Department for
Communities and
Local Government

The Transformation Challenge Award and Capital Receipt Flexibility 2014 to 2016

Frequently Asked Questions

June 2014
Department for Communities and Local Government

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Introduction

This Frequently Asked Questions document has been compiled to help local authorities that are interested in bidding for funding as part of the Transformation Challenge Award. It responds to issues raised during our engagement sessions with the sector and queries raised directly by local authorities through our contact team. It provides further guidance on applying for the Transformation Challenge Award and technical advice on completing the bidding forms.

The Transformation Challenge Award

General

1. What are the objectives of the Transformation Challenge Award?

The funding is to assist local authorities to ensure they meet users' needs and that services are sustainable over the long-term. This means working in partnership with other local authorities, public sector bodies, voluntary and community groups and/or the private sector to re-engineer business processes and/or redesign service delivery.

2. What are the criteria of the Transformation Challenge Award?

The criteria for each element of the Transformation is set out in Annex B (2014-15) and Annex C (2015-16)

3. What projects will be eligible for funding under the Transformation Challenge Award?

Projects that meet the objectives and criteria (see questions 1 and 2) of the Transformation Challenge Award are eligible for funding. As a challenge fund, bids will be assessed as to how well they score against the criteria and how they compare relative to other bids.

Eligibility

4. Who can bid?

All local authorities in England are eligible to bid for the Transformation Challenge Award (a full list of authorities eligible to bid can be found in Annex A). However, a local authority cannot put in a bid alone; all bids must be submitted with at least one partner whether another local authority or any partner from the wider public, private or voluntary and community sector. However, for grant allocation purposes the lead bidder in all instances must be an English local authority.

5. Who counts as a partner?

A partner could be one or more local authorities; or any partner from the wider public, private or voluntary and community sector.

6. **We are working in a partnership with other local authorities and public sector bodies, who should put the bid in?**

   All bids must select a lead bidder, which in all instances must be an English local authority (a full list of authorities eligible to bid can be found in Annex A). If several local authorities are putting a bid in together, they must select one authority to act as the lead bidder.

7. **Can existing partnerships (whether multi-authority or cross-public sector) bid for funding from the Transformation Challenge Award?**

   Yes, we welcome partnership bids between local authorities as partnership working is a key element of the criteria for bidding. However, in all bids, one local authority should nominate themselves as the lead bidder.

8. **We are two districts with a joint chief executive and a shared senior management team and want to submit a bid for Element A for 2015-16 funding. Can we also separately be part of a wider joint bid for Element B for 2015-16 funding?**

   Yes.

Multiple Bids

9. **Can I make more than one application to the Transformation Challenge Award, if I put in a bid for 2014-15 and 2015-16?**

   Yes. You can put in a bid to share your Chief Executive and senior management team in 2014-15 (so long as one partner have a spending power of £15m or less; or is in receipt of Efficiency Support Grant), or a bid for a 'ready to go' project in 2014-15, you can also put in a bid for the money available in 2015-16 if you meet the relevant criteria

   We discourage authorities from putting in multiple bids and therefore in most cases you can only be lead authority for one bid per funding pot. However, you may also be a partner in other multi authority bids. If this is causes a problem for your multi-authority proposal please get in touch with us through transformation@communities.gsi.gov.uk

10. **Rather than lots of authorities putting in bids in competition with each other, is it better to put in one composite bid?**

    Yes but it needs to stack up strategically as we would not want to see disparate elements put in one bid for the sake of it.

Content of Bids

11. **Does the bid have to cover the local authority area as a whole or can it apply to a particular part of the area?**

    The bid does not have to be limited to a particular area.

Submitting a Bid

12. What is the timetable for the bidding process?

2014-15

The bid deadline is **1 July 2014** and successful bids will be announced by the end of August. However, for Element A (sharing a senior management team and any chief executive) if an authority thinks it may not be able to gain political sign-off for a bid by 1 July 2014, they may submit an Expression of Interest on 1 July, and a final bid by 1 October.

