

Report to: **Executive Committee**
Date: **11th October 2005**
Report of: **Director of Finance and Corporate Services**
Subject: **Local Government Finance Formula Grant Distribution- Consultation Paper**
Ward: **All**

1. Purpose of the Report

1.1 To respond to the consultation paper from the Office of the Deputy Prime Minister (ODPM) on the Local Government Formula Grant Distribution.

2. Consultation

2.1 The response has been circulated to Management Team and the Finance Officers Group of the Association of North East Councils upon which we are represented has discussed the issues.

3. Background and form of consultation

3.1 The main formula was last reviewed for the 2003/4 local government finance settlement; the distribution formula has since remained frozen in order to provide local authorities with some stability in their funding. The freeze effectively came to an end with the 2005/6 settlement.

3.2 During the period the ODPM has worked with local authorities to consider changes to the formula once the freeze ended. The paper provides the basis of consultation on options for formula changes that could be introduced from 2006/7 onwards.

3.3 The system divides up a finite pot of available grant, which is determined in the biennial spending reviews, by reference to authorities relative circumstances and their ability to raise council tax. The system is currently based on a complex mathematical formula covering 7 service blocks.

- Education
- Personal Social Services
- Police
- Fire
- Environmental, Protective and Cultural Services (EPCS)
- Highways Maintenance: and
- Capital Finance

3.4 Although not affecting Districts it is worth mentioning that since the last review it has been decided that funding for schools should be taken out of the formula grant system and paid as dedicated schools grant direct from the Department of Education. By removing this money from the system the balance of funding issue is being addressed.

^iāē=

3.5 The stated aims of the review are to produce a robust and fair system for the distribution of the formula that can be fitted into the context of 3-year settlements. This should make the formula more forward looking. The ODPM accepts that any formula based system

cannot reflect all possible circumstances so there will be elements of in their words 'rough justice.'

=

= *cçêã-cl-Áçãèì ãf-íáçã*

- 3.6 The paper was issued in late July with a response date of the 10th October 2005; a relatively short consultation period given information was still being issued as late as the 23rd September.
- 3.7 The document contains over 40 questions with over 50 options for changing the formula. The government has stated it will not necessarily limit itself to the options in the consultation paper.
- 3.8 Exemplifications or estimates of how the funding options may affect Formula Spending Share (FSS) will not necessarily appear in the 2006/7 settlement because there will be changes in spending totals and data. It should also be remembered that FSS is not the level of grant we receive it is a basis for grant.

4. Summary of the Council's position

- 4.1 Currently our budget is around £227,000 or 1.6% above its FSS. The FSS is an assessment of what we need to spend on services. The difference between FSS and budget is what we need to raise from council tax. However over the last 2 years this relationship has been clouded because the Treasury has at the last minute added more resources to the formula to keep council taxes under control.
- 4.2 Our ability to raise taxes is limited because of a low tax base. Most of our properties are in the lower bands and although average council tax payments are one of the lowest nationally our band D headline tax is one of the highest.
- 4.3 Our actual population since the last review gives a mixed picture over the last 3 years and this is an important issue for us in considering the consultation.

The population figures are based on mid-year estimates.

2001	2002	2003	2004
93980	93300	92800	92900

Population is a significant element of the formula and clearly resources can be significantly affected by population shifts.

- 4.4 Grant settlements since the last review have ranged from a settlement at the ceiling of 12.5% in 2003/4 to floor settlements of 2.5% over the last 2 years. Clearly population accounts a large element of grant loss over the last 2 years but it seems to be stabilising.
- 4.5 We are now the 7th most deprived authority in the country and we have received significant neighbourhood renewal funding, which is managed by the Local Strategic Partnership. Despite this funding the Council has concerns that improvements will not be sustainable in the longer term unless core revenue funding is increased.
- 4.6 In terms of formulating the options we have been represented at regional level by the Association of North East Councils.

5.0 Key Issues from the review

5.1 The paper presents covers the following: -

- Schools transfer – mentioned briefly above.
- Alternative grant system
- 3 year settlements
- 2004/5 and 2005/6 Amending reports
- FSS formula changes over the 7 blocks outlined above
- Area Cost adjustment
- Resource equalisation
- Floor damping
- Day visitors

5.2 Exemplifications give examples of how the options would have affected the 2005/6-settlement formula spending shares, not grant.

