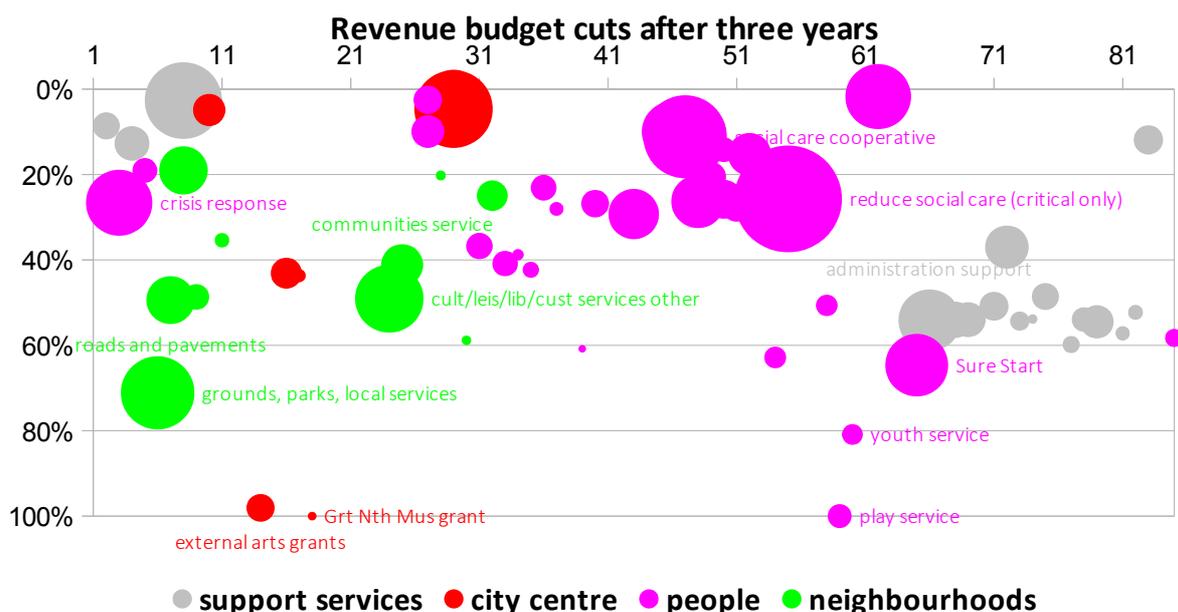


Newcastle City Budget 2013-2016: Newcastle Green Party response to budget consultation

Labour's draft budget for Newcastle City Council deserves praise for highlighting the funding crisis over three years, but fails to adequately protect services in our neighbourhoods. Its proposals for capital expenditure lacks imagination, putting further money into the city centre instead of using capital to support and safeguard community facilities.

Newcastle Green Party's response highlights some improvements that could be made for 2013/14, but is not an alternative budget, and does not include proposals for every Council service. Instead, we present a core principle for how to set priorities. During this funding crisis, resources should be moved away from profile-raising big business schemes, and into our wards where people live. This response sets out principles for better budgeting in the medium term, while also establishing our vision for fairer funding of Council services in the long term.

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Comparing the cuts to services as proposed in the draft budget.

Background: why are cuts being proposed for 2013 to 2016?

The cuts within the proposed budget have three main causes:

1. Government decisions to concentrate cuts on the public services, and in particular to cut spending on local government disproportionately.
2. Government decisions to change the funding formula for local government finance, with the effect that cities within the North East and West Midlands especially lose out, together with some London boroughs, in favour mainly of councils in the South and East.
3. Previous (including recent) spending commitments made by Newcastle City Council, which effectively place the burden of falling revenues disproportionately on core service budgets.

Greens oppose (1), and in particular the way that government cuts are being made. These cuts fall heavily on services which the poorest depend on most, and they are thereby making society less not more equal. They are a short-term response to a genuine debt crisis, which will fail to make the substantial changes to our economy that are required to make it fairer, more sustainable and less debt-dependent. Imposing cuts disproportionately on local government reduces funding where it can be most beneficial (within the local economy), and adds to the growing inequality created by large-scale cuts to benefits. This document is not intended as a critique of the government's economic approach, but its latest 'Green Deal' (see box) demonstrates the failure of its economic understanding.

The changes to the funding formulas have the effect of top-slicing parts of the Newcastle budget, and using this to fund new housing and other projects in areas where economic growth (conventionally measured) is fastest. This is neither environmentally sustainable nor socially fair. It is well demonstrated by the City Council's 'heat maps', and requires no further comment here.

The third point above is covered in the section below relating to historic Private Finance Initiative deals.