2015-16

Expressions of Interest are due by **1 July 2014** and final bids must be submitted by 5pm on **1 October 2014**. Successful bids will be announced in the Autumn.

13. We are working in partnership and bidding with other local authorities. Do all our Section 151 officers need to sign it off, or just the lead authority? Who needs to sign if the partner is not a local authority?

Each Section 151 officer will need to sign off the bid. If you are bidding with a partner who is not a local authority, then the Chief Executive, or equivalent post, for that organisation will need to sign off the bid. We assume that all partners will be involved in delivering the bid; therefore they must demonstrate their commitment to signing off the bid.

14. Where can I find the application forms?

To apply for funds under Element A of 2014-15 see Annex C of the Prospectus. If you intend to submit an Expression of Interest for this element, then please submit the Expression of Interest in letter form confirm the following:

- that your authority does not currently share its senior management team, including any chief executive;
- that your authority has a 2014-15 budget of £15 million or less (as shown in column BG of the revenue spending power additional information table, which can be accessed via: https://www.gov.uk/government/publications/change-in-spending-power);
- the details of the authority or authorities with whom you propose to share;
- that the amount of savings will outweigh the amount of grant sought; and
- that sharing arrangements will be made before the end of 2014-15.

To apply for funds under Element B of 2014-15 see Annex C of the Prospectus.

To apply for funds under Element A of 2015-16 see Annex D of the Prospectus.

To make an Expression of Interest for Element B of 2015-16 see Annex D of the Prospectus.

15. How should a local authority submit their bid / Expression of Interest?

Bids and/or an Expression of Interest should be sent to transformation@communities.gsi.gov.uk

Please start the subject line of the email with 'TCA <INSERT WHICH ELEMENT AND WHICH YEAR BIDDING/EXPRESSION OF INTEREST IS FOR> <INSERT NAME OF LEAD BIDDING AUTHORITY>'.

16. Will any leeway be given for late bids? Can the bid deadline be extended?

Bids must be received according to the timetable laid out in the prospectus. Should any council have unforeseen and exceptional difficulties in achieving the bid / Expression of Interest deadline they must contact the project team ahead of the deadline to discuss.

17. Should local authorities include information in addition to the completed bid forms?

Local authorities should not submit additional information unless it is necessary to explain their bid. Proportionality is key – it is unlikely to be necessary except for some larger, complex bids. Any additional information should be well referenced in the bid form. It should not be attached to the form simply to add extra bulk to the bid.

Assessing Bids

18. How will you assess which proposals will get funded?

The final decision on which schemes will receive funding will be made by Ministers based on an assessment of whether the bid meets the eligibility criteria, the value for money offered by the scheme, and whether it is viable and deliverable.

19. Is the information submitted by a local authority treated confidentially?

Detailed information contained in individual application forms will be treated as commercially sensitive and confidential but could be aggregated to form a public picture of the number, value and location of bids received. The actual bids (and supporting materials) and assessment scores will not be disclosed. Bid information will be seen by Ministers, the Project Board (chaired by Patrick White, Director of Local Government Policy at DCLG), the Technical Advisory Group (chaired by Shehla Husain, Deputy Director of Local Government Accountability and Transparency at DCLG), and the core policy team members within central Government.

Finance

20. Do bids have to seek some level of capital receipts flexibility or can a bid be solely for revenue funding?

We recognise not all authorities are in the same position as regards assets, including prices / markets around the country. However, there is a limited level of grant available and this is a competitive process – for as many authorities as possible to get funding authorities will need to use capital receipt flexibility where at all possible.

21. How do Public Sector Procurement rules apply to projects funded by the Transformation Challenge Award?

We will be asking bidding authorities to set out how they intend to procure goods and services and assurances that UK and European procurement rules have been adhered to.

