

**Budget for Best Value 2013/2014  
&  
Capital Programme to 2015/2016**



**Hartlepool Borough Council  
A FOUR STAR AUTHORITY**

**Budget for Best Value 2013/2014  
&  
Capital Programme to 2015/2016**

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FINANCE DIVISION**

**ISSUED APRIL 2013**

## **MEDIUM TERM FINANCIAL STRATEGY 2013/2014 TO 2015/2016**

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## **The Council's 2013/14 to 2016/17 Budget Position**

Hartlepool Borough Council is experiencing its biggest cut in Government funding in living memory. The information below provides an update on the position and answers some key questions to help Council Tax Payers understand the financial challenges facing the Council.

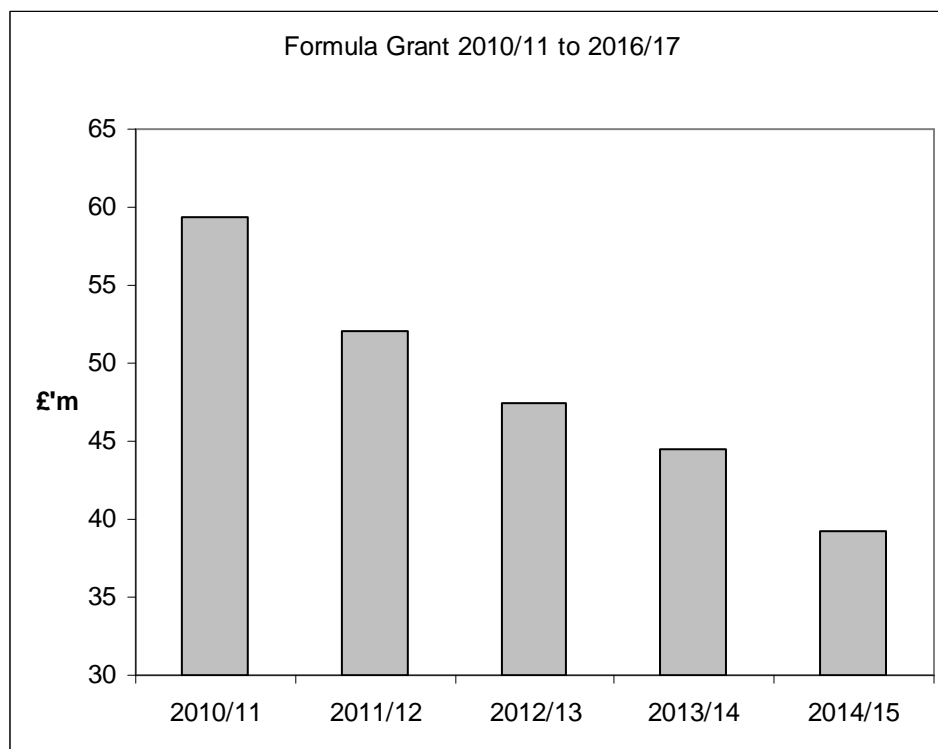
### **What is the level of funding cuts facing the Council?**

In 2010 the Government set out its plans for reducing public spending over the 4 years up to 2014/15. The Government indicated that funding for all councils will reduce over this period and originally said that the majority of this funding reduction would be made in the first two years. These plans have been revised by the Government and the cuts in Council funding for the next two years have increased. Individual councils found out on 19 December 2012 how much Government funding they will receive for the next two years.

The amount of 'formula grant' (the main Government grant paid to councils) that Hartlepool will receive next year (2013/14) will be 25% lower than it was two years ago (2010/11). By 2014/15 this grant will be £20m less than it was in 2010/11 - a reduction of 34%.

It is also anticipated that there will be further Government grant reductions in 2015/16 and 2016/17.

**The table below shows how Hartlepool Council's Formula Grant (main Government grant) is reducing.**



### **How does Hartlepool's funding cut compare to other councils?**

Next year (2013/14) Hartlepool's funding cut is the joint highest in North East of England and the third highest out of 55 unitary councils.

### **What is the Council doing to manage this situation?**

To balance next year's budget the Council needed to find savings of almost £6m. This has been achieved by identifying permanent budget savings of £3.7m and using reserves built up from previous year's managed budget underspends of £2.3m. The use of reserves doesn't provide a permanent solution and is designed to provide a longer lead time to identify and implement permanent cuts before the start of 2014/15.

### **What is the scale of the budget cuts facing the Council over the next 4 years?**

The Council expected it would need to make significant permanent ongoing budget cuts before the start of 2016/17. We now know that by the start of 2014/15 cuts of £12.2m will need to be made. By the start of 2016/17 total cuts of between £21m and £23m will need to be made, which is £2m more than forecast. To put these figures into context this means the Council's current budget will need reducing by around 25%.

### **Are Council services and jobs being cut in 2013/14?**

Unlike many councils, we have been able to protect the vast majority of frontline services although we are having to close the Headland Sports Hall on weekends and end the Maritime Festival. We have also been able to keep redundancies to an absolute minimum.

## **How the Council's budget decisions for 2013/14 support the achievement of the Council's overall aim and priorities**

The Council's overall aim is:

**“To take direct action and work in partnership with others, to continue the revitalisation of Hartlepool life and secure a better future for Hartlepool people.”**

The Council's top-level priorities in pursuit of this aim are set out within its Council Plan. This identifies the outcomes the Council is seeking to achieve and the key milestones and Performance Indicators, which will be used to measure progress.

The Council uses a twin track approach to identifying priority outcomes for inclusion in the Council Plan.

Firstly, Hartlepool Borough Council and its local partners have reviewed the evidence and agreed an outcome framework. The Authority has adopted these outcomes as its own corporate objectives and they have been integrated into the council's Council Plan, department plans and performance management arrangements to enhance management and political accountability.

Secondly the Council's service planning and budget processes have identified a number of priority outcomes and local targets for inclusion in the Corporate Council. These address a range of service delivery and organisational development issues.

The Council's priorities are grouped into nine sections – one for each of the eight Community Strategy priority aims (see below) and one relating to those activities that are designed to improve the way in which the Council works and provides services – Organisational Development.

**The Community Strategy themes and priority aims are:**

Theme	Abbr.	Community Strategy / Council Priority Aims
Jobs and the Economy	JE	Develop a more enterprising, vigorous and diverse local economy that will attract new investment, enable local enterprises and entrepreneurs to be globally competitive and create more employment opportunities for local people.
Lifelong Learning and Skills	LLS	All children, young people, individuals, groups and organisations are enabled to achieve their full potential through equal access to the highest quality education, lifelong learning and training opportunities.
Health and Care	HC	Work in partnership with the people of Hartlepool to promote and ensure the best possible health and well-being.
Community Safety	CS	Make Hartlepool a safer place by reducing crime and anti-social behaviour, and tackling drugs and alcohol misuse.
Environment	EH	Secure and enhance an attractive and sustainable environment that is clean, green, safe and valued by the community.
Housing	H	Ensure that there is access to good quality and affordable housing in sustainable neighbourhoods and communities where people want to live
Culture and Leisure	CL	Create a cultural identity for Hartlepool which attracts people to Hartlepool and makes us proud to live and work here.
Strengthening Communities	SC	Empower individuals, groups and communities, and increase the involvement of citizens in all decisions that affect their lives.

The Council's performance management framework requires Finance & Policy Committee to consider a quarterly report on progress against the outcomes and performance indicators included in the Council Plan.

***Council Medium Term Financial Strategy (MTFS) 2013/14 to 2015/16***

The development of the MTFS reflects a range of service specific and corporate policy drivers. The agreed allocation of our own revenue and capital financial resources in the 2013/14 MTFS reflects the Council's decisions on funding services and priorities within the constraints of the Council's available resources.

The Council recognises that its budget processes and decisions need to be aligned to its priorities in order to achieve success. This practice has been in place since 1996/1997 with decisions regarding spending being linked to the Council's priorities.

The 2013/14 budget was prepared against a background of significant cuts in public spending as the Government continued to implement measures to reduce the national budget deficit. As a result of reductions in Government grants Hartlepool's Spending Power has been cut by 2.2% compare to the national average of 1.7%.

Hartlepool spending power cut per dwelling is the 3<sup>rd</sup> highest out of 55 Unitary Councils and the highest in the North East.

As a result of this, the Council has had to reduce its net revenue budget by £3.364m.

The budget for 2013/14 includes funding of approximately £0.635m for a range of pressures, detailed in Appendix 4 within Section A.

### ***Capital Programme 2013/14***

The Council will invest approximately £15.3m during 2013/14 in the town's infrastructure and public buildings. About 59% of this investment, some £9.1m, will be funded from grants the Council has secured from the Government and other organisations. The remaining investment will be funded from capital receipts or prudential borrowing, which will be repaid over a number of years from the Council's revenue budget.

The Capital programme includes:

- repairs and improvements to schools (£2.18 million);
- Seaton Carew Coast Protection works (£1.8 million);
- Improvements to roads (£2.6 million);





## SECTION A

### Report & Appendices

- Council 14th February 2013
- Cabinet 4th February 2013
- Council 28th February 2013



# COUNCIL REPORT

14 February 2013



**Report of:** The Cabinet

**Subject:** MEDIUM TERM FINANCIAL STRATEGY – BUDGET  
AND POLICY FRAMEWORK 2013/2014 TO  
2016/2017

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## 1. PURPOSE OF REPORT

- 1.1 To present details of the proposed Medium Term Financial Strategy (MTFS) (previously referred to as the Budget and Policy Framework).

## 2. BACKGROUND

- 2.1 In accordance with the Constitution Cabinet is responsible for preparing the initial MTFS proposals, which are then referred to Scrutiny Co-ordinating Committee for consideration. Cabinet is also then responsible for preparing the final budget proposals, including the proposed Council Tax level for 2013/2014, which are then referred to Council for consideration.
- 2.2 The final stages for completing this process and then issuing Council Tax bills are extremely tight. This is particularly an issue this year as the Government did not issue the provisional 2013/14 Local Government Finance Settlement until 19<sup>th</sup> December 2012. This has delayed the date for providing the final 2013/14 Settlement and the date had not been confirmed when this report was prepared. It is not anticipated there will be any significant change in the provisional 2013/14 grant allocations provided before Christmas. In terms of the key dates for completing the 2013/14 budget process these are as follows:
- Cabinet 4 February 2013 – approved the MTFS proposals to be referred to Council;
  - Council 14 February 2013 – consider Cabinet's MTFS proposals, including the Council's own Council Tax for 2013/2014;
  - Council 28 February 2013 – approves the overall Council Tax levels, including Fire and Police Authority precepts.

### 3. FINAL BUDGET PROPOSALS APPROVED BY CABINET FOR REFERRAL TO COUNCIL

- 3.1 As indicated above Cabinet finalised the budget proposals, including the 2013/2014 proposed Council Tax level, it wishes to refer to Council at its meeting on 4 February 2013. To enable all Members to familiarise themselves with the issues affecting next years budget a copy of the detailed 2013/2014 to 2016/2017 MTFS Report is included in a separate booklet with the agenda papers for today's meeting. The booklet also includes detailed departmental budgets. The figures for departmental budgets exclude new pressures and proposed budget reductions which are detailed separately in the MTFS as these proposals need considering by Council.
- 3.2 The key issues included in the latest Cabinet report have previously been considered by Cabinet at their meetings between June 2012 and December 2012. These issues have also been referred to Scrutiny Coordinating Committee for consideration.
- 3.3 This report provides details of the final proposal approved by Cabinet on 4<sup>th</sup> February 2013 for referral to full Council. At the time of preparing this report the Government had not issued the final 2013/14 Local Government Finance Settlement. Therefore, in order to manage this situation Cabinet has determined that the Major, on the basis of advice from the Corporate Management Team, will finalise any necessary amendments (which it is anticipated will be minor) to the budget proposals detailed in this report. Therefore, if necessary, a supplementary report will be issued to Council if there are any changes in the final 2013/14 Settlement.
- 3.4 Cabinet approved three changes to the detailed recommendations included in section 16 of the 2013/14 to 2016/17 MTFS report and these are now being referred to full Council for consideration as follows:

#### a) Paragraph 16.6 of MTFS report

- **Initial Proposal** – Approve a 2013/14 Council Tax increase of 1.99% and to note this secures a permanent increase in net Council Tax income of £0.4m, which would not be achieved if 2013/14 Council Tax is frozen;
- **Revised Proposal** – Approve a 2013/14 Council Tax freeze which secures a Council Tax freeze grant of £0.4m in 2013/14 and 2014/15. Cabinet also noted that this increases the total budget savings required in 2015/16 by £0.4m.

#### b) Additional proposals from Scrutiny Co-ordinating Committee

- Cabinet support the recommendation made by the Scrutiny Co-ordinating Committee to provide a 2013/14 Ward Member budget of

£5,000 per Member and an overall Ward Budget for 2013/14 of £165,000 to be funded from a combination of:-

- i) A contribution of £60,000 from the elections budget which will not be needed in 2013/14 as there will not be any Council elections until May, 2014. This will leave a contingency budget of £10,000 to cover any by-election(s);
  - ii) A contribution of up to £105,000 from the uncommitted 2012/13 overall General Fund outturn detailed in the Medium Term Financial Strategy Report (paragraph 16.4) forecast to be between £0.381m and £1.161m;
  - iii) To note that any use under (ii) will be reinstated once full Council has considered the results of the Independent Remuneration Panel review of the Basic and Speciality Responsibility Allowances and approved a new scheme of allowances and the resulting level of saving;
  - iv) To approve the proposal that any 2013/14 Ward Members underspend can be carried forward by individual Members to 2014/15;
  - v) To approve an amendment to the original ward budget scheme, which had been established on the basis that any unspent monies would not be 'rolled over', to enable unspent allocations in 2012/13 and future years to be 'rolled over' for use by Member in the following year(s).
- c) Additional Proposal from Children and Community Services Portfolio Holder - Cabinet approved the proposal to allocate up to £0.2m from the forecast uncommitted 2012/13 underspend to improve School Attainment, subject to the approval of a detailed Business Case by Members.

