Principles

8. The MTFS is based on the following principles:
- 1) The overall financial strategy will be to ensure that the Council's resources are directed to achieving Vision 2030 and the outcomes set out in the Council Plan.
 - 2) Overall Council spending should be contained within original estimates. If, following monthly revenue monitoring, service budgets are projected to exceed original estimates, plans should be prepared setting out the actions required to ensure spending at the end of the year does not exceed original estimates.
 - 3) The Council will maintain its general reserve at a minimum of 3% of the net revenue budget to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.
 - 4) The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed annually.
 - 5) The Council will continue to improve its approach to efficiency, commissioning and procurement to ensure value for money and minimise the impact of budget savings on front line services.
 - 6) The Council recognises the impact of increases in council tax levels and fees and charges in an area of relatively low income and low wealth and will therefore balance the need for any increases against the delivery of Vision 2030.
 - 7) The Council will consider the use of prudential borrowing to support capital investment to deliver Vision 2030 and will ensure that the full costs of borrowing are taken into account when investment decisions are taken.

- 8) Opportunities for working in collaboration and partnership and new innovative ways of working will be identified and developed where this will support the Council's priorities and improve service efficiency and delivery. This will include the use of well-being powers, development of trading opportunities and the sourcing and securing of external funding.
- 9) The Council will aim to promote and stimulate strong and sustainable economic growth leading to wellbeing and prosperity for residents and communities and this will be supported by a planned approach to strategic investment managed through the Council's capital programme.
- 10) The Council's business planning framework will inform the review of the MTFS on an annual basis. The annual review will include an update of the five year budget forecast, expected demand in services, changes to legislation and outcomes from performance management framework.

Settlement 2016/17

9. The Council's Medium Term Financial Strategy 2016/17 to 2020/21 (MTFS) outlines a funding gap of £50.6 million for the next two years (2016/17 – 2017/18) and £77.7 million over the 5 year period. These continue to be the best estimates of the financial challenge facing the Council. The MTFS will be fully refreshed in summer 2016.
10. The provisional Local Government Finance Settlement for 2016/17 was announced on 17 December 2015 and was reported to Cabinet on 19 January 2016 which confirmed less front loading than the MTFS projections and a revised funding gap for 2016/17 of £25.5m.
11. On 8 February 2016, the Final Local Government Funding Settlement was laid before Parliament. The final settlement was consistent with the provisional settlement reported to Cabinet on 19 January 2016. Subsequently Public Health allocations were confirmed by Public Health England on 11 February 2016.
12. The final settlement includes details of core grants including Revenue Support Grant and Business Rates 'Top Up' Grant. The table below highlights the 2016/17 reduction in the Settlement Funding Assessment (SFA). It is important to note that the Business Rates figure in the settlement below is a 'notional' figure published by the Government.

Table 1 -2016/17 Settlement Funding Assessment

Funding Stream	Actual	Settlement	Variance
	2015/16 £m	2016/17 £m	
SFA -Revenue Support Grant RSG	(47.767)	(37.258)	(10.509)
SFA -Retained Business Rates	(44.772)	(43.559)	(1.213)
SFA -Top Up Grant	(9.869)	(9.951)	0.082
Total SFA	(102.408)	(90.768)	(11.640)

13. Table 1 highlights that the SFA reduced by 11% in 2016/17. The government announced that specific grants in relation to both the Care Act and Local Lead Flood Authorities have been transferred into RSG. In 2015/16 the Council received £1.079m in relation to these funding streams. After taking these into account the true reduction in RSG in 2016/17 is therefore £11.588m (as opposed to £10.509) or 24%.

14. In addition to the above 'core' grants the Council continues to face reductions in Specific Grants with examples detailed below.

Table 2 - 2016/17 Specific Grant Changes

Funding Stream	<i>Actual</i>	<i>settlement</i>	Variance
	2015/16	2016/17	
	£m	£m	£m
NHS support to Social Care	(5.808)	(5.808)	0.000
Education Services Grant	(1.997)	(1.831)	0.166
S31 Business Rates Grant	(2.148)	(1.959)	0.189
New Homes Bonus plus top slice return	(2.502)	(3.231)	(0.729)
Adult Social Care New Burdens	(1.065)	0.000	1.065
DOH -Local Reform & Community Voices*	(0.153)	0.000	0.153
DOH -Lead local flood	(0.014)	0.000	0.014
Public Health (Ring Fenced Grant)	(16.837)	(17.380)	(0.543)
Total	(30.524)	(30.209)	0.315

* Removed as 2016/17 allocation still to be confirmed

15. It should be noted that the Public Health grant in 2016/17 includes transfer of £3.974m for additional responsibilities for 0-5 year olds. Furthermore all grants except the New Homes Bonus were excluded from the government's future funding figures therefore the majority of these grants are expected to further reduce significantly in the next few years.
16. In the final settlement, government announced £150m of transitional funding for the next two financial years targeted to authorities whose RSG has reduced by the highest percentage. This is considered to be an unfair approach as this only considers one element of funding in isolation and not the whole package of funding available to Councils. Additional rural services delivery grant was also announced targeted to authorities deemed to be in the top 20% nationally in terms of sparsity. Gateshead has not been allocated any amounts from either of these additional funding pots.
17. The government's forecast reduction in core spending power per dwelling over the next four years for Gateshead is quoted as 1.2% compared to an England average of -0.4%. This position is not considered a true reflection and it is important to note the following points;
- The government's future Council Tax figures assume average growth for each authority as well as an annual consumer price index (CPI) increase (which is an annual average of 1.75%) as well as the 2% social care charge. It is assumed this occurs each year over the period up to 2019/20. This assumes that a local area can not only grow its base substantially year on year but that its residents will be willing and able to pay uplifts of up to 4% year on year. This moves funding for essential council services from government funding to local residents. This does not take into account the mix of a Councils tax base and their ability to pay. In Gateshead 60% of our residents are in band A, the lowest property value banding.
 - Business rates also include notional projections of growth of circa 3% per year. The retained rates that Gateshead Council will have available for funding will depend on the extent to which business growth can be supported in the area as well being influenced by loss of income through the cost of appeals, refunds, changes in collection rates and the impact of rate avoidance.

- c. New homes bonus allocations are notional future estimates and cannot be taken with any certainty as the whole system is subject to change following consultation.
 - d. Figures include £13.89m over 2017/18 to 2019/20 for the improved Better Care Funding which aims to redress some balance of need. This news is welcome, however, the funding will only impact towards the end of parliament when the funding is desperately needed now.
 - e. Only potential funding has been considered in this projection with no consideration given of the impact of the increasing costs in social care from increased demand, contractual inflationary increases and the costs of implementing the National Living Wage. Similar cost pressures are also seen in children's social care and other Council services arising from inflation, pay increases, changes in national insurance contributions and additional transfers of responsibilities, many of which will wipe out the increases shown, when only looking at the potential resources available.
 - f. Furthermore analysis per dwelling does not take account of the levels of deprivation of an area resulting in more demand for services such as children's social care, homelessness and welfare support. More affluent areas benefit more from increases in their council tax bases and residents are more able to contribute to the cost of their service provision.
18. The Government have said they will reduce RSG to individual local authorities in a way that ensures that councils delivering the same set of services receive the same percentage change in settlement core funding for these services. Taking council tax into account when calculating this adjustment is a change in central government policy. As part of future reforms government have said that the main local government grant will be phased out and additional responsibilities devolved to local authorities.
19. Even the government figures highlight significant challenges ahead for councils who will have to make savings, despite receiving a flat-cash settlement over the next four years, sufficient to compensate for any additional cost pressures they face. These include those arising from general inflation, cost pressures in the care sector, increases in the number of adults and children needing support and rising levels of need, increases in demand for everyday services as the population grows, pressure on homelessness budgets and increases in core costs such as national insurance, the National Living Wage and pension contributions.
20. Government also confirmed the intention to move to 100% rates retention by 2020. Devolution announcements made as part of the Spending Review require local authorities to make efficiency savings, but in return offers them new levels of power to generate growth for their area. The Government will allow local government to keep the rates they collect from businesses, give councils the power to cut business rates to boost growth, and give elected city-region mayors the power to levy a business rates premium for local infrastructure projects – with the support of local businesses. This will see a shift of reliance on government funding to a reliance on locally raised income through business rates and council tax.

21. The overall approach brings additional risks that were formally managed nationally and will now be transferred to local government, namely;
- Risks in wider economic regeneration and downturns in the local economy in areas that suffer weaker national average economic performance;
 - Increased risks in greater numbers of benefits claimants under the local council tax reduction scheme that transferred to local authorities in 2013/14;
 - The government have confirmed that additional responsibilities will be transferred to local government in the move towards 100% retention. Indications at this stage are that Public Health funding and attendance allowance payments (currently administered by Department for Work and Pensions) will transfer. This places any risks of increasing demand in these areas and any others transferred onto the Council;
 - Risks of welfare reforms and the impact on collection rates of both council tax and business rates.
22. Department for Communities and Local Government (DCLG) have indicated that they will be writing to each council shortly setting out the details of the multi-year settlement offer and the process for acceptance. It is their intention that plans are locally driven and that they should show the further saving opportunities created by the greater certainty of a 4-year budget. Councils have until Friday 14 October 2016 to respond to the offer. Final guidance on the capital receipt flexibility for revenue reforms is also expected shortly.

Schools Funding

23. In 2016/17 the Council will also receive an indicative £135.8m Dedicated Schools Grant (DSG), ring-fenced for the education of children. From this amount the Department for Education (DfE) will recoup the funding for academies in Gateshead which is estimated to be £39m. The £96.8m retained after recoupment for academies is allocated between High needs, Schools, Early Years providers and other centrally held service areas. Funding for maintained schools and the providers of early years education is distributed on a formula basis in accordance with the Schools and Early Years Finance (England) Regulations. Funding for 2 year olds has been estimated by the DfE for 2016/17 at £1.6m as this will be confirmed in July 2016 based on actual take up.
24. In addition, the Pupil Premium for 2016/17 will be £1,320 for primary school children and £935 for secondary school children. This amount is paid per pupil entitled to a free school meal at any time in the last six years. Looked after Children receive Pupil Premium Plus at £1,900 per eligible child. The estimated entitlement for schools in Gateshead is £9.7m, of which an estimated £2.5m will be recouped for Academies.
25. From 2017/18 there will be a new national funding formula for the early years block of the DSG. 2 year old funding is already distributed on a national formula basis. Mainstream schools funding will also have a new national funding formula from 2017/18, and a national funding formula will be implemented for the calculation of the high needs block.
26. 2017/18 will also see the introduction of the 30 hours free entitlement for 3 & 4 year olds with working parents and the introduction of the apprentice levy on schools.

Projected Revenue Outturn 2015/16

27. The agreed revenue budget for 2015/16 was set at £205.400m, rising to £207.387m in October 2015 following a half year transfer of the 0-5 year old provision within Public Health (£1.987m). On 19 January 2016, Cabinet received a report on projected spending taking into account performance to 31 December 2015. The 2015/16 projected outturn is £208.247m, a projected over spend of £0.860m for the year.
28. There continues to be projected over spends in a number of areas, notably demand for children's social care and under achievement of income from leisure facilities. Continued monitoring within services, reports to senior management and the delivery of action plans to address budget variances will aim to ensure that spending for the year is contained within the original estimate. Given the significant financial challenges ahead officers are actively looking in year at ways to recover costs, increase income and achieve underspends wherever feasible. This is good financial management that aids financial sustainability. The council has a strong track record in delivering the outturn on the revenue account within budget.
29. The final outturn position will be reported to cabinet in June 2016 however it is anticipated that the position will be brought back within budget estimates.

Budget Guidance and Base Budget Requirement 2016/17

30. The following key assumptions have been made in development of the 2016/17 budget;
 - A cash reduction in revenue support grant of £10.509m.
 - An increase of £0.659m over settlement figures in business rates income to be retained by the council, split between growth due to an increase in the multiplier set by government and growth in the base.
 - An increase to £77.236m in the amount of council tax income receivable split between growth in the tax base (£0.818m) and proposed agreement of council tax increases (1.99%, £1.478m general, 2.0% £1.485m social care precept).
 - Contractual inflation and modest amounts of general inflation on areas such as utilities, insurance premiums and business rates payable by the council.
 - Assumed 1.0% pay award in line with national offer and specific pressures resulting from instances of incremental progression (£1.7 million).
 - Impacts of implementing the National Living Wage (£1.0 million).
 - An increase in the employer's national insurance rate due to changes in the state pension and the cessation of 'contacted out' occupational pension schemes (£2.0 million).
 - The full year impact arising from the transfer of responsibilities for 0-5 year olds is included in Public Health budgets (£3.974m)
 - Provision has been made in the budget for the North East Combined Authority Transport Levy of £11.671m (3.3% decrease) and for the Environment Agency of £0.161m (1% increase). Both of these levies have been confirmed. The Combined Authority for the North East (NECA) is the Local Transport Authority, with the power to issue a levy on constituent authorities to meet transport related expenditure.

31. The base budget for 2016/17 before budget savings is £217.679m. This is an increase of £10.292m reflecting new burdens, inflation and service pressures outlined in the MTFS as shown below;

	MTFS NET Budget £m	REVISED NET Budget £m
Base 2015/16	205.400	207.387
Base Adjustments	2.874	1.592
General Inflation (inc Utilities, salary etc)	0.950	1.360
Contractual Inflation	0.400	0.337
Council wide Pressures (Pensions, Living Wage etc)	5.639	5.030
Service Pressures	2.000	1.973
Strategic Investment (Capital programme)	1.581	0.000
	218.844	217.679

32. Growth in the Council budget has been kept to a minimum with provision being made in a contingency of £7.380m to manage risks in relation to the ongoing contribution to the costs of managing the workforce, demand pressures, and the cost of additional winter maintenance. The base budget for 2016/17 also includes recognition of a £1.000m surplus in respect of Construction Services' income based on this sustained level of performance in previous years.
33. Funding for 2016/17 is £198.883m based on the final settlement funding including projected council tax and business rate income increases and Collection Fund transfers leaving a budget savings requirement of £18.796m which will be met through budget proposals. The overall position can be summarised as follows:

2015-16 £m	Local Government Settlement Position	2016/17 £m
207.387	Base Budget	217.679
	Funding Stream:	
(47.767)	Settlement Funding Assessment - Revenue Support Grant	(37.258)
(43.199)	Settlement Funding Assessment -Retained Business Rates	(43.559)
(1.573)	Additional Retained Business Rates (NNDR 1)	(0.659)
(9.869)	Settlement Funding Assessment -Top Up Grant	(9.951)
(73.455)	Council Tax Requirement (including uplifts)	(77.236)
	<u>Other Grants</u>	
(5.808)	NHS support to Social Care	(5.808)
(1.997)	Education Services Grant	(1.831)
(2.148)	S31 Business Rates Grant	(1.959)
(2.502)	New Homes Bonus plus top slice return	(3.231)
(1.065)	Adult Social Care New Burdens Funding	0.000
(0.153)	DOH -Local Reform & Community Voices Funding	0.000
(0.014)	DOH -Lead Local Flood Funding	0.000
(16.837)	Public Health (Ring Fenced Grant) - including Transfer of 0-5	(17.380)
(1.000)	Collection Fund Transfer	(0.011)
(207.387)	Total Funding	(198.883)
0.000	Revised Net Position	18.796

34. The base budget figures and proposals are presented in Appendix 2, including all comparative figures for 2015/16.

Budget Proposals 2016 to 2018 – Outcome of Consultation

35. At its meeting on 3 November 2015, Cabinet approved the public consultation which set out the budget proposals in order to bridge an estimated funding gap of £50.6m by 2018. The consultation ran from 3 November 2015 to 30 December 2015 on proposals totalling £34.4m. The responses to the consultation and equality assessments are included at Appendix 3.
36. Following consultation, the potential for mitigations to issues raised through the process have been considered. Following consideration of a number of factors including the overall financial position of the Council, the level of reserves and priorities identified in the Council Plan, it has been possible to mitigate some of the budget proposals and through the use of reserves allow an opportunity in other areas to support delivery of proposed savings over a 12 month period.
37. As an outcome of the consultation the following proposals have been removed from the proposed savings for 2016/17 namely;
- Environment (£554,000) – for the reduction, cessation and redesign of services to deliver need, priority and compliance work only for grounds maintenance, weed control, arboriculture, countryside, parks and open spaces and street cleansing – the provision of these services will be subject to a full review and the Council will continue to develop approaches to build capacity in communities through Achieving More Together and to increase trading income to enable service provision to continue.
 - Public Health -Oaktrees drug rehabilitation saving has been removed (£104,000) to ensure continuation of this important rehabilitation element of the Substance misuse programme, based on evidence submitted in the consultation. Stop Smoking Services saving has been reduced by £32,000 to reflect further analysis undertaken during the consultation process. The Live Well proposal has reduced by £200,000 to protect the continued effectiveness of the programme.
38. Within the proposed budget for 2016/17 the following budget proposals are mitigated through reserves:

Adult Social Care £2.933m mitigation from reserves to allow extra time for recommissioning exercises to be completed and implementation of new delivery models. Mitigation mainly relates to;

- £0.875m of a £1.75m saving to review support for people to live independently. Use of reserves reflects 6 months movement to allow Clinical Commissioning Group (CCG) review to be completed.
- £0.675m of a £1.35m saving to reduce residential care admissions.
- £0.500m of a £0.500m saving for recommissioning of Day Services to allow time for a recommissioning exercise.
- £0.300m of a £3.3m saving to allow time to move to a revised demand management model for Adult Social Care.
- £0.225m of a £0.675m saving for recommissioning of Learning Disability Care Packages. Use of reserves reflects 12 weeks movement to allow recommissioning exercise to be completed.

