

# CUMBERLAND JOINT COMMITTEE

**Meeting date: 30 March 2022**

**Report of: Kim Rennie Programme Director and Pam Duke Programme Finance Lead**

**Subject: Implementation Plan and Programme Governance**

## **1.0 SUMMARY:**

**1.1** This report informs Members about the Implementation Plan and Programme Governance that has been developed by officers of the County Council, the Cumberland Councils and the Westmorland and Furness Councils, to ensure an effective transition to the new unitary Councils for Cumberland and Westmorland and Furness on Vesting Day, 1 April 2023. This reflects the requirements in The Cumbria (Structural Changes) Order 2022.

## **2.0 RECOMMENDATIONS:**

**2.1** That the Implementation Plan attached at Appendix 1 be adopted, pending the establishment of the two Shadow Authorities in May 2022.

**2.2** That the programme governance and associated funding for the Implementation Plan be noted.

## **3.0 BACKGROUND, INTRODUCTION AND CONSIDERATIONS:**

**3.1** In July 2021 the Secretary of State announced his decision, subject to Parliamentary approval, to implement a two unitary pattern of Local Government in Cumbria based on an East-West geography. The Cumbria (Structural Changes) Order 2022 (SCO) gives effect to that decision and came into force on 18 March 2022.

**3.2** Articles 23 and 26 of the Order refer to the establishment of two Joint Committees, and the formation of a single team of officers (“the Implementation Team”) for the purposes of assisting:

- (i) The relevant Joint Committee in the discharge of its functions, and
- (ii) If, after the dissolution of the relevant Joint Committee, the relevant Shadow Authority so requires, that Shadow Authority

**3.3** The members of the Implementation Team are presented in a separate report on today’s agenda.

**3.4** Under Article 24 of the Order, the Joint Committees must each prepare, keep under review, and revise as necessary, an Implementation Plan, including any plans and timetables that they consider necessary to secure the effective, efficient and timely transfer of functions, property, rights and liabilities to the successor Councils.

- 3.5** With the dissolution of the Joint Committees, (the day following that on which the Shadow Authorities for each area holds its first meeting), the Shadow Authorities then assume responsibility for keeping the Implementation Plan that has been prepared under review and revised as necessary.
- 3.6** The high-level approach to implementation is set out in Appendix 1. It sets out the Vision for Cumbria and our Ambition and Values to guide the Implementation approach. This includes Organisational Design principles, and they will underpin the work ongoing around the future design of services.
- 3.7** It is proposed that this be adopted as the Implementation Plan as it is now, noting that this Plan will develop overtime, particularly on the establishment of the Shadow Authorities and the appointment of the Interim Heads of Paid Service. A summary of the Implementation Plan, as now, and programme governance (including funding for the delivery of the Implementation Plan) is provided in the following paragraphs.
- 3.8** Since the announcement in July, and prior to this Committee being stood up, preparations have commenced to enable the smooth operation of the two new Councils from Vesting day. This has included the establishment of a joint LGR Implementation Reserve that is being hosted by the County Council. Key in this regard have been:
- The development of an overall programme structure, and associated leadership and governance model together with agreed ways of working, subsequently reviewed as part of a reset of arrangements in February
  - Identification of Senior Responsible Officer(s) (SROs) with accountability for programme delivery, and establishment of a Chief Executive level Board to oversee and direct the work being done
  - The establishment of thematic and cross cutting officer working groups to provide service and technical expertise and deliver projects to support to the process
  - The creation of a Data-Hub, to provide a coordinated approach to data collection, analysis and provision
  - Use of internal resources has been supplemented by external consultants to add capacity and expertise, and act as advisors and critical friends to the programme. Most recently this has involved the appointment of a Strategic Partner, KPMG, to work with the Programme through to vesting day and the initial period beyond
  - The development of a range of processes and timelines including an overall Programme Timeline to inform the work being done. This includes the development of a set of design principles to underpin the creation of the new Councils, a stepped process to understand each of the sovereign Council's services and functions as is, to generate future options for delivery, evaluate these and develop draft blueprints for Shadow Authority consideration and development
  - The shared appointment by the seven sovereign Councils of a Programme Director, to provide leadership to the programme and support the SROs in their roles

- The provision of officer time to support the work being done, and work to establish a Programme Management Team incorporating a Programme Management Office to coordinate the delivery of the programme
- The agreement amongst Councils to fund the costs associated with the programme via a contribution from each Council, with a Memorandum of Understanding governing the operation of this fund
- Work to develop detailed action plans (on-going) to establish the Joint Committees and Shadow Authorities from May, and to identify the requirements for the two new Councils to be safe and legal on day 1
- The development and delivery of communications plans for staff, Members and key partners/stakeholders.

**3.9** Democratic and programme governance arrangements are in place to oversee the transition to the two new Councils on 1 April 2023 and to ensure that they can operate safe and legally from day 1. The democratic governance structure involves the establishment of the Joint Committees and then the Shadow Authorities.

**3.10** In respect of officer level programme governance, the LGR programme is overseen by an LGR Programme Board with membership from the most senior levels of representation from sovereign councils. In addition, six thematic boards have been established with a series of workstreams/work packages in each. They involve senior representatives and subject matter experts to oversee the work involved in setting up the two new Councils. The number and focus of the boards are reviewed periodically to ensure they remain fit for purpose.