- 3.5 In addition, to the specific proposals detailed in the Cabinet report and the amendments detailed in the previous paragraph, Council will also need to consider a range of statutory calculations to support the proposed 2013/14 Council Tax level, which are included in section 6 of this report.

#### **4. ROBUSTNESS OF BUDGET FORECASTS, RISK ASSESSMENT AND RESERVES**

- 4.1 The Local Government Act 2003 introduced new requirements to formally consider the robustness of the budget forecasts, the level of reserves and the proposed use of reserves as part of the budget setting process. In preparing the proposals for the 2013/2014 budget, Cabinet considered the advice of the Chief Finance Officer as detailed at paragraph 12 of the MTFs report. This advice is equally relevant to Council when considering the budget and this section summarises the Chief Finance Officer's professional

opinion that the budget proposals being referred by Cabinet are robust. This opinion is based on consideration of the following factors:

- Recognition by Members and the Corporate Management Team that the use of significant one-off resources in 2013/14 to partly address the budget deficit is not a sustainable strategy and is designed to provide a longer lead time to implement permanent budget cuts. The strategy is underpinned by the work which commenced last year to begin developing saving plans for 2013/14 and 2014/15. This strategy will need to be updated to reflect the actual grant cuts which are higher than forecast and which have increased the 2014/15 budget deficit and this work will commence over the next few months;
- The overall strategic approach being adopted to develop and implement a robust multi-year approach to managing the Council's financial position. This included setting targets for achieving in-year managed budget underspends in the current year and the review of reserves to identify resources to fund additional one-off expenditure commitments over the next few years. This approach provides a sound financial basis for managing ongoing annual grant cuts and will help avoid even higher budget cuts in future years when one-off unavoidable expenditure commitments need to be funded.

Previous reports identified three significant financial risks over the period of the MTFS and indicated that there may need to be flexibility around the timing of funding for individual risks, which cover the following issues:

**i) Redundancy and Early Retirement costs**

This risk reflects the scale of the budget deficits over the MTFS period and the impact these cuts will have on staffing levels. For the 2013/14 budget it has been possible to minimise the numbers of potential compulsory redundancies through careful management of vacancies, which will reduce redundancy and early retirement costs for this year. However, this is not sustainable and given the scale of budget cuts which will be required over the period of the MTFS there will be significant redundancy and early retirement costs in future years. Furthermore, the initial assessment of these costs only covered General Fund budgets and not the impact of EIG and LACSEG costs. Therefore, the existing provision for redundancy and early retirement costs is still the level recommended by the Corporate Management Team.

**ii) Capital Receipts target of £4.5m (potentially increasing to £6.5m)**

These resources are allocated to fund capital schemes which have already commenced, principally the completion of Housing Market Renewal schemes. Previous reports have advised Members that achieving these targets will be challenging in the current climate and need careful management. If there is a shortfall in the level of capital receipts actually achieved this will need to be funded from Prudential Borrowing. This would result in an unbudgeted revenue cost and therefore increase future year's budgets deficits. The phasing of these capital receipts over the

period of the MTFS is also important as income needs to match expenditure commitments. This position will need to be managed carefully in 2013/14.

The risk in relation to managing capital receipts targets may increase if Members approve the strategy for the Brierton site as up-front costs will need to be incurred to enable future capital receipts to be achieved. These costs will include the relocation costs of the Education Development Centre / Pupil Referral Unit and demolition costs of the bottom site at Brierton. These issues have been carefully assessed and a strategy developed to manage the phasing of expenditure to reduce risk that the costs which need to be incurred before capital receipts from the sale of land at Brierton and the Education Development Centre / Pupil Referral Unit can be achieved.

The proposal to set an additional capital receipts target of £2m to fund developments at the Brierton Site from the sale of land at the Brierton (upper) site and the EDC site will increase the financial risk that the Council is managing. This is minimum forecast for these sites. As indicated in previous reports if capital receipts targets are not achieved the shortfall will need to be funded from Prudential Borrowing, which would result in an additional unbudgeted revenue pressure. Achieving these additional capital receipts will need to be managed carefully to avoid this situation and it is anticipated that the Brierton and EDC sites will be attractive to developers. There is a potential that this risk may be reduced if grant funding applications for the new 3G pitch are successful. At this stage this potential benefit has not been factored in as this position is uncertain.

Setting an additional capital receipts target of £2m for Brierton means that the Council will be managing an overall capital receipts target of £6.5m. After reflecting capital receipts achieved to date of £0.7m this means capital receipts of £5.8m need to be achieved over the next 2 to 3 years. There are fundamentally two risks which need managing in relation to achieving this target.

The first risk relates to managing any phasing delays in the achievement of capital receipts. This would result in a temporary funding shortfall if capital expenditure has already been incurred and forecast capital receipts are achieved later than anticipated. This would result in an unbudgeted revenue costs as the capital funding shortfall would need to be funded from Prudential Borrowing, until the capital receipt is received.

The second risk relates to a permanent shortfall in the achievement of capital receipts. This would result in a permanent unbudgeted revenue costs as the capital shortfall would need to be funded from Prudential Borrowing on a permanent basis.

The MTFS forecasts make no provision for either a temporary delay in the achievement of planned capital receipts, or a permanent shortfall in



forecast capital receipts. For 2013/14 it is anticipated that this position should be manageable. This position will become clearer in the early part of 2013/14 as a number of capital receipts are anticipated to be completed in this period. However, it is recommended that should additional revenue resources become available as part of the 2012/13 outturn that these should be earmarked to manage the temporary revenue cost of having to use Prudential Borrowing on a short-term basis if capital receipts are achieved later than expected. In the event that capital receipts targets are fully achieved there will be permanent revenue pressures from using Prudential Borrowing. For each £1 million shortfall in capital receipts the unbudgeted revenue pressure is around £60,000, at current interest rates.

In assessing the overall financial risks relating to achievement of an increased capital receipts target I have relied upon information provided by professional officers on the value of forecast capital receipts from specific land sales. On this basis the plans are robust, although the financial risks of achieving additional capital receipts in the current economic environment will need to be carefully managed.

### **iii) Business Rate Retention issues**

The key risk relates to the safety net arrangements and thresholds for managing in-year reductions in business rates collected by individual councils. This is a particular risk for Hartlepool owing to the impact of the Power Station on income if there is an in-year shut down. The Government has recently issued final details of how these arrangements will be implemented and confirmed the trigger point for providing financial support for in-year reductions in business rates, which has been set at 7.5% and the baseline this will apply to. On this basis the Council will need to manage annual shortfalls in Business Rates of around £1.7m before receiving any safety net payments from the Government, which will only cover the shortfall above the £1.7m threshold. Therefore, as reported previously the Council will face a significant ongoing financial risk owing to the potential impact of reduced Business Rates from the Power Station. To address this risk in the 2012/13 outturn strategy recommends setting aside a specific reserves of £1m to help manage this risk.

In addition, Councils also face a risk in relation to the cost of back dated rateable value appeals as the Government has now determined that Councils will share 50% of these costs. These appeals relate to the national revaluation completed in 2010 and in a smaller number of cases the 2005 revaluation. Nationally the Government has held back some funding (from the overall Local Government grant pot) to allocate to Councils towards funding these costs. At this stage it is not known if this funding will be sufficient at either a national or individual Council level. On the 16<sup>th</sup> January 2013 the Government indicated that they will be implementing regulations to enable Councils to spread these costs over 5 years, commencing 2013/14. At this stage it is not possible to quantify the value of this potential risk and this will need to be reviewed when there is more information. It is hoped that arguments being put forward by

Councils that the Government should bear the full costs of back-dated appeals will be successful, as they have already received this money from individual Businesses, which were required to pay the assessed rates pending the results of appeals. However, these arguments may not be successful and Members need to be aware of this additional financial risk;

- The arrangements for implementing a Local Council Tax Support scheme and managing the risks of this additional Council responsibility;
- The assumption that Members will approve the proposals for bridging the budget deficit detailed in the report. The proposed savings are the key issue affecting the robustness of the proposed budget. If Members do not approve these proposals the budget forecasts will not be robust as overall expenditure will inevitably exceed available resources;
- The assessment by the Corporate Management Team of the achievability and sustainability of proposed budget reductions for 2013/14. The assessment of the proposed savings reflects the process adopted for identifying, managing and implementing these measures. This includes action taken in the current year to implement proposals earlier to ensure a full year saving is achieved in 2013/14. It also reflects a risk assessment of proposed savings based on an assessment of the level of pay, non-pay savings and increased income savings. In relation to the level of pay savings achieved for 2013/14 this reflects management action taken to hold posts vacant where possible to reduce the need for compulsory redundancies. This action is not sustainable over the period of the MTFS and in future years the number of compulsory redundancies will increase as it will not be possible to hold posts vacant;
- The detailed work undertaken by individual Directors (and their senior managers) in conjunction with my staff regarding the preparation of detailed budget forecasts, including income forecasts;
- Prudent provision for potential pay awards for April 2013;
- A prudent provision for inflation on non pay budgets and income budgets during 2013/2014;
- The identification of specific pressures and inclusion of these commitments within the overall budget requirement;
- A prudent view of the net costs of the Authority's overall cash flow, including the repayment of Prudential Borrowing;
- The comprehensive review of reserves and risks, which has enabled some resources to be released to partly fund additional risks detailed in section 4.

- The assessment of specific financial risks and the risk management arrangements for these issues which have been taken into account when preparing the 2013/14 as detailed in Appendix 18.
- 4.2 The Chief Finance Officer's initial advice was provided before the additional proposals detailed in section 3 had been approved by Cabinet. The Chief Finance Officer advised Cabinet that the proposal to freeze Council Tax for 2013/14 does not impact on the robustness of the 2013/14 budget as the resulting reduction in Council Tax income of £0.4m will be fully offset by the receipt of Council Tax freeze grant in 2013/14 and 2014/15. The Chief Finance Officer also advised Cabinet that this proposal increases the budget savings which will need to be made in 2015/16 when the Council Tax Freeze grant is removed.
- 4.3 The Chief Finance Officer also advised Cabinet that the proposed strategy to fund the Ward Member budget in 2013/14, detailed in section 3 of this report, does not impact on the robustness of the 2013/14 budget. In addition, the proposal to reinstate the resources committed from the 2012/13 uncommitted outturn to temporarily fund the Ward Member budget in 2013/14 from anticipated savings from the approval of new Allowances for Members protects the Council's medium term financial position. The achievement of savings in Members Allowances will depend on the Independent Remuneration Panels review of the Basic and Speciality Responsibility Allowances and Councils decision on the recommendations made.
- 4.4 The additional advice from the Chief Finance Officer detailed in paragraphs 4.2 and 4.3 is equally relevant to Council. In summary the revised proposal referred by Cabinet to Council are in the professional opinion of the Chief Finance Officer robust and enable Members to set a balanced budget for 2013/14. This advice reflects the understanding that all Members recognise that freezing Council Tax in 2013/14 will increase the budget savings which will need to be made in 2015/16 by £0.4m when the Council Tax freeze grant is removed. It also reflects Members understanding that the proposal to allocate up to £0.2m from the forecast uncommitted 2012/13 underspend to support School Attainment, subject to the approval of a detailed Business Case by Members, will reduce the uncommitted 2012/13 underspend available to support the 2014/15 budget.

## **5. PROPOSALS**

- 5.1 This report provides the detailed information to support the 2013/2014 budget proposals referred to Council by Cabinet following their meeting on 4 February 2013.
- 5.2 Details of the issues Cabinet have referred to Council are provided in Section A, paragraph 16 of the MTFs report which is included in the separate booklet issued with the agenda papers.

- 5.3 Council is requested to consider Cabinets final budget proposal, which are detailed below, including the amendments detailed in paragraph 3.4 above in relation to the proposed 2013/14 Council Tax freeze, arrangements for funding Ward Member budgets and to support School Attainment.

### **Final Cabinet Proposals**

(For ease of reference paragraph numbers detailed are the same as the MTFS Cabinet Report and where reference is made in the following paragraphs to an Appendix or a paragraph number this is referring to the MTFS report issued in the separate booklet with the original agenda for Cabinet).

## **16.2 2012/13 Outturn Strategy**

- 16.3 Approve the proposed strategy for funding

- (i) One-off commitments of £5.350m from the review of reserves and the achievement of 2012/13 managed underspend targets, as detailed in paragraph 4.4; and
- (ii) approve the proposal to fund one-off costs of £184,000 of achieving ongoing accommodation savings of £170,000 from 2014/15 from a combination of the 2012/13 outturn (£119,000), as detailed in paragraph 4.4, and the 2013/14 in-year savings in accommodation costs (£65,000). To note that the savings of £170,000 exceeds the forecast savings included in the 2014/15 MTFS by £70,000, which will reduce the budget deficit for this year.