- £0.133m of a £0.800m saving to reduce Domiciliary Care Packages by enhanced early intervention. Use of reserves reflects 8 weeks movement to allow for full implementation of a new reablement model.
- £0.117m to mitigate in full a saving from the reconfiguration of housing Adaptations/ Occupational therapy service.
- £0.108m out of £0.650m for recommissioning of Independent Supported Living Schemes. Use of reserves reflects 8 weeks movement to allow recommissioning exercise to be completed.

Children's Services £0.814m mitigation from reserves to allow time to recommissioning and moving to new service provision methods and redesign. This includes;

- £0.280m to mitigate the full saving for 12 months to allow a review of the future of Grove House following concerns expressed at consultation.
- £0.218m of a £0.435m saving for the recommissioning of looked after children's residential placements and closure of in-house provision.
- £0.114m of a £0.902m saving relating to reconfiguration of early help service part way through 2016.
- £0.102m mitigation to reflect a reshaping and revision of our approach to Home to School Transport to reflect achievement within an academic year.
- £0.075m saving of a £0.300m Recommissioning of Contact Service and review of administrative support.
- £0.025m out of a £0.100m to allow timing for implementation of increased use of technology to improve efficiencies within children's social work.

Communities and Environment £0.174m support from reserves agreed for;

- £0.100m to assist with the timing of the implementation of the library review to enable partnership working and integration with other services to avoid any library closures in year 1.
- £0.074m support agreed to fully mitigate for 12 months the saving in relation to refuse collection and recycling to allow a full service review and the identification of alternative means of delivery of the saving within the service.

Governance & Resources £0.050m support from reserves agreed for ICT Services staffing savings to allow time for a planned transition whilst supporting delivery of Digital Strategy.

39. It is proposed that a further £0.438m from the ring-fenced Public Health Reserve is applied in 2016/17 to support mitigation of proposals in this area allowing time for transitional planning, re modelling of delivery and timing issues relating to contractual obligations. All expenditure would be contained within the ring-fenced Public Health budget totals for 2016/17 and 2017/18.
40. The Restructure of Care, Wellbeing and Learning proposal has a full saving of £3.3m to be achieved in 2016/17 with agreed mitigation to assist in timing of delivery of £0.300m. The new model of Adult Social Care, that includes parts of Children's services and Public Health, is predicated on maximising people's independence, enabling individuals to remain in their own homes and be active in their own communities. The model removes duplication across the group in Commissioning, policy and performance, ensuring that best use of resources and greater efficiencies are delivered. The model has been the subject of consultation with councillors via Corporate Resources Advisory Group and portfolio meetings, and with employees and trade unions via briefing sessions.

41. The full effect of the budget proposals for 2016/17 is detailed in Appendix 2.
42. The consultation also covered 2017/18 as part of the rolling two year approach to the budget. The Council faces a funding gap for 2017/18 that is currently estimated at £25m. The size of this shortfall represents a continuing and increasing challenge to the Council's effective financial planning and medium term financial sustainability.
43. The Council continues to look ahead and work towards achieving priority outcomes within the Council plan. It is looking at the services it needs to provide to fulfil its duties; these include enabling democratic leadership, keeping residents safe and setting a strategic direction for Gateshead. In addition, the Council is still working towards achieving sustainable economic growth and wellbeing for the borough and its residents, whilst supporting vulnerable people and building capacity within communities. The intention is to extend the planning horizon for the rolling budget approach from two to four years.

Business Rates 2016/17

44. As part of the 2016/17 settlement, the Government provided a baseline figure for retained business rates. The National Non-Domestic Rates Return 1 (NNDR1) 2016/17 submitted to the Department for Communities and Local Government on 31 January 2016 estimated that the Council's retained element will be £44.218m (adjusted for cost of collection) which is £0.659m greater than the baseline estimated in the Government's final settlement. This estimated additional income assists in closing the Council's funding gap. The collection rate remains forecast at 97.75%. The exact amount of compensation payment for small business relief is yet to be confirmed, an estimate of £1.959m is included in the base budget funding based on the NNDR1 return that was submitted to Government on 31 January 2016.
45. The business rate multiplier for 2016/17 will be 49.7 pence, with the small business multiplier being 48.4 pence. Top-ups and tariffs will be uprated by 0.8 per cent; in line with the increase in the September 2015 Retail Price Index.

Council Tax 2016/17

Statutory Requirements: Calculation of Council Tax Requirement

46. Section 30 of the Local Government Finance Act 1992 requires the Council to set an amount of Council Tax for each financial year for each category of dwellings in its area. For a category of dwellings the amount of Council Tax is the aggregate of:-
 - (i) the amount of tax in relation to the year that the Authority itself has calculated, and
 - (ii) the sum of the amounts of tax in relation to the year that major precepting authorities have calculated in precepts issued to the authority by major precepting authorities.
47. Sections 31A, 31B and 34 to 36 of the 1992 Act (the 1992 Act) require the Authority to calculate its own amount of tax for each category of dwellings in its area, reflecting its council tax requirement. In calculating its council tax requirement, the Authority must make the following calculations:-

48. (1) In relation to each financial year a billing authority in England must make the calculations required by the section 31A of the 1992 Act.
- (2) The Authority must calculate the aggregate of:-
- (a) the expenditure which the Authority estimates it will incur in the year in performing its functions and will charge to a revenue account, other than a Business Improvement District (BID) Revenue Account, for the year in accordance with proper practices;
 - (b) such allowance as the Authority estimates will be appropriate for contingencies in relation to amounts to be charged or credited to a revenue account for the year in accordance with proper practices;
 - (c) the financial reserves which the Authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure;
 - (d) such financial reserves as are sufficient to meet so much of the amount estimated by the Authority to be a revenue account deficit for any earlier financial year as has not already been provided for;
 - (da) any amounts which it estimates will be transferred in the year from its general fund to its collection fund in accordance with regulations under section 97(2A) of the 1988 Act;
 - (e) any amounts which it estimates will be transferred in the year from its general fund to its collection fund in accordance with section 97 (4) of the Local Government Finance Act 1998 (the 1988 Act);
 - (f) Any amounts which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under section 98(5) of the 1988 Act and charged to a revenue account for the year.
- (3) The aggregate of:-
- (a) the income which it estimates will accrue to it in the year and which it will credit to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices;
 - aa) any amounts which it estimates will be transferred in the year from its collection fund to its general fund in accordance with regulations under section 97(2A) of the 1988 Act;
 - (b) any amount which it estimates will be transferred in the year from its collection fund to its general fund in accordance with section 97 (3) of the 1988 Act;
 - (c) any amounts which it estimates will be transferred from its collection fund to its general fund pursuant to a direction under section 98(4) of the 1988 Act and will be credited to a revenue account for the year, and

- (d) the amount of the financial reserves which the authority estimates it will use in order to provide for the items mentioned in subsection (2)(a), (b), (e) and (f) above.
- (4) If the aggregate calculated under (2) above exceeds that calculated under (3) above, the authority must calculate the amount equal to the difference; and the amount so calculated is to be its council tax requirement for the year.
- (5) In making the calculation under subsection (2) above the authority must ignore payments which must be met from its collection fund under section 90(2) of the 1988 Act or from a trust fund and, subject to paragraphs (da), (e) and (f) of subsection (2) above, sums which have been or are to be transferred from its general fund to its collection fund.
- (6) In estimating under subsection (2)(a) above the authority must take into account:-
- (a) the amount of any expenditure which it estimates it will incur in the year in making any repayments of grants or other sums paid to it by the Secretary of State, and
- (b) the amount of any precept issued to it for the year by a local precepting authority and the amount of any levy or special levy issued to it for the year.
- (7) But (except as provided by regulations under section 41 of the 1992 Act or regulations under section 74 or 75 of the 1988 Act) the authority must not anticipate a precept, levy or special levy not issued.
- (8) For the purposes of subsection (2)(c) above an authority's estimated future expenditure is:-
- (a) that which the authority estimates it will incur in the financial year following the year in question, will charge to a revenue account for the year in accordance with proper practices and will have to defray in the year before the following sums are sufficiently available:-
- i. sums which will be payable for the year into its general fund and in respect of which amounts will be credited to a revenue account for the year in accordance with proper practices, and
- ii. sums which will be transferred as regards the year from its collection fund to its general fund, and
- (b) that which the authority estimates it will incur in the financial year referred to in paragraph (a) above or any subsequent financial year in performing its functions and which will be charged to a revenue account for that or any other year in accordance with proper practices.
- (9) In making the calculation under subsection (3) above the authority must ignore:-
- (a) payments which must be made into its collection fund under section 90(1) of the 1988 Act or to a trust fund, and

- (b) subject to paragraphs (aa), (b) and (c) of subsection (3) above, sums which have been or are to be transferred from its collection fund to its general fund.
- (10) The Secretary of State may by regulations do either or both of the following:-
- (a) alter the constituents of any calculation to be made under subsection (2) or (3) above (whether by adding, deleting or amending items);
 - (b) alter the rules governing the making of any calculation under subsection (2) or (3) above (whether by deleting or amending subsections (5) to (9) above, or any of them, or by adding other provisions, or by a combination of those methods).
- (11) Calculations to be made in relation to a particular financial year under this section must be made before 11th March in the preceding financial year, but they are not invalid merely because they are made on or after that date.
- (12) This section is subject to section 52ZS of the 1992 Act (which requires a direction to a billing authority that the referendum provisions in chapter 4ZA of the 1992 Act are not to apply to the authority for a financial year to state the amount of the authority's council tax requirement for the year).

Calculation of Basic Amount of Tax

- (13) In relation to each financial year a billing authority in England must calculate the basic amount of its council tax by applying the formula:-

$$\frac{R}{T}$$

where:-

R is the amount calculated (or last calculated) by the authority under section 31A(4) of the 1992 Act as its council tax requirement for the year;

T is the amount which is calculated by the authority as its council tax base for the year and, where one or more major precepting authorities have power to issue precepts to it, is notified by it to those authorities ("the major precepting authorities concerned") within the prescribed period.

- (14) Where the aggregate calculated (or last calculated) by the authority for the year under subsection (2) of section 31A does not exceed that so calculated under subsection (3) of that section, the amount for item R above is to be nil.
- (15) The Secretary of State must make regulations containing rules for making for any year the calculation required by item T above; and a billing authority must make the calculation for any year in accordance with the rules for the time being effective (as regards the year) under the regulations.
- (16) Regulations prescribing a period for the purposes of item T above may provide that, in any case where a billing authority fails to notify its calculation to the major precepting authorities concerned within that period, that item must be determined in the prescribed manner by such authority or authorities as may be prescribed.

- (17) The Secretary of State may by regulations do either or both of the following:-
- (a) alter the constituents of any calculation to be made under subsection (14) above (whether by adding, deleting or amending items);
 - (b) provide for rules governing the making of any calculation under that subsection (whether by adding provisions to, or deleting or amending provisions of, this section, or by a combination of those methods).

Council Tax Bandings

49. There are eight council tax bands ranging from Band A for dwellings valued at less than £40,000 on 1 April 1991 to Band H for dwellings valued at more than £320,000 on that date. Within an authority, the council tax for each valuation band is a fixed ratio to that for Band D. Dependent on their assigned council tax band dwellings pay a proportion of the Band D council tax set for the authority and local authorities set their council tax on the basis of the number of Band D equivalent properties in their area. Bands are assigned by the Valuation Office Agency (VOA).
50. Band D council tax is the usual standard measure of council tax and is the council tax payable on a Band D dwelling occupied as a main residence by at least two adults, before any reductions due to discounts, exemptions or local council tax support schemes. This definition is widely regarded as a benchmark when comparing council tax levels in different areas or over time. In addition to measuring council tax by Band D it can also be measured in average council tax per dwelling terms.

Council Tax Increase and Freeze Grant

51. As part of the 2016 settlement announcements there was no offer of a council tax freeze grant therefore this is no longer an option which in past years equated to the value of £0.892m.
52. Against the backdrop of continued government funding reductions, new burdens and spending pressures which cumulatively are having a significant impact on the Council's ability to deliver its priorities during 2016/17, this report recommends that Gateshead Council agrees a council tax increase of 3.99% (including a 2% adult social care charge) This will mean the Council will be exempt from the government's excessiveness principles outlined below as the proposed increase is less than 4%.

Council Tax Referendums

53. A council tax bill is made up of a number of different elements. Alongside the element to fund council services which includes the costs of councils pay in levies or special levies to any number of bodies, there can be precepts which consist of council tax that will be redistributed to bodies to provide specific services to the area. For Gateshead these are for the Police and Crime Commissioner for Northumbria, the Tyne and Wear Fire and Rescue Authority and Lamesley Parish.
54. Each year ministers set out in advance what they deem to be an excessive tax rise. This report has been prepared in accordance with published guidance "The referendums relating to council tax increases (Principles) (England) report 2016/17" and the principles outlined in annex A of the guidance.

55. For the referendum regime, the Localism Act 2011 defined a new measure - the relevant basic amount of council tax. The 'relevant basic amount' is a measure that aims to focus purely on the element of the council tax bill relating to council services. It is calculated by subtracting any levy or special levy payments from the overall council tax requirement then dividing that figure by the council tax base.
56. Under section 52ZB of the 1992 Act, each billing authority must determine whether its relevant basic amount of council tax for the financial year (the year under consideration) is excessive. A referendum is triggered by whatever the secretary of state says is an excessive increase in the 'relevant basic amount of council' tax.
57. Under section 52ZC of the 1992 Act, the question of whether an authority's relevant amount of council tax is excessive must be decided in accordance with a set of principles determined by the Secretary of State. A set of principles may contain one principle or two or more principles and must constitute or include a comparison between the authority's relevant basic amount of council tax for the year under consideration and its relevant basic amount of council tax for the financial year immediately preceding the year under consideration.
58. The Spending Review announced that local authorities responsible for adult social care will be given 2% additional Council Tax flexibility, on top of their existing 2% referendum threshold, for the rest of the Parliament on the understanding that they use all additional revenue for adult social care services.
59. For authorities with adult social care responsibilities the referendum cap is thus set at 4% and above. This comes with conditions requiring the authority to evidence that the additional funds raised from the 2% flexibility will be applied for social care purposes and will be required in subsequent years of the Parliament.
60. Therefore for 2016/17, the relevant basic amount of council tax of an authority which belongs to the category in paragraph 2(a) of the Secretary of State Report 'The Referendums Relating to Council Tax Increases (Principles) (England) Report 2016/2017' made under section 52ZD(1) of the 1992 Act "any relevant local authority" is excessive if the authority's relevant basic amount of council tax for 2016/17 is 4% (comprising 2% for expenditure on adult social care and 2% for other expenditure) or greater than 4% of its relevant basic amount of council tax for 2015-16.
61. For 2016/17, the relevant basic amount of council tax of an authority which belongs to the category in paragraph 2(d) of the Secretary of State Report 'The Referendums Relating to Council Tax Increases (Principles) (England) Report 2016/2017' made under section 52ZD(1) of the 1992 Act "any relevant police and crime commissioner" is excessive if the authority's relevant basic amount of council tax for 2016/17 is more than £5.00 greater than its relevant basic amount of council tax for 2015-16.
62. Where a major precepting authority determines that its council tax increase is excessive it must notify the billing authority to which it issues a precept. The billing authority will then be required to make arrangements to hold a referendum in relation to the precepting authority's council tax increase. The costs of holding the referendum are the sole responsibility of the authority which triggered it. Consequently, billing authorities are entitled to recover from a precepting authority the expense incurred in holding a referendum on its behalf.