22. Whose responsibility is it to ensure that a bid meets due diligence requirements?

It is the responsibility of the Section 151 Officer in the local authority to sign off and confirm that the bid meets due diligence requirements. The cost of this should be borne by the bidder. We are seeking Section 151 Officer sign off at both outline bid and final bid stage. Section 151 Officer sign off can come in the form of an electronic signature, by the bid being submitted from the Section 151 Officer's email account, or by inclusion in the bid of an e-mail from the Section 151 Officer confirming they have signed the bid off.

Funding

23. We have started on our project but have seen that Transformation Challenge Award funding might have been available, can we apply retrospectively?

No. Funding cannot be provided retrospectively; however, funding can be provided to continue a project where it can be demonstrated that it would otherwise be abandoned due to a lack of funding.

24. Can funding from the Transformation Challenge Award cover the whole costs of the project or only a proportion of costs?

A local authority is encouraged to bid for the amount of funding required for the scheme to be successful and meet residents' needs. It is acceptable for local authorities to bid for the entirety of the costs for the project proposed in the bid, this is to ensure that a local authority does not simply shift costs from one frontline service to another. During the assessment process, DCLG will be looking at evidence of 'additionality' and not simply at the total cost of the proposal.

Bids for 2014-15 Element B are required to be for part funding only.

25. Is there a limit on how much a bid should be (as in the previous Transformation Challenge Award)?

No, but authorities should be astute and recognise the size of the funding available.

26. Can bids seek funding to accelerate projects?

Bids for funding to accelerate the implementation of a project are possible but the benefits will only be assessed as those occurring in the period between delivery and when the project would in any case have gone ahead. All projects must meet the objectives and criteria of the fund.

27. Is this just a one-off funding or will there be further funding in future?

We are making significant funding available for 2014-15 and 2015-16 to give local authorities the best possible chance to transform their services. Any further funding to support Councils re-engineering and redesigning their services will be considered as part of the next spending review.

Administration of Funding

28. When will the funding be made available?

The money for projects receiving funding within 2014-15 will be made available within two months of the announcement of successful bids; or when arrangements are made to appoint a joint chief executive. Funding for 2015-16 will depend on the needs of local authorities, and exact payment dates will be agreed between them and central Government on an individual basis.

29. How will funding be administered and will it be ring-fenced?

Payments will be in the form of a Section 31 grant payment which is not ring-fenced. This kind of grant payment allows local authorities greater flexibility in how they go about providing services to their residents. DCLG will not clawback funding awarded under this Scheme in-year. The profile of payments and whether funds are paid in advance or arrears (within the financial year) will be agreed once successful bids have been identified. The Section 151 Officer in the lead bidding authority will be personally accountable for ensuring that funding is spent responsibly.

30. Does a local authority have to spend their funding allocation in the financial year in which they receive it?

The Transformation Challenge Award funding is only available in 2014-15 and 2015-16, depending on which element you have successfully bid for. You should reflect that in your bid. However, agreement to transfer capital receipt to revenue is available until 31 March 2017. A local authority might find it helpful to discuss with their in-house finance team how non ring-fenced grants are administered.

31. Do state aid rules apply?

Local authorities need to ensure that there will be no breach of state aid rules and we will ask for an assurance that this is the case as part of the due diligence check. The state aid rules (which are set out in Articles 107 to 109 of the Treaty of the Functioning of the European Union) apply to all public funding within the European Union.

Support

32. Who do I contact for information?

Full information on the Transformation Challenge Award is available in the bidding prospectus, which is available online at: https://www.gov.uk/government/publications/transformation-challenge-award-and-capital-receipt-flexibility-2014-to-2016-prospectus.

You can also contact the Transformation Challenge Award team directly by emailing transformation@communities.gsi.gov.uk.

33. What support will be available for districts wanting to share senior management and chief executives?

The Local Government Association is offering to work with districts that want to take this journey and you should get in touch with your Principal Advisor if you require support. Details of LGA Principal Advisors can be found at: http://www.local.gov.uk/sector-led-improvement/-/journal_content/56/10180/3583635/ARTICLE

34. What support will be available for authorities developing proposals for ambitious service redesign and bidding for 2015-16 element B?