**3.11** In respect of Cumbria Fire and Rescue service the Government's intention is that the fire service should continue on a county basis with two potential options to achieve this. The first is for the functions to be transferred to the Police and Crime Commissioner for Cumbria by Order made under section 4A of the Fire and Rescue services Act 2004, should the Secretary of State be satisfied that the relevant statutory tests are met. The second option is for the Secretary of State to create a new combined fire and rescue service. The second option will be developed through the Cumbria Fire and Rescue Service Board, in a piece of work that is aligned to the LGR Programme.

**3.12** The organisational design principles outlined in the Implementation Plan and design process will be used to develop the blueprints for service delivery with the starting point of disaggregation and integration into two separate Councils unless there is a compelling reason not to do so.

**3.13** As part of the Implementation Plan a high level timeline and critical path has been established and this will be kept under review and will develop further as the programme progresses.

**3.14** In addition to the Implementation Plan Appendix 2 presents the approach to facilitate the transition to the respective new single tiers of local government and the Cumbria Fire and Rescue service the transfer of the District and County Councils functions, property, rights and liabilities. These will facilitate the economic, effective, efficient and timely transfer to the Westmorland and Furness and Cumberland Council of such of its functions, property, rights

and liabilities as relate to those Councils and their inhabitants. It will also enable Shadow authorities to prepare revenue and capital budgets, Medium Term Financial Plans and associated Policies and procedures.

- 3.15** Appendix 2 also presents the high level principles for the disaggregation and aggregation of the balance sheet and revenue accounts of the sovereign Councils and the governance for approval of the principles to ensure two financially sustainable Unitary Councils and the Cumbria Fire and Rescue service are established. Statutory and accounting regulations will be primary to delivering the transfer of property, rights and liabilities to ensure delivery of the blueprint options for service delivery along with the general matching principle for assets and liabilities.
- 3.16** Whilst the majority of functions, assets and liabilities can be identified and allocated in advance there may be some liabilities that can only be fully quantified as at 31 March 2023. The process of preparation and audit of the 2022/23 accounts for each authority will identify final balances. Statute allows for a caretaking authority approach to manage residual matters if required.
- 3.17** The funding available to deliver the two new Unitary Councils and the Cumbria Fire and Rescue service is constrained by the existing funding received by the predecessor authorities uplifted only for changes in National Funding allocations and local decision making on Council Tax, Business rates and fees and charges.
- 3.18** A single LGR Implementation Reserve has been created with Cumbria County Council acting as the host authority. An MOU has been agreed by all Councils in respect of the use of and governance for decision making for the reserve.
- 3.19** The purpose of the Reserve is to support delivery of the Implementation Plan including the Implementation Team with examples of eligible expenditure against the Reserve being, but not limited to, the following:
- Additional staff capacity to deliver the programme
  - Procurement of specialist support and advisory services
  - Communication and public consultation
  - Purchase of Systems and Information Technology for the two new unitary authorities
  - Election costs with regards to the two new unitary authorities
  - Running costs related to the shadow authorities
  - Rebranding, implementation and creating the two new unitary authorities
- 3.20** The Reserve will not be used to support Transformation and Investment costs nor any redundancy costs associated with LGR in Cumbria.

**3.21** Contributions to the Reserve have been made by all seven Councils at the same time to an initial total value of £18,920,000. Contributions to the Reserve have been approved through each Council's own governance processes, the values are:

- £1,576,667 Allerdale Borough Council
- £1,576,667 Barrow Borough Council
- £1,576,667 Carlisle City Council
- £1,576,667 Copeland Borough Council
- £9,460,000 Cumbria County Council
- £1,576,667 Eden District Council
- £1,576,667 South Lakeland District Council

**3.22** Initial allocations from the Reserve to the different activities for the Implementation Programme have been approved by the Programme Board including an allocation to Contingencies. If any balances remain in the Reserve once the Implementation Plan has been delivered the balance will be shared 50/50 with the two new Unitary Councils.

#### **4.0 OPTIONS, INCLUDING ALTERNATIVES (IF ANY)**

**4.1** The proposals in this report respond to a statutory instrument, and whilst there is a choice about how to define "The Implementation Plan", and the approach to budgets, the proposed approach is considered the most fitting to local circumstances.

#### **5.0 IMPLICATIONS:**

##### **5.1 Financial and Procurement:**

**5.1.1** The funding available to deliver the Implementation Plan is through the LGR Implementation Reserve. This has been described in detail in the main report.

**5.1.2** Any funding required to support transformational change will need to be agreed as part of the budget setting processes for the two new Unitary Councils.

##### **5.2 Staffing:**

**5.2.1** There are no direct implications associated with this report.

##### **5.3 Legal:**

**5.3.1** To comply with the Cumbria (Structural Changes) Order 2022 the following Articles are relevant that relate to the Implementation Plan.

**5.3.2** Article 22 provides that all Councils have an additional function, exercisable only in the transitional period beginning on the coming into force of the Order

new Unitary Council, of such of its functions, property, rights and liabilities as relate to the new Unitary Councils.

**5.3.3** Article 24 further provides that the Joint Committees each prepare, keep under review, and revise as necessary, an Implementation Plan which must include:-

- (a) such plans and timetables as are in the opinion of each Joint Committee necessary to secure the effective, efficient and timely discharge of the article 22 functions (referenced above); and
- (b) such budgets and plans as it considers necessary or desirable to facilitate the economic, effective, efficient and timely discharge, on and after 1st April 2023, of the functions that, before that date, are functions of the County Council, the Cumberland councils, or the Westmorland and Furness councils.