63. No principles are specified for local precepting authorities (Lamesley Parish), although the Secretary of State may revisit this issue in future. However, the usual general administrative law principles will apply to the Parish Council's own decision setting the budget i.e. they must act reasonably; they will have to take the decision based on all material considerations, discarding immaterial considerations and the incurring of expenditure must be relevant to the needs of the Parish as well as being in accordance with their own financial rules.
64. The consequences of setting an increase in the relevant basic amount of council tax which is excessive would mean that the Council would have to make arrangements to hold a referendum and make "substitute calculations" of a relevant basic amount of council tax which does not exceed the excessiveness principles. The substitute calculations would automatically take effect in the event that voters reject the Council's increase.
65. Under section 52ZB of the 1992 Act the proposed council relevant basic amount of council tax for 2016/17 is not excessive in accordance with the principles determined under section 52ZC of the Act.

Council Tax Requirement 2016/17

66. The Localism Act 2011 changed some of the details governing the calculation of council tax. The Council must set a Council Tax Requirement.
67. The Council's Budget for 2016/17 totals £198.883m after budget savings (net of schools spending).
68. In calculating the Council's council tax requirement as required by the legislation, the Lamesley Parish precept must be added to the figure above.
69. The Parish of Lamesley has issued a budget precept for 2016/17 of £10,000, an increase on 2015/16 which was £7,500. This is cited as being due to increasing cost pressures following no increase in the precept for over ten years alongside reducing investment interest. The Council has allocated grant funding to recognise the impact of the Local Scheme for Council Tax on Lamesley Parish meaning the precept for 2016/17 is £9,258.36. Grant funding of £741.64 will top-up the precept to enable a budget of £10,000 to be funded.
70. In arriving at the Council's council tax requirement, general grants such as Settlement Funding Assessment (Revenue Support Grant, retained Non-domestic Rates transferred from the Collection Fund and Top Up Grant), other grants in Revenue Spending Power and Public Health must be deducted.
71. Any amount transferred from the collection fund to the general fund in relation to council tax must also be deducted. For 2016/17 this figure has been estimated to be £0.011m.

72. The Council Tax Requirement 2016/17, based on an increase of 3.99%, can now be summarised as follows: -

	£
Net Budget 2016/17 Gateshead Council	198,883,217
<i>Add - Lamesley Parish Precept</i>	9,258
Budget Requirement 2016/17 (including Lamesley Parish Precept)	198,892,475
<i>Less - Settlement Funding Assessment (SFA)*</i>	(91,426,911)
<i>Public Health</i>	(17,380,000)
<i>Other Grants</i>	(12,829,182)
<i>Balance to be raised locally</i>	77,256,382
<i>Transfer from Collection Fund (Council Tax)</i>	(11,000)
Council Tax Requirement (including Lamesley Parish Precept)	77,245,382

* Includes transfer from Collection Fund for retained business rates

Council Tax Resolution

73. The council tax for Gateshead is calculated by dividing the council tax requirement by the Council Tax base of 50,480.1 (agreed at Cabinet on 19 January 2016). This calculation gives a basic amount of Council Tax of £1,530.2145. However, from this figure, the legislation requires the Parish element to be deducted (£0.1834). This gives a Band D Council Tax for Gateshead of £1,530.0311. Section 36 of the 1992 Act requires the Council Tax to be calculated by reference to Band D, although 90% of households in Gateshead are in Bands A to C.
74. The amount payable for dwellings in different valuation bands is calculated using the following proportions for each valuation banding: -

A	6/9
B	7/9
C	8/9
D	9/9
E	11/9
F	13/9
G	15/9
H	18/9

Thus giving the following Council Tax amounts for the Gateshead area, (excluding precepts but including a 2% precept to fund adult social care)

Valuation Band	Gateshead Council £
A	1,020.02
B	1,190.02
C	1,360.03
D	1,530.03
E	1,870.04
F	2,210.04
G	2,550.05
H	3,060.06

75. The Council Tax for the Parish area is calculated by dividing the Parish precept by the Council Tax base for the Parish area (agreed at the Cabinet meeting on 19 January 2016). This calculation gives a Band D precept of £7.8149 for Lamesley Parish area in 2016/17 which is an increase of 36.99% (£2.11) from 2015/16 (£5.7047)

76. These result in the following additional Council Tax amounts for the Lamesley Parish area (excluding Police and Crime Commissioner and Fire precepts) following application of the proportions in the table at point 74 above.

Valuation Band	Lamesley Parish £
A	5.21
B	6.08
C	6.95
D	7.81
E	9.55
F	11.29
G	13.02
H	15.62

77. To these must be added the precepts of the Police and Crime Commissioner (PCC) for Northumbria and the Tyne and Wear Fire and Rescue Authority. The PCC agreed the precept for 2016/17 on 11 February 2016 with the decision to increase the Band D charge by the £5 permitted under the current referendum principles. The Tyne and Wear Fire and Rescue Authority precept was agreed on 15 February 2016, at an increase of 1.99%. These are as follows:-

Valuation Band	Police and Crime Commissioner for Northumbria £	Tyne and Wear Fire and Rescue Authority £
A	62.22	50.74
B	72.59	59.20
C	82.96	67.65
D	93.33	76.11
E	114.07	93.02
F	134.81	109.94
G	155.55	126.85
H	186.66	152.22

These precepts result in a Band D Council Tax (excluding Lamesley Parish Precept) of £1,699.4711 which has increased from £1,634.2889 in 2015/16.

78. These result in the following total Council Tax amounts (including precepts).

Valuation Band	Lamesley Parish £	All other parts of the Council's area £
A	1,138.19	1,132.98
B	1,327.89	1,321.81
C	1,517.59	1,510.64
D	1,707.28	1,699.47
E	2,086.68	2,077.13
F	2,466.08	2,454.79
G	2,845.47	2,832.45
H	3,414.56	3,398.94

Adequacy of Reserves and Robustness of Budget Estimates

79. The Council keeps a level of reserves to strengthen the Council's financial position so that it has sufficient reserves and balances to protect against the risk of any uncertainties or unforeseen events without jeopardising key services and delivery outcomes. This is considered best practice and demonstrates sound financial planning. The Council's policy on reserves is outlined in the Medium Term Financial Strategy (MTFS).
80. The Local Government Act 2003 requires the Strategic Director, Corporate Resources to undertake an assessment of the robustness of budget estimates and the adequacy of reserves.
81. In assessing the robustness of the budget, the Strategic Director, Corporate Resources has considered the following issues:
 - The general financial standing of the Council
 - The adequacy of the budget monitoring and financial reporting arrangements
 - The adequacy of the Council's internal control system
 - The future budget pressures faced by the Council, as identified in the Council's MTFS
 - The impact of reduced income and funding
 - The proposed Capital programme
 - The delivery of agreed budget savings
82. In addition to the above, the Strategic Director, Corporate Resources has undertaken a risk assessment of the underlying budget assumptions applied to income and expenditure estimates. This includes an assessment of the estimates for inflationary increases. Further details are shown at Appendix 4.
83. The Strategic Director, Corporate Resources has also considered the adequacy of reserves to cover any potential financial risks faced by the Council. The Council's general and earmarked reserves are maintained at a prudent level and are subject to continuous review. Appendix 5 to this report shows the opening balances as at 1 April 2015 and an estimate of reserves through to 31 March 2017 subject to the proposals in this report and the agreed MTFS. The position on reserves will be further reviewed following revenue outturn and as part of the review of the MTFS in summer 2016.
84. The Council maintains a general fund reserve which acts as a contingency and allows the Council to meet any unforeseen expenditure. This currently stands at £23.386m which is above the minimum level of 3% net revenue budget agreed by cabinet and council in July 2015 as part of the MTFS. This figure includes £7.816m LMS Schools reserves which are ring-fenced and £15.570m General Reserve.
85. Some reserves are agreed by Council to be set earmarked and held for specific strategic purposes. This may be to help achieve key priorities, for example the economic growth reserve to achieve growth and support the local economy. Or held for specific purposes primarily to mitigate risk or provide insurance.
86. Other reserves are ring fenced and committed to be used for specific projects or activities, usually prescribed by Government, and cannot support the general council budget such as schools reserves, developer contributions and the Public Health reserve.

87. As at 31 March 2016 it is estimated that the Council's general reserve will be £21.427m (including £6.816m LMS ring-fenced reserve) supplemented by approximately £27.558m earmarked reserves, £8.089m of which are ring-fenced and cannot be used to support the revenue budget.
88. Reserves can only be used once and are therefore not a sustainable source of financing without placing the Council's financial position at risk. This is an area of interest to external audit who will look at both how the Council has planned to use and actually uses its reserves. Due to the reduced funding from government coupled with increasing demand, the Council will be required to find a permanent solution to the funding gap, rather than a short-term solution by using reserves.
89. The Council has policies, procedures and guidance in place to manage changes in the workforce whether they come from budgetary pressures or other operational or organisational changes. These have been successfully applied in the past but the extent of the savings required to balance the budget has put pressure on all budgets, including staffing.
90. The proposals within the budget will result in major organisational change in many services across the Council, and changes in the way the Council delivers services and works for and with, the community.

Workforce Management

91. The Council will still be a major employer and it will continue its existing good employment practices and further develop its commitment to its workforce, as set out in the Workforce Strategy and Plan 2015 to 2020 including: employee engagement, learning and development, and health and well-being. The Council will continue to work with employees and trade unions to protect priority services and ensure, as part of the Workforce Strategy, that employees have the skills they need to work efficiently and effectively. Through the application of the Council's commissioning framework, new ways in which to deliver best value for the community will be considered, including new business models and delivery vehicles.
92. The Council remains committed to seeking to avoid compulsory redundancies (CRs), and wherever possible it will continue to support employees who wish to volunteer for redundancy (VR). The Council has a successful track record of redeploying staff and it will continue to support employees at risk of redundancy to seek external job opportunities, become self-employed, or start a new business and generally to manage these major changes in life.
93. In light of the required savings the Council gave notice in February 2016 to the Department of Business Innovation and Skills (Form HR1) of the number of anticipated redundancies. It also issued Section 188 "notice of potential redundancy letters" to employees. The Council has worked with trade union representatives and employees to discuss possible ways forward that avoid or reduce the number of redundancies required, and in particular compulsory redundancies; actual numbers are therefore expected to be significantly lower than the figures originally notified. The cost of redundancies will require a significant one-off cost in terms of redundancy payments and pension costs. The majority of redundancy costs will need to be met from revenue or reserves.

94. The proposed FTE reduction is set out in the table below, along with an estimated breakdown of CRs, VRs, and vacant posts based on information to date:

FTE reduction Pre Mitigation	VRs FTE	CRs FTE	Vacant Posts FTE	Other
335.8	138.4	89.3	77.8	30.3

95. It should be noted that the actual number of CRs is likely to be considerably fewer than the figure shown in the table, as work is ongoing to confirm exact numbers of VRs, vacant posts and opportunities for redeployment which will reduce the need for CRs. Due to mitigating measures being applied (if approved) to a number of budget proposals to allow time for further development of new or revised service delivery approaches or commissioning exercises, it is estimated that compulsory redundancy notices will be issued on 26 February in relation to no more than 38 FTEs; however, the total figure for CRs for 2016/17 will only be determined once all of the proposals are finalised. (NB In the table the column labelled “Other” FTEs refers to posts proposed to be supported by reserves for the full year 2016/17 or where the saving is being achieved through reductions in hours.)

96. The Strategic Director, Corporate Resources confirms that, after taking account of these issues, the revenue estimates are considered robust and that the level of reserves is considered adequate to cover the financial risks faced by the Council in the medium term. This assessment is based on the requirement that spending will be reduced to meet the funding gap in the MTFs as any shortfall will put the Council’s sustainable financial position at risk.

Prudential and Treasury Indicators

97. CIPFA’s Prudential Code is a professional code of practice to support local authorities in taking decisions about capital investment. All local authorities are required to have regard to the Prudential Code under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 3 of the Local Government Act 2003 and the Code of Practice for Treasury Management in the Public Services. The Prudential Framework for Local Authority Capital Investment was introduced from 1 April 2004.

The key objectives of the Codes are:-

- To ensure that the capital investment plans of local authorities are affordable, prudent and sustainable;
- To ensure that treasury management decisions are taken in line with good professional practice and in a manner which supports prudence, affordability and sustainability;
- To ensure consistency with local strategic planning, asset management and option appraisal.

The Prudential Code and the revised Code of Practice for Treasury Management in the Public Services sets out a range of prudential and treasury indicators that need to be agreed by the Council.

In setting and revising prudential and treasury indicators, the Council is required to take account of the following issues:-

- affordability, including the impact on council tax;
- prudence and sustainability;
- value for money;
- stewardship of assets and asset management planning;
- service objectives;
- practicality.

98. Appendix 6 to this report details the prudential indicators required under the Prudential Code and the Code of Practice for Treasury Management in the Public Services recommended for approval

Minimum Revenue Provision (MRP)

99. MRP is the amount that needs to be charged to revenue to reflect the repayment of debt. It is proposed that the Council continue to use the annuity method for charging MRP in respect of PFI contracts, the regulatory method on supported expenditure and the asset life method on self-financed expenditure. The Council's annual MRP statement for 2016/17 is attached at Appendix 7.

Consultation

100. Section 65 of the 1992 Act requires the Council to consult with persons or bodies subject to non-domestic business rates in Gateshead about spending proposals. A meeting was held with the North East Chamber of Commerce on 19 January 2016. The outcome of the meeting was positive and supportive of the Council's aim to stimulate the local economy to generate business growth.
101. There has been public consultation on budget proposals for 2016/17 as reported to Cabinet on 3 November 2015 and the responses are included at Appendix 3 of this report.

Alternative Options

102. There are no alternative options. The Council is statutorily required to agree a lawful budget each year. To not identify savings in order to bridge the funding gap, would be to jeopardise this requirement and put the Council's financial sustainability at risk.

Implications of Recommended Option

103. **Resources**
- Financial Implications** – The Strategic Director, Corporate Resources confirms that these are set out in the report and appendices.
 - Human Resource Implications** – Implications for the Council's workforce are considered within the report.
 - Property Implications** – The Strategic Director, Corporate Services & Governance confirms the implications for the Council's asset portfolio will be set out in detail in future separate reports.

104. **Risk Management Implications** – Appendix 4 to this report is a financial risk assessment of the budget.
105. **Equality and Diversity Implications** – Appendix 3 provides an overview of the Equality Impact Assessments which are available on the Council’s website.
106. **Crime and Disorder Implications** – There are no direct implications set out in this report.
107. **Health Implications** – Appendix 3 highlights health and wellbeing impact as well as a carers impact assessment.
108. **Sustainability Implications** – The proposals in this report will ensure a sustainable financial position for the Council.
109. **Human Rights Implications** – Nil.
110. **Area and Ward Implications** – The proposals in this report cover the whole of Gateshead.