5.3 Although it is very difficult to give an overall perspective the proposals overall favour Districts but there are major issues around concessionary fares primarily the difficulty in assessing the cost and whether there is sufficient to fully fund county wide schemes such as ours.

5.4 Appendix 1 sets out the proposed changes and the estimated effects on the FSS.

6. The Response

6.1 The response is based on those elements of the formula options, which affect and are of clear benefit to the council. I will not for example be commenting on upper tier issues such as schools or social services.

6.2 The North East Region through the Association of North East Councils will also formulate a response from a regional perspective and whilst our individual response may differ slightly it will have a lot in common with the regional view. Unfortunately from a regional perspective some of the options ANEC and indeed us will favour may be detrimental to neighbouring authorities. As stated above further options may come forward however our initial response will be based on those in the paper. I suggest that I be given authority to amend the response should further options evolve which are beneficial to the Council.

6.3 At this stage it is appropriate to mention that under the proposals a number of authorities will lose substantially and will oppose the changes vociferously. It is therefore important to respond as an individual Council and to invite John Cummings our Member of Parliament to support our views.

6.4 The draft response from the Council is set out in Appendix 3.

7. Conclusion

7.1 In considering the implications of supporting certain options it should be noted that elements of the formula impacts on others and therefore it is not a case of merely adding up the exemplifications to arrive at a best and worst position. Also we must remember that there is no new money in the overall formula, there will be winners and losers and those authorities below the floor will be funded by those receiving higher increases.

7.2 Excluding Day Visitors, our best position from the proposals indicates an increase in Formula Spending Share (FSS) of around £1.4m with an increase of around £700m being the worst scenario. Within the proposals there are 2 fundamental issues upon which have been specifically commented upon.

- Population forecasts for the 3-year settlements show us in decline whereas actual shows improvement.

And

- Ensuring that we receive the full costs of implementing the concessionary fare changes to be introduced from April 2006.

8. Implications

8.1 Policy

None

8.2 Financial

None.

8.3 Legal

None

8.4 Risk

There are no risks associated with the report.

8.5 Communications

None

8.6 Corporate Plan and Priorities

None

8.7 E Government

None

8.8 Procurement

None.

8.9 Equality and Diversity

None

9. Recommendations

9.1 Members are asked to support the response as set out in Appendix 3.

And

9.2 Should it be necessary, delegate authority to the Director of Finance and Corporate Services to amend the response to reflect any further options which may emerge and be of benefit to the Council.

Background Papers.

Local Government Finance Formula Grant Distribution System –ODPM Consultation Paper.
Response by the Association of North East Councils. – October 2005.

LOCAL GOVERNMENT FINANCE: FORMULA GRANT DISTRIBUTION – CONSULTATION PAPER

1. New Grant System

- 1.1 This proposal is to move away from notional measures of spend. For example the FSS is an assumption of what resources we need and linked to that is an assumed national council tax. Instead of the above differences between authorities would be determined through indices.
- 1.2 The FSS will in effect disappear and overall grant would be split into: -
- The relative needs block
 - The resources block
 - The basic amount block
 - The damping block
- 1.3 At the moment our grant comes in the form of a formula grant consisting of redistributed business rates and revenue grant. In future spending reviews would publish figures in terms of total formula grant and there would be no distinction between redistributed business rates and revenue grant. Separate grant figures would be provided for each authority, broken down over the blocks as set out in 1.2 above.
- 1.4 The new system is likely to produce similar results to FSS for example the basic amount would be the same per head for all authorities to which provide similar services.
- 1.5 This proposal seems a little superficial in that it is difficult to see any benefit of change other than the existing system is very complex and may be becoming less fit for purpose the longer it exists. The general view from local government when this was discussed at the Settlement Working Group was it would make the system less transparent. Sceptics might suggest that by removing references to the assumed level of council tax would prevent the government being blamed for large council tax increases.

QUESTION 3: *We are asked whether the ODPM should use the proposed alternative grant system.*

SUGGESTED ANSWER: *Although the existing formulae can be complex it is not clear whether the change proposed would lead to greater transparency. In our view there are clear links between grant allocations and the levels of council tax we need to raise, the proposals seem to be based around eradicating that link rather than developing a fairer grant system. We also feel there is insufficient information to make an informed decision and therefore cannot support the alternative as it stands.*

2. 3-Year Financial Settlements

- 2.1 The government consulted on this earlier in the year. It now proposes that: -
- The settlement to be shortly announced should cover the 2 remaining years of the Spending Review – 2006/7 and 2007/8
 - From 2008/9 three year settlements will be fully aligned with the spending review cycle. The next spending review will be in 2007.