**5.3.4** For the purposes of (a) preparing, reviewing and revising the Implementation Plan, (b) discharging the article 22 functions, and (c) discharging such other functions as may be conferred on it, each Joint Committee must have regard to the information supplied to the Secretary of State in support of the proposal for single tier local government in Cumbria.

**5.3.5** The report presents the Implementation Plan with supporting documentation for approval by the Joint Committee. This will be kept under review and considered further by the Shadow Authorities.

**5.3.7** The Terms of Reference reflect the above requirements.

## **5.4 Information Governance:**

**5.4.1** There are no direct Information Governance implications associated with this report

## **6.0 HEALTH AND SUSTAINABILITY IMPACT:**

**6.1** There are no direct implications associated with this report.

## **7.0 EQUALITY AND DIVERSITY IMPACT:**

**7.1** There are no direct implications associated with this report.

## **8.0 RISKS:**

**8.1** There is a legal obligation to prepare, keep under review and revise as necessary an Implementation Plan as described at 3.4 above. Not approving an Implementation Plan would be a contravention of the legal requirements of the SCO. Approval of the recommendations of the report will enable legal requirements to be met, in mitigation of this risk.

**8.2** There is a risk of being unable to deliver the LGR process to meet the requirement to ensure that the two new Councils can operate safe and legally on day 1. The preparation and on-going review of the Implementation

Plan, and creation of the Implementation Reserve to provide core funding for the Programme, together with the governance arrangements outlined in this report mitigate against this risk.

## **9.0 CONCLUSION:**

**9.1** This report details the requirements of The Cumbria (Structural Changes) Order 2022 and makes proposals to meet the requirements in relation to the Implementation Plan and programme governance and the associated funding through the LGR Implementation Reserve. It also presents the approach to facilitate the transition to the respective new single tiers of local government and the Cumbria Fire and Rescue service the transfer of the District and County Councils functions, property, rights and liabilities.

### **Report Authors**

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### **APPENDICES**

1. The Implementation Plan
2. High level Principles for the disaggregation and aggregation and subsequent transfer of the District and County Councils functions, property, rights and liabilities.

# Delivering Two Unitary Councils for Cumbria

## LGR Implementation Plan





# Vision and Ambition for Cumbria



- We have a once-in-a-generation opportunity to shape the county's public services for the better.
- This implementation plan will facilitate the development of two very different blueprints and the creation of two distinct councils focused on the specific communities they will serve.
- Vesting Day, on April 1, 2023 is a significant milestone and will be the start of the next stage of the journey, with the process of transformation continuing after this point.



# Two New Councils for Cumbria

**Our Vision** for Cumbria is that in creating the two new Councils we will promote Cumbria with strong and fair representation for our communities and businesses. Our services will drive sustainable economic growth, enable safe and healthy lives and deliver value for money for everyone.

**Our Ambition** as we move through the LGR programme is that we create:

- Two new financially sustainable unitary authorities, that operate safely and legally from day one, whilst providing improved access to services, a seamless transition for our customers and stakeholders, and a great place to work for employees. We will ensure that on vesting day services operate to at least the standard they did before.
- Foundations to enable the new organisations to further transform and improve outcomes for residents, businesses, partners and the environment with Vesting Day being a milestone on a transformation journey which is likely to take 5-7 years.
- Governance structures that enable the two new councils to raise ambitions and become more successful in terms of place, so that the economy is transformed, and the opportunities and life chances of all residents are significantly improved.
- Ways of working that deliver local, responsive, accessible, high quality, services efficiently and in collaboration with our partners.
- Governance structures that realise the opportunities of creating two unitary authorities to reflect the distinctiveness of place, but also facilitate operating on a Cumbria wide basis when this will bring investment to the area or mean they function more effectively.
- Councils who share decisions and power with the communities of Cumbria.
- Councils who ensure staff are fully supported through the process and are able to see and benefit from the opportunities LGR presents.
- Councils who elect and induct Members to lead the new unitary authorities and provide community leadership.



# Our Implementation Approach – Values

To achieve this, we have adopted a set of values to guide our work together, and a set of design principles to guide the transition of services to the two new Councils.

Underpinning this is a One team – One Programme – Two Plans approach.

## Our **Core Values** are:

- Open and transparent
- Collaborative
- Supportive and strength based
- Put organisational boundaries aside
- Committed

...and we are committed to:

- Sharing resources (for the programme and to support service needs in the transition period)
- Using principles of co-design and production
- Being evidenced based and giving due consideration to professional expertise
- Once and together – a single hub model
- Remaining conscious of what is best for the communities of Cumbria, and the different needs and opportunities in Cumberland and Westmorland in Furness
- Acting and speaking collectively for the programme, whilst respecting the sovereignty of authorities



# Our Implementation Approach – Design Principles

We have agreed to design our new Councils using the following Organisational Design Principles:

- **Creating Strong and Accountable Leadership** – at local and strategic level through effective member-led governance.
- **Outcome-focused** – a focus on delivering better outcomes and realising the benefits of local government reform.
- **Customer and community-focused** – ensuring that the needs and aspirations of customers and local communities are at the centre of the design of new structures.
- **Creating Sustainable Communities** – putting the creation and support of sustainable communities and sustainable development at the core –recognising the diversity of local communities, and the opportunities and challenges of the area’s rurality and unique geographies and landscapes.
- **Place-focused** – building on place-based approaches, local decision-making, co-production and community-based delivery mode.
- **Promoting Public Health approaches** – putting public health approaches at the centre of new models focusing on prevention and early intervention.
- **Climate and Environment-focused** – creating organisations and developing models of delivery with environmental sustainability, protecting and improving biodiversity, achieving net zero and the impacts of climate change at their core.
- **Promoting Inclusive Economy approaches** – focusing on both local and strategic approaches to build strong and inclusive economies, realising the benefits of collaboration to unlock inclusive economic growth.
- **Collaborative and Strength-based** – building on collaborative and strength-based approaches with individuals and families, with communities, and with local and strategic partners. Do with not do to.
- **Evidence-based** – informing decisions through a good understanding of the needs and aspirations of communities, and of best practice.
- **Modern, Innovative and Digitally-enabled** – unlocking innovation to modernise public services which are agile and adaptable. Ensuring digitally-enabled models fit for the 21st century.
- **Financial sustainability and Value for Money** – providing the best value for money through delivery of efficient and effective services and building long-term financially sustainable organisations.
- **Creating positive organisational cultures** – creating new organisations with cultures that promote positivity, creativity, flexibility, the building of positive relationships and emphasising the importance of being learning organisation
- **Valuing the Workforce** – valuing the skills, knowledge, capabilities and commitment of our greatest asset.

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# Design Phase

- These design principles underpin the work to look at the future design of services.
- We have developed a design phase for the two new Councils and this involves a series of stages outlined on the following slide....



# Design Phase - Stages

November	December	January	February	March	April	May
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Stage 1: Scope of Themes,  
Introduction to services

Stage 2: Service  
Profile/Baselining, SWOT,  
Options Identification

Stage 3: Options Appraisal  
Review

Stage 4: Blueprint  
development and  
approval



# Design Phase – Design Options

- We are currently in the process of considering the high level design options for services using the approach shown on the next slide.
- The starting point is to disaggregate, aggregate and integrate services into two separate Councils unless there is a compelling reason not to do so.
- The next stage is an evaluation of the option(s) as necessary to arrive at a preferred option for each service to recommend to Members.
- These recommendations will be brought together in draft blue prints for how services in the new Councils will operate seamlessly from Day1.
- They will be considered by the Shadow Authorities in the summer.



# Design options

**Working assumption**  
Programme is creating two new unitary councils, each with their own services

Other options may be considered where there is a strong case to do so (e.g. affordability)

Difference between Design (configuration of services) and Delivery vehicles (outsourcing, TECKAL etc.) which could be considered by the new authorities

## 1 Separate services

Each authority delivers its own service aligned to the geographical boundaries

### Disaggregation

Split existing countywide service to unitary council (1 to 2)

### Aggregation

Combine existing district services to unitary council (3 to 1)

### Integration

Services currently provided by all councils' (mainly internal support/back office). Require disaggregation before integrating to unitary (7 to 2)

## 2 Joint provision Shared services / collaboration

### Shared service

Joint governance

### Hosted




Led by one authority, each retains statutory duties

### 3 Strategic Sub-regional Governance Model

## 4 Provided by others

### Alternate delivery model

Separate entity, LATC, TECKAL

   In some service areas a hybrid of options may be appropriate

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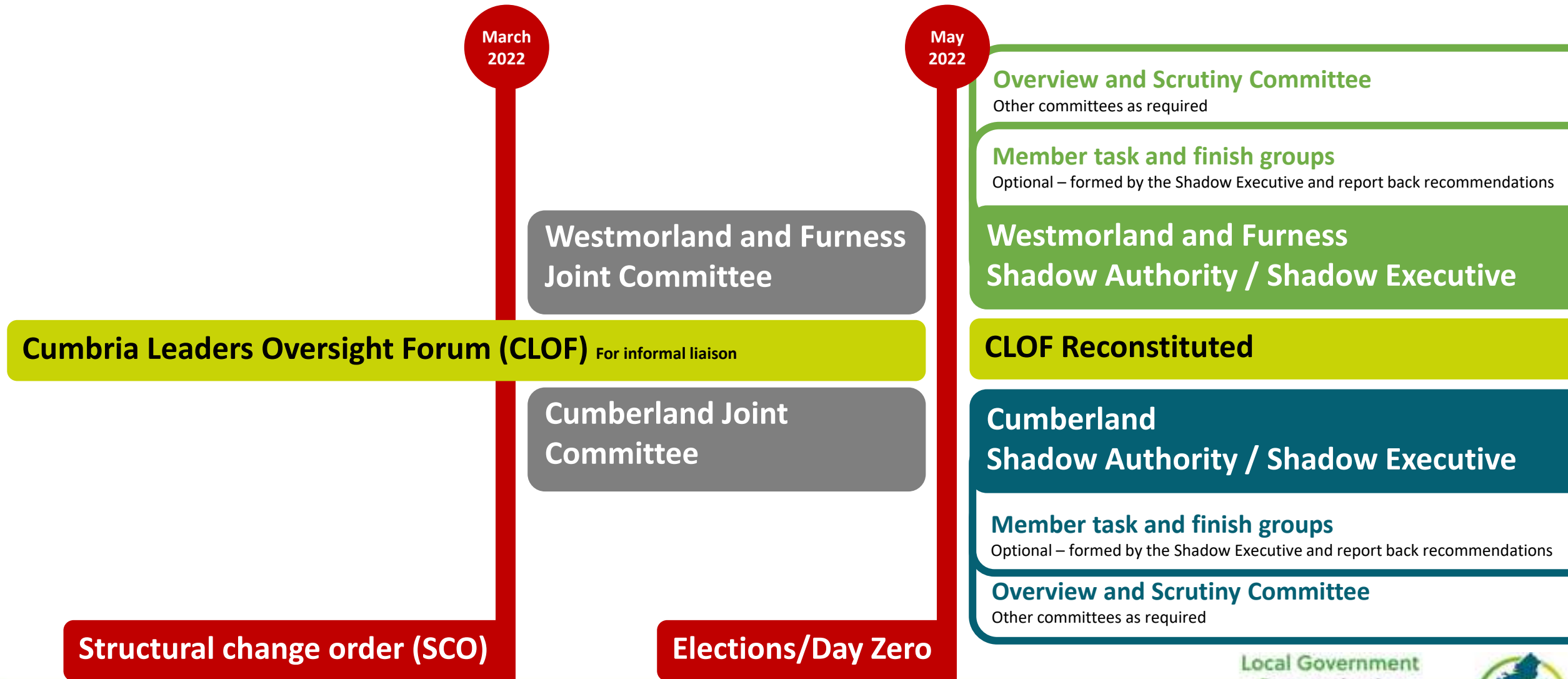