The Local Government Association is offering to work with authorities developing ambitious service redesign proposals with partners, through their Principal Advisors. Once you have submitted an Expression of Interest, by 1 July, we will discuss your proposals and the support that can be offered.

35. If we want to develop a programme with another department, for example the Department for Work and Pensions, how can we manage building that partnership? What support can we get from DCLG?

Yes. Please contact your Local Government Association Principal Advisor (details of Principal Advisors can be found at: http://www.local.gov.uk/sector-led-improvement/-/journal_content/56/10180/3583635/ARTICLE) or alternatively DCLG officials through transformation@communities.gsi.gov.uk and we will discuss your proposals and how best the Department can assist.

Other Transformation Funding / Programmes

36. Can we submit a bid which builds on our earlier bid to the Transformation Challenge Award in 2013-14?

Yes, if it demonstrates further transformation.

37. How does this funding link with other funding regimes such as Delivering Differently, the funding for Fire and Rescue Authority Transformation, Police Transformation or the Better Health Care Fund?

We are working closely with other funding schemes across government and officials working on funds are in close contact. We will be seeking advice from other Government departments if, say, a bid to the Transformation Challenge Award is focussed on children's services.

However, local authorities can access more than one funding stream but there must be no duplication of bids.

When applying for other transformation funding please ensure that the bid stacks up in its own right and is not reliant on other funding yet to be obtained.

38. How does this fund link to the Community Budgets and Public Service Transformation Network work?

The Transformation Challenge Award is part of a wider programme of funding and support, which includes the Community Budget and the Transformation Network, made available to local authorities who want to transform their services and deliver better outcomes for people. Authorities are encouraged to think creatively about accessing the funding and to support a range of service redesign.

Business Re-engineering (Element A)

Eligibility

39. Can districts with spending power of <u>over</u> £15 million bid for Transformation Challenge Award 2014-15 Element A funding to re-engineer?

Only those who are in receipt of Efficiency Support Grant funding and those with a partner who has a spending power under £15 million can bid for this element of the funding.

40. If a district with a spending power of less than £15m wants to share a senior management team and any chief executive with another district which has more than £15m, do they qualify for Transformation Challenge Award 2014-15 Element A funding?

Yes.

41. If a joint district wants to partner with a third district, can the third district bid for Transformation Challenge Award Element A in 2014-15 while the original

two joint districts bid for Transformation Challenge Award Element A in 2015-16?

Yes.

42. Can districts without a shared Chief Executive or Senior Management Team bid for Transformation Challenge Award 2015-16 Element A?

No.

43. We would like to move to sharing a senior management team and any chief executive but will not be in a position to bid for funding in 2014-15. Can we bid for funding in 2015-16?

Yes, but only as part of a wider partnership under Element B.

44. Is there a limit to how many districts can work together to share a Chief Executive / Senior Management Team or other services?

No, this is about districts working together and/or with the county to reengineer their organisations and deliver a more efficient service to their local communities.

45. Do districts working together to share a Chief Executive / Senior Management Team or other services need to be in the same county?

No, some authorities such as Cherwell, for example, are successfully working with authorities across county boundaries.

46. Do districts working together to share a Chief Executive / Senior Management Team or other services need to share a border?

No.

47. Can districts work together to share a Chief Executive / Senior Management Team with other local authorities, for example a county or a unitary authority?

Yes.

48. Can districts work together to share a Chief Executive / Senior Management Team with other public sector bodies.

No. The funding is for sharing between councils.

49. Could we put in a single bid with different partners, for example, to share a chief executive and management team with another district and also share IT with a fire authority?

Yes, but savings will have to outweigh the amount of grant sought.

Submitting a Bid

50. We want to share a chief executive and have a partially/completely shared senior management team at a later date; can we still put in a bid?

