

**LOCAL GOVERNMENT FINANCE FORMULA GRANT DISTRIBUTION:
CONSULTATION PAPER JULY 2010**

FORMULA GRANT DISTRIBUTION CONSULTATION RESPONSE

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CHAPTER 3: ADULTS' PERSONAL SOCIAL SERVICES

Q1 Do you agree that we should update the Low Income Adjustment (OPPSS1)?

Agree

Disagree

Any further comments

N/A

CHAPTER 4: POLICE

Q2 Do you agree the activity analysis should be updated, and a three year average used instead of the current two year average (POL1)?

Agree

Disagree

Any further comments

N/A

Q3 Do you agree that the log of weighted bars per 100 hectares indicator should be used in place of log of bars per 100 hectares indicator (POL2)?

Agree

Disagree

Any further comments

N/A

Q4 Do you agree that the three elements of Additional Rule 2 Grant should be rolled into Principal Formula Police Grant (Main Grant) and therefore distributed as through the Police Allocation Formula (POL3)?

Agree

Disagree

Any further comments

N/A

Q5 Do you agree that the whole of Additional Rule 2 Grant should be rolled into Principal Formula Police Grant (Main Grant) and therefore distributed as through the Police Allocation Formula (POL4)?

Agree

Disagree

Any further comments

N/A

CHAPTER 5: FIRE & RESCUE

Q6 Do you agree that the expenditure data used to determine the coefficients should be updated (FIR1)?

Agree

Disagree

Any further comments

N/A

Q7 Should annual cashable efficiency savings be added to the updated expenditure data used to determine the coefficients should be updated (FIR2)?

Yes

No

Any further comments

N/A

Q8 Would you prefer either FIR3 or FIR4 as an alternative to the current risk index?

FIR3

FIR4

Any further comments

N/A

CHAPTER 6: HIGHWAYS MAINTENANCE

Q9 Do you agree that the daytime visitors component of daytime population per km should be removed (HM1)?

Agree

Disagree

Any further comments

N/A

Q10 Do you agree that the expenditure data used to determine the coefficients should be updated (HM2)?

Agree

Disagree

Any further comments

N/A

CHAPTER 7: ENVIRONMENTAL, PROTECTIVE & CULTURAL SERVICES

Q11 Do you agree that foreign visitor nights is a suitable replacement for day visitors in the district-level and county-level EPCS RNFs (EPCS1)?

Agree

Disagree

Any further comments

The impact of this change could equate to an additional £61k.

Q12 Do you agree that the new GIS-based flood defence formula should be used (EPCS2)?

Agree

Disagree

Any further comments

Cherwell District Council is unaffected by this change

Q13 Do you agree that the new GIS-based coast protection formula should be used (EPCS3)?

Agree

Disagree

Any further comments

Cherwell District Council is unaffected by this change

CHAPTER 8: AREA COST ADJUSTMENT

Q14 Do you agree with the proposal to update the weights given to the labour cost adjustment (ACA1)?

Agree

Disagree

Any further comments

This would reduce the ACA for Cherwell, with a loss of £21k.

CHAPTER 10: SCALING FACTOR

Q15 Do you agree think that the scaling factor for the central allocation should be close to one, so that equal importance is attached to the amounts above and below the threshold?

Yes (if yes, please answer Q16)

No

Any further comments

Significant changes should be avoided in the current circumstances.

Q16 If so, would you prefer Ministers to be able to set judgemental weights for the Relative Needs Amount (CAS1) or the Relative Resource Amount (CAS2)?

CAS1

CAS2

Any further comments

Both options are poor for Cherwell, giving losses of £49k and £39k respectively.

CHAPTER 11: FLOOR DAMPING LEVELS

Q17 Over the next Spending Review period, do you think that the floor level should be set close to the average change or such that it allows some formula change to come through for authorities above the floor?

Close to the average

Allows formula change to come through

Any further comments

Given the uncertainty about the shape of the next settlement – retain current system.

CHAPTER 12: TRANSFERS AND ADJUSTMENTS

Questions 4 and 5 on Additional Rule 2 grant are shown in the Police section above and not repeated here.

Q18 Which of the four options for removing concessionary travel from lower-tier authorities do you prefer?

CONCF1

CONCF2

CONCF3

CONCF4

Any further comments

On the basis that 1 option needs to be selected CONCF 3 results in the lowest budget pressure to the Council.