# Democratic and Programme Governance

- Democratic and programme governance arrangements are in place to oversee the transition to the two new Councils on 1 April 2023, and to ensure that they can operate safely and legally from day 1.
- The democratic governance structure involves the Joint Committees which had to be established no later than 14 days after the Structural Changes Order came into force, and Shadow Authorities, which come into being following the elections on 5 May 2022.
- The Joint Committees with decision making powers (one for Cumberland and one for Westmorland in Furness) are charged with managing the transition to the two new Shadow Authorities, to be established in May 2022.
- Two Shadow Executives will be appointed, and Interim Heads of Paid Service, Chief Finance and Monitoring Officers designated, within 14 days of the elections on 5 May 2022. The two Shadow Authorities gain full powers on vesting day, 1.4.23.
- The next two slides describe the democratic governance structure, the first up to May 2022, the second to 1.4.23.



# Democratic Governance to May 2022



# Democratic Governance to April 2023

April  
2023

## Overview and Scrutiny Committee

Other committees as required

## Member task and finish groups

Optional – formed by the Shadow Executive and report back recommendations

Westmorland and Furness  
Shadow Authority / Shadow Executive

## CLOF Reconstituted

Cumberland  
Shadow Authority / Shadow Executive

## Member task and finish groups

Optional – formed by the Shadow Executive and report back recommendations

## Overview and Scrutiny Committee

Other committees as required

Day 1

Westmorland and Furness  
Unitary Council

Cumberland  
Unitary Council



# Programme Governance and Structure cont.

- In terms of officer level programme governance, the work to move to the two new Councils is currently organised in a series of themes, with representation from all councils, complemented by individual pieces of cross cutting work, for example in relation to economy and devolution. There is also an aligned piece of change work in relation to the future of the Cumbria Fire and Rescue Service – but this sits outside the LGR Programme.
- A series of thematic officer boards have been established, involving senior representatives of the County Council, and from the Cumberland and Westmorland and Furness Councils, together with subject matter experts to oversee the work involved in setting up the new councils. There are six boards currently, with a series of workstreams/work packages in each. The number and focus of the boards is reviewed periodically to ensure they remain fit for purpose.
- LGR Programme as a whole is overseen by an LGR Programme Board at the most senior level of representation from sovereign councils. The arrangements are shown diagrammatically on the next two slides.