- 16.4 To note that after earmarking the resources detailed in paragraph 16.3 that depending on the final outturn there is anticipated to be uncommitted resources of between £0.381m and £1.161m (as detailed in paragraph 4.4) and to note Cabinet's proposal to allocate up to £0.2m of the net forecast uncommitted 2012/13 underspend to improve School Attainment, subject to the approval of a detailed Business Case by Members, which would reduce the uncommitted 2012/13 underspend available to support the 2014/15 budget.

## **16.5 2013/14 General Fund Budget**

- 16.6 Approve the budget pressures of £0.635m as detailed in Appendix 4.
- 16.7 Approve a Council Tax freeze for 2013/14 (as detailed in paragraph 3.4(a) of this report) and to note this secures a Council Tax Freeze Grant of £0.4m for 2013/14 and 2014/15, and increases the budget savings which will be required in 2015/16 when the 2013/14 Council Tax Freeze grant is removed.

- 16.8 Approve the proposal to bridge the net 2013/14 budget gap (after reflecting Cabinets recommended 2013/14 Council Tax freeze) of £5.992m from a combination of Departmental savings plans for 2013/14 of £3.364m detailed in Appendices 6 to 16, the part year ICT procurement saving and the use of one off resources as summarised below:

	£'m	£'m
Permanent Department savings (Appendices 6 to 16) and part year ICT saving		3.664
Contribution from 2011/12 outturn to partly offset removal of 2012/13 Council Tax freeze grant	0.345	
Contribution from 2012/13 outturn to offset forecast additional 2013/14 grant cuts reported before actual grant cuts were known	0.850	
Contribution from the 'Delayed implementation of planned 2013/14 and 2014/15 savings reserves' to offset part of the reduced People Collaboration savings in 2013/14 (paragraph 6.3)	0.367	
Contribution from 2012/13 Collection Fund Surplus (£0.737m) and 2013/14 outturn (£0.029m) to offset actual grant cut being higher than forecast	0.766	
Total one-off resources allocated to support 2013/14 budget		2.328
		5.992

- 16.9 To note the use of one off resources detailed in paragraph 16.8 defers part of the budget deficit to 2014/15, which provides a longer lead time to identify permanent budget reductions.
- 16.10 Note that in the event of there being any shortfall in planned 2013/14 savings individual departments will be responsible for identifying alternative proposals for consideration by Members to address any temporary/permanent funding shortfall.
- 16.11 Approve the proposal that any in-year saving achieved in 2013/14 from the Chief Executive's Structure Review (detailed in paragraph 6.3) are allocated to reduce the call on the 'Delayed implementation of planned 2013/14 and 2014/15 savings' reserve (planned use of £0.367m as detailed in paragraph 16.8), which will enable any uncommitted reserve to be carried forward to manage risk in future years.
- 16.12 Note the Chief Finance Officers professional advice on the robustness of the 2013/14 budget proposals, as detailed in section 12, including advice regarding the use of significant one-off resources in 2013/14 to partly address the budget deficit, which is not a sustainable strategy and is designed to provide a longer lead time to implement permanent budget cuts. The strategy is underpinned by the work which commenced last year to begin developing saving plans for 2013/14 and 2014/15. This strategy will need to be updated to reflect the actual grant cuts which are higher than forecast and which have

increased the 2014/15 budget deficit and this work will commence over the next few months.

- 16.13 Approve the production of a 2013/14 Council Tax Leaflet to explain the budget issues for 2013/14 and to note this cost of £1,800 can be funded from the existing budgets.

**16.14 2014/15 to 2016/17 General Fund Budget**

- 16.15 Approve indicative Council Tax increases of 1.99% for 2014/15 and 2.5% for 2015/16 and 2016/17.

- 16.16 Note that the additional grant cuts for 2013/14 and 2014/15 increase the budget forecast deficit for the period up to 2016/17 to between **£21.090m to £23.090m**, detailed in paragraph 5.36 (previous forecast £19.094m to £21.094m). To also note that after reflecting the permanent budget saving planned for 2013/14 the Council will need to identify further budget cuts of between **£17.426m and £19.426m** (detailed in paragraph 6.19) before the start of 2016/17.

- 16.17 Note that an initial savings plan has been developed for 2014/15, which reduces the forecast deficit still to be bridged for this year and a detailed report will be submitted early in 2013/14 to finalise this strategy. To note that the 2014/15 deficit will be reduced by any additional accommodation cost savings which are achieved (as detailed in recommendation 16.3 (ii)) and savings achieved from the Chief Executive's Structure Review (as detailed in paragraph 6.3).

- 16.18 Note that no saving plans have been developed for 2015/16 and 2016/17 and these will be developed during 2013/14.

**16.19 Early Intervention Grant.**

- 16.20 Approve the proposed strategy to allocate EIG 2011/12 and 2012/13 underspends of between £1.431m and £1.531m (depending on the final 2012/13 outturn) to temporarily offset the EIG grant cut in 2013/14 of £1.276m and increasing grant cut in 2014/15 of £1.611m (as detailed in paragraph 8.7).

- 16.21 To note that if paragraph 16.20 is approved the proposed maximum use of this reserve in 2013/14 will £1.276m (i.e. the level of grant cut for 2013/14). However, the actual contribution is anticipated to be lower reflecting the element of the 2012/13 under-spend which can be sustained and the phased implementation of permanent reductions during 2013/14. This strategy will increase the uncommitted reserve available to help manage the reduction in this grant in 2014/15 and provide a longer lead time for developing a permanent strategy to address these funding cuts, which will be reported to Members before the end of June 2013.

## **16.22 Local Authority Central Spend Equivalent Grant**

- 16.23 Approve the proposed strategy to allocate Formula Grant refunds of top sliced Academy funding (£0.48m) and 2012/13 budget underspend for forecast Academy funding top slice (£0.28m) to manage the risk of in-year 2013/14 LACSEG funding cuts if schools convert to academies
- 16.24 To note that if paragraph 16.23 is approved it is recommended that £0.397m of this reserve is allocated to support expenditure in this area in 2013/14 (as detailed in paragraph 9.5) as this will provide a longer lead time for developing a strategy to address these funding cuts, which will be reported to Members before the end of June 2013.

## **16.25 Public Health Funding**

- 16.26 Note that Public Health funding allocations were only provided on 11<sup>th</sup> January.
- 16.27 Note that the current position as detailed in section 10 and note that the Director of Public Health will be responsible for determining contractual commitments against this funding and preparing a detailed report on the impact of integrating public health, both operationally and financially for submission to a future meeting.

## **16.28 Capital Programme 2013/14**

- 16.29 Approve the 2013/14 capital programme as detailed in Appendix 17, which includes the following detailed proposals:

**(i) Schemes funded from specific Government Capital Grant** – cover the following areas:

- Local Transport schemes £1.351m;
- Schools Capital Programme £1.7m;
- Adult Social Services £0.269m.

And to note that detailed schemes for using these specific grants will be approved by the relevant Portfolio Holders.

**(ii) Schemes funded from the Council Capital Fund** – the total value of this fund is £1.091m, consisting of £0.491m uncommitted 2012/13 funding plus £0.6m new allocation for 2013/14. Table 3 of Appendix 17 details the proposed projects to be funded. It is recommended that Council approve these proposals, as summarised below, and to delegate authority to approve the use of the uncommitted Council Capital Fund of £55,000 to Cabinet or the Policy and Finance Committee:

Project	Estimated cost (£000)
Multi Storey Car Park	130
Underground Car Park	50
Hart Primary School	8
A689 (Note 1)	100
Children's Home 302 Stockton Road	59
Maritime Experience	32
Mill House Leisure Centre	114
Maritime Experience	30
Kitchen works	200
Hartlepool Enterprise Centre	113
Sub Total	<b>836</b>
Indoor Bowls Centre (Note 2)	200
Sub Total	<b>1,036</b>
Unallocated	55
Total	<b>1,091</b>

**Note 1** - The proposed scheme for the A689 is a contribution towards an overall scheme to reconstruct a section of the A689 (as detailed in paragraph 11.8).

**Note 2** - The proposed allocation for the Bowls Club is included to 'reserve' funding for this scheme pending the assessment of the business case for this scheme. A separate report will be submitted to Cabinet and Council in 2013/14 to enable Members to determine if they wish to support this scheme.

**(iii) Self Funding schemes** – will be funded from Prudential Borrowing and the resulting annual loan repayment costs will either be funded from increased income, or revenue savings arising from the capital expenditure. These items cover the following schemes, as detailed in paragraph 11.12:

	Capital Expenditure £'000
Recycling Bins	725
CCTV Replacement equipment	115
Allotments	227
Vehicle Replacement Programme	2,420

**(iv) Empty Homes Project** - Approve the proposal to seek Council approval of the original strategy for funding the additional costs for this scheme of £165,000 (additional 3 properties) and £150,000 (contingency provision) from Prudential Borrowing, which will be repaid from the additional rental income generated from extending this scheme, in line with the original business case, as detailed in paragraph 11.13. This proposal will maximise the value of the 2012/13 uncommitted underspend transferred to the General Fund (as detailed in recommendation 16.4)



### **16.30 Future Use of Brierton Site**

16.31 Based on Cabinet decisions on 17<sup>th</sup> December 2012, as summarised in paragraph 12.3 (ii) the following recommendation are referred to full Council as part of the 2013/14 MTFS:

(i) Approve the marketing of the relevant areas of the Brierton site and the Education Development Centre/Seaton Lane site;

(ii) In 2013/14 to earmark £1.160m of the anticipated capital receipts to fund investment in the Brierton Site to relocate the Pupil Referral Unit (PRU) and the Education Development Centre (EDC) to the Brierton site (including demolition of the cost of the existing PRU and EDC), IT installation and landscape buffer;

(iii) In 2014/15 to earmark £0.6m of the anticipated capital receipts to provide a 3G pitch. To note that grant funding may be secured towards this scheme, although this cannot be guaranteed at this stage, which would reduce the call on capital receipts;

(iv) To note section 12 – Robustness of Budget forecasts, reflects the increased risk of increasing the capital receipts target by £2m to fund the proposed Brierton Development.

### **16.32 Ward Member budget 2013/14**

16.33 Cabinet support the recommendation made by the Scrutiny Co-ordinating Committee to provide a 2013/14 Ward Member budget of £5,000 per Member and an overall Ward Budget for 2013/14 of £165,000 to be funded from a combination of:-

- i) A contribution of £60,000 from the elections budget which will not be needed in 2013/14 as there will not be any Council elections until May, 2014. This will leave a contingency budget of £10,000 to cover any by-election(s);
- ii) A contribution of up to £105,000 from the uncommitted 2012/13 overall General Fund outturn detailed in the Medium Term Financial Strategy Report (paragraph 16.4) forecast to be between £0.381m and £1.161m;
- iii) To note that any use under (ii) will be reinstated once full Council has considered the results of the Independent Remuneration Panel review of the Basic and Speciality Responsibility Allowances and approved a new scheme of allowances and the resulting level of saving;

- iv) To approve the proposal that any 2013/14 Ward Members underspend can be carried forward by individual Members to 2014/15;
- v) To approve an amendment to the original ward budget scheme, which had been established on the basis that any unspent monies would not be 'rolled over', to enable unspent allocations in 2012/13 and future years to be 'rolled over' for use by Member in the following year(s).

## **6. STATUTORY COUNCIL TAX CALCULATIONS**

- 6.1 On the basis of Council approving the above recommendations, including the proposed 2013/14 Council Tax freeze, Council needs to approve the resulting statutory calculations in relation to Hartlepool Borough Council 2013/14 Council Tax level as detailed in **Appendix A** to this report.
- 6.2 In the event that Council do not approve Cabinets proposal to freeze Council Tax and to implement a 1.99% Council Tax increase, the resulting statutory calculations which Council needs to approve are detailed in **Appendix B** to this report and these will become effective 5 working days after the publication of the Council decision unless the Mayor formally objects within that period.



# CABINET

4<sup>th</sup> February 2013



**Report of:** Corporate Management Team

**Subject:** MEDIUM TERM FINANCIAL STRATEGY  
(MTFS) 2013/14 TO 2016/17

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**1. TYPE OF DECISION / APPLICABLE CATEGORY**

Budget and Policy Framework Decision.

**2. PURPOSE OF REPORT**

- 2.1 The purpose of the report is to update the MTFS and to enable Cabinet to finalise the budget proposals it wishes to refer to Council.

**3. BACKGROUND**

- 3.1 A number of reports have been submitted to Cabinet over the period June 2012 to December 2012 which highlighted the significant financial challenges facing the Council in 2013/14 and future years arising from:

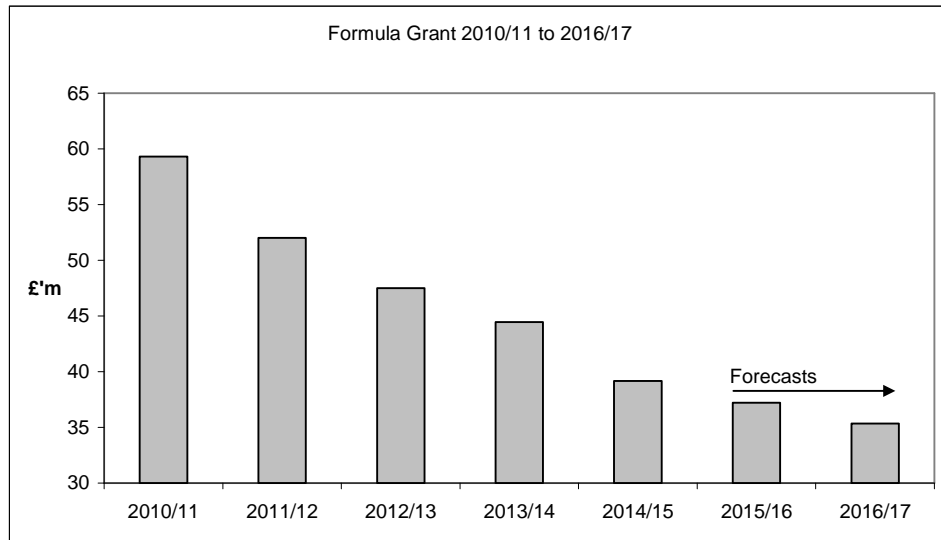
- Continued reductions in Formula Grant (the main grant paid to Councils);
- Reductions in specific grants, including the Early Intervention Grant (EIG) and Local Authority Central Spend Equivalent Grant (LACSEG);
- Fundamental changes in the overall system for funding Local Authorities. These changes are the most significant changes since the Community Charge was replaced by the Council Tax in 1993 and will impact on Authorities in 2013/14 and transfer additional ongoing financial risks to Councils.