- 2.2 As far as formula grant is concerned it is proposed to use projections for population and council tax bases. In terms of other data they intend freezing the figures using multi year averages.
- 2.3 The methodology using projections could be damaging for those councils where population was previously in decline has stabilised and is now increasing. Statistical data shows that 31 authorities, including Easington has increased in the 2004 mid year estimates but is showing decline in the government's projections. Others in the region include South Tyneside, Gateshead, Newcastle, Morpeth and Berwick.
- 2.4 Figures for the North East are set out in Appendix 2 and we can see that Easington's actual population for 2004 at 92,900 is 600 higher than the government forecast. In the longer term our population is forecasted to fall from 92,900 in 2004 to 91,200 in 2006. Although population statistics have varied over the last 2/3 years at Easington demand for social housing and the influx of people to those parts of the district, which have been regenerated suggests that the population trend should at least stabilise if not increase.
- 2.5 Clearly if grant is based on projections then our grant will fall significantly despite actually having more people using the services. Although the government seem adamant to introduce this methodology we need to express our concern at the methodology particularly when actual is 0.6% different for us and 0.4% for the region. As most of our grant is linked to population we will lose substantially if projections are used.

RESPONSE: *I have included a comment in the response regarding the use of projections in the response as I feel this aspect should be subject to further consideration and consultation with questions about the validity of the data given the findings above.*

3. Environmental, Protective and Cultural Services

- 3.1 This is the main element applicable to District Councils and covers most of our services.
- 3.2 The basis of the formula for this block for districts has not changed since the last review and the main elements are retained under the proposal: -
- Basic amount per resident
 - Density top up
 - Sparsity top up
 - Additional population –Visitors /commuters
 - Deprivation top up
 - Area cost adjustment
- 3.3 The values from the above were updated using the 2001 census, however, this had very little affect. For example the basic amount changed by a penny.
- 3.4 The major change to this block is caused by changes to concessionary bus travel. Concessionary Bus Travel Schemes are included in the EPCS block and the costs of the government's 2005 budget announcement for free fares at off peak times for people aged over 60 and for disabled people has added to this block.
- 3.5 To fund the change of policy the government announced an injection of £350m for this block. Originally this was to be allocated on the existing formula, however the government has reconsidered the position.

3.6 Quote from the Consultation paper: -

‘Take-up is likely to be higher in urban areas where there is a higher density of bus services and among those people who do not own a car. Not owning a car is likely to be a measure of deprivation in rural areas but may simply be a way of life in inner-city urban areas. For this reason the variable on “no car ownership” is not used in the FSS formula. We (ODPM) propose, however, an option for re-weighting the district level formula that would increase weighting on population density, pensioners on income support and incapacity benefit/severe disability allowance.’

The new allowances are given below.

- Density top up increased by 4%.
- Deprivation top ups: - Incapacity benefit & SDA increased by 83%.
 - Income support & JSA – no change
 - Elderly IS increased by 83%.
 - Unemployment related benefit claimants – no change.

3.7 The above is a significant improvement for us as FSS will be increased substantially. However as we have been funded at the ‘floor’ over the last 2 years meaning we have been topped up to a minimum increase in grant we must ensure that the top up is not taken from the increased grant applicable to concessionary fares. In other words grant equivalent to the cost of fares should be transferred in full and not reduced through the formula.

carriage= ` çeré=

3.8 In the 2003/4 review a survey was carried out to determine the amount of money required by an authority for “being in business.” As a result every upper and lower tier authority received £300,000 in FSS.

3.9 The amount has not been updated since 2003/4 and it is proposed to uprate the figure by inflation to £325,000 per authority.

bnEā éāāāāā- rāçā=

=

3.10 In considering the above it is worth considering the estimate of the effects on the FSS formula. For information I have included the effects on other Districts.

Authority	Current FSS	Increase	% increase
Chester le Street	7332	518000	6.8
Derwentside	12016	952000	7.9
Durham City	11689	551000	4.7
Easington	14442	1482000	10.3
Sedgefield	12400	958000	7.6
Teesdale	3715	165000	4.4
Wear Valley	9462	598000	7.4

3.11 Given the above we should clearly support these proposals. The impact of the increased on weightings clearly favours deprived areas such as ours but most in the County will benefit from this option. It should be noted that the above is only an estimate and does not represent grant, in addition we are facing significant increased costs from the new concessionary fare scheme proposals.