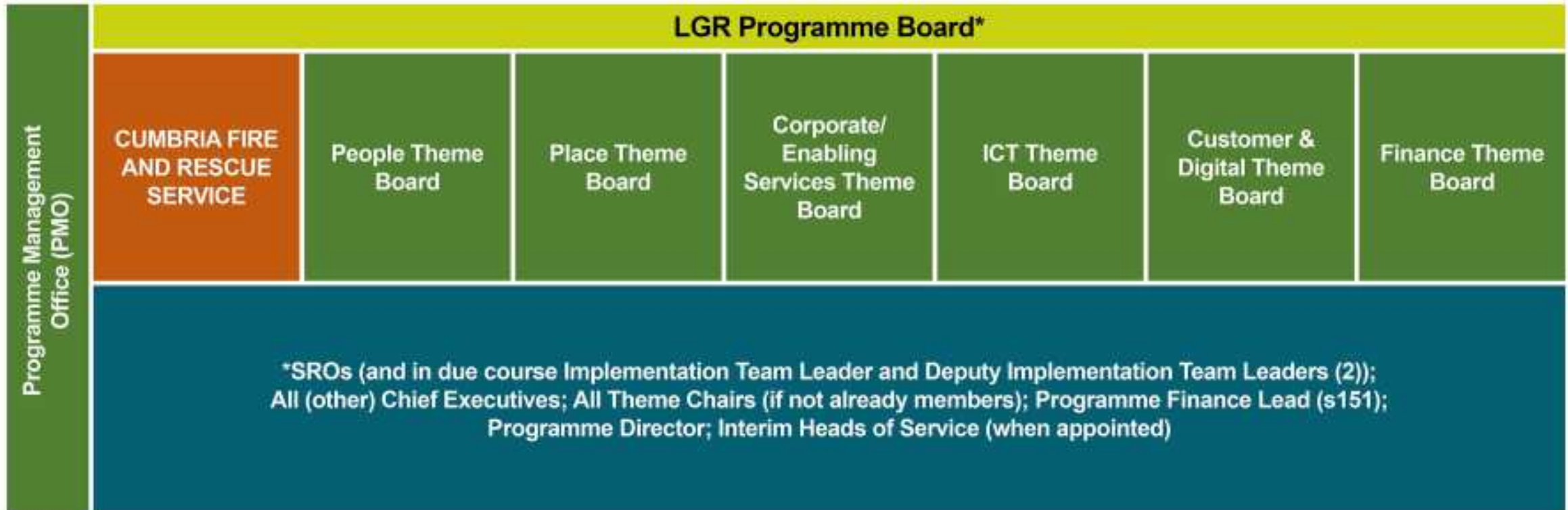


# Programme Structure

THEMES						
CUMBRIA FIRE AND RESCUE SERVICE (Aligned programme)	PEOPLE	PLACE	CORPORATE/ ENABLING SERVICES	ICT	CUSTOMER & DIGITAL	FINANCE
	Adults / Children & Families / Public Health	Environment / Economy & Devolution / Community & Locality / Safety, Resilience and Public Protection	Strategic Core / Change Facilitators / Transactional Services	Infrastructure / Applications / Technical Architecture / Security / Service Continuity	Customer and Digital Strategy / Customer and Digital Service Functions / Website / On-line Services	Disaggregation of Budgets / Creation of balance sheets / Financial & Commercial Stability / Benefit Realisation
	Workstream(s)	Workstream(s)	Workstream(s)	Workstream(s)	Workstream(s)	Workstream(s)



# Programme Governance

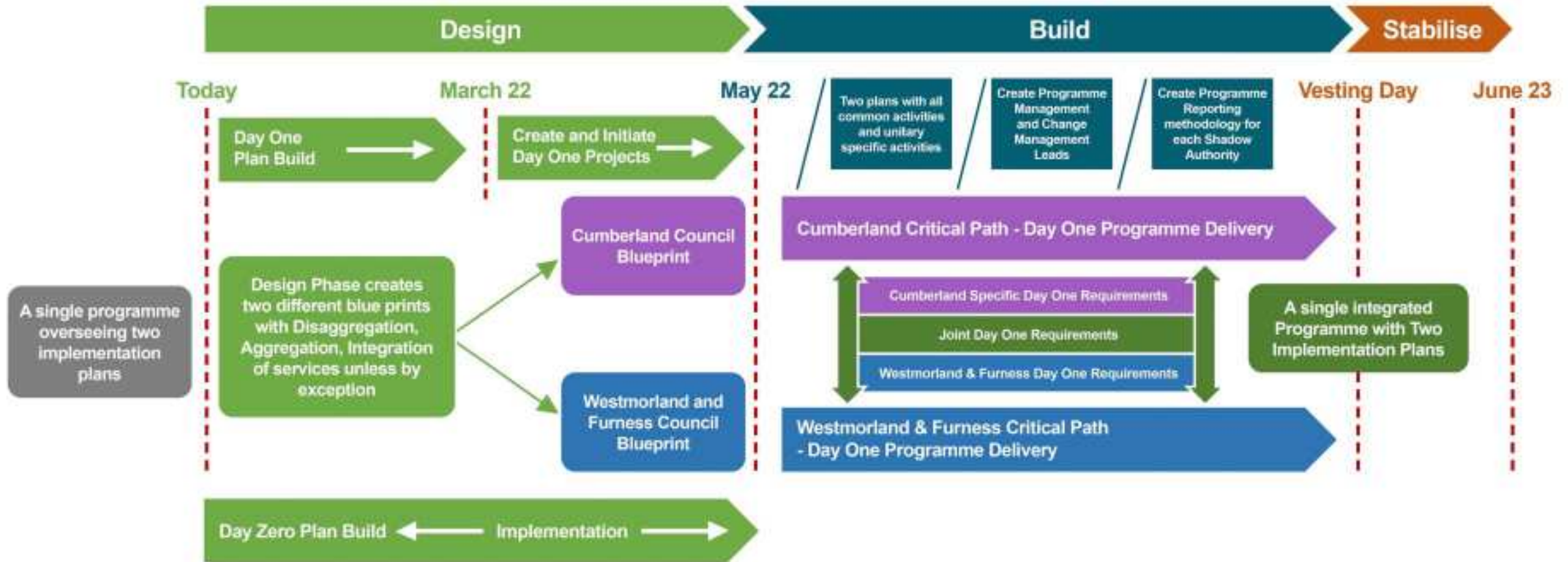


# Timeline and Critical Path

- The slide that follows describes the high level time line and critical path for the LGR programme. They are being kept under review and will develop as time goes on.
- Critical paths are also in place/under development for different phases of the programme – notably Day 0 (establishment of Shadow Authorities), and Day 1 (Vesting Day).