These changes cover two key issues, the re-localisation of business rates and the replacement of the national Council Tax Benefit System with locally determined Council Tax Support schemes.

- 3.2 Previous reports advised Members that implementing any one of the above changes would be challenging for the Council, implementing

them all at the same time significantly increase the financial risks the Council will need to manage in 2013/14 and future years. It is therefore essential that robust plans are developed and implemented to manage these issues and any one off costs arising from these changes.

- 3.3 A key component of this overall strategy has been the development of a robust outturn strategy for the current year (2012/13) to address the additional financial risks facing the Council. These issues were considered by the Corporate Management Team and Cabinet previously approved a strategy based on setting underspend targets and reviewing of reserves to identify resources to fund additional one-off expenditure commitments. This strategy is a key element of the strategic approach to managing the Council's financial position over the period of the MTFS (2013/14 to 2016/17) and aims to ensure the Council has a robust financial base to manage continuing grant cuts. This approach will hopefully avoid the need for emergency measures and even higher cuts in budgets in future years.
- 3.4 This report outlines the key issues impacting on MTFS over the next 4 years. The key financial challenge facing the Council is the development of a strategy to manage continuing cuts in Formula Grant.
- 3.5 The provisional Local Government Finance Settlement announcement on 19<sup>th</sup> December 2012 confirmed that the grant cuts for the next two years (2013/14 and 2014/15) will be higher than previously announced by the Government in the 2010 Spending review. The actual grant cuts are also higher than the updated forecasts reported in December 2012 based on our assessment of information announced by the Government since the 2010 Spending Review.
- 3.6 The December 2012 Settlement announcement confirms that by 2014/15 Hartlepool's annual Formula Grant will be £20.1m less than it was in 2010/11, an ongoing cut of 34%. This is a cash reduction, when account is taken of inflation the real term cut is greater.
- 3.7 The Chancellor's 2012 Autumn Statement confirms that further Public Spending cuts will be made in 2015/16 and 2016/17, and detailed proposals will be set out in a Spending Review to be completed in 2013. It is anticipated that there will be further cuts in the Formula Grant and by 2016/17 the Council's Formula Grant will be £23.9m lower than it was in 2010/11, a 40% cut, as summarised below.



#### 4. 2012/13 Outturn Strategy and Review of Reserves

- 4.1 A comprehensive report was submitted to Cabinet on 19<sup>th</sup> November 2012 detailing progress in achieving the targets set for in-year managed budget underspends. This strategy has achieved underspends through a combination of robust management actions, including;
- holding posts vacant, which will help reduce the number of compulsory redundancies required to balance the 2013/14 budget;
  - achieving planned savings earlier;
  - careful management of budgets to avoid expenditure where this does not have an adverse impact on services;
  - the financial benefit to the Council of Local Government pay being frozen for the third successive year (fourth year for Chief Officers). The ongoing benefit of the 2012/13 pay freeze has been built into the 2013/14 budget forecast; and
  - savings in interest costs by taking advantage of current interest rates structures. A comprehensive review of this area has also been completed and detailed proposals to secure a permanent budget saving of £1m from 2014/15 in interest and loan repayment costs has been developed.
- 4.2 The report also provided details of progress in achieving the target set for re-assessing reserves where these resources can be released as the risk has reduced, or the initial proposed use of the reserve is no longer a priority in the current financial climate.
- 4.3 The previous report indicated that total resources from managing these areas is anticipated to be in the range of £5.660m to £6.480m, depending on the final outturn for demand lead budgets.

- 4.4 These forecasts were updated in January to reflect actual expenditure to the end of December 2012 and forecast expenditure for the remainder of the year. The updated figures anticipate a small increase in the forecast underspends. Assuming these outturns are achieved the level of available resources will exceed the previously identified commitments by between £0.381m and £1.161m (forecast reported in December was between £0.191m to £1.011m) as summarised below:

Summary of additional one-off commitments to be funded from 2012/13 outturn and review of reserves

	Best case £'000	Worst Case £'000
Forecast additional grant cuts 2013/14 arising from formula changes and updated population figures	850	850
Business Rates Retention – safety net threshold risk and impact of Power Station	1,000	1,000
Forecast additional redundancy and early retirement costs up to 2016/17	2,500	2,500
Provision for income shortfall 2013/14	500	500
Provision for delayed implementation of planned 2013/14 and 2014/15 savings	500	500
<b>Total additional one-off commitments</b>	<b>5,350</b>	<b>5,350</b>
Less Forecast 2012/13 Managed budget underspends (see note 1)	(3,570)	(4,350)
Less Reserves released from reviewing existing commitments	(2,280)	(2,280)
Funding for one off Accommodation costs (see note 2)	119	119
<b>Forecast uncommitted resources available to temporarily support 2013/14 budget if actual grant cut is higher than forecast</b>	<b>(381)</b>	<b>(1,161)</b>

**Note 1** - These figures assume that none of the forecast outturn is allocated for the Empty Homes Project and the additional forecast costs on this scheme are funded from Prudential Borrowing supported by the Business Case.

**Note 2** - A comprehensive report on the Accommodation Strategy was considered by the Finance and Corporate Services Portfolio Holder on 12<sup>th</sup> December 2012 outlining proposals to achieve ongoing budget savings of £0.17m from 2014/15. The budget forecast for 2014/15 anticipate savings of £0.1m from reducing accommodation costs, therefore there may be additional savings available to reduce the overall net 2014/15 budget deficit. To achieve these savings one-off costs need to be incurred of £0.184m (including a 15% contingency). It is recommended that £0.119m of these costs are funded from the

current year's outturn and £0.065m from the part year accommodation costs saving anticipated in 2013/14.

- 4.5 The forecast uncommitted resources detailed in the above table (£0.381m to £1.161m) were previously not committed pending the announcement of the 2013/14 Local Government Finance Settlement by the Government. As detailed later in the report the actual grant cut for 2013/14 is higher than forecast. However, the increase in the 2013/14 budget deficit can be funded from the 2012/13 Collection Fund Surplus which the Council is required by statute to take into account when setting next years' budget. It is therefore recommended that the uncommitted underspend is transferred to the General Fund.
- 4.6 It is also recommended that a strategy for using this amount is then developed as part of the 2014/15 budget process. The development of this strategy will reflect our professional advice on the impact of higher grant cuts in 2014/15 and additional financial risks the Government are transferring to Councils in relation to back-dated Business Rates, which is detailed later in the report.
- 4.7 As reported in December a review of Reserves has been completed and the table in paragraph 4.4 includes details of the Reserves identified and recommended for release by the Corporate Management Team towards funding the additional one-off commitments. As previously reported reserves are held to manage a range of risks and many of these risks will occur in future years. It is therefore important to maintain these reserves to protect the Councils medium term financial position. These reserves can only be used once and when they are used any unfunded risks will need to be funded from the revenue budget. Members will recall that a comprehensive review of reserves and risks was carried out as part of the 2012/13 budget process and identified reserves which needed to be retained to manage previously identified risks and /or to fund known unavoidable commitments. Therefore, the latest review recognised there would only be limited scope for identifying further reductions in existing reserves.
- 4.8 The latest review was based on the level of reserves at the 31st March 2012 which was £49.988m. This includes reserves Held in Trust for schools which cannot be spent by the Council, Ring fenced Grants which can only be spent in accordance with the conditions of the grant, the Budget Support Fund which is committed against the 2012/13 MTFS and capital reserves earmarked to fund capital expenditure commitments rephased into 2012/13. In addition, the total reserves included two Earmarked Reserves which should have been accounted for as Provisions. It was agreed with the External Auditors that this amendment would be actioned in the 2012/13 accounts and this reduces reserves by £1.273m.



- 4.9 When account is taken of the above amounts the net reserves available for review is £31.609m, as summarised below and the review identified £2.280m towards the additional one-off commitments.

	£'000	£'000
Total Reserves 31.3.12	49,988	
Less Audit Adjustments - Transfer of Reserves to Provisions	(1,273)	
<u>Less Reserves Held in Trust/Committed</u>		<b>48,715</b>
School Reserves	(7,155)	
Ring Fenced Grants	(1,971)	
Capital Reserves	(6,775)	
Budget Support	(710)	
Lotteries & Museums	(495)	
		(17,106)
<b>Total Reserves Available for Review</b>		<b>31,609</b>

- 4.10 Appendix 1 provides a schedule of the 'Reserves Held in Trust/Committed' of £17.106m. Appendix 2 provides a schedule of 'other reserves' of £31.609m. These appendices provide an explanation of the risk individual reserves are earmarked to manage, the reason individual reserves need to be maintained and the planned phasing of when the reserve will be spent.

#### 4.11 Statutory Accounts 2012/13 – Impact of Outturn Strategy

- 4.12 The successful achievement of the targets set for in-year managed underspends and reviewing reserves will impact on the year end position reported in the Statutory Accounts.
- 4.13 Similarly, the receipt of income from external funders in the current year to pay for services next year will also be reported in the Statutory Accounts, as a contribution to reserves. As reported in previous years this arrangement helps maximise the financial resources available to spend in the town, although it does result in a temporary increase in reserves at the year end.
- 4.14 The Statutory Accounts will also provide a summary of the financial strategy adopted by the Council in 2012/13 to manage budgets robustly and to prepare for future financial challenges. This is a difficult message to explain to the public and Officers and Members will need to work together to explain the strategy to the public.

## **5. Chancellor's Autumn Statement**

5.1 The Chancellor made his Autumn Statement on 5<sup>th</sup> December 2012. In broad terms the Statement and information from the Office for Budget Responsibility indicates that Britain's economy is now expected to contract by 0.1% this year owing to the impact of problems in Europe. Growth forecasts for future years are now lower than previously expected and the latest forecasts are:

- 1.2% in 2013;
- 2% in 2014;
- 2.3% in 2015;
- 2.7% in 2016;
- 2.8% in 2017.

5.2 The public sector deficit is expected to fall this year, partly owing to one-off benefits and to continue falling until 2017/18, which is later than previously forecast. These factors highlight the continued financial challenges facing the economy and the public sector, which it is expected will experience a continued period of austerity until 2017/18. This position is underpinned by the following issues:

- The Chancellor's statement that total public sector spending will reduce from 48% of GDP in 2009/10 to 39.5% in 2017/18;
- The Chancellor confirmed that 80% of the overall reduction in Government spending will relate to expenditure reductions, with 20% coming from tax increases;
- Government Departmental budgets will be cut by an additional 1% in 2013/14 and 2% in 2014/15. The 1% reduction does not apply to Councils, but the 2% reduction will apply in 2014/15. The Autumn Statement indicated that nationally this will reduce total funding for Local Government by a further £455 million in 2014/15. The following table summaries the departmental budget reductions announced by the Chancellor in the Autumn Statement;
- Confirmation that a Comprehensive Spending Review will be completed in the first half of 2013 to determine Government spending priorities for 2016/17 and 2017/18;
- The announcement that most welfare benefits for working age adults will be capped at 1% for each of the next 3 years.

	£ million	
	2013-14	2014-15
Education	-155	-305
NHS (Health)	0	0
Transport	-50	-90
CLG Communities	-20	-25
CLG Local Government	0	-445
Business, Innovation and Skills	-150	-280
Home Office	-80	-155
Justice	-75	-140
Law Officers' Departments	-5	-10
Defence	-245	-490
Foreign and Commonwealth Office	-10	-20
Energy and Climate Change	-5	-5
Environment, Food and Rural Affairs	-20	-35
Culture, Media and Sport	-10	-20
Work and Pensions	-75	-155
Scotland	-50	-105
Wales	-20	-65
Northern Ireland	-20	-40
Chancellor's Departments	0	-5
Cabinet Office	-5	-10
Small and Independent Bodies	-5	-10
International Development <sup>2</sup>	-250	-430

5.3 The additional 2% grant reduction in 2014/15 has now been reflected in the 2014/15 grant reductions for individual Councils announced on 19<sup>th</sup> December 2012. As detailed later in the report this is one of the reasons for the higher cut in the Council's 2014/15 grant. The additional national grant cut of 2% has a disproportionate impact on Councils which are more dependent on Grant funding and which operate in deprived areas, including Hartlepool.