[See exec report changes]

Q19 Which of the six options for rolling in concessionary travel to upper-tier authorities do you prefer?

CONCF5

CONCF6

CONCF7

CONCF8

CONCF9

CONCF10

Any further comments

Need to check with Oxfordshire (David Illingworth)

Q20 Should concessionary travel have its own sub-block (within the EPCS block)?

Yes

No

Any further comments

Q21 Do you agree with the methodology for adjusting the base position for unadopted drains?

Yes

No

Any further comments

Minor issue for Cherwell District Council where the authority has to take on responsibility for an absentee owner

CHAPTER 13: THE INCAPACITY BENEFIT AND SEVERE DISABLEMENT ALLOWANCE

Q22 Do you agree that the incapacity benefit and severe disablement allowance indicator should use quarterly data rather than annual data (DATA1)?

Agree

Disagree

Any further comments

This chapter concerns a tiny change from annual to quarterly data for this indicator. Cherwell sees a loss of £4k if this change is implemented.

CHAPTER 14: REPLACING THE CHILDREN'S INCOME SUPPORT BENEFIT INDICATOR

Q23 Do you agree that children in out-of-work families receiving Child Tax Credit (CTC) should replace the current children of Income Support / (income-based) Jobseeker's Allowance claimants (DATA2)?

Agree

Disagree

Any further comments

This chapter concerns a tiny change from annual to quarterly data for this indicator. Yes. More up to date data is to be preferred - Cherwell sees a loss of £4k.

CHAPTER 15: STUDENT EXEMPTIONS AND THE COUNCIL TAXBASE

Q24 Would you prefer that May data only is used for the student exemptions adjustment in the taxbase projections (DATA3)?

Yes

No

Any further comments

This chapter proposes to change the date for student council exemptions to be counted from October (too early in the term) to May. Cherwell would lose £5k.

CHAPTER 16: UPDATING DATA ON LOW ACHIEVING ETHNIC GROUPS

Q25 Do you agree that the new definition of secondary school pupils in low achieving ethnic groups should be used (DATA4)?

Agree

Disagree

Any further comments

N/A

ANY OTHER COMMENTS

Do you have any alternative proposals?

Do you have any other comments?

Response

Cherwell District Council welcomes the opportunity to comment on the proposed changes to Formula Grant. The first point to make is a general one. It concerns the benefit of having multi-year settlements. In a period of cutbacks, forward planning is critical and has great benefits for council taxpayers, service users and staff. Even if it is not possible to have detailed figures for all years, having national control totals for Formula Grant and other major funding streams including capital is extremely helpful.

Key Issue – Concessionary Fares Transfer

The transfer of concessionary fares from districts to counties is overwhelmingly the most important issue for Cherwell District Council.

On the basis of the exemplifications put forward the Council's 'base' grant will be reduced in line with actual spend on concessionary fare but in addition, from the exemplifications put forward (not all options have been exemplified) the Council would also lose between £0.5m and £1.1m.

District and Borough councils need to minimise the amount taken from them, but while each authority knows with certainty how much is spent on Concessionary Travel, complications arise because the finance system does not specify how much each received for the service. Ideally, the transfer from one tier of local government to another should not result in an additional budgetary pressure for the council tax payer; but the 'four block allocation model' used in the finance system and the need to use formulae rather than actual allocations or actual spending combine to cause huge swings in funding across the country.

While recognising that the complexity of the system rules out a perfect result, the defensive line we have adopted is to say that:

- (i) In the short-term, no council should lose more grant than it is presently spending concessionary fares; this avoids immediate additional budget pressure
- (ii) No class of authority should lose overall

To take more away from authorities is illogical and indefensible. The Council will continue to lobby in respect of minimizing the impact of this transfer.

Other Changes

The Council's response supports the use of more current data even though this is not beneficial in many options. We are expecting one of the toughest settlements ever. In these circumstances it would be wise to minimise changes to the system to avoid exacerbating an already difficult position.

ADDITIONAL OPTIONS

The following section contains any additional options that have been requested by authorities during the consultation period, and where it has been possible to prepare an option for circulation during the consultation period.

Additional Q1:

Do you agree that we should treat the City of London as two notional authorities for floor damping purposes (DAMP1)?

Agree

Disagree

Any further comments

N/A

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