Yes, as long as you can make arrangements to share your chief executive and your senior management team by 31 March 2015.

51. Does the joint chief executive and senior management team have to be in post by 31 March 2015 to qualify for the funding? Even though that does not leave enough time to recruit someone.

The appointment must be made by 31 March 2015; we understand that recruitment and notice periods mean that the person may have to take up post after 31 March 2015

52. If we put in a bid and fail to make an appointment by 31 March 2015; will you claw back the money?

No, because we will only pay the agreed grant when the appointment is made.

53. When do we have to put in a bid to share chief executives?

1 July 2014. However, if you are unable to obtain political sign-off for a bid by 1 July 2014 you may submit an Expression of Interest by 1 July 2014 and a final bid by 1 October 2014. The Expression of Interest should be in letter form and confirm:

- that your authority does not currently share its senior management team, including any chief executive;
- that your authority has a 2014-15 budget of £15 million or less (as shown in column BG of the revenue spending power additional information table, which can be accessed via: https://www.gov.uk/government/publications/change-in-spending-power) or in receipt of Efficiency Support Grant;
- the details of the authority or authorities with whom you propose to share;
- that the amount of savings will outweigh the amount of grant sought; and
- that sharing arrangements will be made before the end of 2014-15.

54. The application asks about political agreement and whether this has been reached with all partners. Can you explain what this means? Does it mean the political leadership of the two councils indicating support or a more formal decision of the councils?

We expect the bid to be signed off by both Leaders.

Content of Bids

55. We want to share a senior management team but we do not have a chief executive, can we apply?

Yes.

56. What about authorities that have a shared senior management team but not a shared chief executive?

Authorities that have a shared senior management team but not a shared chief executive cannot bid if there are still two chief executives in post.

57. Can we bid if we want to combine corporate services like IT, back office, workforce but can't / don't want to share a chief executive and senior management team?

Not for 2014-15 funding. This round of the Transformation Challenge Award is aimed at those authorities that wish to share a Chief Executive or senior management team. You could join with others to bid for funds under Element B of 2015-16.

58. For those councils already working in partnership, can they bid for capacity to take this work forward?

It depends on what is meant by capacity. We are not looking to fund expensive management consultants, but if capacity means strengthening joint IT systems, then yes, this would be eligible. Further advice can be sought through transformation@communities.gsi.gov.uk.

59. What is the relationship between funding for Element A of 2014-15 and Element A of 2015-16? If we are eligible for 2014-15, does that mean we are eligible for 2015-16?

A district is only eligible for Element A of 2015-16 if they have already taken the step of having a joint chief executive and shared senior management team. We want to incentive those districts that have already taken this step to go further with their transformation plans.

Service Redesign (Element B)

Eligibility

60. Who is eligible to bid for funding from Element B 2014-15 and 2015-16? Are districts excluded from bidding?

Districts can bid. All local authorities in England (a full list of authorities eligible to bid can be found in Annex A) are eligible to bid for funding for Element B in 2014-15 and Element B 2015-16. However, a local authority cannot put in a bid alone; all bids must be submitted with at least one partner whether another local authority or a partner from the public sector, voluntary and community sector or private sector. For grant allocation purposes however the lead bidder in all instances must be an English local authority.

61. What counts as a partner?

You can work with any part of the public sector, the voluntary and community sector and/or the private sector.

Submitting a Bid

62. Where is the application form for submitting a bid to Transformation Challenge Award 2015-16 Element B?

There is a specific form to fill out for the Expression of Interest for 2015-16. It is the second form contained in Annex D (pages 7 to 12) and can be downloaded via https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/300294/Annex_D_TCA_2015-16_Forms.docx

63. When do bids for Element B 2015-16 need to be submitted?

By 1 October. Expressions of Interest should be submitted by 1 July.

Content of Bids

64. For 2014/15 element B, what do you mean by 'returns on this investment be demonstrated in 2014/15'?

This is about 'ready to go' projects being implemented quickly and starting to demonstrate benefits in 2014/15. It does not mean the full grant has to be recouped in 2014/15.