#### 5.4 Provisional Local Government Finance Settlement 2013/14 and 2014/15

5.5 The Government presented the provisional Local Government Finance Settlement to Parliament on 19<sup>th</sup> December 2012, which was significantly later than in previous years. As a result the consultation period on the provisional settlement will be shorter than it was in previous years and the final settlement will be delayed until early February. The exact date for the final settlement has not yet been provided by the Government and if this information is available before your meeting a verbal update will be provided. Based on experience in previous years it is not anticipated there will be any significant changes in the provisional settlement, although this position may be different for 2013/14 owing to the scale of changes being implemented by the Government. The provisional settlement covered the following key issues:

- recognised the success of Local Authorities in managing the spending cuts over the last two years and on this basis Councils are exempt from the additional 1% funding cuts in 2013/14. However, it was confirmed that in 2014/15 the additional 2%

cuts announced by the Chancellor in the Autumn Statement will apply;

- confirmed that the Business Rate Retention changes will be implemented and stated this is the 'biggest shake up in Local Government funding in a generation and shifts power from Whitehall to the town hall'. As previously reported this change increases the financial risks the Council will need to manage, particularly in relation to the impact of the Power Station;
- Funding reductions will again be measured as 'spending power' cuts. The Secretary of State indicated that the average 'spending power' cut will be 1.7%, with no Authority experiencing a cut of more than 8.8% and a 3% maximum cut for upper tier Authorities;
- Confirmed proposals in relation to Council Tax Freeze referendum arrangements;
- Publication of a document setting out '50 Ways to save – examples of sensible savings in Local Government'. The Council has already implemented many of these issues.

#### **5.6 Impact of the Local Government Finance Settlement on Hartlepool**

5.7 The settlement covers two years - 2013/14 and 2014/15 and whilst the national position for 2013/14 is broadly in line with anticipated cuts, the figures for 2014/15 are significantly worse than anticipated. The higher cuts for 2014/15 include the impact of the additional 2% cuts announced by the Chancellor's Autumn Statement in December. For Hartlepool the additional cuts in the core grant are £0.766m in 2013/14 and £1.3m in 2014/15. Further information of these additional grant cuts and the impact on the MTFS is provided later in this section.

5.8 The Government are again showing cuts in Council funding as changes in 'spending power'. Department for Communities and Local Government (DCLG) define 'spending power' as total grants (including the main Formula Grant, New Homes Bonus, Council Tax Benefit Grant funding, Council Tax Freeze Grant, NHS funding to support Social Care) and Council Tax income. On this basis it appears that for 2013/14 that the headline reductions in spending power are relatively low. However, this position understates the actual cuts in core grant funding and cuts in specific grant regimes such as the Early Intervention Grant. This makes it difficult to explain the impact of cuts in Council funding to the public.

5.9 There are also significant concerns regarding the use of spending power by the Government as a measure to compare relative spending power between individual Councils as this fails to take account of different levels of need for services in different areas. Spending Power

analysis per dwelling shows that Hartlepool has higher than average spending power compared to other areas. However, Hartlepool has significantly higher levels of deprivation and has an IMD (Index of Multiple Deprivation) ranking of 24 out of 326 authorities. These higher levels of deprivation have a direct impact on a wide range of services and the amount the Council needs to spend on services.

- 5.10 In addition, the definition of spending power double counts income on existing Council Tax Benefits, as this is included in both the base Council Tax income and with the specific Council Tax Support income. The double counting of this significant income (£9.8m) in the calculation of the reduction in spending power understates the relative cut in Hartlepool's spending power, particularly compared to authorities with lower spending on Council Tax Benefits.
- 5.11 The concerns regarding spending power cuts could be addressed by the Government simply stating the percentage cut in the different grants paid to individual Councils, or by providing this information alongside spending power cut. These concerns were raised in the Councils response to the provisional settlement, as detailed in Appendix 3.
- 5.12 Whilst, the previous paragraphs outline significant concerns regarding the use of spending power this is currently the only information available nationally to compare Hartlepool's position with other areas. Analysis of DCLG figures highlights that the cut in Hartlepool's spending power for 2013/14 is greater than the national average for all Councils and the Unitary Authority average, as summarised below:
- Hartlepool spending power cut 2.2%;
  - National average of spending power cut 1.7%;
  - Unitary Authority average spending power cut 1.6% (range 0.2% to 2.8%);
  - 3 Unitary Councils will receive Spending Power increases of between 0.1% and 0.6% - Leicester, Peterborough and Luton;
  - Hartlepool's Spending Power cut per dwelling is the 3<sup>rd</sup> highest out of 55 Unitary Councils and the highest in the North East;

- 5.13 The following table compares Hartlepool's spending power cut with the other North East Councils.

Summary of Spending Power cuts and Spending Power per Dwelling (based on DCLG figures)

	Spending Power Cut %	Spending Power per Dwelling £
Middlesbrough	0.7	2,581
Newcastle	1.5	2,522
Hartlepool	2.2	2,488
South Tyneside	1.6	2,447
Gateshead	1.8	2,374
Sunderland	1.6	2,346
Redcar and Cleveland	1.3	2,269
National Average	1.7	2,240
Northumberland	2	2,118
Durham	1.4	2,110
North Tyneside	2.2	2,084
Stockton	1	2,018
Darlington	0.3	1,948

**5.14 Grant cuts 2013/14 and impact on 2013/14 budget forecasts**

- 5.15 Actual cuts in Hartlepool's grants for 2013/14 are summarised below. The table includes the cuts already implemented in 2011/12 and 2012/13:

2011/12 and 2012/13 cut £'m	%	Grant	2013/14 Cut £'m	%
10.2	20%	Core Grant	5.34	11%
2.0	22%	Early Intervention Grant	1.27	20%
n/a	n/a	Council Tax Support Grant	1.38	13.6%

- 5.16 The funding position for 2013/14 is complicated by changes the Government are implementing in April 2013 to roll existing specific grants into the main grant paid to Councils and the changes to funding arrangements arising from the re-localisation of Business Rates. As reported previously the Government stated that in 2013/14 no Authority would be any worse off as a result of changes to re-localise Business Rates. This is achieved by having a system of 'tariffs and top-ups', which are included in the 2013/14 baseline, known as 'start –up funding'. Top-up grant is paid to Council's which generate less Business Rates than they currently receive back under the existing system. Hartlepool is a top-up Authority and it is anticipated this

position will continue to apply until 2020 when the first reset of the new system will be completed by the Government

- 5.17 The 2013/14 Provisional Settlement also included details of the Government's proposed funding allocations for Local Council Tax Support schemes. The provisional allocation for Hartlepool of £9.804m is £0.14m less than previously indicated by the Government. The Council will need to fund this shortfall to maintain the reduction in Council Tax Support of 8.5% approved by Council on 24<sup>th</sup> January 2013.
- 5.18 There will be a benefit of £0.14m in 2013/14 as the actual New Homes Bonus allocation is more than anticipated in the MTFS (i.e. £1.188m compared to £1.048m). The increase reflects the Council's share of the national funding allocated through the New Homes Bonus (NHB) scheme for 2013/14, which is funded from the overall Local Government funding pot.
- 5.19 As reported previously the allocation of NHB needs to be considered in the context of the ongoing cuts in the Council's core Formula grant, which have been implemented since 2010/11, the year before NHB payments commenced. In 2013/14 the Council's core Formula Grant will be nearly £15m lower than it was in 2010/11.
- 5.20 The Grant system also maintains the damping arrangements, which means that some of the poorest area of the Country, including Hartlepool, which continue to face the highest grant cuts, will be protecting less deprived areas. In 2013/14 Hartlepool will lose damping grant of £0.741m, which equates to £17 per dwelling, whereas Councils in more affluent areas will still receive damping grant. (albeit that they still receive less grant than Hartlepool). In the North East only Newcastle receives floor damping grant and as detailed in paragraph 5.13 DCLG Spending Power figures show that Newcastle has Spending Power of £2,522 in 2013/14, compared to £2,488 in Hartlepool.
- 5.21 In summary as a result of the proposed funding detailed in the provisional settlement, compared to the MTFS forecasts, there is a net increase in the budget deficit of £0.766m, as summarised below:

	£'m
Increased Formula Grant Cut	0.766
Lower Council Tax Support Grant	0.140
<b>Total Additional Funding Cuts</b>	<b>0.906</b>
Increased New Homes Bonus	(0.140)
<b>Increase in Budget Deficit</b>	<b>0.766</b>

- 5.22 The additional grant cut increases the 2013/14 budget deficit to £5.992m and proposals for addressing this are detailed in section 6.

**5.23 Grant cuts 2014/15 and impact on 2014/15 to 2016/17 budget forecasts**

- 5.24 A key feature of the 2014/15 settlement was reported on 21<sup>st</sup> December 2012 and that was the Government's decision not to provide separate funding allocations for the continuing Council Tax Support Grant in 2014/15. Other funding regimes continue to be identified separately enabling Councils to clearly identify funding levels for these areas, some of these grants are small amounts as summarised below.

	2013/14 Grant £'000	2014/15 Grant £'000
Formula Grant	42,181	n/a
Council Tax Support Grant	9,804	n/a
<b>Sub Total</b>	<b>51,985</b>	<b>46,471</b>
<b>Specific Grant rolled into 'start up funding'</b>		
Early Intervention Grant	5,116	4,789
Learning Disability and Health Reform Grant	2,066	2,118
Local Authority Central Spend Equivalent Grant	1,955	1,955*
2012/13 Council Tax Freeze Grant	991	991
Lead Local Flood Authority Grant	115	115
Homelessness Prevention Funding	74	73
<b>Sub total</b>	<b>10,317</b>	<b>10,041</b>
<b>Total Start Up funding</b>	<b>62,302</b>	<b>56,512</b>

\* This is the provisional allocation for 2014/15 and the actual allocation will depend on the number of schools converting to Academies, both nationally and in Hartlepool.

- 5.25 On 11<sup>th</sup> January 2013 the Department of Communities and Local Government emailed a 'communication update' to Councils in response to a number of queries they had received in relation to the level of Council Tax Support Funding for 2014/15. The communication update made the following statements:-

- i) There is no reduction in the overall funding for Council Tax Support for 2014/15. The allocation for England is £3.3 billion in both 2013/14 and 2014/15, in line with 90% of the forecast Council Tax Benefit expenditure;
- ii) We have been clear for some time that funding for Council Tax Support would be provided as part of the Business Rates Retention scheme. Including the funding within the Business Rates Retention scheme has been a key to maximising the share of Business Rates and growth that is locally retained;
- iii) The Government consulted widely over the summer on the basis for distributing funding between authorities. Council Tax Support funding will only be separately identified in 2013/14



allocations. From 2014/15, the level of Council Tax Support funding and formula funding combined will be scaled back for individual Councils according to their combined spending trajectory, by service tier;

- iv) Ministers will of course consider all representation on individual Authority allocations made during the current statutory consultation before making decisions on the final settlement.

5.26 Whilst, the 'communication update' clarifies the Government's position, the above statements are contradictory and this position could be avoided if the Government continued to provide a separate allocation for Council Tax Support funding for 2014/15 and future years. Separately identifying Council Tax Support funding would provide much clearer transparency of the funding provided for this expenditure, which is essential to ensure the implications of this fundamental transfer of responsibility from Central to Local Government are fully understood. It is also important that the impact of this change is identified separately to the cuts in funding for core Council services as these issues need to be considered separately. These concerns were included in the Council's response to the provisional settlement announcement.

5.27 From the Council's perspective the statement in paragraph 5.25 (iii) that 'from 2014/15, the level of Council Tax Support funding and formula funding combined will be scaled back for individual Councils according to their combined spending trajectory, by service tier' is a significant concern. This statement could either be interpreted as:-

- Scenario 1 – Confirms the 2014/15 Council Tax Support Grant is cash frozen at the 2013/14 level. This is the planning assumption previously reported to Cabinet and the basis used for the medium term forecasts used in the development of the Local Council Tax Support scheme reported to Council in January and within the MTFS forecast; or
- Scenario 2 – Indicates that whilst national funding in 2014/15 for Council Tax Support funding will not be reduced, allocations to individual Council's will be reduced 'according to their combined spending trajectory'. Under this scenario the funding available for rolling the Local Council Tax Support Scheme forward in 2014/15 would be less than the current planning assumption, which could either increase the cuts in Council Tax Support to 45% in 2014/15, or result in an additional General Fund budget pressure of around £1m if Members determined to limit the cut in Council Tax Support in 2014/15 to 15%, as reported to Council in January.

5.28 Based on existing information provided by the Government, the above scenarios provide the same overall funding level for the Council for

2014/15, although there is a significant potential difference in the make-up of this funding, as highlighted in the following table.