# How the programme works





# Timeline and Critical Path

- Continue options appraisal and development of draft Blue Prints for Shadow Authority consideration
- Preparation for Shadow Authorities (Day 0 work) and vesting day (Day 1 work) including laying the foundations for future transformation.
- Keep Implementation Plan under review – One Programme – Two Plans (will develop).



## Appendix 2

High level Principles for the disaggregation and aggregation and subsequent transfer of the District and County Councils functions, property, rights and liabilities.

Delivery of two financially sustainable Unitary Councils and Cumbria Fire and Rescue Service



# Overall objectives

- To establish two financially sustainable Unitary Councils for Cumbria from 1 April 2023 and a Cumbria Fire and Rescue Service (PCC or standalone fire authority)
- To ensure that in total both Unitary Councils and Fire Service revenue budgets can be funded from the existing funding envelope for Cumbria (uplifted where possible for inflation / Finance settlement updates and Council Tax and Business Rate assumptions)
- To develop opening balance sheet positions for both Unitary Councils and Fire service that supports agreed options for delivery of services, transformation activities and the organisational design and vision
- Establish a realistic timeline and effective governance arrangements



# The approach

## Three key elements

A. Develop and propose principles for the aggregation and disaggregation of the Balance sheet and revenue costs and income

B. Develop the relevant information required MTFS (funding) and MTFP for the new Unitary Councils and Fire Service including benefits realisation having regard to the proposal supported by the Secretary of State

C. Proposed governance arrangements for decision making on agreeing the draft principles with relevant stakeholders including a potential mediation approach



# Draft principles for the aggregation and disaggregation approach

- They will be based on statutory or accounting principles where appropriate
- They will utilise experience from other authorities e.g. Cheshire approach to allocating debt
- Interdependency with blueprint options for service delivery and also funding disaggregation and aggregation principles
- Expectation that not everything will be agreed by vesting day – statute allows for a caretaking authority to manage the residual until a decision can be taken
- Formal decisions will be taken by Shadow authorities with discussion through overview and scrutiny and executive task and finish groups
- Overall need to ensure that both Councils and fire service have sufficient reserves to support financial sustainability and meet all statutory requirements



# How we propose to apply the principles at a practical level

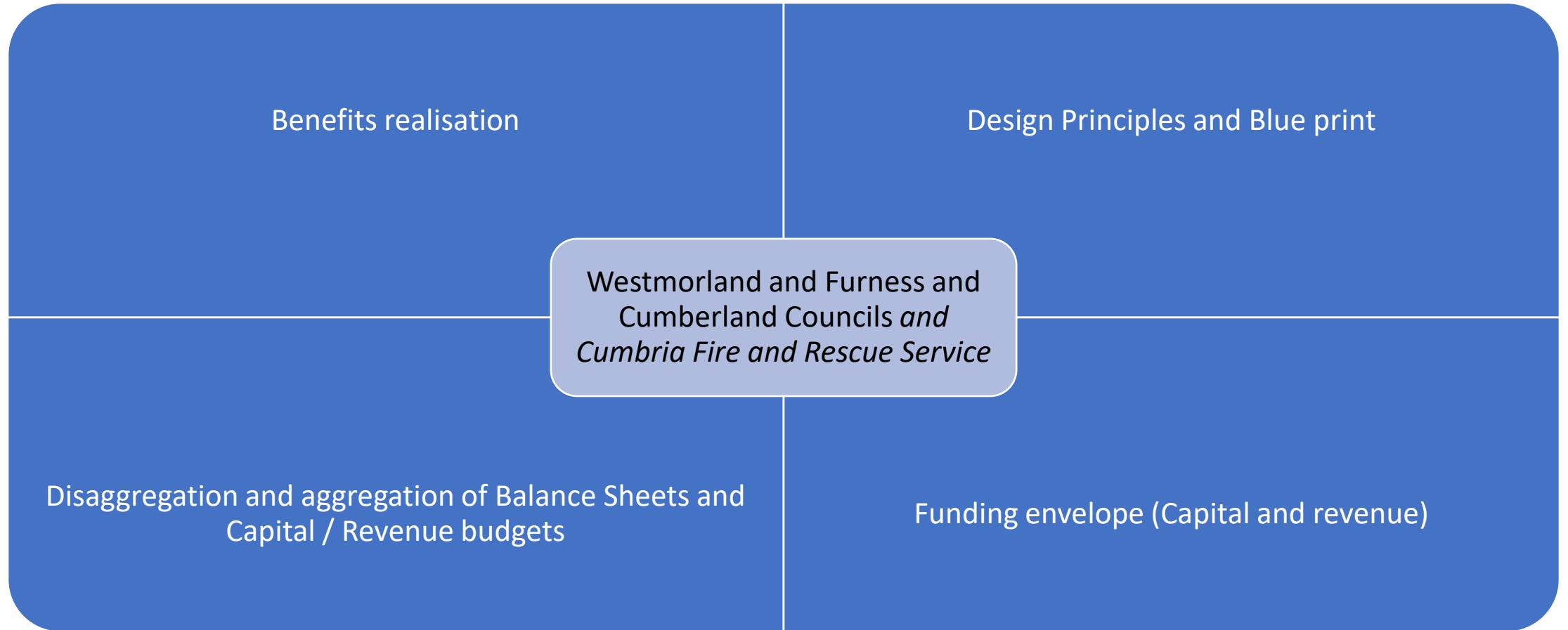
To ensure the overarching objectives are achieved, the approach for disaggregation/aggregation will be to apply one, or more, disaggregation/aggregation metrics to the current budget. These metrics will be grouped into categories. Examples of what these categories could be are:

- **Geographical:** where disaggregation is to be based on a physical location
- **Service users:** where disaggregation is based on the service user, rather than for example a physical location where a service is delivered
- **Population:** population (or a sub-set thereof) could be used to reflect relative demand for services or split of risk
- **Service Design:** where disaggregation is based on the way a particular service will operate after vesting day
- **Other cost / income drivers:** other relevant underlying cost / income drivers for service areas may be applied in some cases
- **Funding Formula disaggregation:** where the disaggregation is prescribed within funding terms and conditions
- **Align to purpose:** where budgets or balance sheet items have an identifiable purpose or are set aside to mitigate a particular risk, these will be allocated based on the allocation of that purpose or risk
- **Matching:** where multiple budgets or asset and liability relate to one another, these will be matched for purposes of disaggregation e.g. cash matched to reserves, borrowing matched to assets transfer and Capital Financing Requirement (CFR)

Individual service budgets and balance sheet items will be reviewed and analysed, to ensure an appropriate disaggregation category and metric is applied based on the nature, demand and any statutory rules/regulations of item being disaggregated

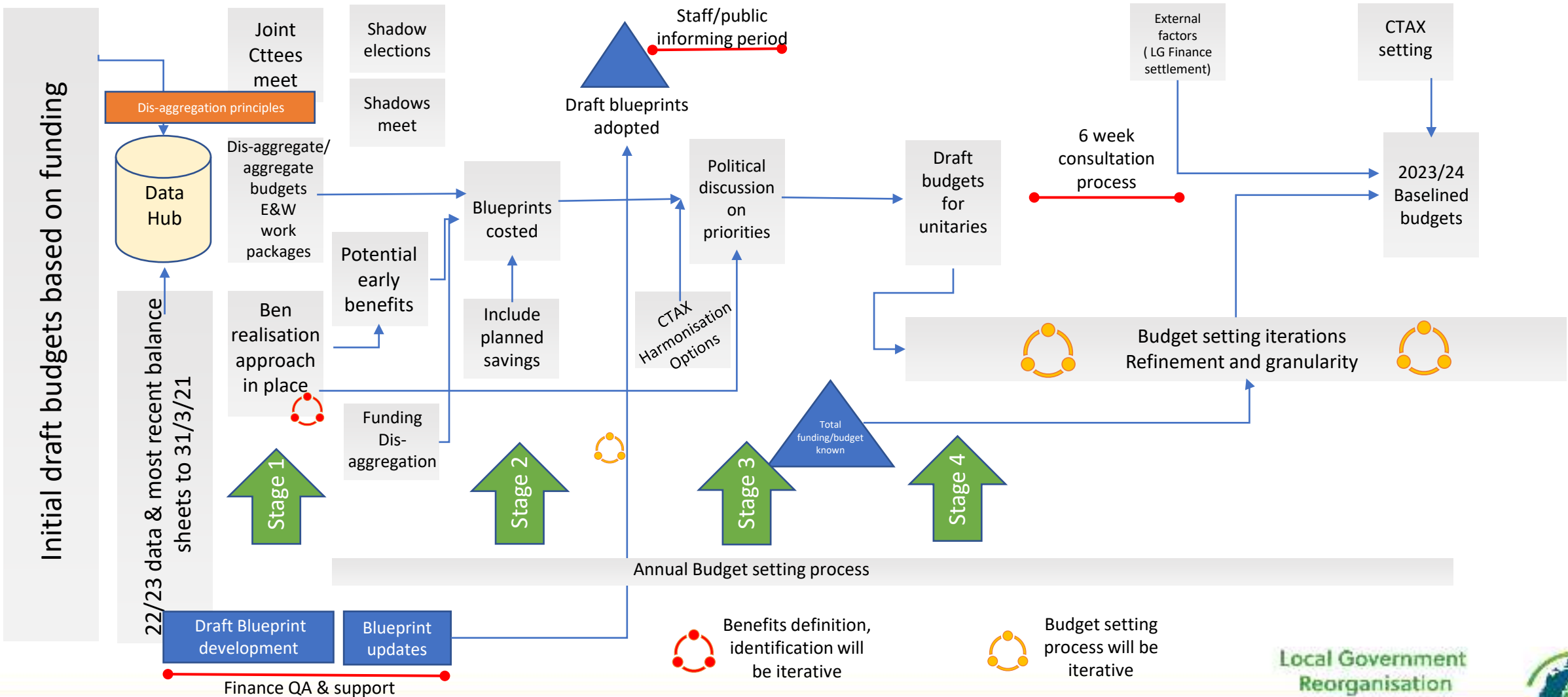


# Design principle ambitions delivered in a financially sustainable way



# High level timeline and key stages

Dec 21	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23
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# Governance and next steps

- Shadow authorities finalise decision making for both Funding and Balance sheet and revenue account positions
- DLUHC involvement – support being provided
- Mediation, if required, provided by the LGA financial advisors
- Overall independent advice provided by CIPFA
- Specialist funding advice from Adrian Jenkins (PIXEL) and Rupert Dewhurst
- Assurance for External auditor – VFM and financial sustainability lens



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