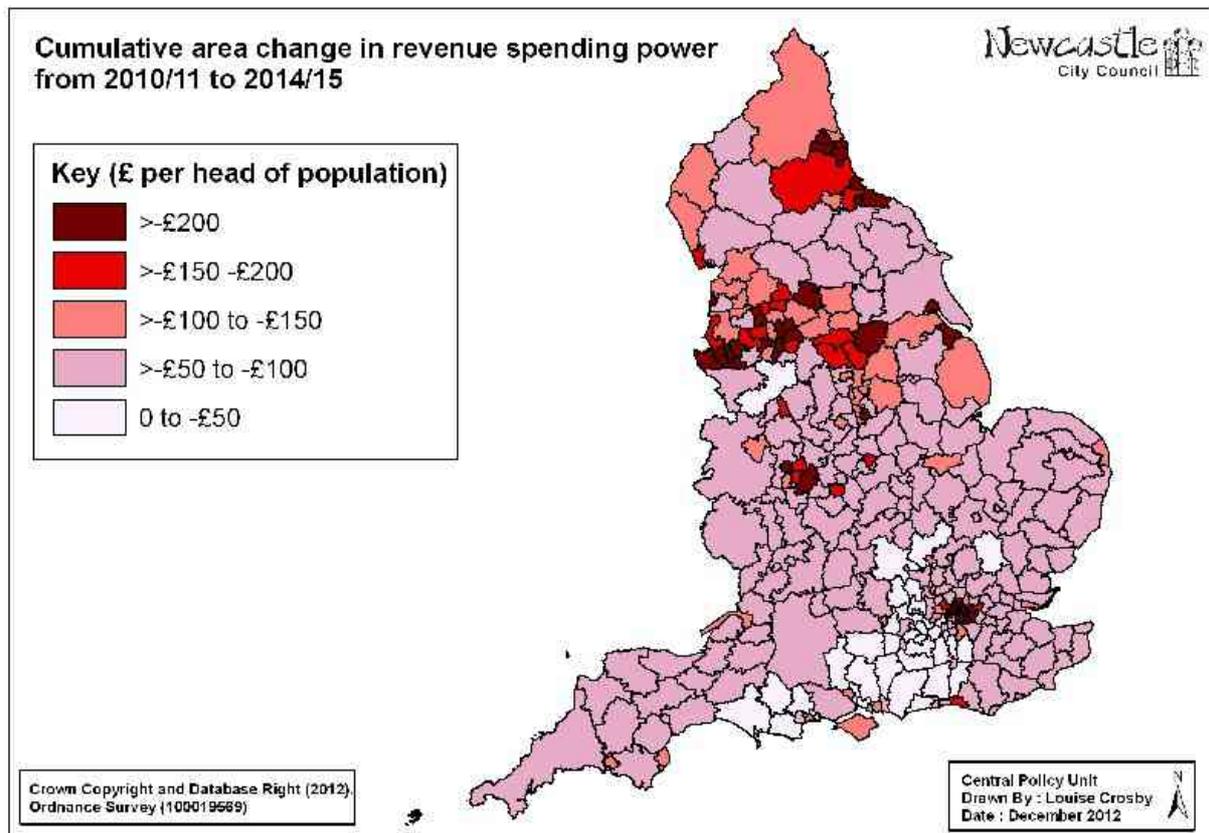
Green investment vs government austerity

The government's recently launched *Green Deal* programme exemplifies the wrong way to deliver the green investment that this country needs. Under the *Green Deal*, householders will be able to get their homes insulated only by mortgaging their future energy bills, with no guarantee that they will gain any financial incentive. WWF analysis demonstrates the inadequacies of the Green Deal, which is not expected to deliver the insulation levels required by the UK's own legally binding carbon budget.

The Greens' 2010 election manifesto proposed a straightforward home insulation scheme, based on the pioneering and proven Kirklees Warm Zone:

"Introduce a free home insulation programme for all homes that need it, with priority for pensioners and those living in fuel poverty, aiming to insulate 4 million homes every year. Such a programme would cost £2bn in 2010 rising to £4bn a year and create 80,000 jobs."

Kirklees Warm Zone was the largest local authority home insulation scheme in the UK, and the first to offer free loft and cavity wall insulation to every suitable property. It saw over 50,000 homes insulated, £3.9m of fuel expenditure saved per year, and over 300 jobs created directly and indirectly. If imitation is the sincerest form of flattery, then the Kirklees scheme has been well praised, having informed plans in the London Assembly and Scottish Parliament, as well as Newcastle's own *Warm Zone*.



Heat map showing levels of cuts across the country, from City Council's website. (The lone red area along the south east coast is Green-controlled Brighton and Hove Council.)

Need for smarter lobbying of government

The ruling Labour party has attempted to lobby the government for a better funding deal, and for several months has attempted to highlight the severity and unfairness of the government's funding cuts. In this, it has been singularly unsuccessful so far, with the government's local finance settlement singling out Newcastle as an area that is, in the government's view, fairly funded by comparison with Wokingham in Berkshire. The government's comparison is ludicrous, ignoring as it does the different needs and levels of deprivation between the two areas. But the fact that it is made in a key announcement relating to local government finance across the country, demonstrates that lobbying by the Newcastle City Council Labour group has so far merely annoyed the government. The fact that the same local government finance settlement was even worse for Newcastle than anticipated, demonstrates that merely annoying Eric Pickles is not a way to win favours from him.

This is unsurprising. Labour gives the impression that it is enjoying its role as a spokesperson for the northern cities, and as a champion against the unfair cuts being made by a Tory/LD coalition. While some of the criticism of the Labour approach is wide of the mark (see below), Lee Hall and others are correct to suspect that the Council's leaders are enjoying this part of their work a bit too much. There is clear political advantage to be gained for Labour from being seen as the bastion of resistance against the axe-wielding evil Tories (and their Lib Dem accomplices).

Clear political advantage for Labour, but not for the people of Newcastle. A more intelligent and less partisan approach is needed. Budget setting within the current climate is necessarily political, and we welcome a debate which focuses on political messages rather than managerial

jargon. But when faced with such severe cuts, the leading Labour group has a duty to set school playground politics to one side, and consider what approach has the best chance to deliver a better deal for Newcastle.