QUESTION 21 - *Do you think we should adjust the coefficients for concessionary fares?*
SUGGESTED RESPONSE: - *We should support.*

QUESTION 23 - *Do you think we should update the fixed costs element?*

SUGGESTED RESPONSE: - *This Increases FSS by £25k for all authorities and should be supported.*

çêf-çl=t -ëfÉ= `çääÉÁíáçâ=

=

3.12 Within the paper the government asks whether the coefficients should be adjusted to reflect increased costs of waste collection. At the moment the calculation is based on resident population. No exemplifications are provided on this area but this is a major area of spending for us and therefore we should request it be explored.

QUESTION 22 – *Do you think further changes should be made to coefficient for example to reflect the increase in the costs of waste collection?*

SUGGESTED RESPONSE – *Not at the moment we feel the changes and level of expenditure in this area warrants future discussion rather than tweaking of the formula.*

4. Capital Financing

4.1 Capital Finance has changed significantly since the formula was introduced and parts to some degree have outlived their usefulness, others can have a detrimental affect on authorities, which retain prudent levels of balances.

4.2 Basically there are 3 sub blocks in the element, debt charges, interest on reserved receipts and other interest earned. The two elements of interest earned being deducted from the debt charges allowance within the formula.

4.3 The capital financing element of the formula in reality was a form of micro managing local authority borrowing however in recent years the government have removed capital rules requiring some proportions of capital receipts to be used to repay outstanding debt. In addition the introduction of the prudential borrowing has largely removed the need to manage debt form a grant perspective, primarily because of self-regulation within the prudential code.

4.4 This element of the formula can penalise authorities holding high levels of balances even though it may be prudent to do so. Interest earned from investment of balances has a negative effect on the formula and could act as a disincentive to retain prudent balances.

4.5 To rectify the negative effects of the above three options are proposed.

- Option CF1 to abolish the interest receipts elements of the formula.
- Option CF2 to abolish the interest receipts elements of the formula and reduce the capital finance FSS by the equivalent amount.
- Option CF3 abolish two elements of interest receipts and reduce the non-capital FSS totals by the equivalent amounts.

4.6 In terms of exemplifications there is little difference between the first 2 options.

CF1 – 3.2% increase in FSS - £480,000.

CF2 – 3.5% increase in FSS - £499,000.

CF3 – 1.1% increase in FSS - £455,000.

QUESTION 25 – *Do you think we should remove the Interest receipts elements?*

PROPOSED RESPONSE - *Yes*

QUESTION 27 – *If so should we reduce other FSS totals to compensate or not? And if we reduce where should the reduction be made.*

PROPOSED RESPONSE – *Yes, the capital finance element.*

5. Area Cost Adjustment (ACA)

5.1 The current finance system contains an adjustment to reflect varying costs of service delivery around the country. By far the largest source of variation is wage levels (labour cost) across the country the second largest being business rates (the rates cost adjustment).

5.2 Five options are presented: -

- Basis of the formula is changed to use the full survey of hours and earnings database as opposed to a sampling approach. (Option ACA!).
- Remove the element of the rates adjustment. (This takes account of differences in the cost of rates for council premises) (Option ACA2).
- Abolish the rates adjustment (ACA3) – both ACA2 and ACA3 have little effect on the formula.
- Radically change the geography to calculate a separate ACA for each upper tier authority. Option ACA 4 sets a lower limit so that only authorities with higher than average wage pressures receive ACA top up.
- Option ACA 5 is to retain the current lower limit.

5.3 The following estimates relate to Easington but in saying that because this adjustment is area based other county districts receive similar % increases.

FSS	ACA 1	ACA 2	ACA 3	ACA 4	ACA 5
14422	+9000 (0.1%)	+93000 (+0.6%)	+38000 (+0.3%)	+217,000 (+1.5%)	-20000 (-0.1%)

In terms of the above the options cannot be considered separately we need to consider ACA1, ACA2 or ACA3, and either ACA4 or ACA5.