REVENUE BUDGETS 2016/17

Budget 2015/16 £000	Group and Service (Net Budgets)	Budget Pre Savings 2016/17 £000	Proposed Savings 2016/17 £000	Proposed Budget 2016/17 £000
	<u>Care, Wellbeing & Learning</u>			
20,515	Social Work - Children & Families	20,969	(1,145)	19,824
4,934	Children & Families Support	5,077	(902)	4,175
4,684	Children's Commissioning	4,700	(245)	4,455
2,452	Learning & Schools	2,575	(390)	2,185
66,486	Adult Social Care & Independent Living	67,029	(9,075)	57,954
3,231	Adult Care Commissioning & Business Development	3,275	0	3,275
111	Housing General Fund	122	(117)	5
16,838	Public Health	18,825	(1,445)	17,380
	<u>Communities & Environment</u>			
1,933	Development & Public Protection	2,273	(159)	2,114
(416)	Council Housing, Design & Technical Services	(45)	(658)	(703)
1,933	Transport Strategy	2,482	(233)	2,249
6,911	Culture, Communities, Leisure & Volunteering	7,563	(643)	6,920
3,076	Commissioning & Business Development	129	(47)	82
2,027	Facilities Management	2,134	(268)	1,866
10,046	Waste Services, Grounds Maintenance & Fleet Management	13,545	(746)	12,799
4,050	Construction General Fund	4,238	(482)	3,756
	<u>Policy, Economic Growth and Transformation</u>			
1,938	Policy, Transformation & Communications	2,049	(232)	1,817
1,287	Economic & Housing Growth	1,350	0	1,350
	<u>Corporate Services and Governance</u>			
833	Democratic, Legal and Property Services	1,373	(109)	1,264
2,265	Human Resources & Litigation	2,414	(173)	2,241
417	Corporate Commissioning & Procurement	486	(29)	457
	<u>Corporate Resources</u>			
1,119	Corporate Finance	1,232	(141)	1,091
3,541	Customer and Financial Services	4,147	(853)	3,294
(711)	Housing Benefits	(406)	0	(406)
2,092	ICT Services	2,539	(380)	2,159
(1,456)	Other Services	(509)	(324)	(833)
4,884	Contingencies	7,380	0	7,380
30,139	Capital Financing Costs and Investment Income	28,901	0	28,901
	<u>Levies</u>			
159	Environment Agency	161	0	161
12,069	Tyne and Wear ITA	11,671	0	11,671
207,387	Total Net Budget	217,679	(18,796)	198,883
	<u>Financed By</u>			
(102,408)	Settlement Funding Assessment (SFA)	(91,427)		(91,427)
(13,687)	Other Grants	(12,829)		(12,829)
(16,837)	Public Health	(17,380)		(17,380)
(73,455)	Council Tax (Excluding Parish Precept)	(77,236)		(77,236)
(1,000)	Collection Fund	(11)		(11)
(207,387)	Total Funding	(198,883)	0	(198,883)

SCHOOLS - ESTIMATES 2016/17

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Dedicated Schools Grant (Indicative)	134,534	(134,534)	0	135,841	(135,841)	0
Less: Recoupment for Academies and commissioned Non-Maintained Special Schools	(38,338)	38,338	0	(39,031)	39,031	0
Total Retained in Council	96,196	(96,196)	0	96,810	(96,810)	0
Less: DSG funding allocated to High Needs, Early Years and other service areas	(22,627)	22,627	0	(22,900)	22,900	0
Schools Budget (Maintained)	73,569	(73,569)	0	73,910	(73,910)	0
Pupil Premium	9,708	(9,708)	0	9,748	(9,748)	0
Less: Academies Recoupment	(2,450)	2,450	0	(2,543)	2,543	0
Pupil Premium (Maintained)	7,258	(7,258)	0	7,205	(7,205)	0
Section 2 - Savings						0
TOTAL SCHOOLS BUDGET 2016/17						0

1. The Council will also receive an indicative £136m Dedicated Schools Grant (DSG), ring-fenced for the education of children. From this amount the Department for Education (DfE) will recoup the funding for academies in Gateshead which based on current academies is estimated to be £39m. Funding for schools and the providers of early years education is distributed on a formulaic basis in accordance with the Schools and Early Years Finance (England) Regulations. Funding for 2 year olds is estimated at £1.6m 2016/17 and will be confirmed in July 2016 based on actual take up.

2. In addition, the Pupil Premium for 2016/17 will be £1,320 for primary school children and £935 for secondary school children. This amount is paid per pupil entitled to a free school meal at any time in the last six years. Looked After Children receive Pupil Premium Plus at £1,900 per eligible child. Service Children Pupil Premium is £300 per eligible pupil. The estimated entitlement for schools in Gateshead is £9.7m, of which an estimated £2.5m will be recouped for academies.

Early Years Pupil Premium was introduced in 2015/16 for eligible 3 & 4 year olds at £300 for a full financial year. This will be paid on a participation basis of £0.53 per hour and the DfE have provided an estimated allocation within the DSG of £0.205m.

CARE, WELLBEING & LEARNING - ESTIMATES 2016/17

SOCIAL WORK - CHILDREN & FAMILIES

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Social Work - Children & Families	21,633	(1,118)	20,515	22,087	(1,118)	20,969
Section 2 - Savings						
Children's						
Increased use of technology to improve efficiencies within children's social work	(100)	0	(100)			
Recommissioning of Contact Service and review of administrative support	(300)	0	(300)			
Reviewing our approach to Adoption Services and consolidation of marketing activities between adoption and fostering	(30)	0	(30)			
Recommissioning Looked After Children's Residential Placements and closure of in-house provision	(435)	0	(435)			
Review of respite care for disabled children	(280)	0	(280)			
	(1,145)	0	(1,145)			
Total Social Work - Children & Families 2016/17	20,942	(1,118)	19,824			

CARE, WELLBEING & LEARNING - ESTIMATES 2016/17

CHILDREN & FAMILIES SUPPORT

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Children & Families Support	12,040	(7,106)	4,934	11,806	(6,729)	5,077
Section 2 - Savings						
Children's						
Early Help - Reconfiguration of service				(902)	0	(902)
				(902)	0	(902)
Total Children & Families Support 2016/17				10,904	(6,729)	4,175

CARE, WELLBEING & LEARNING - ESTIMATES 2016/17

CHILDREN'S COMMISSIONING

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Children's Commissioning	18,362	(13,678)	4,684	19,319	(14,619)	4,700
Section 2 - Savings						
Children's						
Reshape and revise our approach to Home to School Transport	(245)	0	(245)	(245)	0	(245)
	(245)	0	(245)	(245)	0	(245)
Total Children's Commissioning 2016/17	19,074	(14,619)	4,455	19,074	(14,619)	4,455

CARE, WELLBEING & LEARNING - ESTIMATES 2016/17

LEARNING & SCHOOLS

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Learning & Schools	25,125	(22,673)	2,452	21,683	(19,108)	2,575
Section 2 - Savings						
Children's						
Learningskills Review				0	(50)	(50)
School Improvement service income and efficiencies	(340)			(340)	0	(340)
				(340)	(50)	(390)
Total Learning & Schools 2016/17				21,343	(19,158)	2,185

CARE, WELLBEING & LEARNING - ESTIMATES 2016/17

ADULT SOCIAL CARE & INDEPENDENT LIVING

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Adult Social Care & Independent Living	90,793	(24,307)	66,486	95,918	(28,889)	67,029
Section 2 - Savings						
Adult Social Care						
Recommission Independent Supported Living Schemes	(650)	0	(650)			
Increase income to Care Call	0	(50)	(50)			
Recommissioning Learning Disability Care Packages	(675)	0	(675)			
Review of support for people to live independently	0	(1,750)	(1,750)			
Reduction in Domiciliary Care Packages by enhanced early intervention	(800)	0	(800)			
Reduction in Residential Care Admissions	(1,350)	0	(1,350)			
Recommission Day Services	(500)	0	(500)			
Revised demand management model for Adult Social Care	(3,300)	0	(3,300)			
	(7,275)	(1,800)	(9,075)			
Total Adult Social Care & Independent Living 2016/17	88,643	(30,689)	57,954			

CARE, WELLBEING & LEARNING - ESTIMATES 2016/17

ADULT CARE COMMISSIONING & BUSINESS DEVELOPMENT

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
ACC & Business Development	3,406	(175)	3,231	3,450	(175)	3,275
Section 2 - Savings				0	0	0
				0	0	0
Total Adult Care Commissioning & Business Development 2016/17				3,450	(175)	3,275

CARE, WELLBEING & LEARNING - ESTIMATES 2016/17

HOUSING GENERAL FUND

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Housing General Fund	1,012	(901)	111	2,056	(1,934)	122
Section 2 - Savings						
<u>Adult Social Care</u>						
Reconfiguration of Housing Adaptations/ Occupational therapy service				(117)	0	(117)
				(117)	0	(117)
Total Housing General Fund 2016/17				1,939	(1,934)	5

CARE, WELLBEING & LEARNING - ESTIMATES 2016/17

PUBLIC HEALTH

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Public Health	16,896	(58)	16,838	18,883	(58)	18,825
Section 2 - Savings						
Public Health						
Reducing elements of the Drug and Alcohol programme				(448)	0	(448)
Stop funding provision for Balance It Programme				(105)	0	(105)
Withdrawing funding contribution to Gateshead NHS Trust – Breastfeeding Nurse post				(15)	0	(15)
Move to a charging approach with schools for the Healthy Schools Programme				(60)	0	(60)
Withdrawing funding for the Labriut Healthy Living Centre				(66)	0	(66)
Reducing funding for the LiveWell Gateshead programme				(100)	0	(100)
Reducing funding for NHS Health Checks				(60)	0	(60)
Withdrawal of funding to NHS trust for Public Health Midwife post				(53)	0	(53)
Public Health Team efficiencies				(60)	0	(60)
Reducing access to stop smoking services				(313)	0	(313)
Withdraw funding for the Whoops! Child Safety Project				(30)	0	(30)
Remodelling 0-5 (Early Years) and Children's Public Health Services				(95)	0	(95)
Reductions in Sexual health Funding – MESMAC and Sexual Health Tariff				(40)	0	(40)
				(1,445)	0	(1,445)
Total Public Health 2016/17				17,438	(58)	17,380

COMMUNITIES & ENVIRONMENT - ESTIMATES 2016/17

DEVELOPMENT & PUBLIC PROTECTION

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Development & Public Protection	3,913	(1,980)	1,933	4,231	(1,958)	2,273
Section 2 - Savings						
<u>Environment</u>						
Service Review				(113)	0	(113)
Additional Income				0	(46)	(46)
				(113)	(46)	(159)
Total Development & Public Protection 2016/17				4,118	(2,004)	2,114

COMMUNITIES & ENVIRONMENT - ESTIMATES 2016/17

COUNCIL HOUSING, DESIGN & TECHNICAL SERVICES

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Council Housing, Design & Tech Services	98	(514)	(416)	469	(514)	(45)
Section 2 - Savings						
<u>Economic Growth</u>						
Increased Traded Income from implementation of District Energy Scheme (DES).	0			0	(658)	(658)
	0			0	(658)	(658)
Total Council Housing, Design & Technical Services 2016/17	469			469	(1,172)	(703)

COMMUNITIES & ENVIRONMENT - ESTIMATES 2016/17

TRANSPORT STRATEGY

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Transport Strategy	5,371	(3,438)	1,933	6,082	(3,600)	2,482
Section 2 - Savings						
<u>Environment</u>						
Staffing reductions and termination of Quaylink bus contract	(120)	0	(120)			
Additional income – off-street parking, bus lane enforcement and network management	0	(113)	(113)			
	(120)	(113)	(233)			
Total Transport Strategy 2016/17	5,962	(3,713)				2,249

COMMUNITIES & ENVIRONMENT - ESTIMATES 2016/17

CULTURE, COMMUNITIES, LEISURE & VOLUNTEERING

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
CCL & Volunteering	13,262	(6,351)	6,911	13,224	(5,661)	7,563
Section 2 - Savings						
<u>Communities and Volunteers</u>						
Review of Libraries (subject to public consultation on specific proposals)				(250)	0	(250)
Increased income from St Mary's Heritage Centre				0	(36)	(36)
Review of partner funding arrangements – Sage Gateshead at Old Town Hall				(108)	0	(108)
Review Partner Funding Arrangements, Review Commission to GVOC, Sage Gateshead, TWAM and BALTIC				(100)	0	(100)
Review of community centres				(49)	0	(49)
Reduction in Capacity Building Fund				(100)	0	(100)
				(607)	(36)	(643)
Total Culture, Communities, Leisure & Volunteering 2016/17				12,617	(5,697)	6,920

COMMUNITIES & ENVIRONMENT - ESTIMATES 2016/17

COMMISSIONING & BUSINESS DEVELOPMENT

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Commissioning & Business Developmnt	5,161	(2,085)	3,076	319	(190)	129
Section 2 - Savings						
<u>Governance and Resources</u>						
Staffing reductions				(27)	0	(27)
South Tyne and Wear Waste Management Partnership non staffing savings				(20)	0	(20)
				(47)	0	(47)
Total Commissioning & Business Development 2016/17				272	(190)	82

COMMUNITIES & ENVIRONMENT - ESTIMATES 2016/17

FACILITIES MANAGEMENT

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Facilities Management	12,518	(10,491)	2,027	12,946	(10,812)	2,134
Section 2 - Savings						
Governance and Resources						
Additional income – leasing of space to external partners				0	(80)	(80)
Reconfiguration of the Bewicks Catering Service				(100)	0	(100)
Reduction in cleaning of Council Buildings				(88)	0	(88)
				(188)	(80)	(268)
Total Facilities Management 2016/17				12,758	(10,892)	1,866

COMMUNITIES & ENVIRONMENT - ESTIMATES 2016/17

WASTE SERVICES, GROUNDS MAINTENANCE & FLEET MANAGEMENT

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross £000s	Net Budget £000s
WSGM & Fleet Management	14,232	(4,186)	10,046	19,639	(6,094)	13,545
Section 2 - Savings						
<u>Environment</u>						
Review services to deliver refuse and recycling				(74)	0	(74)
Increase fees and charges for garden waste, gardening scheme & bin replacements				0	(224)	(224)
Grow tradeable services – bereavement & trade waste				0	(252)	(252)
Stop non-profitable services – schools grounds maintenance & clinical waste				(196)	0	(196)
				(270)	(476)	(746)
Total WSGM & Fleet Management 2016/17				19,369	(6,570)	12,799

COMMUNITIES & ENVIRONMENT - ESTIMATES 2016/17

CONSTRUCTION GENERAL FUND

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Construction General Fund	4,050	0	4,050	4,238	0	4,238
Section 2 - Savings						
<u>Environment</u>						
Highways Budget Reductions				(482)	0	(482)
				(482)	0	(482)
Total Construction General Fund 2016/17				3,756	0	3,756

POLICY, ECONOMIC GROWTH & TRANSFORMATION - ESTIMATES 2016/17

POLICY, TRANSFORMATION & COMMUNICATIONS

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Policy, Transformation & Comms	2,014	(76)	1,938	2,082	(33)	2,049
Section 2 - Savings						
<u>Governance and Resources</u>						
Organisational review				(232)	0	(232)
				(232)	0	(232)
Total Policy, Transformation & Communications 2016/17				1,850	(33)	1,817

POLICY, ECONOMIC GROWTH & TRANSFORMATION - ESTIMATES 2016/17

ECONOMIC & HOUSING GROWTH

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Economic & Housing Growth	3,743	(2,456)	1,287	3,851	(2,501)	1,350
Section 2 - Savings				0	0	0
				0	0	0
Total Economic & Housing Growth 2016/17				3,851	(2,501)	1,350

CORPORATE SERVICES & GOVERNANCE - ESTIMATES 2016/17

LEGAL, DEMOCRATIC & PROPERTY SERVICES

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Legal, Democratic & Property Services	4,886	(4,053)	833	5,423	(4,050)	1,373
Section 2 - Savings						
<u>Governance and Resources</u>						
Organisational Review of Corporate Services and Governance				(109)	0	(109)
				(109)	0	(109)
Total Legal, Democratic & Property Services 2016/17				5,314	(4,050)	1,264

CORPORATE SERVICES & GOVERNANCE - ESTIMATES 2016/17

HUMAN RESOURCES & LITIGATION

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Human Resources & Litigation	3,095	(830)	2,265	3,262	(848)	2,414
Section 2 - Savings						
<u>Governance and Resources</u>						
Organisational Review of Corporate Services and Governance				(161)	0	(161)
Registrars Charging for Services				0	(12)	(12)
				(161)	(12)	(173)
Total Human Resources & Litigation 2016/17				3,101	(860)	2,241