Greens therefore advocate a cross-party lobby of government, to be sustained alongside and beyond the current budget debate. This should be easily achievable, given that local Liberal Democrats (and in particular David Faulkner) have already publicly opposed government funding cuts as unfair on Newcastle. Lobbying the government on a cross-party basis would be much harder to ignore, avoid suspicions of playing politics, carry more weight of unified local opinion, and provide good publicity opportunities to highlight the severity of the cuts. Such lobbying need in no way lessen the ability of the Labour group to govern, nor of the Lib Dem opposition to propose an alternative budget, nor of the wider anti-cuts movement to challenge. But it would lessen the ability for the government to dismiss complaints as 'crying wolf' (see Eric Pickles' press release for the Local Government Finance Settlement).

The cross-party approach would fit with a call by the Labour group, alongside other councils and independent commentators such as the Dean of Newcastle Cathedral, for an independent body to distribute local government funding in future years. This is an imaginative and sensible approach, which cross-party lobbying could yet ensure that the government responds to positively.



Budget cuts across the country, with responses from Brighton and Hove Greens

Towards an honest budget – avoiding spin

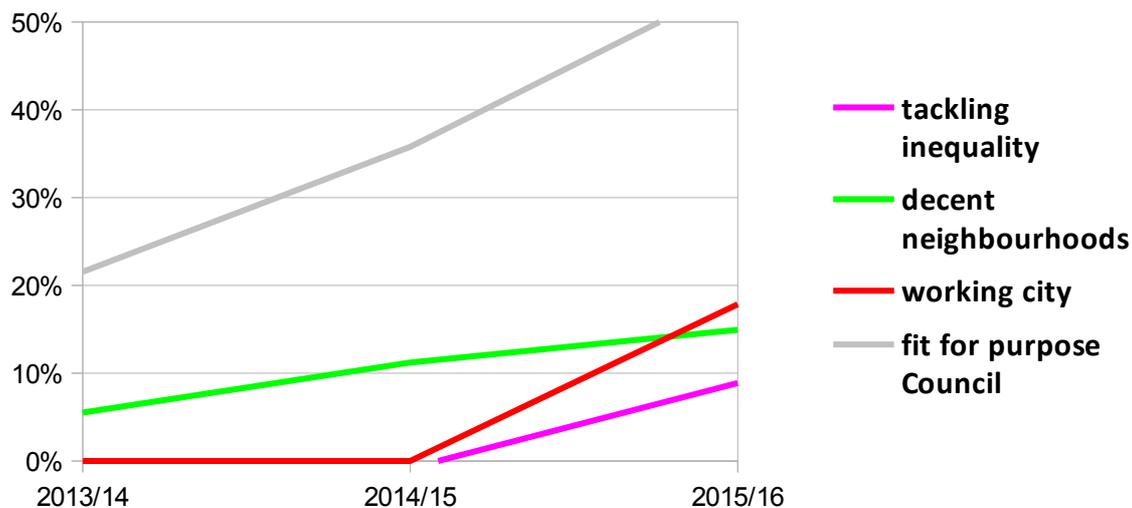
The budget proposals are explicitly and cleverly 'spun' throughout. The £90m 'budget gap' is highlighted within every proposal. The importance and value of the services proposed for the steepest cuts is not underplayed, and large parts of the budget were leaked (or pre-released) before the official announcement on 20th November. The messages are clear:

1. Newcastle has an unfair funding settlement from government.
2. We allegedly need to make cuts totalling £90m over three years.
3. The draft budget claims to protect priority areas, in particular around tackling inequality, a working city and decent neighbourhoods.
4. Labour claims that there is no alternative.

Point (1) is covered above, and (4) below. For the £90m figure see the box below.

Regarding the claim that priority areas are protected, this is summarised in the table within appendix 1 (table 5, p.12), which purports to show that the big cuts to the first two priority areas are delayed until year three, that the 'tackling inequality' services suffer the lowest cuts overall, and that other priority front-line services are cut far less than central support services. Here are the figures from the top of that table in graph form.

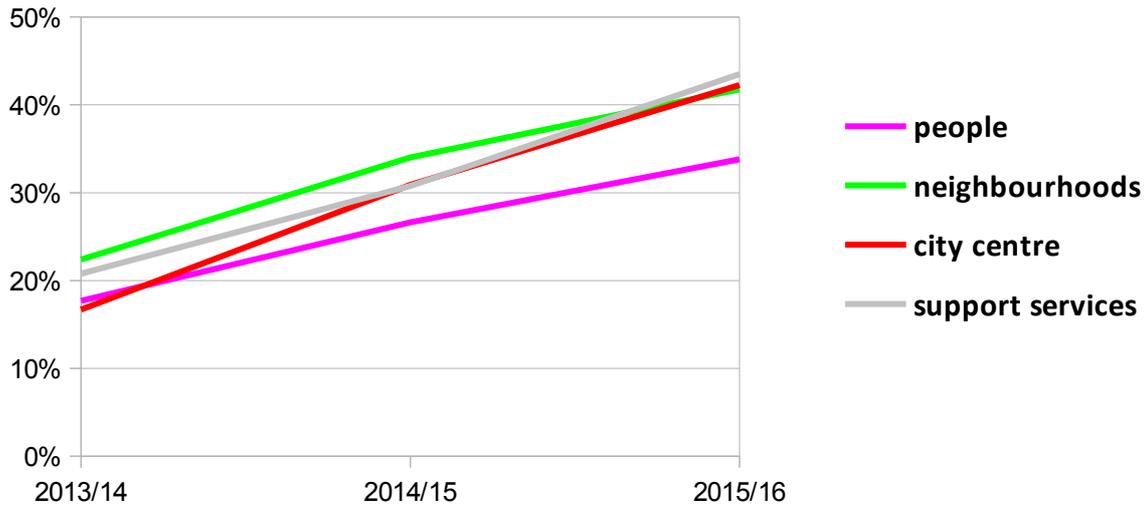
Revenue trends (official budget changes)