QUESTION 28 - *Do you have comments on the intention to use the full ASHE data set to calculate ACA?*

PROPOSED RESPONSE – *To support the use of the full ASHE data to calculate ACA*

QUESTION - 29 *Do you think we should remove the rates cost adjustment, or should it be upheld in line with 2003/4 data?*

PROPOSED RESPONSE – *To support removal of the rates element (Option ACA2)*

QUESTION 30 – *Do you agree with the proposal to retain the current method of setting the lower limits for option ACA1 – 3?*

PROPOSED RESPONSE – *Disagree with retaining the current lower limit we support option ACA4.*

QUESTION 31 – *Do you think a separate ACA factor should be calculated for each upper tier authority?*

PROPOSED RESPONSE - *Yes*

QUESTION – 32 *If the change is implemented which option for setting the lower rate do you prefer?*

PROPOSED RESPONSE – *To support option ACA4.*

6. Additional Resource Equalisation

- 6.1 The grant distribution system takes account of the relative ability of different councils to raise council tax, this is known as resource equalisation. FSS/Spend is supposed to roughly equal grant + assumed national council tax (ANCT). Authorities, which spend over FSS, have to levy higher council taxes and in low tax base authorities band D headline taxes are inflated. In 2005/6 the ANCT was calculated at £1,102 but average band D tax was 10% higher at £1,214.
- 6.2 Although this element of the formula was up-rated in 2003/4 given the 10% variance resource equalisation needs uplifting.
- 6.3 The government has proposed 3 options: -
- RE1 – full additional resources equalisation by changing the FSS in the personal social services, fire and police blocks.
 - RE2 – half the increases in RE1.
 - RE3 - full equalisation as RE1 And abolish interest receipts.
- 6.4 This factor is very important to us because more grant is distributed towards high needs, low council tax base authorities.
- 6.5 Estimated changes to formula grant are set out below.

FSS	RE1	RE2	RE3
14422	No change	No change	+245,000 (+2.5%)

QUESTION 33: - *Do you think we should increase resource equalisation?*

PROPOSED RESPONSE – *Yes.*

QUESTION 34: - *Which option do you prefer.*

PROPOSED RESPONSE: - *Support RE3.*

7. Floor Damping

- 7.1 Floor damping will continue thus guaranteeing a minimum grant increase for floor authorities, which we are one. The grant for authorities above the floor is scaled back to pay for those authorities at the floor.
- 7.2 There are 3 options proposed to adjust the way the floor is calculated. None of the options affect us at the moment but it is worth assessing them on the basis of how the changes might affect other Districts in the region.
- 7.3 Option DMP 1 proposes abolition of the capital adjustment and as a region would have minimal effect however Wear Valley would in actual fact lose £46,000 or 0.8% if this were implemented. The regional gainers would be East and West Midlands, London and the South East losing the heaviest.

QUESTION 35 - *Do you consider that the capital adjustment should be abolished?*

PROPOSED RESPONSE - *In view of the above we should disagree with this proposal.*

8. Day Visitors

- 8.1 In several parts of the formula visitors to an area are taken into account as these can place additional pressures on local services. Visitors are split as net in-commuters, day visitors and overnight visitors. At the moment day visitors is used in several blocks including EPCS, Highways maintenance and the Police block. It is proposed to retain day visitors in the highways and EPCS block.
- 8.2 Under the current formula the day visitor indicator has no reliable method of determining the number of visitors and is using models, which unfortunately are outdated. Census data from as far back as 1991 is still currently used.
- 8.3 As part of the review, 2001 Census data is used together with information on local facilities and attractions. Within the formula threshold distances have been amended and whereas the old indicator excluded all trips below 20 miles to determine whether the visitor was from another authority it is proposed that this be reduced to 10.
- 8.4 The exemplification below only shows the differences in visitor figures between the 2 methodologies, it does not show differences between blocks.

Authority	Visitors used for 2005/6 settlement	New Proposal (D1)	% increase
Chester le Street	1,775,000	3,092,000	74.2
Derwentside	1,673,000	2,380,005	42.3
Durham City	2,390,000	3,623,131	51.6
Easington	1,578,000	2,486,490	57.6
Sedgefield	1,344,000	2,382,441	77.3
Teesdale	854,000	1,180,109	38.2
Wear Valley	1,130,000	1,918,000	69.7

Durham County overall % increase is 42.6%. The change to the formula adversely affects Metropolitan Districts in Tyne and Wear and districts of Berwick, Tynedale and Alnwick in Northumberland, which are traditional tourist areas. It appears other authorities have introduced new attractions, which may have transferred visitors from the traditional areas.