CORPORATE SERVICES & GOVERNANCE - ESTIMATES 2016/17

CORPORATE COMMISSIONING & PROCUREMENT

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Corp Commissioning & Procuremnt	875	(458)	417	944	(458)	486
Section 2 - Savings						
<u>Governance and Resources</u>						
Organisational Review of Corporate Services and Governance				(29)	0	(29)
				(29)	0	(29)
Total Corporate Commissioning & Procurement 2016/17				915	(458)	457

CORPORATE RESOURCES - ESTIMATES 2016/17

CORPORATE FINANCE

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Corporate Finance	2,328	(1,209)	1,119	2,367	(1,135)	1,232
Section 2 - Savings						
Governance and Resources						
Service review of Corporate Finance				(141)	0	(141)
				(141)	0	(141)
Total Corporate Finance 2016/17				2,226	(1,135)	1,091

CORPORATE RESOURCES - ESTIMATES 2016/17

CUSTOMER & FINANCIAL SERVICES

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Customer & Financial Services	8,338	(4,797)	3,541	8,601	(4,454)	4,147
Section 2 - Savings						
<u>Governance and Resources</u>						
Service review - Staffing				(613)	0	(613)
Service review - Non staffing				(190)	(50)	(240)
				(803)	(50)	(853)
Total Customer & Financial Services 2016/17				7,798	(4,504)	3,294

CORPORATE RESOURCES - ESTIMATES 2016/17

HOUSING BENEFITS

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Housing Benefits	83,292	(84,003)	(711)	85,660	(86,066)	(406)
Section 2 - Savings				0	0	0
				0	0	0
Total Housing Benefits 2016/17				85,660	(86,066)	(406)

CORPORATE RESOURCES - ESTIMATES 2016/17

ICT SERVICES

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
ICT Services	4,228	(2,136)	2,092	4,566	(2,027)	2,539
Section 2 - Savings						
<u>Governance and Resources</u>						
ICT Services Review - Staffing				(235)	0	(235)
ICT Services Review - Non Staffing				(145)	0	(145)
				(380)	0	(380)
Total ICT Services 2016/17				4,186	(2,027)	2,159

CORPORATE RESOURCES - ESTIMATES 2016/17

OTHER SERVICES

Section 1 - Net Cost of Current Levels of Service						
	2015/16			2016/17		
	Gross Exp £000s	Gross Income £000s	Net Budget £000s	Gross Exp £000s	Gross Income £000s	Net Budget £000s
Capital Financing & Investment Income	31,510	(1,371)	30,139	30,500	(1,599)	28,901
Contingencies	4,884	0	4,884	7,380	0	7,380
Other Services	1,530	(2,986)	(1,456)	2,498	(3,007)	(509)
Total	37,924	(4,357)	33,567	40,378	(4,606)	35,772
Section 2 - Savings						
<u>Economic Growth</u>						
Reduced funding to NewcastleGateshead Initiative				(74)	0	(74)
New Build Housing Income				0	(100)	(100)
<u>Governance and Resources</u>						
Review of Insurance Fund				0	(150)	(150)
				(74)	(250)	(324)
Total Other Services, Contingencies, Capital Financing and Investment Income 2016/17				40,304	(4,856)	35,448

SUMMARY OF BUDGET SAVING PROPOSALS BY THEME	AMOUNT £000s
Adult Social Care Budget Saving Proposals	(9,192)
Children's Budget Saving Proposals	(2,682)
Communities and Volunteers Budget Saving Proposals	(643)
Economic Growth Budget Saving Proposals	(832)
Environment Budget Saving Proposals	(1,620)
Governance and Resources Budget Saving Proposals	(2,382)
Public Health Budget Saving Proposals	(1,445)
TOTAL	(18,796)

Adult Social Care Budget Saving Proposals	(9,192)
Increase income to Care Call	(50)
Recommission Day Services	(500)
Recommission Independent Supported Living Schemes	(650)
Reduction in Domiciliary Care Packages by enhanced early intervention	(800)
Reduction in Residential Care Admissions	(1,350)
Review of support for people to live independently	(1,750)
Revised demand management model for Adult Social Care	(3,300)
Recommissioning Learning Disability Care Packages	(675)
Reconfiguration of Housing Adaptations/ Occupational therapy service	(117)

Children's Budget Saving Proposals	(2,682)
Early Help - Reconfiguration of service	(902)
Reshape and revise our approach to Home to School Transport	(245)
Learningskills Review	(50)
School Improvement service income and efficiencies	(340)
Increased use of technology to improve efficiencies within children's social work	(100)
Recommissioning Looked After Children's Residential Placements and closure of in-house provision	(435)
Recommissioning of Contact Service and review of administrative support	(300)
Reviewing our approach to Adoption Services and consolidation of marketing activities between adoption and fostering	(30)
Review of respite care for disabled children	(280)

Communities and Volunteers Budget Saving Proposals	(643)
Reduction in Capacity Building Fund	(100)
Review Partner Funding Arrangements, Review Commission to GVOC, Sage Gateshead, TWAM and BALTIC	(100)
Review of Libraries (subject to public consultation on specific proposals)	(250)
Increased income from St Mary's Heritage Centre	(36)
Review of partner funding arrangements – Sage Gateshead at Old Town Hall	(108)
Review of community centres	(49)

Economic Growth Budget Saving Proposals	(832)
Increased Traded Income from implementation of District Energy Scheme (DES)	(658)
Reduced funding to NewcastleGateshead Initiative	(74)
New Build Housing Income	(100)

Environment Budget Saving Proposals	(1,620)
Highways Budget Reductions	(482)
Additional income	(46)
Service Review	(113)
Staffing reductions and termination of Quaylink bus contract	(120)
Additional income – off-street parking, bus lane enforcement and network management	(113)
Review services to deliver refuse and recycling	(74)
Increase fees and charges for garden waste, gardening scheme & bin replacements	(224)
Grow tradeable services – bereavement & trade waste	(252)
Stop non-profitable services – schools grounds maintenance & clinical waste	(196)

Governance and Resources Budget Saving Proposals		(2,382)
Staffing reductions		(27)
South Tyne and Wear Waste Management Partnership non staffing savings		(20)
Organisational Review of Corporate Services and Governance		(29)
Service review of Corporate Finance		(141)
Service review - Staffing		(613)
Service review - Non staffing		(240)
Reconfiguration of the Bewicks Catering Service		(100)
Additional income – leasing of space to external partners		(80)
Reduction in cleaning of Council Buildings		(88)
Organisational Review of Corporate Services and Governance		(161)
Registrars Charging for Services		(12)
Service review - Staffing		(235)
Service review - Non staffing		(145)
Organisational Review of Corporate Services and Governance		(109)
Organisational review		(232)
Review of Insurance Fund		(150)

Public Health Budget Saving Proposals		(1,445)
Public Health Team efficiencies		(60)
Reducing access to stop smoking services		(313)
Reducing elements of the Drug and Alcohol programme		(448)
Reducing funding for NHS Health Checks		(60)
Reducing funding for the LiveWell Gateshead programme		(100)
Remodelling 0-5 (Early Years) and Children's Public Health Services		(95)
Stop funding provision for Balance It Programme		(105)
Withdraw funding for the Whoops! Child Safety Project		(30)
Withdrawal of funding to NHS trust for Public Health Midwife post		(53)
Move to a charging approach with schools for the Healthy Schools Programme		(60)
Reductions in Sexual health Funding – MESMAC and Sexual Health Tarriff		(40)
Withdrawing funding for the Labriut Healthy Living Centre		(66)
Withdrawing funding contribution to Gateshead NHS Trust – Breastfeeding Nurse post		(15)

Total		(18,796)
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Analysis of Gateshead Council's Budget Consultation 2016-2018

Introduction

1. To ensure the Council manages its resources effectively in financially challenging times, we have continued with our approach of adopting a two year rolling programme for budget planning which allows for greater flexibility and resilience.
2. In developing the draft proposals, the Council looked at the services it needs to provide to fulfil its duties, including enabling democratic leadership, keeping residents safe and setting a strategic direction for Gateshead, as set out in the Council Plan 2015-2020.
3. Draft proposals for the period 2016-2018 were presented for consultation to inform the preparation of the Council's budget for 2016/17, and budget planning for 2017/18, at the Cabinet meeting on 3 November 2015. The consultation closed on 30 December 2015.

Method

4. The Council regularly consults residents to seek their views on proposed changes to council services, plans, policies and other issues.
5. The full budget consultation document was available via the Council's website, with feedback enabled via the Council's consultation portal which attracted over 570 respondents. Paper copies of the budget consultation form were also available on request and placed in the civic centre, leisure centres, libraries and Gateshead Housing Company offices. Alternative formats were also available on request.
6. The demography of the respondents who provided details of their age, gender, disability, religion and ethnicity is provided later in this report.
7. The budget consultation was publicised through local press and media and through Council News.
8. A series of Corporate Resources Advisory Groups were held for councillors to consider and comment on the context, approach and the draft budget proposals.
9. Meetings were held with key stakeholders including trade unions, partnerships and community and voluntary organisations, including:
 - Gateshead Diversity Forum
 - Gateshead Carers Partnership
 - Gateshead Older People's Partnership
 - Gateshead Youth Assembly
 - Gateshead Access Panel
 - Gateshead Voluntary Organisations Council
 - Jewish Community Council of Gateshead
 - Healthwatch Gateshead
 - Health and Wellbeing Board

- Gateshead Carers Association
- Gateshead Integrated Care Programme Board
- Sage Gateshead
- BALTIC
- Tyne and Wear Archives and Museums
- NewcastleGateshead Initiative
- Newcastle Gateshead Clinical Commissioning Group
- Gateshead's Learning Disability Partnership Board & Involvement Now
- Physical Disability and Sensory Impairment Partnership
- Parents and carers regarding Grove House and Blaydon Lodge
- North East Chamber of Commerce

Feedback

10. There were over 950 comments made via the consultation portal.
11. Numerous letters, emails and documents relating to the draft proposals were also received from members of the public, parents and carers, local businesses and organisations.
12. Several petitions were also received:
 - Save Grove House
 - Labriut Healthy Living Centre
 - Stop the Cuts to Gateshead Carers – removing the contract with Gateshead Carers Association for the provision of services to carers supporting someone affected by alcohol and substance misuse
 - Stop the Cuts to Gateshead Carers – increasing the demands on already overstretched unpaid carers
 - Reducing the number of Countryside Rangers from 2 to 1
 - Angel Court
 - Stop the closure of the Adult Disabled Services Marquisway and Blaydon Lodge Respite
13. Overall, there has been recognition and appreciation of the scale of the financial challenges the Council is facing, and that difficult decisions needed to be made. However, there has also been general concern that the Council is considering proposals that could potentially impact on some of Gateshead's most vulnerable residents.
14. **Adult Social Care**
 - Angel Court petition, relating to the proposal to Reprovide Extra Care Schemes – 70 signatures
 - Stop the Cuts to Gateshead Carers – increasing the demands on already overstretched unpaid carers – 509 signatures
 - Stop the closure of the Adult Disabled Services Marquisway and Blaydon Lodge Respite – 2,208 signatures

- Via the consultation portal:
 - 94 comments made in support of the current services provided in relation to domiciliary care, day services, extra care schemes, independent supported living and the promoting independent centres, many citing personal stories and reasons why these services should be maintained.
 - 25 comments stated there should be no proposals that affect vulnerable people.
 - 17 comments relayed an acceptance that adult social care services could be reviewed as long as the individual service user was not adversely affected.
 - 49 comments were made in support of not reducing the funding allocated to housing adaptations.

- The Involvement Now team who undertake work for the Gateshead Learning Disability Partnership Board, gathered information from 22 service users who attend Marquisway, Wrekenton and Winlaton Base. They asked the service users what they enjoyed about the day services and what they would miss and what people thought about the proposed changes. Key themes that emerged were that people wanted to feel safe and included in a community. They valued friendships and relationships with other service users and staff. They felt the activities that people are supported to do through day services, improve their health and wellbeing and that the roles they have as part of day services make them feel valued.

- Gateshead Voluntary Organisations Council undertook a consultation exercise across the voluntary and community sector networks on the Council's budget proposals. A detailed document has been submitted to the Council of the outcome of the consultation. In relation to Adult Social Care, some of the views expressed included that the proposals could have an effect on quality of life and the quality of services, there could be social isolation and effects on health, more pressure put on family, friends and carers, and the inability of the VCS to support vulnerable people due to reduced funding and capacity.

- Healthwatch Gateshead undertook an engagement event that focused on the budget proposals relating to social care. A detailed document has been submitted which includes detail on the workshops held, a snapshot of some of the comments made and a summary of the key concerns that focus on what is felt to be a detrimental impact on the voluntary and community sector, on carers and on service users:
 - The VCS felt that the major impact of reductions in council services would fall on them and they felt they were already struggling to meet increased demands.
 - Service users want the focus to be on preventative services and interventions. There should be a recognition that service users and carers still need to have an element of independence, choice and have a voice in the services they receive. There was concern about changes in reassessments and eligibility criteria of services and the cost of contributing to services. Carers of older people believe that putting services in place earlier is more cost effective in the long term.

- Gateshead Health NHS Trust provided responses to the budget consultation primarily related to Adult Social Care and Public Health proposals. The Trust has concerns that a number of the proposals will have a potentially detrimental effect on local health services unless the health and social care systems work collaboratively to ease the financial burden, but still provide services.
- Gateshead Carers Association provided a detailed response to the Council's budget proposals with a focus on a number of proposals across Adult Social Care and Children's Services that they feel directly impact on carers. Their document also included the outcome of a Carers survey they undertook in 2014 which highlighted the pressures faced by carers on a day to day basis.
- Gateshead Access Panel (GAP) provided a detailed account of meetings and experiences of GAP members, volunteers and employees and their involvement and support to other disabled persons and carers in Gateshead. Their focus of concern was primarily in relation to social care, health and wellbeing and disability issues and the impact on individuals, families and carers. GAP sought assurance that future reviews and reassessments of packages of care etc., would be undertaken with service users and parents/carers, with advocate support provided where required.
- Letter from the Chief Officer, Newcastle Gateshead Clinical Commissioning Group outlining their willingness to continue discussions with the Council in relation to proposals that may impact on health services across Gateshead.
- Comments from a meeting with parents and carers related to concerns about the adult care proposals, in particular that the Council could breach its statutory duty, a view that there was a lack of provision to meet need relating to day services and Blaydon Lodge, that carers needs should be taken into account and a reduction in adaptations could result in delays and unintended consequences for families.
- 5 letters and emails in support of Blaydon Lodge from parents of service users.
- 3 letters of support for the care services received at Angel Court.
- Comments received from Gateshead Carers Partnership included their concern for vulnerable people, especially those with dementia and the proposal to reduce residential care admissions and reduction in domiciliary care packages. They also felt there was a lack of detail in relation to the impact on carers.
- 5 emails and letters from families of service users worried about the Day Services proposal relating to Marquisway.
- 2 emails from residents indicating the reduction of housing adaptations would affect some of the most vulnerable residents of Gateshead.

15. **Children's Services**

- Facebook online petition Save Grove House – in excess of 8,000 respondents.
- Via the consultation portal:
 - 43 comments were concerned with the reprovision of respite care for disabled children and the recommissioning of Looked After Children's residential placements.
 - 10 comments made did not agree with the proposal relating to Home to School Transport, however 5 comments did support the proposal.