The Council's own figures (their terminology)

These figures however mask the reality, which is only exposed by close examination of the detailed proposals. This is chiefly because the graph above is based on actual cash budgets, rather than the severe cuts needed within certain services to achieve even a standalone budget settlement (due to uneven inflation and rising demand). The real figures are below (the methodology for this and other charts within this paper will appear at <http://tyneside.motd.org/budget> shortly).

Revenue trends (actual cuts to services)



Actual service cuts as proposed (same scale as previous). The lines are both higher and closer together, showing that the cuts are imposed to front-line services across the board from year one.

In relation to the three-year scope of the budget proposals, we support Labour's budget approach against some misguided criticism. They did not have to reveal plans for three years to 2016, and could have confined the budget consultation to a single year 2013/14. And they have been criticised for releasing the proposals before final figures from the local government finance settlement were known, so that even the figures for 2013/14 are based on projections. On both counts, Labour has this time got it right. The early release of proposals has encouraged the widest possible debate and challenge. The alternative to the three-year budget would have hidden many of the severest cuts (including most of the cuts to cultural institutions, for instance), and would have amounted to 'cuts by stealth'.

Adding up the figures in Labour's budget documents...

Each of the 85 proposals that make up the 2013-16 draft budget begins by highlighting the need to reduce spending over the three years by £90m. This figure represents the total of both government grant cuts and other cost pressures (due chiefly to inflation and rising demand), and it is the basis of all the proposed cuts.

So you might think that it is calculated with care and attention to detail within the budget. It seems that way from the main budget document, which breaks it down thus (with the help of a pretty graphic):

grant cuts:	£39.3m
other cost pressures:	£49.8m
total budget 'gap':	£89.1m

But read appendix 1 in a bit more detail, and you learn that the cut in funding is in fact £33.8m (table 3). And are the other cost pressures £49.8m (as in table 4), or £56.3 (as table 1)? If you add the latter to the lower grant cuts figure (as is done in table 1), you again get (allowing for rounding errors) that magic £90m:

grant cuts:	£33.7m
other cost pressures:	£56.3m
total 'budget gap':	£90.0m

But why the discrepancies? Which figures in relation to rising demand pressures or inflation are we to believe? Where has that missing £6.4m gone, or the extra £5.6m come from?

We have asked and are still awaiting an explanation. Let's hope it's a good one.

Unfortunately, it's not the only error or discrepancy within the budget documents – a summary of others is in the appendix at the end of this response.

Prioritise neighbourhoods for revenue spending

Central to a Green budget is recognising the importance of the neighbourhood or ultra-local economy. Services within our neighbourhoods matter for the following reasons.

1. They are closer to where residents live.
2. Money spent locally circulates more widely, with less being 'lost' to big business or distant service companies and consultancies.
3. Neighbourhood services, local facilities (including branch libraries, leisure centres and local customer service centres) and active community groups encourage residents to spend time and money locally, supporting both community cohesion and the local economy.
4. Vibrant and busy streets are less likely to become hotspots for crime and feel safer for local residents. Conversely, poorly-maintained estates and boarded-up shops discourage community engagement and can quickly spiral into a culture of isolation and despair.
5. The most vulnerable members of our community are least able to access services and resources outwith their immediate area. This applies equally to elderly or disabled people, households without internet access and those who cannot afford the costs associated with the city centre economy.

Within this priority, we do not put just 'neighbourhood services' as understood by the Council (street cleaning, grass cutting etc), but also local facilities, ward budgets and community services as highlighted in point 3 above. The severity of cuts to these services from the first year of the budget proposals is demonstrated in the following graph, which is based on analysis of the detailed Integrated Impact Assessments.