	Scenario 1 Grant cut (percentage cut on 2013/14 grant)	Scenario 2 Grant cut (percentage cut on 2013/14 grant)
Council Tax Support funding	£9.604m (2%)	£8.765m (10.6%)
Formula Grant	£36.867m (12.6%)	£37.706m (10.6%)
Total Funding	£46.471m (10.6%)	£46.471m (10.6%)

- 5.29 For planning purposes the development of the MTFS and the Local Council Tax Support scheme is based on **scenario 1**.
- 5.30 On this basis and as reported on 21<sup>st</sup> December 2012 the settlement announcement provides a headline Formula Grant allocation for 2014/15 of £36.867m, which is a cut of £5.314m on the 2013/14 allocation of £42.181m. This is a cut of 12.6%, compared to a forecast cut of 9.4% (£4m).
- 5.31 The previous report had anticipated a higher 2014/15 grant cut owing to the impact of the additional 2% funding cuts announced by the Chancellor in the Autumn Statement. At the time Members were advised that it was anticipated this additional grant would be implemented as an across the board grant cut for all Council's and this would have a disproportionate impact on Council's which are more dependant on Grant funding. An initial assessment indicated that the additional 2% Grant cut on Hartlepool anticipated an additional Grant cut of £0.8m. This assessment assumed that Council Tax Support funding would be identified separately. As detailed earlier in the report this is not the case and this is one of the reasons for the higher grant cut in 2014/15.
- 5.32 The other main reason for the higher grant cut is the way in which 'resource equalisation' has been addressed in the 2014/15 grant allocations. Whilst, some aspects of these changes are positive, particularly in 2013/14, the overall impact is negative and from 2014/15 'resource equalisation' has been cut at a national level, which feeds into Hartlepool's 2014/15 grant cut. This risk was highlighted in previous reports as whilst the Government provided a commitment for 2013/14 (the first year of the new funding system for Councils) that no Council would be any worse off than they would have been if the changes had not been implemented, no such guarantee was provided for 2014/15 and future years. This is a significant concern as this arrangement will determine grant allocations until 2020, which is the

date of the first reset of the new grant system. This concern was covered in both the Councils and the Association of North East Councils response to the provisional settlement.

- 5.33 In terms of the grant allocations for 2015/16 and 2016/17 these will be determined through a combination of the Government Spending Review and the Local Government Finance Settlement for these years. At this stage the existing planning assumptions of grant cuts for these two years of between 5% and 7.5% per year are still the recommended planning assumptions.
- 5.34 The updated budget position also reflects the impact of specific grants transferring into the Formula Grant. Under the previous funding arrangements spending on these areas was contained within the overall cash grant, including the impact of inflation. Under the new funding arrangements the Council will need to provide inflation on these areas on the same basis as all other General Fund budgets and this will increase the budget gap. This risk has been identified in previous years' MTFS reports and effectively represents an additional funding cut. However, it could not be quantified until the Government determined which grants would transfer and the allocations for individual Councils. Part of this impact will be deferred until 2015/16 owing to the strategy the Council is adopting for managing the impact of one of these grant transfers i.e. the Early Intervention Grant as detailed later in the report.
- 5.35 The issues detailed in the previous paragraphs will increase the forecast budget deficits for the period up to 2016/17 by £1.996m as summarised below:

	£'000
Additional ongoing grant cut	1,464
Impact on inflation on mainstreamed grants	532
<b>Total increase in budget deficit</b>	<b>1,996</b>

- 5.36 As a result of the above factors the overall forecast deficit for the 4 years up to 2016/17 has increased as summarised in the following table:-

	Low £'000	High £'000
Forecast reported 17.12.12	19,094	21,094
Impact of higher grant cuts in 2013/14 and 2014/15 and inflation on grants mainstreamed	1,996	1,996
<b>Revised budget deficit</b>	<b>21,090</b>	<b>23,090</b>

- 5.37 The higher grant cuts in 2013/14 and 2014/15 than forecast will mean that as well addressing an increase in the overall deficit over the period

up to 2016/17, the Council will need to implement these cuts earlier. Proposals for addressing the increased deficits in 2013/14 and 2014/15 are detailed later in the report.

5.38 The 2015/16 and 2016/17 budget forecasts will need to be reviewed before the 2014/15 budget process commences as a range of planning assumptions will need to be updated as circumstances change. These issues will include:

- The impact of the next Spending Review on forecast grant cuts for 2015/16 and 2016/17;
- Provision for pay awards to reflect annual national pay negotiations;
- Government decisions on Council Tax referendum thresholds for 2014/15 and future years, which may impact on the indicative Council Tax increases included in the budget forecasts;
- New Home Bonus allocations for 2014/15 and future years;
- The impact of actual inflation on non pay budgets and how this compares the budget forecasts; and
- The impact of demographic pressures.

## **6. 2013/14 General Fund budget, savings plan and risk**

6.1 The previous MTFS reports considered by Cabinet provided a comprehensive analysis of the national and local issues impacting on the Council's financial position for 2013/14. This included budget pressures of £0.635m detailed in Appendix 4 which are included in the overall budget position for 2013/14. Appendix 5 provides details of the key financial assumptions underpinning the 2013/14 budget.

6.2 No provision has been made in the 2013/14 budget proposal for increased Older People costs arising from demographic pressures. In 2012/13 these costs exceed the budget by around £0.5m and this additional cost is being offset by underspends in other budgets. It is anticipated that this level of expenditure will continue in 2013/14 and these additional costs will be funded from a combination of the risk reserves (£0.42m) earmarked to manage risk and volatility in this area and increased Social Care grant provided by the Government. The exact mix of these different funding streams will depend on how much of this expenditure can be funded from the Social Care grant. This is currently being assessed and details will be reported to Members when this work has been completed. This assessment will also consider the longer term impact for 2014/15 to determine if there is a permanent budget pressure in this area. At this stage it is anticipated the available risk reserve and the Social Care grant will provide sufficient funding for 2013/14, 2014/15 and 2015/16. However, this is a risk area as expenditure will depend on demographic pressures, actual caseloads and the extent to which other forms of support can be provided to reduce costs. Therefore, this issue will need to be reviewed annually as part of the overall budget process.

- 6.3 The December MTFS report also provided details of the updated position on a range of budget issues which it was recommended in our professional view need to be included in the 2013/14 budget. This recommended advice is still appropriate and these issues have been included in the budget forecast and cover the following factors:

	£'000
<b>Increases in budget deficit</b>	
<u>People Services Collaboration saving</u>  Provision needs to be made for the delayed achievement of forecast saving from People Services collaboration. As reported in December 2012 these savings were always going to be one of the most challenging savings proposals for 2013/14. Work completed to date now indicates that a full year saving will not now be achieved in this area. This risk has previously been recognised and a risk reserve of £0.5m recommended. This will enable the Council to manage phasing delays in the achievement of these savings. When account is taken of other changes in 2013/14 planning assumptions it is recommended that £0.367m of this reserve is used in 2013/14 to offset the delayed achievement of these savings.	500
<u>Looked After Children Pressure</u>  Increased demand for children's social care services and workload pressures within the system resulting in need for additional capacity within social work teams to manage demand and ensure caseloads remain at safe level (included in Appendix 4 – Schedule of 2013/14 Budget pressures)	96
<u>Denominational School Transport</u>  Following the Council decision in February 2012 to provide one-off funding to defer making this saving in 2012/13 the MTFS forecast anticipated this saving being made in 2013/14. Following the decision by Cabinet on 19 <sup>th</sup> November 2012 the anticipated saving included in the previous MTFS forecast will not be achieved.	125
<b>Permanent Savings</b>	
<u>External Audit Fee savings</u>  An initial assessment of the forecast External Audit Fee savings was included in the June 2012 MTFS report. Based on information received from Mazars (the new	(105)

external auditors) on 1 <sup>st</sup> November 2012 in relation to the 2012/13 External Audit fee it is anticipated that the ongoing saving in 2013/14 will be £105,000, which is £15,000 more than initially forecast and included in the MTFS. This fee level assumes the timely preparation of good quality financial statements and working papers.	
<p><u>Director of Regeneration and Neighbourhood Services saving</u></p> <p>Saving reflects lower salary and associated pension and national insurance savings approved by full Council.</p>	(36)
<b>Temporary Savings</b>	
<p><u>Chief Executive's savings</u></p> <p>The MTFS forecast reported on 4<sup>th</sup> October included a permanent savings from the reduction in the Chief Executive's salary approved by full Council.</p> <p>Following the appointment of the current Chief Executive there will also be a temporary employers' pension contribution saving (£24,000) as the current Chief Executive is no longer in the pension scheme and his pension will be based on his previous salary as Director of Regeneration and Neighbourhoods.</p> <p>This saving will continue while the existing officer is Chief Executive, although it will not be sustainable when there is a change in Chief Executive.</p> <p>There will also be a temporary savings (£10,000) as the Chief Executive was appointed at the bottom of the revised salary grade.</p>	(34)
<p><u>Human Resources Saving</u></p> <p>The Chief Executive is currently reviewing all departmental structures and will be making recommendations to Cabinet on a proposed structure early in the New Year. In relation to the Chief Executive's department these proposals will need to address issues in relation to the Human Resources function, in particular the shared Head of Human Resources post. Members will recall that when this arrangement was initially entered into a saving of £51,000 was included in the base budget leaving a net budget provision of £51,000. The Chief Executive's review of the structure will address this issue and recommend whether the whole of this budget is needed to replace lost HR capacity and capability, or whether part, or the whole</p>	(15)

of the remaining budget can be taken as a saving. Until this review is complete existing temporary arrangements will continue. Therefore, for planning purpose a minimum temporary saving of £15,000 can be included in the 2013/14 budget.	
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- 6.4 After reflecting the factors detailed in the previous paragraphs, the actual 2013/14 grant cut and an assumed Council Tax increase of 1.99% the revised budget deficit for 2013/14 is £5.992m. This is £0.766m higher than forecast owing to the impact of the additional grant cuts announced on 19<sup>th</sup> December 2012. The development of the budget strategy for 2013/14 commenced last year and was based on balancing the 2013/14 budget through a combination of permanent budget cuts and the use of one-off resources, which were earmarked to help manage the position over more than one year to provide more time to implement permanent budget reductions. The multi-year approach enables manage budget underspends to be allocated to temporarily maintain services at a time of sustained cuts in Government grants. Details of these proposals were reported to Cabinet in December 2012 and are set out in the following paragraphs. Section 7 provides details of the proposed Council Tax increase for 2013/14, the Governments' Council Tax freeze arrangements and the impact of these issues on the MTFS.
- 6.5 The 17<sup>th</sup> December 2012 MTFS report provided details of Departmental savings plans for 2013/14 as summarised in the following table, which shows total savings of £3.364m. This is £36,000 more than planned savings of £3.328m. Detailed reports on the individual 2013/14 savings are set out in the Appendices to this report as shown in the following table:

Appendix	Project Title for the Cabinet Report	Project Savings agreed by CMT (£,000)
6	Adult Social Care	860
7	Community Services	205
8	Home to School Transport	100
9	Performance & Achievement	100
10	Prevention, Safeguarding & Specialist Services	475
11	Resources & Support Services Division of Child & Adult Services	91
12	Regeneration & Planning Services	201
13	Resources Division of the Regeneration & Neighbourhoods Department	228
14	Transportation and Engineering Services	254
15	Waste Management Services	400
16	Chief Executives Department	200
		<b>3,114</b>
N/a	Three Borough People Collaboration - As detailed in paragraphs 6.3 the full year saving will not be achieved and a reduced part year savings of £0.250m is forecast for 2013/14.	250
	<b>Total Savings</b>	<b>3,364</b>

6.6 The detailed savings reports include a risk assessment section detailing financial and non financial risks of achieving the proposed savings. In terms of financial risks a corporate assessment of the achievability and sustainability of savings has also been completed based on analysing savings between reductions in pay budgets, non pay budgets and income generation, as summarised below:

	Pay savings £'000	Non pay budget savings £'000	Increased income £'000	Total Saving £'000
Chief Executive's Department	155	25	20	200
Child and Adult Services	759	998	74	1,831
Regeneration & Neighbourhoods	332	558	193	1,083
Total	1,246	1,581	287	3,114
Savings as percentage of total	40%	51%	9%	100%

6.7 The above table indicates that 40% of the overall savings will be achieved by reducing pay budgets. As detailed in previous reports this is slightly lower than the overall percentage of the current budget which is spent on pay costs of 56%. Further analysis of the proposed pay savings has identified that £0.657m (53%) of the overall saving in this



area will be achieved by deleting vacant posts. This position reflects management action taken to hold posts vacant where possible to reduce the need for compulsory redundancies as part of the 2013/14 budget. This action is not sustainable over the period of the MTFs and in future years the number of compulsory redundancies will increase as it will not be possible to hold posts vacant.

- 6.8 With regard to the 2013/14 pay saving which cannot be achieved by deleting vacant posts of £0.589m the Corporate Management Team will continue to manage vacancies during the remainder of the year to provide redeployment opportunities for staff at risk of redundancies.
- 6.9 In terms of managing the financial risk of achieving the overall savings target for 2013/14 the pay savings detailed in the previous paragraphs reduces the financial risk of delivering sustainable savings for 2013/14. Owing to the timetable for approving individual savings proposals and the notice period of individual staff affected by these proposals some of these savings may not be achieved from the 1<sup>st</sup> April 2013. In order to enable the full saving to be taken into account when the 2013/14 budget is set it is recommended that any salary payments due for notice periods after 1<sup>st</sup> April 2013, which are not anticipated to be significant, are funded from the overall resources allocated for Redundancy and Earlier Retirement costs. This will not adversely impact on the funding available to future Redundancy and Early retirement costs in the period 2014/15 to 2016/17, which are anticipated to be significant owing to the scale of the budget deficits facing the Council in these years.
- 6.10 With regard to the non pay and income savings these are based on robust business cases, as described in the detailed report for each area. However, these areas are not without risk and any shortfall in planned savings will need to be addressed by departments identifying alternative proposals for Members approval if this proves necessary. These areas will continue to be managed carefully during 2013/14.
- 6.11 The ICT procurement is also progressing as planned and the stages of the competitive dialogue completed to date indicated that the anticipated savings will be achieved. For 2013/14 this is anticipated to provide a part year saving of £0.3m.