- Gateshead Youth Assembly recognised the difficult situation the Council is in and that no-one really wants to be making these decisions. They had a number of concerns relating to the proposals for children and young people, but were also interested in the impact on the public health proposals relating to Whoops and sexual health services. They also felt the Council could improve on its ability to trade and get better value for money from IT contracts.
- Comments from a meeting with parents and carers related to concerns about alternative provision to Grove House, lack of quality services and poor experiences in the past relating to Home to School Transport and general concern about the Council's ability to support children and families in need.
- 7 emails and letters from individuals, including young service users and parents, expressing concern at the proposal affecting Grove House.
- 2 emails and letters from parents of disabled children who are not supportive of the proposal relating to home to school transport.
- Letter from Aiming High for Gateshead (a group of parents of children with additional needs) who are concerned about the impact of the proposed budget savings on meeting their children's needs. They indicate that some of the proposals will leave the council unable to fulfil its statutory duties, either by not complying with the law or by being unworkable in practice. With other proposals having a disproportionate impact on some of the most vulnerable members of the community.
- GVOC's consultation session also made several comments relation to Children's Services. There were concerns expressed in relation to fostering services, the potential closure of children's residential homes, the potential risk of abuse and reduced quality of care. It was also felt that the proposals amounted to a small amount of savings for the high risk involved.

16. *Communities and Volunteers*

- Via the consultation portal:
 - 15 comments accepting the proposed reduction in funding to Sage Gateshead, BALTIC, GVOC and Tyne and Wear Archives and Museums (TWAM)
 - 10 comments disagreeing with the leisure proposal, however 7 comments were supportive of potential to close a leisure facility or privatise facilities
 - 8 comments relayed concerns at the potential for less library provision, however 7 comments agreed with the proposal
 - 8 comments received disagreeing with reduction in Capacity Building Fund (CBF)
 - 5 comments saying community centres should remain open
- GVOC's consultation session provided comments in relation to Communities and Volunteers:
 - there were differing views expressed in relation to the proposal to reduce the Capacity Building Fund, however overall there was a clear consensus that the VCS strongly opposed the loss of this investment in their ability to meet the needs of the people of Gateshead.

- there were also different views expressed in relation to implementation of the library review, with people feeling that libraries are seen as the social fabric of communities and organisations would not like to see them closed. They wondered whether better use could be made of the mobile library and some expressed concern as to whether community run libraries were viable in the long term.
- Specific consultation with the trustees of volunteer managed libraries at Lobley Hill, Low Fell, Ryton, Sunderland Road and Winlaton. They were consulted regarding the proposal to remove the mainline library service budget for volunteer buildings. Written feedback was received from Low Fell Library Association, which expressed the desire to ensure the long-term sustainability of the library, and their concern about the removal of mainline budgets.
- Organisations raised concern about reduced access and the increased cost of leisure services in the proposed changes.
- It was felt that reduced support to community centres could mean centres would be less able to deliver preventative interventions resulting in an increase in support needs and therefore costs at a later stage. A number of organisations shared the view that the increased expectations placed on volunteers to run effective community centres was unrealistic and that adequate support should be available to support them.
- Tyne and Wear Archives and Museums (TWAM) Service have formally responded with a proposal for savings in Gateshead Council's contribution to TWAM over the next two years.

17. *Economic Growth*

- Via the consultation portal, 5 comments supported reduction in NGI funding, however 4 comments disagreed with proposal
- Letter from the Chair of NewcastleGateshead Initiative outlining the likely negative impact on the borough if there was a reduction in their funding from the Council.
- Letter from the Local Engagement Advisor: North East, Historic England indicating that whilst they were supportive of the Council's attempts to actively explore alternative options for service design, funding and business model of the Development and Public Protection Service, they would caution against any proposals to reduce in-house expertise on historic buildings and areas, feeling that any reduction would compromise the ability of the Council to discharge its statutory functions in relation to historic environment planning.

18. *Environment*

- Petition relating to Reducing the number of Countryside Rangers from 2 to 1 – 39 signatures.
- Via the consultation portal:
 - 92 comments were received in relation to the Refuse and Recycling proposal – all preferring not to see a reduction in the level of service currently being provided.
 - 38 comments were also made in relation to the visual impact of the environment and not wanting to see further reductions in this area.

- 21 comments were against the highway budget reductions
- 18 comments suggesting support for the Grow Tradeable Services proposal
- 9 comments were made suggesting the Council should work with residents to look after the environment.
- GVOC's consultation exercise made comments in relation to the environment, some of the concerns expressed related to potential further reduction in grass cutting in the borough, the reduction in countryside rangers would impact on the training and management of volunteers, health and safety issues eg visibility at junctions if trees and hedge cutting wasn't maintained. However, there were also helpful suggestions put forward as to how communities could get more involved in environmental work.
- The Friends of Saltwell Park raised their concerns regarding the proposal that could mean a reduction in the level of maintenance provided in parks and open spaces. The group are keen to work with the Council to ensure Saltwell Park remains a safe and welcoming environment.
- Email from resident opposing proposals for parks and green spaces
- The Jewish Community Council of Gateshead were concerned that a change in refuse and recycling collections would have a significant and disproportionate impact upon their community due to the large household sizes. They also felt that risk assessments should be undertaken in relation to street light dimming, which takes account of safety and security.
- 3 emails from residents opposing the refuse and recycling proposal.
- Email from resident complaining about the irregularity of current grass cutting cycle.

19. **Public Health**

- Petition relating to Labriut Healthy Living Centre – 640 signatures.
- Petition relating to Stop Gateshead Council's Budget Proposals Affecting Carers - Drug and Alcohol Programme - 351 respondents.
- Via the consultation portal:
 - 113 comments were made in support of the current services provided in relation to Public Health – over half were in favour of keeping the funding for the Labriut Healthy Living Centre, the other main services supported were for the sexual health services, Family Nurse Partnership and the Drug and Alcohol programme. 12 comments were received in agreement with the Public Health proposals.
- The Health and Wellbeing Board discussed the budget proposals at their meeting in November 2015. It was noted that in terms of prevention, many authorities are not contemplating reducing investment in smoking prevention initiatives. The VCS representatives expressed the hope that as well as service provision arrangements being reviewed, the needs of users of those services are considered in tandem, as there is concern for the most vulnerable. The Board agreed there was a need to work collectively to help reduce gaps in services and address the financial challenges facing Gateshead's health and care economy.
- There were numerous letters and emails received in support of the services provided by the Labriut Healthy Living Centre, including from health organisations, users of the Centre, and local residents.

- Gateshead Health NHS Trust has concerns that a number of the proposals will have a potentially detrimental effect on local health services unless the health and social care systems work collaboratively to ease the financial burden, but still provide services.
- Letter from the Chief Executive Officer of County Durham and Darlington NHS Foundation Trust, providing commentary on a number of the proposals relating to health and wellbeing, including offering suggestions as to where they believed efficiencies could be found.
- There were numerous letters and emails received in support of the Drug and Alcohol Programme, including:
 - representation from Gateshead Carers Association who have a contract with the Council to provide support to carers of people with substance misuse issues.
 - 4 identical letters from residents expressing concern at the proposal that could affect Gateshead Carers Association's contract with the Council to deliver services to unpaid carers of people affected by alcohol and drug misuse.
 - Changing Lives provided over 60 letters and case studies of people with drug and alcohol issues, who had accessed the Oaktrees programme which provides a specialist intensive abstinence programme.
 - 8 emails and letters concerned at the proposed withdrawal of funding for the Oaktrees Programme.
 - Email from an attendee of the Oaktrees programme who did not have a positive experience of the programme and would therefore be in support of the proposal.
- Email from a consultant paediatrician advocating retention of the funding for the weight management service for children in Gateshead.
- 2 emails received opposing the proposal to reduce funding for sexual health services.
- Letter from the Chief Executive, Action on Smoking and Health (ASH) expressing their concern in relation to the proposal that could mean a 50% reduction to the FRESH budget in 2017/18. A detailed response was provided that highlighted the impact of smoking on Gateshead and their evidence base to support the continued funding of the FRESH programme.

20. **Governance and Resources**

- Via the consultation portal:
 - 48 comments were related to reducing governance and structures
 - 32 comments suggesting the Council should do more to contract out services, or integrate services and generate more income
 - 14 comments made related to doing more in respect of selling off council land and assets
 - 7 comments made did not agree with proposal relating to Bewicks Catering Service, however 2 comments made were supportive
- The Gateshead Older People's Partnership indicated their concern at the potential closure of Bewicks restaurant, as well as offering some practical suggestions to support the budget consultation.
- Letter signed by 17 Gateshead residents who feel that Bewicks restaurant in the Civic Centre should remain open as they view it as a much needed resource for vulnerable people.
- Email from a resident seeking information in relation to the Council's reserves.

21. **Efficiency and Effectiveness Projects**

- Via the consultation portal:
 - 17 comments suggested saving money on services that have less impact and being more efficient in general
 - 4 suggestions were made to make available the Council News electronically and only provide paper copies in public buildings.
- As the Council is aiming to seek greater efficiencies through its Digital Gateshead strategy, the Physical Disability and Sensory Impairment Partnership asked whether there would be training available for those people who cannot use technology.

22. **Council Tax**

A question was asked via the Budget Consultation relating to whether people would accept a Council Tax rise. 507 respondents answered this question via the consultation portal, with 53% indicating they would accept a rise, and 46% indicating they would not. Many of the respondents agreed to a rise if the additional income could be used to keep a service they had commented on which was at risk of a reduction in funding.

23. **Other public consultation**

There have been other public consultation and engagement activities throughout the past 12 months that have informed the development of the Council's budget planning for 2016/17, including:

- Services and Activities for Young People in Gateshead – seeking views from young people to help shape future youth service provision
- Devolution – North East Combined Authority sought views on the proposed Devolution Agreement between the Government and the North East. The Agreement to devolve powers, funding and responsibilities to the region will change the way in which decisions will be made in the future about transport, investment, funding, skills training, business support, housing and strategic planning.
- Proposed changes to Gateshead's Local Council Tax Support Scheme – each year the Council is required to review this scheme which helps people on low incomes pay their Council Tax. The scheme needs to reflect the needs of the community and make it as fair as possible with the funding available to the Council.
- Short breaks for Disabled Children and their Families – the Council sought views from children and young people with disabilities, their parents and any other interested parties, on a new Short Breaks statement which included the short breaks available, as well as the eligibility criteria.
- Gateshead Town Centre Survey 2015 – this survey sought views on what people thought needed improving and what type of new investment should be attracted in the future.
- A residents' survey was undertaken by the Council in June 2015 with 935 survey forms being completed, summary can be found [here](#).
- Improving Carers Quality of Life Survey (unpaid carers only) – the aim of this short survey was to gauge views from carers as to whether the services currently provided in Gateshead were the right ones and if not, what would be of benefit.

Demography of Respondents to Council's Budget Consultation 2016-2018

Step 1:5.00-1:Gender		
This single response question was answered by 489 respondents.		
Response	Number of Respondents	Percentage of Respondents
Male	217	44.38%
Female	272	55.62%
Step 1:7.00-1:Age		
This single response question was answered by 486 respondents.		
Response	Number of Respondents	Percentage of Respondents
Under 25	23	4.73%
25 to 34	75	15.43%
35 to 44	94	19.34%
45 to 54	123	25.31%
55 to 64	94	19.34%
65 and over	77	15.84%
Step 1:8.00-1:Disability		
This single response question was answered by 478 respondents.		
Response	Number of Respondents	Percentage of Respondents
Yes	71	14.85%
No	407	85.15%
Step 1:9.00-1:Religion		
This single response question was answered by 444 respondents.		
Response	Number of Respondents	Percentage of Respondents
Buddhism	1	0.23%
Christianity or Christian denominations	220	49.55%
Hinduism		
Islam	3	0.68%
Judaism	62	13.96%
Sikhism	1	0.23%
Other religion	11	2.48%
No religion	146	32.88%
Step 1:10.00-1:Ethnicity		
This single response question was answered by 462 respondents.		
Response	Number of Respondents	Percentage of Respondents
White British	435	94.16%
White Other	12	2.60%
Mixed/Multiple	3	0.65%
Asian/Asian British	1	0.22%
Black/Black British	2	0.43%
Other	9	1.95%

Equality Assessment of the Budget Proposals 2016/17

The Council maintains its strong commitment to equality, believing that all groups and individuals within the community and its workforce, have equal opportunity to benefit from the services and employment it provides.

The Council's budget planning framework is supported by the development of Equality Impact Assessments (EIAs) for the budget proposals, identifying possible disproportionate impact in relation to the protected characteristics as described within the Equality Act 2010. The EIAs will also identify potential mitigation where applicable.

EIAs help the Council to arrive at informed decisions and to make the best judgements about how to target resources.

An overarching assessment of how different protected characteristics are affected by the Council's Budget 2016/17 is provided below:

Age

Children and Young People

The reviews of **Early Help Services** and **Approach to Adoption Services** will mean that these services are more targeted towards delivering the right support at the right time to improve outcomes for children and young people.

The Council has a duty to promote contact for children in care and their parents/carers, friends or relatives etc, unless it is not reasonably practical or consistent with the child's welfare. The proposal to commission the **Contact Service** does impact on children looked after by the local authority, however any contract with an independent provider, would be robust in ensuring no disruption is caused.

The proposal to **recommission Looked After Children's residential placements and close in-house provision** has an obvious impact on the young people currently in those placements. However every effort will be made to ensure the individuals who require future placements, have their needs taken into consideration.

There are 3 public health proposals that directly impact on children and young people. Gateshead has one of the highest rates of excess weight in children in the region. As the **children's weight management programme Balance It** is not achieving the desired outcomes in terms of supporting a reduction in obesity levels, a new approach is being developed.

The key focus of the proposal to **Remodel 0-5 (Early Years) and 5-19 Children's Public Health** is to improve health and wellbeing and reduce inequalities in outcomes for children and young people.

The **Whoops! Child Safety Project** supports families with children aged 0 – 14 years. There is no alternative service within Gateshead that offers the same level of accident prevention support and guidance, however there will be some elements that can be integrated into the 0-5 children's public health offer.

Older People

The Council runs four promoting independent centres, two offer assessment and respite beds for the over 65s, one is a specialist dementia centre offering respite and assessment beds and the other offers intermediate care. The **review of support for people to live independently** will impact on the people who access these services, as well as their families/carers.

By having a proactive prevention approach, getting things right first time, and thereby reducing demand for statutory services, the impact of **reducing domiciliary care packages by enhanced early intervention** such as the extended use of the Rapid Response Service, Short Term Assessment and Reablement Team and community based NHS Care, should mean that new referrals to Adult Social Care will require less support in the longer term.

The impact of the proposed **reduction in residential care admissions** should mean that on assessment of an older person's needs, alternative more cost effective measures could be put in place, thereby reducing the number of over 65s being admitted to residential care.

The Director of Public Health's assessment of the budget proposals has identified that the **reduction in funding for NHS Health Checks**, which are available to people in the age bracket of 40 – 75 years, could lead to a failure to identify people with high risk of cardiovascular disease, if uptake is limited by budget reductions.

Disability

The Council has a statutory duty to ensure that **Home to School Transport** is provided and is free for all children and young people with special educational needs, who qualify under the age of 16. This entitlement would remain, however the means of provision is likely to change. Young people aged 16+ and their families will potentially be required to pay a contribution towards the cost of home to school/college transport organised by the Council.

The proposal to **reprovide respite care for disabled children** will impact on children with disabilities, as well as their families/carers. The Council will work with service users, parents and carers with regard to future service provision.

The Council runs a number of **independent supported living schemes** to help people with learning disabilities to live independently in shared homes. Taking into account responsibilities to safeguard vulnerable people, the Council will review the care packages in place with the aim of reducing spend if appropriate.

The **recommissioning of day service** provision will take place during 2016/17 and impact on people with learning and physical disabilities.

The Council is taking the opportunity to **recommission the learning disability care packages** it has with the independent sector, which currently supports approximately 600 people with learning disabilities. It should mean that the packages available will provide more choice and control for the individual, as well as providing better value for money.

The Director of Public Health's assessment of the budget proposals has identified that **reducing elements of the Drug and Alcohol Programme** could lead to mental health issues for carers of people who have substance misuse issues, unless alternative support is delivered via the review of carers support services proposed in mitigation.

Gender

The **Family Nurse Partnership (FNP)** element of the proposed remodelling of 0-5 (Early Years) and 5-19 Children's Public Health Services could impact on vulnerable first time young

mothers under the age of 19. However, work will continue to ensure support is provided to the most vulnerable families in Gateshead.