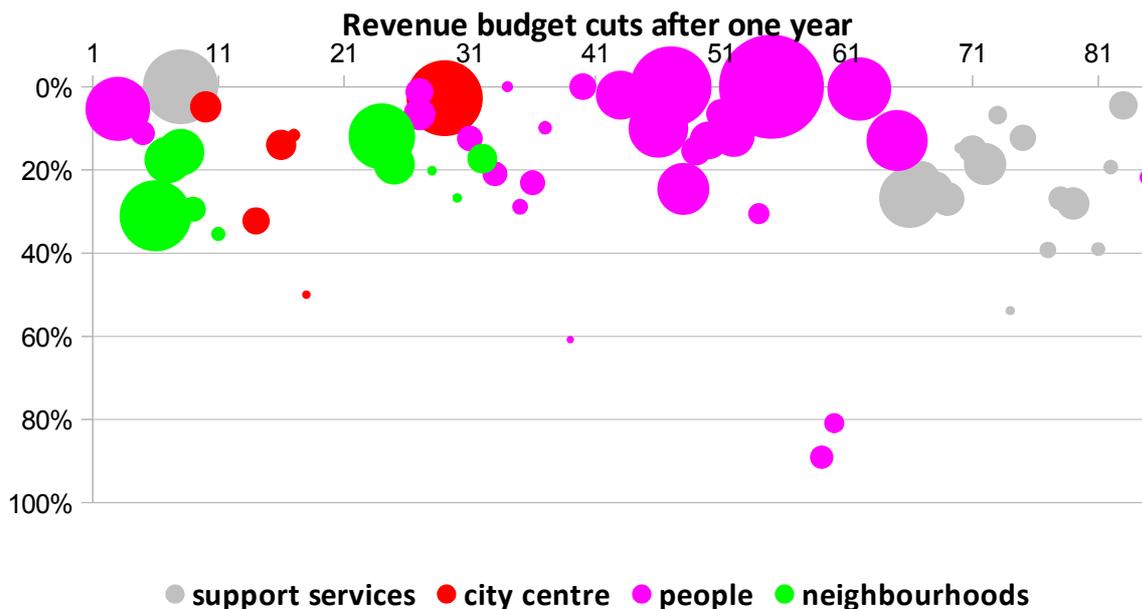


Chart showing effect of the proposed cuts by March 2014

An 'animated' version of this bubble chart is available online, at <http://tyneside.motd.org/budget>. The 'finishing' point at the end of three years is shown on page one of this response. The figures across the top represent the numbering of the budget proposals within the Council's documents and Integrated Impact Assessments, and these numbers are used within the commentary below.

Detailed proposals with full costings can't be made without much more analysis of existing services than is included within the budget proposals. But two areas are well protected from cuts under the current proposals, which need not be.

1. Central waste disposal costs (currently £11.7m) are due to be cut by only 3% over three years.
2. Car parking expenditure (£5m) is due to be cut by just 1%, and income (£12m) to be raised by just 5%, over three years.

More detailed proposals to transfer funding from these specific areas back to our neighbourhoods follow. These are not necessarily the best, and certainly not the only, solutions, but are provided as examples of how priorities within the budget can be altered. Other sources of funding (such as linking up with Police Commissioner priorities or the public health budgets being transferred to local authority control), may also be able to play a part in supporting neighbourhoods.

Funding for neighbourhood services

The budget proposals envisage a very modest rise in parking charges, to be spread unevenly over the different Council city centre parking areas. The principle of varying price rises to match local demand is a fair one, including the freezing of parking prices in peripheral areas to support high street trade, and the continued economic downturn means that there is bound to be some loss of parking income within the city centre (recognised by the allowance for 'economic downturn' within the budget). But the current proposals envisage only a 4.6% rise in parking income: this is over-cautious, considering the scale of cuts to services across the city. A modest 10% increase instead would raise an additional £643k.

In addition, there are almost no proposals to cut expenditure on car parking provision. The scope for expenditure cuts is not explored within the proposal (number 29), but given the recognition

that some parking spaces are in much more demand than others, some sale of assets (with consequential revenue savings in maintenance) is almost certainly justified. Technology may be able to release further efficiencies in both enforcement and security. We should be able to cut at least £400k from the parking expenditure budget, which when combined with the above would release an additional £1m for the revenue budget.

This £1m would release sufficient funds to restore many of the cuts planned for 'local services' (street cleaning etc), at least for 2013/14. It would have to be supplemented by c.£2-3m of other funding to maintain the service in subsequent years, though some of the management efficiencies envisaged in proposal 6 could be made without impacting on front-line services within our communities.

As an example, additional funds should be available if the street lighting Private Finance Initiative debt could be re-negotiated (see below on PFIs). Figures for the street lighting costs are excluded from the budget on grounds of 'commercial confidence', although our Freedom of Information request has revealed that the figures are contained within the Council's Financial Statements. This PFI contract is expected to cost us £6.6m in 2012/13. Proposal 7 states with reference to street lighting, "there have been a number of reviews of the contract," implying clearly that it has proved to be a bad deal for the city.



Green MP Caroline Lucas joining local residents in a campaign to save a community centre in Brighton (www.exeterstreethall.org)

Funding for ward budgets and branch libraries

The waste disposal proposal (part of proposal 8) envisages several sensible approaches that should release significant funds (as well as leading to a better and more environmentally sustainable service), notably reduced general waste from the waste collection proposals, a better recycling contract when it is re-negotiated next year, and investment in the Sandhills centre. But no cuts are set against the waste disposal budget of £11.7m as a result of these measures. The proposal also acknowledges that our civic amenity sites are very under-used (in comparison with other core cities).

The proposals for waste disposal should be strengthened and costed. Further capital expenditure in the best of the civic amenity sites and Sandhills may release further savings, and/or one of the former may be unjustified in the current climate, given low usage by households.

In any case, raising the amount to be cut from the waste disposal budget from 3% to a still modest 10% would add an additional £860k to the budget. Allowing for some cuts to budgets, this would still be sufficient to restore both ward budget cuts planned over three years (£400k), and retain all 10 of the branch libraries destined for closure (£641k over three years).