65. Do I have to make a return in 2015-16 for Transformation Challenge Award 2015-16 B funding?

No, we recognise that we are inviting large scale transformation bids for the larger sum of money that is available in 2015/16, so we would not expect all bids to be able to make a return in that year

66. Could a bid for Element B focus on local economic growth rather than transformation as such.

Yes, and we recommend that you would develop such proposals in partnership with your Local Enterprise Partnership.

67. We are looking to develop a proposal for element B 2015/16 that focuses on growth, and the 'return' on investment will include benefits rather than savings. Will this bid be considered?

Only if fiscal benefits to partners can be demonstrated. In assessing element B bids we will be looking at the overall benefits that the project delivers over a ten year period. This will include savings and wider economic and social benefits.

However, one of the eligibility criteria is that the savings must exceed the grant bid for. By savings we mean fiscal benefits (as per the New Economy Guidance) to partners. This will include cashable budget savings as well as resource savings (e.g. reduced demand on NHS resources).

68. The criteria state that 'projected savings must be greater than the grant /capital flexibility that is being bid for'. Would a bid for Element B made in partnership with public sector organisations and or the private sector and focused on income generation initiatives be considered?

Income generation schemes that are developed in partnership with public sector organisations and or the voluntary and community sector and/or the private sector will be considered if they support transformation of service delivery.

Expression of Interest

69. Will any bids be rejected at Expression of Interest stage?

As set out in the Prospectus on page 14, bids that do not meet the minimum criteria will not be invited to make a formal bid and will be rejected.

70. When will local authorities receive feedback after submitting Expressions of Interest on 1 July

Local authorities submitting an Expression of Interest will be offered feedback and support through the Local Government Association or DCLG as appropriate to assist in the development of their final bid. For this to be meaningful we will aim to provide feedback by the end of July 2014.

71. How much detail should be included in the Expression of Interest?

The Expression of Interest form should be completed as fully as possible so that DCLG can provide the best possible feedback to local authorities in advance of the submission of their final bid. However, we do recognise that authorities may be at an early stage in the development of their proposal. We do expect to see an indication of the scale and timing of savings and benefits that you expect to achieve. You may provide a range if easier.

72. Would you be able to clarify if, when submitting a pre-bid Expression of Interest for Element B of the 2015-16 Award, we would need to complete the bid calculator form at this stage as well as providing details of our estimated costs in the Expression of Interest documentation?

To allocate the appropriate support to authorities we need as much information as possible at the Expression of Interest stage. We will need to see your estimated savings in the Expression of Interest documentation, but we appreciate you may not have developed the cost benefit analysis that will be needed for the final bid. We recommend that you complete the bid calculator.

Section F of the application asks bidders to provide a figure for 'Net Present Value arising from service transformation'. Where is this in the bid calculator?

To complete section F of the application form, input the figure calculated in cell B56 of the bid calculator 'Net present value of savings'. This cell is highlighted in yellow. We would expect this figure to be positive to demonstrate that savings exceed the grant (and/or capital flexibility) bid for.

An earlier version of the bid calculator referred to this cell as the 'present value of savings', this has now been corrected.

73. Does a local authority have to pursue the same project throughout all the stages of bidding?

No, we recognise the need for some flexibility. However, we strongly encourage local authorities to submit viable outline bids that they intend to develop to final bid stage as this will ensure they receive relevant feedback.

Capital Receipt Flexibility

General

74. We want to maximise our assets rather than sell, how will capital receipt flexibility help us?

If your strategy is to maximise your assets to generate a sustainable income stream, then you do not need to capital flexibility. Capital flexibility is designed for those authorities that cannot maximise their assets in this way.

75. Do we bid separately for the capital receipts and the grant?

No – there is one bid process for the one fund available made up of two parts: the grant; and flexible use of capital receipts.