The proposal to **withdraw funding to the NHS Trust for the public health midwife post** will impact on expectant and new mothers in that there will be no dedicated provision. However, it is the Council's intention to negotiate for this function to be delivered as part of the main Midwifery service contract which is commissioned by the Clinical Commissioning Group (CCG).

The **withdrawal of the Council's funding contribution to Gateshead NHS Trust for the Breast feeding nurse post** could impact on new mothers in that there may be a reduced offer in supporting women to initiate or continue with breast feeding. Mitigation would be an agreement with the CCG to include this function as part of the midwifery contract.

Sexual Orientation

The proposal to stop **funding for the MESMAC service** will impact on men. MESMAC provides targeted counselling, preventative health promotion interventions and HIV testing. Men will still be able to access the service's website and online information resources and the Gateshead Sexual Health Service will still take referrals as they do now.

Religion or belief

Although the black and minority ethnic population is relatively small in Gateshead, there is a significant Jewish community, whose health and wellbeing needs are supported by the **Labriut Healthy Living Centre**. The Centre provides a range of health interventions, as well as promoting public health agendas. The Council will work with the community and partners to identify alternative funding or future delivery of these types of services.

Equality Impact Assessments are available for the budget proposals, via the Council's website [here](#).

Carers Impact Assessment of the Budget Proposals 2016/17

The 2011 Census identified 22,220 people providing unpaid care in Gateshead, 11.1% of the population which is higher than the England average of 10.3%. The number of unpaid carers in Gateshead increased by around 1,000 between 2001 and 2011. ¹

Breakdown by age of carers who provide unpaid care is as follows:

Age 0 – 15	477
Age 16 – 24	1,203
Age 25 to 34	1,998
Age 35 – 49	5,885
Age 50 – 64	7,791
Age 65 and over	4,866

Almost one third (30%) of carers had responsibility for other dependants in addition to the person or people they care for. This is an increase from 20% in 2011. In addition, self reported health of carers appears to have worsened between 2011 and 2014, with 74% of respondents indicating their health was worse as a result of their caring role. Although more than 85% of carers reported that they were quite, very or extremely satisfied with the care they receive from social services ², many carers in Gateshead report poor or very poor quality of life and unmet need. ³

¹ ONS Census, 2011

² Personal Social Services User Survey of Carers in England, Summary of Survey Results, 2014/15

³ Gateshead Carer Survey Report, Gateshead Carers Association May 2014

The Council conducted a Carers Survey in 2014 to determine whether services received by carers supported them in their caring role - 81% of carers report that they have been included or consulted in discussions about the person they care for. During 2014/15, 194 referrals were received by Crossroads Young Carers Service and 178 assessments/support plans were completed. 193 new carers have signed up to the Carers Emergency Response Service. ⁴

Impact of Budget Proposals

Whilst this is an uncertain time for carers as they are anxious about the future of some of the Council's services, and what it will mean for them and the people they care for, the Council will still have a responsibility to ensure the safeguarding of vulnerable people.

The potential impact of Gateshead Council's budget proposals on carers is summarised below:

Carers of Children and Young People

Cumulative impact is likely to be felt by parents and carers who have childcare responsibilities, in relation to the proposals identified below:

- Reprovide respite care for disabled children
- Reshape and revise our approach to Home to School Transport
- Reconfigure Early Help Services
- Recommission Looked After Children's residential placements and closure of in-house provision
- Remodel 0-5 (Early Years) and 5-19 Children's Public Health Services
- Labriut Health Living Centre

Should these proposals be taken forward for implementation from April 2016 onwards, the involvement of carers and those they care for, in the care, planning and support and management of change will be paramount in ensuring a smooth transition and reduced levels of anxiety, as a result of any changes in service provision.

Carers of Adults

Cumulative impact is likely to be felt by carers of adults in relation to the proposals identified below:

- Review of support for people to live independently
- Reduce Residential Care Admissions
- Recommission Day Services
- Recommission Independent Supported Living schemes
- Recommission Learning Disability Care Packages
- Reduce domiciliary care packages by enhanced early interventions
- Revise demand management model for Adult Social Care

Should the above proposals be taken forward for implementation from April 2016 onwards, every care will be taken to ensure appropriate reassessment of need is undertaken and that correct levels of support are provided. Consideration will always be taken of the individual need of carers and those they care for. As part of any implication, a key priority will be to listen to carers, involve carers in the care, planning and support and management of change.

The Council has an ongoing commitment to offer carer assessments. The Care Act 2014 makes carer's assessments more widely available to people in caring roles. The assessment looks at what things could make a carer's role easier. It will therefore be important for carers

⁴ Adult Social Care Local Account 2014/15

to request this service should they feel they require support, guidance or advice if they feel these proposals could add additional strain on their caring role.

Carers assessments would take into account:

- Carers choices, ie how much care they are able and want to offer to the person they care for, so they have a genuine choice regarding the caring role.
- Carers ability to stay in work , or return to work, education or training
- Carers wellbeing , and access to leisure
- Carer quality of life

Cross cutting (ie carers of adults and children and young people)

The public health budget proposal to reduce elements of the Drug and Alcohol Programme could have a disproportionate impact on the carers of both adults and young people.

The Council recognises the important role carers have in supporting people with substance misuse issues. It is estimated there are potentially nearly 6,000 family members who may need family/carer support in Gateshead ⁵. The Council will work with the current provider of support for carers to identify possible courses of action.

⁵ Research by ADFAM (Families, Drugs and Alcohol), Supporting Families Affected by Drugs and Alcohol (2007) shows that at least 3 family members are affected by substance misuse at any one time

Health and Wellbeing Assessment of the Budget Proposals 2016/17

The assessment of health impact for this report presents an overview of risk and impact of the budget proposals.

Environment

Whilst several of the Environment proposals should have little or no impact on health, for example income generation through growing tradeable services, other proposals can be expected to have a negative effect.

Reduced roads and paths maintenance could lead to more accidents, for example trips and falls, but a recent study⁶ reported there was no evidence of an association between reduced lighting and night-time traffic collisions across England and Wales (although earlier studies concluded that there are positive safety benefits). There is a public perception that street lighting improves safety: feeling unsafe influences behaviour in some groups (for example women may be less physically active⁷). The impact of these measures should be able to be reduced through the planned consultation process, and accident rates should be robustly monitored in selected areas.

Economy

The health of the local economy is a key influence on the health of the population of Gateshead, and any proposal likely to have a negative impact upon the local economy is therefore also likely to have an adverse impact upon health, particularly among groups already suffering from financial exclusion and reduced likelihood of employment (eg people living with disabilities, those from some racial and/or faith communities). Reduction in funding for the Newcastle Gateshead Initiative may have an impact on the visitor economy, but this will be difficult to quantify, and may be mitigated by the response from local businesses.

Public protection services such as Trading Standards contribute valuably to ongoing enforcement around age-controlled sales and trade in illicit alcohol and tobacco. Loss of capacity for such enforcement would have a negative impact on health, and this would be most likely to affect poorer communities.

Much of the saving in this service area will come from income generation and reconfiguration of services, which should have minimal negative impact and will help mitigate the other measures that have to be taken.

Communities and Volunteers

Generally, participation in public life through arts, culture and learning tends to improve health and mental wellbeing, reduce social isolation and improve an individual's sense of purpose and worth.

Libraries, community centres and arts facilities all promote and enable activities that support health and wellbeing, either directly (for example physical activity) or indirectly (for example providing access to information). The health impact of reductions in these services will depend on several factors, for example localities, with the potential that this could increase the inequalities that already exist in Gateshead. The impact could also be mitigated by supporting community capacity building, but libraries and community centres themselves provide a resource for community capacity development, so these and other proposals could reduce resources for such work. The Digital Strategy could also provide some mitigation, by enabling alternative means of access to information.

⁶ see <http://www.rospa.com/road-safety/advice/roads/street-lighting/>

⁷ see <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2039759/>

Adult services

The proposals in respect of adult social care represent a significant change in strategic direction for these services, at a time when demand can be expected to rise due to the increasing numbers of older people in the borough. The uncertainty for current users in changing arrangements is likely to cause anxiety, and breakdowns in packages of care could lead to increases in hospital admissions. Reductions in service levels could also lead to higher numbers of delayed transfers of care from hospital. If levels of support are reduced there may be increased social isolation, which could also lead to demands on other services, such as GPs. Nevertheless, the changes should in some ways – particularly the emphasis on prevention, early intervention and rehabilitation – have a positive impact on the health of the local population in the longer-term.

The key mitigation for these proposals will be the success in developing alternative models of provision, working across health and social care, the development of preventive and rehabilitation services, for example through joint work with Live Well Gateshead and the CCG, and increased community resilience through working in partnership with local communities and groups to support people to help themselves and reduce demand on the services. If these measures are successful, whilst there may be increased short-term pressures, in the longer term this should be less of an issue. The reduction in support for the capacity building work that is required to underpin the changes proposed is commented on elsewhere in this report.

Children & Young People's Services

As with Adult Services, the proposals in respect of children and young people's services represent a significant change in strategic direction. The proposed emphasis on a whole system approach to early intervention, and efforts to stop the escalation of issues, structured around the individual and family, supported by working in partnership across health and social care, could have a positive impact on the health of the local population in the longer-term. However, the impact will be negative if the risks around individual cases are not robustly managed, with children not achieving their potential and not becoming independent adults in stable, loving families: this could mean increased demand for services and poorer outcomes for some of the most vulnerable people in our community.

There are other proposed changes that may cause considerable anxiety and stress for parents of children with disabilities, for example in respect of respite care and transport. Whether this is a short- or long-term impact will be dependent on the success of the alternative arrangements put in place.

The key mitigations for these proposals will be in the effective management of risk, the targeting of effort on those in greatest need, the commissioning of alternative providers, communication with those affected and strong partnership working.

Public Health

The proposals to reduce spend on public health programmes will clearly have a negative impact on the health of the local population, in a number of ways. Some proposals may directly affect the health, mental health and wellbeing of individuals, unless mitigation strategies are deployed, and reduction in the NHS Health Checks programme could lead to a failure to identify those with high risk of cardiovascular disease. Other proposals, such as efficiencies in the Public Health function would reduce the capacity of the team to support implementation of the Council Plan. Reducing funding for stop smoking services and the Live Well programme could affect an individual's likelihood of make healthy choices about smoking, physical activity, etc. Other proposals, such as the remodelling of children's services will impact on access to health and care services. The reduction of funding to the regional

programmes Fresh and Balance could undermine this effective delivery model to drive population focussed campaigns and influencing strategies on national policy, which appear to be making a significant impact on reducing smoking prevalence in the North East.

The impact of the proposals will be mitigated by working in collaboration with other Council departments (such as Children's & Young People's services) and the NHS to secure the best value we can from the resources available, and to tackle the wider determinants of health, taking a strategic approach to prevention and early intervention and targeting prevention activity on those communities within the local population with the highest rates of early death from cancer and cardiovascular disease. The remodelled Live Well service will remain a key element in the Council's overall approach, not least the focus on prevention in the proposed social care reforms. The development of the programme needs to be considered along with the development of leisure service options and neighbourhood capacity building approaches, to ensure the best use of limited resources in the future.

Other factors, including employees

There is not likely to be any direct impact on the health of the local population from the savings proposed by Governance and Resources.

We must acknowledge however the negative impact on health for those employees who will be affected by the changes across the Council, particularly those who will be made redundant. The actual impact will depend on whether and how long it takes these individuals to find alternative employment. Work is generally good for people's health and wellbeing – but unemployment puts health at risk, and the risk is higher in regions such as the North East where unemployment is widespread. There are three core ways in which unemployment affects health:

- Financial problems;
- Distress, anxiety and depression; and
- Impacts on health behaviours (e.g. smoking and alcohol consumption and decreased physical exercise).

These effects start when people first feel their jobs are threatened.

The impact on employees can be reduced by avoiding compulsory redundancies wherever possible, and providing support and guidance to those at risk. Such measures are planned.

The Director of Public Health's full assessment can be found on the Council's website [here](#).

Financial Risk Assessment

Risk	Likelihood	Impact	Risk Management
Collection rates for retained business rates and council tax lower than anticipated	Possible	High	Impact mitigated by the review of bad debt provisions. Proactive approach to stimulating economic growth including pump priming from reserves. Monitoring of Collection Fund to be formally incorporated into monthly revenue monitoring process during 2016/17. Regular reporting and monitoring of collection rates into senior management.
Volatility of Business Rates funding given uncertainty around impact of appeals	Likely	Medium	Volatility of funding stream outside of Council control but impact mitigated by establishment of specific earmarked reserve and financial monitoring framework.
Pay Awards, fee increases and price inflation higher than assumed	Possible	Medium	Impact of potential increases mitigated by central contingency budget for pay, price increases and care fees.
Future spending plans underestimated	Possible	Medium	Service planning process identifies future budget pressures and these have informed the indicative Budget Forecasts and planned into the MTFs.
Anticipated savings/ efficiencies not achieved	Possible	High	There is a risk that the proposed savings will not be delivered. This is mitigated by robust budgetary control and a provision in contingencies to reflect the timing of the achievement of savings. Non achievement of savings require action plans outlining compensating reductions in planned spending within services.
Income targets not achieved	Possible	Medium	Current economic climate likely to impact. Regular monitoring and reporting. Full review of fees and charges is undertaken on an annual basis.
Budget monitoring not effective	Unlikely	High	High risk budgets are monitored monthly. Regular monitoring and reporting in line with corporate framework. Action plans developed to address problem areas. Regular reports to Strategy Group and Cabinet. Track record of delivering budget.
General and earmarked reserve balances are insufficient	Unlikely	High	A strategy to maintain the General Reserve at a minimum of 3% of the net revenue budget. Reserves are reviewed annually both in budget setting and in the Council's MTFs. The General Reserve is supplemented by earmarked reserves that are side aside to cover material risk or events.

APPENDIX 4 Continued

Risk	Likelihood	Impact	Risk Management
Loss of principal deposit	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which prioritise security of deposit over returns. Impact limited due to the strategy of a diverse portfolio with top rated institutions backed by Government guarantees and internal funding.
Interest rates lower than expected	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2016/17 and onwards have been incorporated into the MTFS.
Lack of internal controls	Unlikely	Medium	The risk that internal controls are not sufficient is mitigated by the Council's system of internal control, as set out in the Council's Constitution. The system of internal control is continuously reviewed by the Council's Internal Audit service, which reports on its planning and performance to the Audit & Standards Committee on a quarterly basis.
Capital financing charges exceed budget	Unlikely	Medium	Ensuring that the majority of total borrowing is taken as fixed rate loans. Using the Council's Treasury management advisors to assist in determining the most appropriate time to undertake new borrowing and rescheduling of existing loans. Monitoring of external funding of capital projects is undertaken monthly and reported to Cabinet on a quarterly basis as part of the capital monitoring process.

Conclusion;

Although the financial context continues to be increasingly challenging, the Council has a track record of identifying and delivering significant savings and achieving budget out-turn within agreed budget supported by a framework of effective financial planning. This approach will need to continue to ensure that a sustainable medium-term financial position can be maintained.

ESTIMATED USE OF RESERVES

Gateshead Reserves	ACTUAL	ESTIMATED PROJECTIONS			
	Balance	Balance		Balance	
	01-Apr-15	Movement	31-Mar-16	Movement	31-Mar-17
	£000s	£000s	£000s	£000s	£000s
General Fund					
General Reserve	(15,570)	959	(14,611)	3,971	(10,640)
LMS (School) Budget Share Reserve	* (7,816)	1,000	(6,816)	1,000	(5,816)
Total General Fund Reserve	(23,386)		(21,427)		(16,456)
Earmarked Fund Reserves					
Insurance	(3,000)	0	(3,000)	0	(3,000)
Grant Clawback	(1,314)	515	(799)	0	(799)
Gateshead Development Pool	(6,009)	2,000	(4,009)	1,000	(3,009)
Developers' Contributions	* (2,295)	(312)	(2,607)	0	(2,607)
Dedicated Schools Grant	* (2,828)	908	(1,920)	500	(1,420)
Unapplied Revenue Grants	* (3,667)	783	(2,884)	600	(2,284)
Economic Growth	(3,644)	157	(3,487)	500	(2,987)
Business Rates	(5,000)	1,000	(4,000)	1,000	(3,000)
Budget Flexibility	(1,883)	820	(1,063)	178	(885)
Discretionary Social Fund	(1,167)	356	(811)	350	(461)
Public Health	* (2,035)	1,357	(678)	438	(240)
Strategic Change	(2,500)	200	(2,300)	1,250	(1,050)
Total Earmarked Fund Reserves	(35,342)		(27,558)		(21,742)
Total Reserves	(58,728)	9,743	(48,985)	10,787	(38,198)

* Ring fenced - not available to support the revenue budget & council tax requirement

General Fund

The General Fund is made up from two reserves:

- The General Reserve exists to protect the Council against unexpected events and to finance future revenue or capital expenditure. A minimum balance of 3% of the net revenue budget has been agreed by Council.
- Schools Reserves which are ring-fenced and cannot be used to support the revenue budget and reduce the council tax requirement.