- 6.12 In terms of one-off resources it is recommended that £2.318m of funding can be used to support the 2013/14 budget as set out in the following table:

	£'m
Contribution from 2011/12 outturn to partly offset removal of 2012/13 Council Tax freeze grant	0.345
Contribution from 2012/13 outturn to offset forecast additional 2013/14 grant cuts reported before actual grant cuts were known	0.850
Contribution from the 'Delayed implementation of planned 2013/14 and 2014/15 savings reserves' to offset part of the reduced People Collaboration savings in 2013/14 (paragraph 6.3)	0.367
<b>Sub Total - Planned use before actual 2013/14 Grant cut known</b>	<b>1.562</b>
Contribution from 2012/13 Collection Fund Surplus (£0.737m) and 2013/14 outturn (£0.029m) to offset actual grant cut being higher than forecast	0.766
<b>Total One-off Funding</b>	<b>2.328</b>

- 6.13 In summary it is recommended that the 2013/14 budget gap of £5.982m is bridged from a combination of permanent budgets cuts and the use of one-off resources as summarised below:

	£'m
Permanent budget savings (includes part year ICT procurement savings)	3.664
Use of one-off resources	2.318
<b>Total</b>	<b>5.982</b>

**6.14 Impact of above strategy on 2014/15 to 2016/17 budget position**

- 6.15 As reported previously and detailed earlier in this report the use of one-off resources to balance the 2013/14 budget is designed to provide a longer lead time to implement budget cuts. On this basis and the forecast ongoing grant cuts the Council will need to make additional cuts by the start of 2016/17 of between £17.426m and £19.426m (i.e. gross budget deficit for the period 2013/14 to 2016/17 of between £21.590m and £23.590m detailed in paragraph 5.36, less planned 2013/14 savings of £3.664m).

- 6.16 As part of the budget plans for managing this position a two year saving plan for 2013/14 and 2014/15 has been developed, which aims to achieve ongoing savings for implementation by 1<sup>st</sup> April 2014 of £9.4m (i.e. £3.7m in 2013/14 and £5.7m in 2014/15), consisting of three key elements:

- The achievement of Departmental savings;

- The achievement of collaboration savings; and
  - The achievement of ICT procurement savings.
- 6.17 The achievement of the ongoing additional savings for 2014/15, particularly in relation to proposed collaboration savings will be extremely challenging. Even if all these savings are achieved the Council still faces an unfunded budget deficit in 2014/15, owing to the impact of the higher ongoing grant cuts for 2014/15 than forecast when this initial plan was developed.
- 6.18 As detailed earlier in the report collaboration savings were always recognised as the most challenging to achieve and the work completed to date underlines this position.
- 6.19 In financial terms the following table highlight the scale of the financial challenges facing the Council over the next two years, assuming two scenarios as detailed below. As in previous years the Corporate Management Team will be considering the overall position of the Council before the end of this financial year and determine some initial plans which provide a suitable and manageable lead in for the delivery of these significant savings. This will build upon work already considered and some plans developed in draft but which will require review in the light of the increased savings requirements for the next three years.

**Scenario 1 – Low forecast deficit 2014/15 to 2016/17 of £17.426m**

This scenario reflects the provisional 2014/15 grant cuts and **annual grant cut of 5%** in 2015/16 and 2016/17.

	2014/15 £'000	2015/16 £'000	2016/17 £'000
Gross Budget deficit	8,524	5,227	3,675
Departmental Savings plan – year 2 savings (includes ICT)	(3,940)	0	0
Ongoing additional collaboration savings – assumes £0.25m achieved in 2013/14 and sustained	(1,792)	0	0
Net deficit still to fund from additional savings	2,793	5,227	3,675

**Scenario 2 – High forecast deficit 2014/15 to 2016/17 of £19.426m**

This scenario reflects the provisional 2014/15 grant cuts and **annual grant cut of 7.5%** in 2015/16 and 2016/17.

	2014/15 £'000	2015/16 £'000	2016/17 £'000
Gross Budget deficit	8,524	6,227	4,675
Departmental Savings plan – year 2 savings (includes ICT)	(3,940)	0	0
Ongoing additional collaboration savings – assumes £0.25m achieved in 2013/14 and sustained	(1,792)	0	0
Net deficit still to fund from additional savings	2,793	6,227	4,675

**7. Council Tax 2013/14**

7.1 As reported in November the Government has announced details of the proposed 2013/14 Council Tax Freeze Grant and referendum trigger points, as follows:

- Council Tax Freeze Grant – a 1% grant will be paid to local authorities which freeze the 2013/14 Council Tax at the current level. This grant will be paid for two years - 2013/14 and 2014/15.
- Council Tax referendum threshold – this will be reduced from 3.5% in 2012/13 to 2% for 2013/14.

7.2 The Council Tax Freeze proposal was confirmed as part of the Provisional Local Government Finance Settlement on 19<sup>th</sup> December 2012. The Government also indicated that in the next Spending Review this funding will have the same status as other funding. It is unclear what this statement means. What is clear is that the Council Tax Freeze Grant for 2013/14 is a two year grant payable in 2013/14 and 2014/15. Therefore, for planning purpose this is the basis for assessing the impact of the Government's 2013/14 Council Tax freeze proposal.

7.3 The June 2012 MTFS report recognised the risk of the Government reducing the Council Tax referendum thresholds and recommended reducing the forecast annual Council Tax increases included in the MTFS for 2013/14 to 2016/17 from 3.5% to 2.5%. This proposal was approved by Cabinet and increased the budget deficits over the period of the MTFS.

7.4 In view of the Government's previous announcements the MTFS is based on setting a Council Tax increase just below 2% i.e. at 1.99% for 2013/14.

7.5 Cabinet now needs to determine the final proposals it wishes to refer to full Council in relation to the level of Council Tax for 2013/14. This decision needs to take account of both the immediate impact on the Council's financial position in 2013/14 and also the longer term impact beyond 2013/14.

7.6 Another factor the Council needs to consider is the level of the Council Tax referendum trigger which the Government may set in future years, which is currently unknown. The Governments policy over the period 2011/12 to 2013/14 has been to reduce both the period Council Tax Freeze Grant is paid for and the value of the grant. At the same time the Council Tax referendum thresholds for 2013/14 are lower than they were in 2012/13. Against this background the best that Councils can plan for 2014/15 is that the Council Tax Freeze Grant and referendum trigger points will be the same as for 2013/14. However, there is a risk that lower levels could be implemented, which would further undermine individual Councils financial resources and exacerbate the impact of continuing grant cuts.

7.7 The impact of the options available to the Council for 2013/14 are detailed below:

7.8 Impact of increasing Council Tax by 1.99%

This option is more sustainable than accepting the Council Tax Freeze Grant of 1% as it will generate additional ongoing Council Tax income of £0.6m in 2013/14 and future years. The Councils ability to achieve additional sustainable income is particularly important at a time of reducing Government grant as this income helps to partly mitigate the impact of these funding cuts on services.

The option will impact on household budgets and the weekly additional charge per household will be as follows if this option is implemented:

Property Band	Percentage of houses in each band	Additional weekly charge arising from a 1.99% increase in HBC own Council Tax
A	46.9%	0.36p
B	16.4%	0.42p
C	16.1%	0.48p
D	9.5%	0.54p
E	5.7%	0.66p
F	2.8%	0.78p
G	2.3%	0.90p
H	0.3%	1.08p
	100%	

## 7.9 Impact of accepting the 2013/14 Freeze Grant of 1%

As reported previously temporary Council Tax freezes result in permanent funding reductions. Accepting the 2013/14 Council Tax Freeze Grant will reduce ongoing gross income by £0.6m.

This permanent income reduction will be offset by a reduction in the budget pressure for the Local Council Tax Support scheme of £0.2m as provision will not be needed to be made for the increased costs arising from a 1.99% Council Tax increase. This reduces the ongoing net income loss to £0.4m. It will not be possible to make up this loss in future years through higher Council Tax increases as this would require a Council Tax Referendum and it is unlikely that the public would vote to pay higher Council Tax.

If the Council determines to freeze Council Tax an additional 1% grant will be paid by the Government for 2 years. It was previously anticipated this grant would be calculated on the basis of the reduced Council Tax base after reflecting the impact of the Council Tax Benefit changes. This would have provided Hartlepool with a grant in 2013/14 and 2014/15 of £0.3m. As this is a time limited grant this does not provide a permanent solution to the permanent loss of Council Tax income of £0.4m and simply defers part (£0.3m) of these additional cuts until 2015/16, as summarised in the following table.

	2013/14 £'000	2014/15 £'000	2015/16 £'000
Permanent reduction in net resources from freezing 2013/14 Council Tax	400	400	400
Council Tax Freeze grant – received for 2 years	(300)	(300)	0
Additional sustainable 2013/14 budget cuts	0	(100)	(100)
Increase in budget cuts	100	0	300

- 7.10 The Settlement announcement on the 19<sup>th</sup> December 2012 stated that the Government will actually base Council Tax Freeze Grant payments for 2013/14 and 2014/15 on the average Council Tax level and average gross Council Tax base (i.e. before the reductions to reflect the impact of the Council Tax Benefit changes) for the previous two years (2011/12 and 2012/13). If Hartlepool determined to freeze Council Tax this would provide slightly higher one-off grants for 2013/14 and 2014/15. The revised arrangement simply defers the impact of having to make the whole of additional grant cuts until 2015/16 as summarised below:

	2013/14 £'000	2014/15 £'000	2015/16 £'000
Permanent reduction in net resources from freezing 2013/14 Council Tax	400	400	400
Council Tax Freeze grant – received for 2 years	(400)	(400)	0
Additional sustainable 2013/14 budget cuts	0	0	0
Increase in budget cuts	0	0	400

The Government have not provided a detailed explanation for calculating Council Tax freeze grant on this basis, which actually increases the national cost. It is not thought that this has been done to help Councils, but is a pragmatic solution to reflect the fact that until all Councils have determined their Local Council Tax Support schemes the Government does not have the data to calculate allocations as originally anticipated based on the new Council Tax base.

This clarification does not change the fundamental impact that freezing Council Tax for 2013/14 will increase the budget cuts which the Council will need to make; it simply defers the whole of the additional cuts until 2015/16. As detailed earlier in the report 2015/16 will be a very difficult budget year owing to the cuts which will have been made in previous years. The financial challenges (and cuts required) in 2015/16 will therefore be increased if Council Tax is frozen next year.

- 7.11 In summary increasing Council Tax by 1.99% will generate additional permanent income, which is particularly important during a period of Government grant reductions. Accepting the Council Tax Freeze Grant will require additional budget cuts of £0.4m to be made before the start of 2015/16. It is therefore recommended by the Corporate Management Team that a Council Tax increase of 1.99% is implemented as this maximises the Council's ongoing income base and provides greater protection for services.
- 7.12 For 2015/16 and 2016/17 it is recommended that the indicative Council Tax increases of 2.5% are maintained, as the Council will need to begin increasing Council Tax income to partly mitigate the ongoing impact of further expected grant cuts. Central Government will need to recognise that if Council Tax continues to be constrained at a time of continuing grant cuts that Councils will become unviable and unable to provide local services. The indicative 2015/16 and 2016/17 Council Tax increases will need to be reviewed when more information is available.
- 7.13 For 2013/14 the Government is removing the requirement on Local Authorities to provide an explanatory leaflet with Council Tax bills. Whilst, the statutory requirement is being removed it is recommended that a leaflet is provided with the 2013/14 Council Tax bills as this provides an opportunity to explain to the public the financial issues

facing the Council, the strategy for dealing with these issues and an explanation of the decisions taken in relation to the level of Council Tax for 2013/14. The additional cost of producing the black and white Council Tax information leaflet is £1,800, as all other costs of printing and distributing the Council Tax bills will still be incurred. This cost can be funded from the existing budget.

**8. Early Intervention Grant (EIG)**

- 8.1 The EIG was established in 2011/12 and funded from a number of specific grants. Hartlepool's initial EIG allocation for 2011/12 was nearly 22% lower than the previous separate grant allocations.
- 8.2 The previous MTFS report anticipated the EIG reducing from £6.440m in 2012/13 to between £4.79m and £4.92m in 2014/15, with the grant cuts being fronted loaded in 2013/14.
- 8.3 The provisional settlement on 19<sup>th</sup> December confirmed that by 2014/15 the EIG will reduce to £4.789m, a £1.611m cut on the current year – a cut of 25%.
- 8.4 The cut will be fronted loaded and in 2013/14 the reduction will be £1.276m, compared to a forecast of £1.150m. The cut in 2013/14 can be covered from the available EIG reserve earmarked to manage this grant reduction, although this may reduce flexibility in 2014/15.
- 8.5 These cuts are not unexpected and previous reports identified the risk of cuts in EIG. In response to this risk a careful assessment of EIG commitments has been adopted since this funding regime was introduced and this strategy delivered an under-spend in 2011/12. It is also planned to achieve an under-spend in 2012/13. Based on current forecasts for 2012/13 and the under-spends achieved in 2011/12 this should provide one-off funding of between £1.431m and £1.531m, depending on the actual outturn for 2012/13. A significant part of the 2012/13 managed under-spend relates to service areas transferring from the EIG into School funding in 2013/14, so cannot be repeated.
- 8.6 In view of the EIG funding cuts over the next 2 years Cabinet previously approved the recommended strategy of allocating the under-spends from previous years to temporarily offset these grant cuts. This strategy will not provide a permanent solution. However, the alternative strategy would be to cut EIG services from April 2013 to the level of the reduced grant.
- 8.7 The recommended strategy provides a longer lead time for Members to assess the implications of reducing EIG services to the level of the ongoing EIG funding. A detailed report will be brought back to a future meeting to propose a permanent strategy. This report will also address the exact amount of the EIG Reserve which needs to be allocated to support the service in 2013/14. In terms of setting the budget it is



proposed that a maximum contribution of £1.276m (i.e. the level of grant cut for 2013/14) is approved. However, the actual contribution is anticipated to be lower reflecting the element of the 2012/13 underspend which can be sustained and the phased implementation of permanent reductions in 2013/14 when these are approved by Members. This strategy will enable an additional element of the overall reserve to be carried forward to 2014/15 and help manage the reduction in this area to the level of the ongoing grant.