A few of Labour's budget 'low-lights'

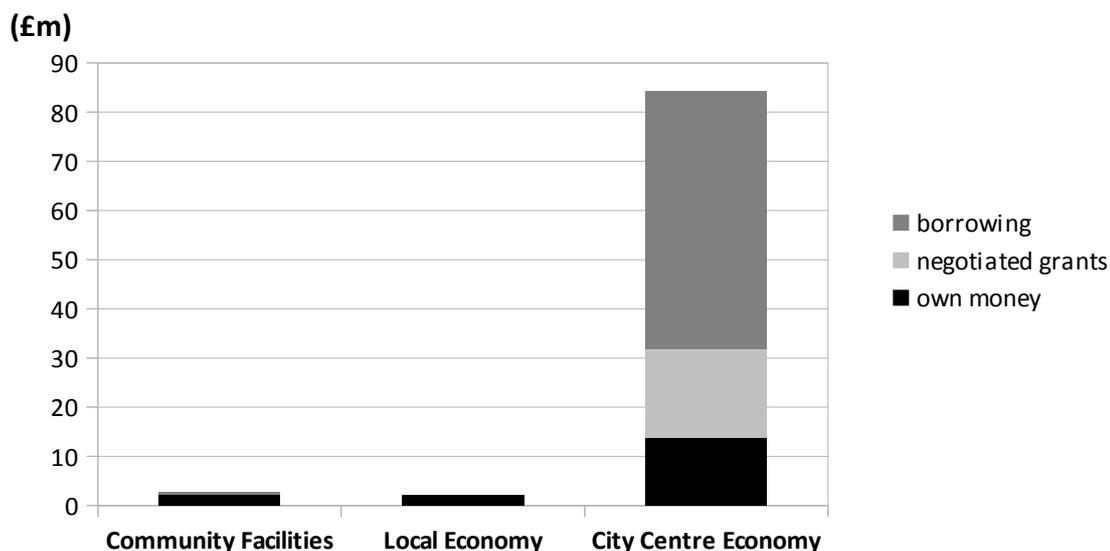
"The council budget next year will see front line services, including libraries, swimming pools, leisure centres and street wardens protected."

That was from a Labour Councillor's election leaflet, distributed in April 2012. The reality looks a bit different.

- 59% cut to grounds maintenance and street cleaning staff by 2015
- Ward budgets cut by 40% over three years
- Closure of libraries, leisure centres and customer service centres from 2013 (47% cut in budget), and community centres from 2015
- Most Sure Start centres destined for closure 2016
- Elderly social care limited to those in 'critical' need only by 2016

Better use of capital budgets

Capital spending 2013-2016: priorities exposed



Comparing spending proposals within the proposed capital programme

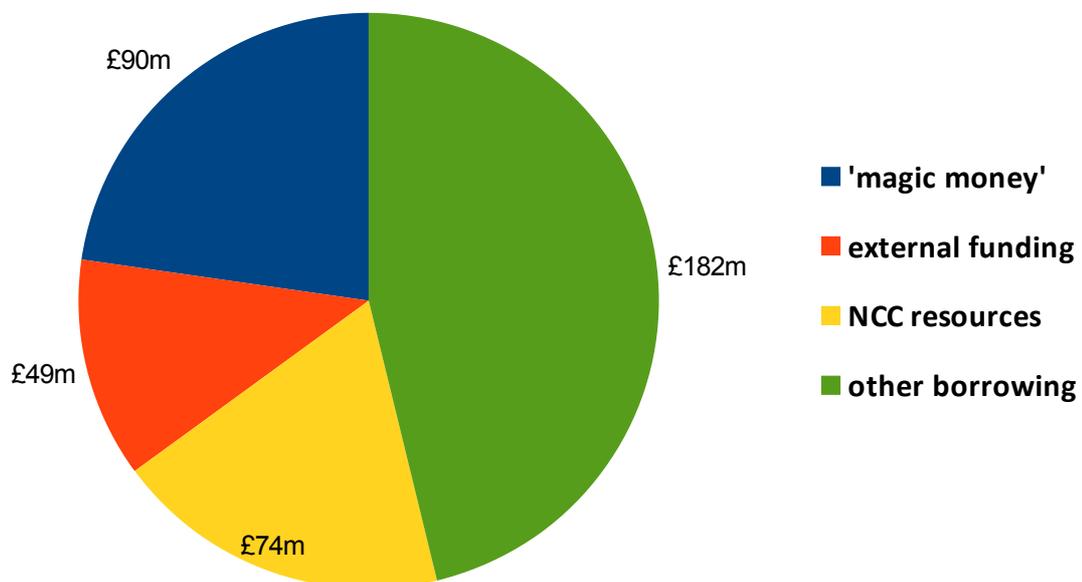
The austerity budget proposals are accompanied by a capital programme which itemises a total of £394m expenditure. (The budget summary gives a figure of £418m: assuming that figure is not an error, it probably includes a projection for school capital allocation from the Department for Education.) This expenditure is heavily skewed towards projects within the city centre, particularly in support of new retail or business premises. Such massive expenditure is misguided on three grounds.

- Spending on city centre projects is too often like pouring money into a leaking bucket. For every pound that is spent within the big hotels, supermarkets or chain stores, most of that

pound goes on national professional or service contracts, national purchasing, or simply servicing the company HQ's profits. Likewise, money spent on large-scale construction projects is more likely to go to regional or national contractors rather than local, due to the way in which large contracts are 'bundled' and procured.