QUESTION 37: - *Would you prefer us to use the new day visitor indicator?*

PROPOSED RESPONSE: - *Support the changes.*

LOCAL GOVERNMENT FINANCE FORMULA GRANT DISTRIBUTION

RESPONSE TO THE CONSULTATION PAPER

At the outset we welcome the review of the existing system in particular the retention of the cost drivers introduced in the last review.

We have considered those questions affecting the Council in the consultation paper however there are two fundamental issues around population projections for the 3 - year settlements and the concessionary fares scheme where we have concerns and have elaborated below.

In addition to the above we obviously have concerns around cost pressures affecting us in particular those around pension costs and additional demands on us in terms of Licensing, recycling and anti social behaviour.

The residual and ongoing costs of sustaining initiatives emanating from external funding regimes are of concern given the depth of deprivation in the area. Whilst welcoming such funding we are finding the majority of the costs of mainstreaming falling on the District and if improvements are to be maintained and sustained then the core funding issue needs to be addressed through the system.

3- year settlements – Population Forecasts

Whilst welcoming the overall concept of 3-year settlements in terms of presenting us with some stability we have concerns on the methodology proposed particularly the population projections instead of the population estimates currently used. (Mid year).

The following outlines our concerns: -

ODPM population projections for Easington.

2004	92300
2005	91800
2006	91200

Actual – Mid Year Estimates

2004	92900
------	-------

Accepting that some projections are required we feel this is not a good start particularly where we see a variation of 1600 between 2004 actual and 2006 projected. This will have a significant affect on grant for the District.

It may be that the projections have been influenced by past decline but the upturn in our view is not surprising given the economic and regeneration initiatives that have taken place in the district over the last few years. We are seeing a surge of development in the area resulting in new people moving in, residents staying and indeed people returning to the District. This is in stark contrast to experience of the past.

The result of the above of course adds to the costs of providing services whereas the projections will result in a significant grant reduction.

As population is a crucial element of the formula we would therefore request that you reconsider the use of projections perhaps by using the 2004 mid year estimates as a starting point rather than being influenced by prior trends.

Concessionary Fares

We welcome the adjustment to the weighting in the EPCS block which will contribute to the significant costs of introducing free passes from April next year. However we have concerns that as an authority, which has received floor increases over the last 2 years we may not receive the full cost of implementing the scheme.

In considering this aspect we noted that the government is encouraging countywide schemes in which we participate and of course these are more expensive than schemes restricted to district boundaries for example.

Aspects of the formula may mean that full costs are not reimbursed and this is of concern particularly as we have little idea of what the impact may be. In our view the government has introduced this initiative without knowledge of the future costs to Councils and should therefore provide sufficient funding to cover the full cost of implementation, failure to do so could result in some countywide schemes being put at risk. We would therefore request consideration for the full cost of the new scheme proposed to be passported under the floor arrangements. Adjusting the baseline figures used in the floor calculation could do this.

Clearly this would lead to schemes being restricted and a much worse service for the public particularly those living at district boundaries where it would be more beneficial to travel out of the District in which they reside.

Specific Questions

The District's response to the specific questions as they affect the Council is as follows: -

Chapter 3 - New Grant System

Question 3

Although the existing formulae can be complex it is not clear whether the change proposed would lead to greater transparency. In our view there are clear links between grant allocations and the levels of council tax we need to raise, the proposals seem to be based around eradicating that link rather than developing a fairer grant system. We also feel there is insufficient information to make an informed decision and therefore cannot support the alternative as it stands.

Chapter 11 - Environmental, Protective and Cultural Services

Question 21 – We support this proposal.

Question 22 - *We do not support at the moment, we feel the changes and level of expenditure in this area warrants future discussion rather than tweaking of the formula.*

Question 23 – We support the proposal

Chapter 12 – Capital Financing

Question 25 - Yes

Question 27 - Yes from the Capital Financing element.

Chapter 13 – Area Cost Adjustments

Question 28 - We support the use of the full ASHE data to calculate ACA

Question 29 - We support removal of the rates element (Option ACA2)

Question 30 – We disagree with retaining the current lower limit of setting the lower limits.

Question 31 - Yes

Question 32 – We support option ACA4.

Chapter 14 – Additional Resource Equalisation

Question 33 – We agree that resource equalisation should be increased.

Question 34 - We support option RE3.

Chapter 15 – Floor Damping

Question 35 – We disagree with this proposal.

Chapter 16 – Day Visitors

Question 37 – We would prefer that the new day visitor indicator be used.