76. Is there a preference between bids that use capital receipt and those that use grant, and those that use a mixture?

This is a competition –if you wish to access funding a bid looking to utilise capital receipt flexibility will be looked on more favourably than just a request for grant.

77. Would can't authorities just apply for grant – why apply for capital receipt flexibility?

There is limited grant – for all to get funding authorities will need to use some capital receipt flexibility.

78. Isn't it irresponsible to sell off assets and spend the money on short-term costs?

Yes, but that is not we are proposing. This is about increasing the resources for investment in genuine one-off costs that will result in a reduction in on-going running costs, as well as more effective services.

79. Why do you need to limit the level of expenditure allowed to £200m?

This flexibility allows a temporary exception to the normal rules governing capital and revenue spending – it is appropriate to do this in a limited way. Capitalisation scores as Public Sector Current Expenditure (PSCE) in the national accounts. It therefore impacts directly on the deficit reduction programme.

80. Shouldn't the Government be encouraging capital receipts to be used for capital growth / investing in infrastructure and other projects to support growth, rather than paying off ongoing revenue costs?

Yes – that is why in principle you cannot use a capital receipt for a revenue purpose. This is about increasing the resources for investment in a genuine one-off cost; that will then result in a reduction of their ongoing running costs.

81. Isn't using capital receipts as revenue just another version of capitalisation?

Yes, in terms of allowing a capital receipt to be used for revenue purposes. However, this is a specific flexibility linked to the use of receipts from new asset sales post 1 August 2013 for the one-off costs of service reform. Unlike 'traditional' capitalisation, borrowing will not be sanctioned under any direction issued by the Department.

Details

82. When can the receipts be used for revenue expenditure?

The direction letter will allow for the revenue expenditure from 1 April 2015 to 31 March 2017.

83. From when can the asset be sold?

Any capital receipt from an asset sale post 1 August 2013 can be used.

84. Can we not use existing capital receipts for asset sales prior to 1 August 2013?

No, the assessed impact of using existing receipts has an adverse consequence when scored in the national accounts - that is why it is desirable for the asset sales to be additional.

85. How can we assess an additional asset sale?

You could get the 151 officer to set out in a letter that it is additional. Bearing in mind this is a competition you could include evidence showing this is additional, perhaps by not being in any approved asset programme would make that application more likely to get the flexibility.

86. What sort of evidence will you be looking for to demonstrate that an asset sale is 'additional'? Would copies of our existing asset management strategy and a statement from the section 151 office be sufficient; if you require additional detail what form should this come in?

Local authorities should put forward their own assessment as it is for authorities to provide evidence the sale is additional. Documents showing how the asset is being considered in a wider asset management strategy, with a letter from the section 151 officer stating the sale is additional are the types of information that could be provided in an assessment.

87. Will the department state the asset to be sold on the direction letter?

No, we will not be specific in the direction letter - a draft letter is in the prospectus.

88. What about assets that have already been sold – could you use existing receipts?

No, the aim of the policy is to encourage disposal of currently held assets.

Annex A: List of Local Authorities Eligible to Bid

Definition of Local Authority for the purpose of the Transformation Challenge Award and List of Authorities eligible to bid

- a county council
- a district council
- a parish council which has gross annual income or expenditure (whichever is the higher) of at least £200,000
- a London borough council
- the Common Council of the City of London in its capacity as a local authority or police authority
- the Council of the Isles of Scilly
- a National Park authority for a National Park in England
- the Broads Authority
- the Greater London Authority so far as it exercises its functions through the Mayor
- the London Fire and Emergency Planning Authority
- Transport for London
- the London Development Agency
- a fire and rescue authority (constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies, and a metropolitan county fire and rescue authority)
- a police authority, meaning:
    - a police authority established under section 3 of the Police Act 1996
    - the Metropolitan Police Authority
    - a joint authority established by Part IV of the Local Government Act 1985 (fire and rescue services and transport)
- joint waste authorities, i.e. an authority established for an area in England by an order under section 207 of the Local Government and Public Involvement in Health Act 2007
- an economic prosperity board established under section 88 of the Local Democracy, Economic Development and Construction Act 2009
- a combined authority established under section 103 of that Act
- waste disposal authorities, i.e. an authority established under section 10 of the Local Government Act 1985
- an Integrated Transport Authority for an integrated transport area in England