- (b) We all want to see a thriving and busy city centre, but not at the cost of our local high streets. Over-investment in city centre facilities encourages businesses or shops to relocate to the newest, most glamorous office blocks and retail centres. Gradually, only the poorest or smallest businesses are left struggling within the high street, making it even less viable and more marginal. The 'trickle-down' effect of city centre spending on our neighbourhoods is tiny, with large city centre developments much more likely to leave peripheral areas deserted.
- (c) Nearly 25% of the capital budget is to be funded by what we term 'magic money'. This is borrowing against future economic growth within the city centre (specifically, from increased business rates which the Council will be allowed to retain under the City Deal). If the growth doesn't happen, repayment and interest will come out of future service budgets. This is the kind of debt that nearly sank Northern Rock in 2007 – the banks treat the money as 'magic' until the collapse in the housing market, at which point it lost its magic status fast. More probably, the growth may happen within the specific areas where there has been capital investment, but most of it will represent merely re-location from other parts of the city centre.

Capital funding 2013-2016: where the money comes from



The capital programme already includes some measures for improving energy efficiency within Council buildings, to reduce the running costs of community centres (prior to transfer out of Council ownership), and for the Warm Up North programme. However, the sums involved are mostly small, and will do little to tackle the poor quality of many of our older, solid-walled residential properties. A significant proportion of the capital earmarked for city centre developments should therefore be transferred into these programmes, in order to:

- reduce running costs for community buildings, branch libraries and cultural venues, so that they can be used more flexibly, beat future energy price rises, and be financially sustainable in the longer term (whether run by the Council or by community groups);
- help households to cut energy bills, in both the owner-occupied and rented sectors;
- fund large-scale insulation schemes, especially to tackle the huge stock of Victorian and Edwardian solid-walled terraces. This will help build industrial capacity and create jobs.

Time to disinvest from Newcastle Airport

The budget proposals are brutal for the arts in Newcastle, and the claims are simple. We have a £90m budget hole, all services are threatened, so we either close children's homes or cut funding to the arts (actually, it's both in these proposals).

As one of the seven local authorities who part-own Newcastle International Airport, Newcastle City Council has an 8.8% stake. But why are we still investing millions in the airport?

Not apparently because it's a good investment - unlike our world-class libraries and cultural venues. The Council's stake in the airport was valued at £11.8m in 2001, but only £0.7m 10 years later. **That's just 6% of its previous value.** The income from this 'investment' has been dwarfed recently by huge loans needed to keep the airport afloat - the latest being £68m from the local authorities, against a total debt of £298m.

So how can the airport investment be justified, when other fundamental budgets are being cut? Council chiefs insist that:

1. the airport is good for the region's economy so we should support it;
2. our loans to it will all be repaid with interest once it is back in profit; and
3. the money is capital so could not be used for funding day-to-day services anyway.

The last point is partly correct – though capital injections could prove life-saving for many of our struggling building-based services, community centres and cultural organisations. Good capital investment could help them both to beat escalating energy costs, and to adapt their space for maximum efficiency and lowest possible running costs going forward.

Point (2) is largely a fantasy, with past evidence suggesting that there's every chance that this money will only lead to more loan demands in future, and never be repaid in full, let alone with interest. It could, along with earlier PFI deals, be an extra cause of budget shortfalls in the next decade.

But the first point is the most insidious. Yes, the airport does benefit some sections of business: chiefly those that take more money out of the regional economy than they put in. A better economic model would involve:

- investment in ultra-local economies (street markets, improving local high streets, procurement to support local small businesses);
- investment in North Sea trade links (to reduce dependence on links to London);
- investment in sustainable public transport.

The current level of airport investment makes neither economic nor environmental sense. Faced with the need to reduce debt burdens and protect local services in the long-term, it is wrong. Greens are therefore calling for the Council to **disinvest from Newcastle Airport.**

Initiate public debate about raising Council Tax 2014/15 or 2015/16

The possibility of raising Council Tax is not even addressed within the budget proposals. For 2013/4 and 2014/5, Council Tax Freeze Grant is available, equivalent to a 1% rise. Any rise over 2% would require a local referendum. Newcastle has a high proportion of band A and B properties, meaning that Council Tax accounts for a smaller than average proportion of the Council's income, and it has to be raised disproportionately to achieve significant extra funds.

Nevertheless, to rule out a Council Tax rise in 2014/5 or 2015/6 at this stage is wrong and short-sighted. Figures should be produced, to demonstrate the effects of different possible Council Tax rises, both for raising revenue and in costs to households (including those on the localised Council Tax Support Scheme). This will help residents to see where any rise is going in terms of saving Council services. In particular, it will foster debate about the possibility of raising Council Tax, and could help win a local referendum should it be necessary to raise Council Tax beyond the 2% threshold (or, as seems increasingly likely, if the government reduces the threshold).

Greens in Brighton and Hove proposed raising Council Tax in 2012/3, but were prevented from doing so by an alliance of Tory and Labour councillors. This has proved short-sighted, as it has had the effect of increasing the effect of government cuts within that city by as much as 20%. They are therefore proposing a Council Tax rise of 2% for 2013/4.

Giving local councils financial independence

In Newcastle, Council Tax only accounts for 41% of the Council's income. Therefore, the Council has very limited control of its own income. This problem would continue even if the government relaxed the rules that restrict how far a council can raise Council Tax without an expensive local referendum (can we have a referendum please on the cut to the 50% tax rate, or the 'spare bedroom' tax on housing benefit?). It is, by the way, another reason why the government funding changes penalise Newcastle in favour of southern councils, as the 1% Council Tax Freeze Grant is worth more to councils with a higher proportion of executive-style houses.

Council Tax is also unfair, being based on broad house price bands (with an artificial upper limit that protects the richest households from paying their fair share), and on house prices that are over 20 years old. The Green Party vision for local government funding would return to local people the rental value of land within their area. This would provide a comprehensive and secure source of revenue for local services in the long-term, and end the property speculation that can blight local communities.