Strategic Reserves

The **Economic Growth Reserve** was created to help achieve key objectives of Vision 2030 and the Council Plan to stimulate the local economy. Use of this reserve will enable the Council to support emerging opportunities to accelerate development and incentivise economic growth on a business case basis within the framework of the Gateshead Economic Growth Acceleration Plan 2013-18.

Strategic Change Reserve was created in 2015/16 to support the delivery of the refreshed Council Plan over the period to 2020.

Budget Flexibility Reserve was created as part of the ongoing work on the budget framework, this new reserve was created to allow flexibility to carry-forward appropriate under spend balances for reinvestment the following year.

The **Insurance Reserve** is to allow for possible claims against the Council which are not covered by external policies and to cover insured liability claims falling within the claims excess and policy stop loss. The reserve is based on an assessment of both insured and uninsured liabilities and claims potentially falling on the Council.

The **Grant Clawback Reserve** is for grant received which may need to be repaid. The reserve exists to mitigate the risk of potential clawback of funding following the implementation of projects. The risk is particularly high in relation to European funding, including ERDF, where it takes several years to audit and close their funding programmes.

The **Gateshead Development Pool Reserve** has been used successfully to deliver a number of priorities since 2002. A revised set of principles for the further use of the reserve were agreed in 2007. A significant proportion of this reserve has been used to support the redundancy scheme in previous years and further support to workforce management may be needed in future years.

Business Rates Reserve was created in the 2014/15 review to mitigate the risk of current and future business rate valuation appeals and other risks associated with the business rates retention scheme. This area of risk was previously explicitly covered by the General Reserve.

Discretionary Social Fund Reserve created to support the social fund as the Government have indicated that funding for this initiative will cease from 2015/16 onwards.

Ring Fenced General Fund Reserves

The **LMS (Schools) Reserve**, combined with the General Reserve, this reserve forms the General Fund but use is ring-fenced to schools.

- **Developers' Contribution Reserve** this reserve, is ring-fenced and consists of developer contributions in respect of agreed regeneration schemes following Section 106 agreements. The movement on the reserve will fluctuate depending on the use of the contributions to support regeneration schemes such as play areas in areas of new housing.
- **Dedicated Schools Grant (DSG) Reserve** ring-fenced for schools use and cannot be used for other priorities within the Council. Use of this reserve will be agreed by Schools Forum.
- **Revenue Grants / Receipts Unapplied Reserve** was created as a result of changes to the Accounting Code of Practice whereby unused grants and contributions, without conditions attached, should be appropriated to reserves to fund future expenditure rather than creating creditors on the Balance Sheet.
- **Public Health** following the transfer of responsibility for Public Health to local authorities on the 1 April 2013, the funding in this reserve is ring-fenced for future Public Health use.

PRUDENTIAL AND TREASURY INDICATORS

1. The actual capital expenditure that was incurred in 2014/15 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are: -

Capital Expenditure						
	2014/15 £000 Actual	2015/16 £000 Estimate	2016/17 £000 Estimate	2017/18 £000 Estimate	2018/19 £000 Estimate	2019/20 £000 Estimate
Non-HRA	42,581	48,799	46,799	32,323	13,290	14,510
HRA	20,610	22,270	18,020	21,010	16,950	16,650
Total	63,191	71,069	64,819	53,333	30,240	31,160

2. Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2014/15 are: -

Ratio of Financing Costs to Net Revenue Stream						
	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Non-HRA	11.66%	14.17%	13.77%	15.73%	17.01%	18.34%
HRA	46.18%	49.33%	46.36%	41.81%	45.28%	41.40%

The estimates of financing costs include current commitments and the proposals in this budget report.

3. Estimates of the end of year Capital Financing Requirement (excluding PFI) for the Council for the current and future years and the actual Capital Financing Requirement at 31 March 2015 are: -

Capital Financing Requirement						
	31/03/15 £000 Actual	31/03/16 £000 Estimate	31/03/17 £000 Estimate	31/03/18 £000 Estimate	31/03/19 £000 Estimate	31/03/20 £000 Estimate
Non-HRA	279,930	291,018	317,655	334,057	337,961	339,786
HRA	345,505	345,505	345,505	345,505	345,505	345,505
Total	625,435	636,523	663,160	679,562	683,466	685,291

4. The Capital Financing Requirement measures the Council's underlying need to borrow for a capital purpose. In accordance with best professional practice, the Council does not associate borrowing with particular items or types of expenditure. The Council has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the Council and not simply those arising from capital spending. In contrast, the Capital Financing Requirement reflects the Council's underlying need to borrow for a capital purpose.
5. CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following as a key indicator of prudence: -

"In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of Capital Financing Requirement in the preceding year plus the estimates of any additional Capital Financing Requirement for the current and next two financial years."

The Strategic Director, Corporate Resources reports that the Council had no difficulty meeting this requirement in 2014/15, nor are any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

The following table shows the actual external debt against the underlying capital borrowing need (the Capital Financing Requirement), highlighting any over or under borrowing.

Gross Debt and the Capital Financing Requirement						
	31/03/15	31/03/16	31/03/17	31/03/18	31/03/19	31/03/20
	£000	£000	£000	£000	£000	£000
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
Actual gross debt at 31 March	605,685	616,778	643,415	659,817	663,721	665,546
Capital Financing Requirement	625,435	636,523	663,160	679,562	683,466	685,291
Under / (over) borrowing	19,750	19,745	19,745	19,745	19,745	19,745

6. In respect of its external debt, it is recommended that the Council approves the following Authorised Limits for its total external debt gross of investments for the next three financial years, and agrees the continuation of the previously agreed limit for the current year since no change to this is necessary. These limits separately identify borrowing from other long term liabilities. The Council is asked to approve these limits and to delegate authority to the Strategic Director, Corporate Resources within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the Council. Any such changes made will be reported to the Council at its next meeting following the change.

<i>Authorised Limit for External Debt</i>				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Borrowing	750,000	765,000	770,000	770,000

7. The Strategic Director, Corporate Resources reports that these Authorised Limits are consistent with the Council's current commitments, existing plans and the proposals in this budget report for capital expenditure and financing and with its approved treasury management policy statement and practices. The Strategic Director, Corporate Resources confirms that they are based on the estimate of most likely, prudent but not worst case scenario, with sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the Capital Financing Requirement and estimates of cash flow requirements for all purposes. These limits include amounts in relation to The Gateshead Housing Company.
8. The Council is also asked to approve the following Operational Boundary for external debt for the same time period. The proposed Operational Boundary for external debt is based on the same estimates as the Authorised Limit, but reflects directly the Strategic Director, Corporate Resources estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the Authorised Limit to allow, for example, for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The Operational Boundary represents a key management tool for in year monitoring by the Strategic Director, Corporate Resources. Within the Operational Boundary, figures for borrowing and other long term liabilities are separately identified. The Council is also asked to delegate authority to the Strategic Director, Corporate Resources within the total Operational Boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the Authorised Limit. Any such changes will be reported to the Council at its next meeting following the change. These limits include amounts in relation to The Gateshead Housing Company.

<i>Operational Boundary for External Debt</i>				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Borrowing	725,000	740,000	745,000	745,000

9. The Council's actual external debt at 31 March 2015 was £605.685m comprising £605.685m borrowing and no other long term liabilities. It should be noted that actual external debt is not directly comparable to the Authorised Limit and Operational Boundary, since the actual external debt reflects the position at one point in time.
10. In taking its decisions on this budget report, the Council is asked to note that the Authorised Limit determined for 2016/17 (see paragraph 6 above) will be the statutory limit determined under Section 3(1) of the Local Government Act 2003.

11. A key measure of affordability is the incremental impact on the council tax as a result of the Council's capital and revenue plans. The Council is asked to approve these indicators.

The incremental impact on Band D Council Tax that would result for the Council for 2016/17 from the totality of the capital and revenue plans recommended in this budget report is £1.54.

12. Forward estimates for the incremental impact on Band D council tax levels for 2017/18 is £1.58, 2018/19 is £1.68 and 2019/20 is £1.68. These forward estimates are not fixed and do not commit the Council. They are based on the Council's existing commitments, current plans and the totality of the capital and revenue plans recommended in this budget report. There are no known significant variations beyond this timeframe that would result from past events and decisions or the proposals in this budget report.
13. With respect to the Housing Revenue Account (HRA), the average incremental impact on weekly rent that would result for 2016/17 from the totality of the capital and revenue plans recommended in this budget report is £0.02.
14. Forward estimates for the incremental impact on housing rents for 2017/18, 2018/19 and 2019/20 are £0.03. Again, these forward estimates are not fixed and do not commit the Council. They are based on the Council's existing commitments, current plans and the totality of the capital and revenue plans recommended in this budget report. There are no known significant variations beyond this timeframe that would result from past events and decisions or the proposals in this budget report.
15. The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services (2011), which requires three key Treasury Management indicators.
16. The purpose of these indicators is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the Council's overall financial position. However, if these indicators were set to be too restrictive, they will impair the opportunities to reduce costs.
17. It is recommended that the Council sets an upper and lower limit on its fixed and variable interest rate exposures for 2016/17, 2017/18, 2018/19 and 2019/20 as follows. The figures are expressed in terms of net outstanding principal sums.

UPPER AND LOWER LIMIT ON FIXED AND VARIABLE INTEREST RATES EXPOSURES				
Range	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Fixed Rate	624,164 357,170	622,283 333,322	620,814 342,848	608,993 302,019
Variable	152,227 (30,000)	192,476 (30,000)	186,854 (30,000)	229,508 (20,000)

18. It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows: -

	Upper Limit	Lower Limit
Under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and within 20 years	50%	0%
20 years and within 30 years	50%	0%
30 years and within 40 years	50%	0%
40 years and within 50 years	60%	0%
50 years +	30%	0%

19. It is recommended that the Council sets an upper limit on its principal sums invested for periods longer than 364 days for 2016/17, 2017/18, 2018/19 and 2019/20 as follows: -

<i>Upper Limit on amounts invested beyond 364 days</i>				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Investments	15,000	15,000	15,000	15,000

MINIMUM REVENUE PROVISION (MRP) STATEMENT 2016/17

The Minimum Revenue Provision (MRP) is the charge made to the revenue account to reflect the repayment of borrowing. This is the mechanism by which council tax payers fund capital expenditure that has been supported by borrowing.

In accordance with regulations the Council is required to calculate an amount of MRP each year which is considered to be prudent. Four methods of calculating MRP are set out in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [Si 2008/414] and statutory guidance regarding the calculation of MRP was issued by CLG in February 2012. The four possible methods are set out below:

Option 1: Regulatory Method

MRP is equal to the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations, as if they had not been revoked by the 2008 Regulations. This is calculated as 4% of the Council's general fund capital financing requirement, adjusted for factors arising from the transition to the prudential capital financing regime in 2003.

Option 2: CFR Method

MRP is equal to 4% of the non-housing Capital Financing Requirement at the end of the preceding financial year. This does not adjust for the transition to the prudential capital financing regime in 2003.

Option 3: Asset Life Method

Where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP is to be determined by reference to the life of the asset. There are two main methods by which this can be achieved, as described below:

(a) Equal instalment method

MRP is the amount given by the following formula:

$$\frac{A - B}{C}$$

Where:

A is the amount of the capital expenditure in respect of the asset financed by borrowing or credit arrangements;

B is the total provision made before the current financial year in respect of that expenditure;

C is the inclusive number of financial years from the current year to that in which the estimated life of the asset expires.

(b) Annuity method

The annuity method links the MRP to the flow of benefits from an asset where they are expected to increase over time. The MRP is the principal element for the year of the annuity required to repay the amount of capital expenditure financed by borrowing or credit arrangements over the life of the asset.

Under both asset life variations, additional voluntary revenue provision can be made in any year, which can result in reductions to the MRP charge for future years.

MRP commences in the financial year following the one in which the asset became operational and the estimated life of the asset is determined in the year that MRP commences and is not subsequently revised.

The estimated useful life is aligned to the Council's asset register where possible; however the Council does have the flexibility to assign an alternative life to capital expenditure, provided this can be justified and still satisfies the requirement to make a prudent provision.

If no life can reasonably be attributed to an asset, such as freehold land, the life is taken to be a maximum of 50 years. However, in the case of freehold land on which a building or other structure is constructed, the life of the land may be treated as equal to that of the structure, where this exceeds 50 years.

Where borrowing is used to meet expenditure which is treated as capital expenditure by virtue of a capitalisation direction, the life is set at a maximum of 20 years in accordance with the statutory guidance.

Option 4: Depreciation Method

MRP is calculated by applying standard depreciation accounting procedures to any asset where expenditure has been financed by borrowing or credit arrangements. This includes any amount for impairment chargeable to the Income and Expenditure Account.

MRP is only made annually until the cumulative amount of such provision is equal to the expenditure originally financed by borrowing or credit arrangements.

On disposal of an asset, the MRP charge should continue in accordance with the depreciation schedule as if the disposal had not taken place. However, capital receipts or other funding sources can be applied at any time to repay all or part of the outstanding debt and cease making MRP charges.

Where the percentage of the expenditure on the asset financed by borrowing or credit arrangements is less than 100%, MRP is calculated by applying the same percentage to the provision required under depreciation accounting.

Proposed 2016/17 MRP Calculation Method

The statutory guidance, issued by CLG in February 2012, confirmed that options 1 and 2 may only be used for capital expenditure incurred before 1 April 2008 or for any Supported Capital Expenditure, and advised that Authorities should use option 3 for capital expenditure incurred after this time.

It is proposed that for 2016/17 Gateshead Council follows the statutory guidance and adopts the following approach to calculating the MRP charge:

- The Regulatory Method (Option 1) continues to be used relating to any historic capital expenditure incurred prior to 1 April 2008;
- The Asset Life Equal Instalment Method (Option 3(a)) continues to be used relating to historic capital expenditure incurred between 1 April 2008 and 31 March 2013;

- The Asset Life Method will be used for any capital expenditure incurred after 1 April 2013 that has been financed using borrowing, adopting the following principles:
 - a) The Equal Instalment Method (Option 3(a)) will be applied for schemes that have an expected useful life of less than 25 years;
 - b) The Annuity Method (Option 3(b)) will be applied for schemes that have an expected useful life of 25 years or more.

For any transactions relating to PFI contracts, the Council will continue to use the Asset Life Annuity Method (Option 3 (b)) in accordance with the statutory guidance.

Where long-term loans have been issued to third parties for capital purposes, the Council will make MRP using the principal element of the loan repayment that is received.

The Strategic Director, Corporate Resources has the discretion to make additional voluntary provision.

In managing the HRA debt and considering the HRA business plan there is no mandatory requirement to make provision in the HRA for annual MRP payments. The provision to repay debt within the HRA is balanced with the need for investment in the stock and any voluntary provision to repay debt will be determined when closing the HRA subject to affordability considerations.

MRP Statement 2016/17

		Projected MRP Charge £m
Option 1	Regulatory Method – Supported Borrowing and Prudential Borrowing prior to 1 April 2008	5.129
Option 2	Asset Life Method – Equal Instalment	7.208
	Asset Life Method – Annuity Method	0.515
PFI	Annuity Method	2.929
Loans	Third Party Loans – Equal Instalment/Annuity	0.064
Voluntary Provision	General Fund	0.000
	Housing Revenue Account	0.000
Total Projected MRP Charge		15.845