Annex B: Criteria for Bidding 2014-15

All bids must meet the following criteria:

1. Savings must exceed the amount of grant sought.
2. Funding can be utilised in 2014-15 and returns on this investment be demonstrated in 2014-15;
3. The proposal has been signed off by your Section 151 officer.
4. Proposals must be from an existing partnership with at least one other partner. This could be another local authority, another public body, the Voluntary and Community Sector or a private sector partner.

Additional Criteria for Element A of the Transformation Challenge Award 2014-15

Defined as *'To facilitate small district councils to share a senior management team, including any chief executive, with one or more other councils'.*

a) Any district council that wants to make such a move can bid for 2014-15 funding of up to £400,000 to help with transitional costs for two authorities sharing, including where a district joins with a county council. Where there are more than two partners to the arrangement and therefore greater transitional cost, consideration will be given to raising the £400,000 limit if the savings outweigh the grant.

b) Those eligible are authorities that do not share a senior management team including any chief executive and a spending power of £15 million or below.

c) To meet the criteria for this element (element A) funding authorities must be able to demonstrate that they will move to a shared senior management team including any chief executive within 2014-15.

Additional Criteria for Element B of the Transformation Challenge Award 2014-15

Defined as '*Supporting a small number of places which, by working with other public sector partners, can utilise funds in 2014-15 to reform services and make a return in 2014-15'*.

a) The Government wants to see public sector partners, working with citizens, re-design and deliver services around the people who use them and not around organisations or structures.

b) The funding will be to part-fund these projects.

c) All authorities are eligible if they have an existing partnership project that requires funding to move forward and can utilise funds in 2014-15 and make a return in 2014-15.

d) The bid must have a positive impact on service users;

Annex C: Criteria for Bidding 2015-16

Criteria for Element A of the Transformation Challenge Award 2015-16

Defined as *'Encouraging authorities that already share a senior management team and any chief executive to go further with their plans to re-design their services.'*

Those eligible will be all district authorities with a shared senior management team and any chief executive, either with other districts or with a county council are eligible to bid.

Criteria - Authorities in a shared relationship should demonstrate:

a) Savings exceed the amount of grant and/or capital flexibility sought;

b) The proposal must be in partnership with at least one other partner. This could be another local authority, public authority, the Voluntary and Community Sector or a private sector partner; and

c) The benefits, both to local residents and financially, of the arrangement; and

d) When a return will be realised.

e) For capital flexibility only: the value of the asset sale is additional. Authorities that provide evidence in support of their assessment of additional asset sales will increase their chance of being a successful bid.

f) Signed off by the s151 Officers.

Criteria for Element B of the Transformation Challenge Award 2015-16

Defined as '*Encouraging places that have ambitious plans to work in partnership across the public sector and with the voluntary and community sector or the private sector to re-design services'.*

Eligibility - All authorities that have transformation plans in partnership with one or more partners, which can be other public sector bodies, the voluntary and community sector or the private sector, are eligible to apply to the fund.

All proposals must meet the following minimum criteria threshold:

a) Projected savings must be greater than the grant/capital flexibility that is being bid for;

b) The proposal must have a positive impact on service users;

c) The proposal must be in partnership with at least one other partner. This could be another local authority, public authority, the Voluntary and Community Sector or a private sector partner; and

d) For capital flexibility only: the value of the asset sale is additional. Authorities that provide evidence in support of their assessment of additional asset sales will increase their chance of being a successful bid.

e) The proposal must be signed off by the s151 officers of all local authorities party to the proposal.