It is called **land value taxation**, but perhaps the older name of **community ground rent** explains it better. It is the local community – its skills, economic activity, environment and people – that give value to a piece of land. So the value of that land should belong to the community, not to whoever happens to own it.

If and when the land owner *improves* the land – for instance, by a development that brings benefit to the local community and generates more economic activity – then it is fair that they benefit. But the value of the land by itself, without any buildings or development on it, belongs properly to the people.

George Monbiot reminds us that land value taxation has had some famous (and reputable) supporters, not least Winston Churchill in 1909. See <http://www.monbiot.com/2013/01/21/a-telling-silence/>.

Openness about Private Finance Initiative (PFI) and other funding deals

Several historic PFI contracts have imposed ongoing obligations on the Council's revenue budget. These obligations reduce the scope for making budget cuts within certain areas, thereby imposing greater burdens on other parts of the budget. Over the last decade, the number of these PFI contracts has increased, so that a significant proportion of the revenue budget is almost certainly now involved in servicing the PFI debt. Examples include the following.

- Street lighting was replaced by a joint PFI contract with North Tyneside from 2004. This contract costs the Council £6.6m per year at current prices (and is subject to inflation) – that is nearly 1½ times the cost of all the work to roads, pavements and winter maintenance, and is more than the £6.2m spent on Local Services. Despite being only 10 years old, the contract does not allow the lighting levels to be varied or lights selectively switched off without a massive injection of new capital by the Council.
- Servicing the debt on the City Library rebuild was stated by the Council Leader (BBC interview, 9th January 2013) to require over half of the city library's budget (i.e. about a third of the whole library budget).
- The budget proposals include the closure of High Heaton library, which was rebuilt as part of the same PFI contract. Even after the library is closed, the Council will have to continue paying the PFI contractor £7,500 per year against this contract for the next 20 years.

These crippling deals were negotiated by former Council administrations, both Labour and Lib Dem. Their affect on the NHS within Northumberland is demonstrated by the decision of Northumberland County Council to take out a loan, in order to buy out the PFI debts on Hexham and Wansbeck hospital rebuilds. The value of the original contract was £71m, but the repayments would have cost the local NHS £300m by 2033: see *Journal* story online at <http://tx0.org/51>.

In 2008, risky lending by the banks was threatening to bring them down, a danger that the government considered serious enough to warrant a multi-billion pound bailout package. Nick Forbes, in presenting the 2013-16 budget, has summarised it as, "*the end of local government as we know it.*" **A bailout of locally negotiated PFI deals**, all of which were originally entered into with government support, is therefore justified, and required to free future Council residents from crippling repayments against reduced budgets, and to save essential local services. This process would require three steps:

1. The Council must be transparent about the value and costs of all its PFI contracts.
2. The government must take over the debt centrally.
3. The private companies must renegotiate the contracts so that the debt is written down.

(1) is the subject of an FOI request by Andrew Gray dated 27th November (for street lighting) and January (for the other PFI contracts) – results will appear at <http://tyneside.motd.org/budget> imminently. (3) should be easily achievable, given how many of the private sector companies involved depend heavily on future public sector contracts. The campaign for (2) starts here!

There are also a number of other partnerships which have involved funding negotiations outwith the budget setting round, and which impose future financial obligations on the Council. Examples mentioned within the budget documents include agreements with Newcastle University (Science Central), NewcastleGateshead Initiative and the NE1 BID Company. Figures for some of these agreements are within the documents, but not comprehensively or clearly set out. The Council should likewise be open about these, so that residents can compare these funding commitments with the proposals for their own local services within the budget.

Appendix – errors and omissions within the budget documents

All the points in this appendix, along with the problematic calculations of the £90m 'budget gap' covered above, have already been notified to the Council – the first two lists were received by the Council on 27th November (before the Cabinet signed off the draft budget), and the third point on 10th January. The numbers given within the lists below are the numbered items within appendix 2 (the revenue budget proposals summary), which are also used in the list of Integrated Impact Assessments (IIAs).

First, some discrepancies between the figures within the IIAs and appendix 2:

- 26 – app.2 gives gross not net savings
- 40 – phasing of cuts differs between app.2 and the IIA
- 60 and 83 – discrepancy between figures in app.2 and IIA

Secondly, many of the IIAs do not state the current (2012/13) cost of the service concerned. This makes comparison of the proposals harder (and explains why there are omissions in all the graphs above). Of particular concern are the following – many of them within the *Local Services – Services People Access* area (libraries, leisure, culture and customer services):

1, 7 (street lighting PFI), 12, 13, 15, 20, 21, 22, 23, 24, 26, 38, 61, 63, 64, 76, 80, 84

Thirdly, there's a £1.5m 'hole' in proposals 9-24 (again, *Local Services – Services People Access*), based on the figure given at the top of each proposal in relation to the budget of the whole division, and the cuts/savings claimed within the individual IIAs:

(A) Existing budget for whole division stated as:	£16,885k
(B) New budget for whole division stated as:	£8,870k
(C) Cuts/savings claimed (A-B):	£8,015k
(D) Total cuts identified in IIAs 9-24:	£6,533k
(E) Discrepancy (C-D):	£1,482k

Andrew Gray, heatongreens@virginmedia.com (07579 965254)

(for and on behalf of Newcastle Green Party)

1st February 2013