- 8.8 As detailed earlier in the report the reduced 2014/15 EIG allocation will then be rolled forward in the base budget for 2015/16 in the same way as other budgets and inflation added to this budget. The impact of this position is reflected in the budget forecasts for 2015/16 and future years detailed earlier in the report.
- 8.9 The strategy for addressing the cut in the EIG will also include the impact of redundancy / early retirement costs which will need to be funded from the Council's overall redundancy / early retirement provision.

## **9. Local Authority Central Spend Equivalent Grant (LACSEG)**

- 9.1 Previous reports advised Members of the cuts in the Formula Grant arising from the transfer of Local Education Authority (LEA) funding to academies to reflect the transfer of responsibilities to individual schools. This position affected all LEAs irrespective of the number of academies in an individual authority's area and meant that in 2011/12 and 2012/13 Hartlepool lost funding even though there were no academies. The arrangements for top slicing the Formula Grant do not reflect the costs which will remain with LEA, even if all schools became academies.
- 9.2 The 2012/13 budget included a provision of £0.28m to off-set the grant reduction. This amount will not be needed in the current year as, following legal challenge by a number of authorities, the Government have withdrawn these arrangements and will be refunding the grant cuts already made for 2011/12 and 2012/13. Detailed allocations for individual councils are not yet known, although it is anticipated Hartlepool may receive a refund for these years of £0.48m. Assuming this amount is received this will mean the Council has £0.76m (£0.28m in-year budget underspend, plus £0.48m one-off grant refund) of one-off resources at the end of the current year.
- 9.3 Whilst, the Government has now reversed the previous arrangements for transferring funding, they have confirmed that new arrangements will be implemented for 2013/14. The new arrangements will involve removing Local Authority Central Spend Equivalent Grant (LACSEG) from the main Formula Grant from 2013/14. The national amount top sliced from the Formula Grant will then be allocated by the Government between LEAs and academies in each LEA's area. The more

academies there are in an area the lower the funding which will be allocated to the LEA. There is a significant risk that the funding allocated to individual authorities will not be sufficient to fund statutory, regulatory and overhead costs currently funded from LACSEG. This risk will increase as more schools become academies.

- 9.4 Nationally this funding change has remove £1.2 billion from the Formula Grant. The Government has stated that Hartlepool's LACSEG transfer is £1.955m, which is £0.397m less than the current allocation. If Hartlepool schools become academies further in-year grant reductions will be made during 2013/14 and future years. These reductions will be £139,000 per secondary school and £33,000 per primary school, which is less than previously forecast owing to national changes and clarification of how the new funding arrangements will work. In addition, if more schools become academies during 2013/14 or future years the Government may top slice the national funding and make in-year reductions in individual authorities grant allocations.
- 9.5 To address the LACSEG grant cut in 2013/14 it is recommended that £0.397m of the LACSEG reserve is allocated to support this area and the remainder of this reserve (£0.363m) earmarked to manage the impact of additional schools becoming academies in 2013/14 and future years.
- 9.6 This strategy is not sustainable, as the funding cuts when schools become academies are permanent, and a strategy needs to be developed to address this issue. This strategy needs to determine the minimum level of resources which will be needed to discharge the Council's statutory and regulatory duties as an LEA. It also needs to address the impact on overheads currently funded from the LACSEG. At this stage it is not known how much funding will be provided for these costs, whether the required services can be delivered within the available resources, or whether there will be a budget pressure in 2014/15 and future years.
- 9.7 The availability of this one-off funding provides the Council with the necessary financial flexibility to review this position over the next 12 months and to develop a strategy for managing this position. It is therefore recommended that the one-off funding not needed to fund grant reductions in 2013/14 is allocated towards developing this strategy. This will also include the impact of redundancy / early retirement costs which will need to be funded from the Council's overall redundancy / early retirement provision.

## **10. Public Health Funding**

- 10.1 As Members will be aware Public Health responsibility and funding will transfer to Councils in April 2013. Details of individual Councils funding allocations were provided on 11<sup>th</sup> January 2013 (again later than anticipated) and Hartlepool has been allocated £8.255m for

2013/14 and £8.486m for 2014/15. This allocation is higher than previously indicated by the Government and Officers are working through the detailed regulations to assess the impact of this funding allocation.

- 10.2 This work includes identifying existing contractual commitments which will transfer to the Council and will be funded from the Public Health grant. This work will take time to complete and does not need to be finalised in time for setting the 2013/14 General Fund budget as this is a ring fenced grant. The Council needs to complete a comprehensive assessment of this new responsibility, including the financial risk of managing a significant new funding stream.
- 10.3 Both nationally and at an individual Council level it will be essential that Local Authorities implement this new responsibility successfully. It is therefore, prudent and the recommended professional advice of the Corporate Management Team (including the Director of Public Health) that a careful assessment of this area is completed and a separate detailed report on the use of Public Health funding prepared and submitted to a future meeting for Members consideration. The report will outline proposals for integrating public health, both operationally and financially, into the Council to maximise the benefits in 2013/14 and future years. A key part of this strategy will be the identification of the new opportunities, risks and proposals for managing these issues that transfer to the Council on 1<sup>st</sup> April 2013.

## **11. Capital Programme 2013/14**

- 11.1 There are three elements to the capital programme, namely schemes funded from specific Government Capital Grants, schemes funded from the Council Capital Fund and self funding schemes. The total value of the 2013/14 Capital Programme is £15.338m and Appendix 17 provides details of individual schemes/funding regimes and how this capital expenditure will be funded.
- 11.2 **Schemes funded from specific Government Capital Grant** – as detailed in Appendix 17 the Council will receive the following Capital Grant in 2013/14:
- Local Transport schemes £1.351m;
  - Schools Capital Programme £1.7m;
  - Adult Social Services £0.269.
- 11.3 Detailed proposals for using these capital allocations will be reported to the relevant Portfolio Holder for approval.
- 11.4 The Council will also receive a range of specific Capital Grants totalling £7.303m, as detailed in Appendix 17. These resources can only be spent on the specific schemes covered by the individual funding approvals.

- 11.5 **Schemes funded from the Council Capital Fund** – this capital expenditure is funded from Prudential Borrowing and the resulting annual repayment costs picked up as a revenue budget pressure. As part of the approved 2012/13 budget a Council Capital Fund of £1m was approved to cover capital expenditure requirements in 2012/13 and 2013/14. Council approved the allocation £0.582m to fund specific schemes in 2012/13 and the carry forward of £0.418m for schemes in 2013/14. Use of the carry forward funding will need separate Council approval.
- 11.6 A review of previously approved schemes has been completed to reflect the completion of schemes and the value of resources to carry forward to fund schemes in 2013/14 is £0.491m. In addition, the revenue budget pressures identified for 2013/14 include provision for an additional Council Capital Fund allocation of £0.6m. Therefore, total funding available for 2013/14 is £1.091m.
- 11.7 Detailed proposals for using this funding are provided at Appendix 17, which includes the following two schemes.
- 11.8 The first proposed scheme for 2013/14 is a contribution of £0.1m towards the reconstruction of the A689 arising from the deterioration of a section of the highway. Detailed condition surveys indicate that a section of the carriageway is now classified as 'red' on the condition survey criteria. Reconstruction is required as soon as practical owing to the high volume of traffic that uses this section of highway on a daily basis and the need to maintain the highway in a safe condition to avoid accidents. Emergency repairs have been carried out using £16,000 of Local Transport Plan funding. This section of road had not previously been identified for reconstruction in the foreseeable future. However, the condition of the road has deteriorated and parts of the road now require reconstruction. The total cost of reconstruction is £0.68m and it is proposed to fund these costs as follows:

	£'000
Council Capital Fund	100
Underspend on the 2012/13 Coast Defence Prudential Borrowing repayment budget of £50,000, which has not been needed to match fund contribution towards Coast defence projects which will now be fully funded from Government Capital Grant. It is anticipated this position will continue in 2013/14.	100
Prudential Borrowing – the annual loan repayment costs arising in 2014/15 will be funded by permanently realigning part of the Coast Defence Prudential Borrowing repayment budget of £50,000.	480
<b>Total Funding</b>	<b>680</b>

- 11.9 The funding proposal will reduce the resources available to match fund Coast Protection works. However, following the success in securing

Government grants to undertake major Coast Protection schemes this proposal will not impact on the delivery of these schemes. The proposal will leave a residual budget provision of £20,000 to match funding future Coast Protection projects.

- 11.10 The issues in relation to the A689 highlight the future financial challenges facing all Councils in relation to the management of infrastructure assets in a period of reducing capital resources and pressure on the revenue budget from grant cuts and demographic pressures. These issues cannot be addressed by individual Councils and at some point the Government will need to develop a strategy to finance the upgrade of infrastructure managed by Councils. Until such a strategy is developed individual Councils' will need to manage the position as best they can and develop local financial solutions.
- 11.11 The second proposed schemes relates to potential works to the Bowls Club building, which will 'reserve' £0.2m of the available Council Capital Fund if approved by Members. There is a separate report on this issue on the agenda.
- 11.12 **Self Funding schemes** – will be funded from Prudential Borrowing and the resulting annual loan repayment costs will either be funded from increased income, or revenue savings arising from the capital expenditure. These items cover the following schemes:

	Capital Expenditure £'000
<p>Recycling Bins</p> <p>£0.680m relates to the new Waste Management arrangements which will provide a net saving of £0.4m in 2013/14, after reflecting loan repayment costs of capital expenditure on new recycling bins needed for the new service. The remaining £0.045m relates to the replacement of existing bins.</p>	725
<p>CCTV Replacement equipment</p> <p>Existing equipment has now reached the end of its operational life and needs replacement. The running costs of new equipment are significantly lower and this saving can be used to fund the loan repayment costs of using Prudential Borrowing.</p>	115
<p>Allotments</p> <p>Allotments fees are being increased to fund the loan repayment cost of using Prudential Borrowing to finance improvements to allotments. This will enable</p>	227

an overall investment of £0.5m which will be completed over 3 years commencing 2013/14.	
Vehicle Replacement Programme	2,420
This expenditure relates to replacement of operational vehicles as detailed in Appendix 17. The costs of using this Prudential Borrowing will be funded from existing revenue budgets, including Trading Accounts.	

**11.13 Empty Homes Project** - A detailed report was submitted to Council on 18<sup>th</sup> October 2012 recommending that the additional Council contributions to secure increased grant funding for this project should be funded from Prudential Borrowing, which would be repaid from the additional rental income generated from extending this scheme, in line with the original business case. The additional Council contributions related to the inclusion of an additional 3 properties in the project (£165,000) and a contingency provision (£150,000) for managing the financial risk of extending the Empty Homes project. Full Council determined that the additional amounts of prudential borrowing only be drawn upon when any departmental underspends had been exhausted.

**11.14** As detailed earlier in the report the achievement of managed departmental underspends is a key component of the overall financial strategy for managing the financial risks facing the Council over the next few years, including the impact of actual grant cuts for 2013/14. This information was not reported to Council when they considered the report on the Empty Homes project. Therefore, it is recommended that the budget proposals to be referred to full Council should recommend that the original strategy for funding the additional costs of £165,000 and £150,000 from Prudential Borrowing, which will be repaid from the additional rental income generated from extending this scheme, in line with the original business case, should be adopted. This strategy will maximise the Councils' overall financial flexibility to address the impact of the actual ongoing grant cuts, whilst providing a robust financial base for the Empty Homes project.

## **12. Robustness of Budget forecast – Chief Finance Officer's Professional Advice**

**12.1** As indicated in previous years the Local Government Act 2003 introduced a statutory requirement on an Authority's Chief Finance Officer (CFO) to advise Members on the robustness of the budget forecasts and the adequacy of the proposed level of reserves. If Members ignore this advice, the Act requires the Authority to record this position. This later provision is designed to recognise the statutory responsibilities of the CFO and in practice is a situation that I would not expect to arise for this Authority.

12.2 In response to the continuing financial challenges facing councils CIPFA (Chartered Institute of Public Finance and Accountancy) issued guidance reminding Chief Finance Officers and their authorities of the statutory responsibilities when setting budgets. This advice reinforces statutory requirements and provides practical guidance to help Chief Finance Officers discharge their responsibilities.

12.3 The Chief Finance Officer can advise Members that in his professional opinion the budget proposals for 2013/14 are robust and this advice is underpinned by the following factors:

- Recognition by Members and the Corporate Management Team that the use of significant one-off resources in 2013/14 to partly address the budget deficit is not a sustainable strategy and is designed to provide a longer lead time to implement permanent budget cuts. The strategy is underpinned by the work which commenced last year to begin developing saving plans for 2013/14 and 2014/15. This strategy will need to be updated to reflect the actual grant cuts which are higher than forecast and which have increased the 2014/15 budget deficit and this work will commence over the next few months;
- The overall strategic approach being adopted to develop and implement a robust multi-year approach to managing the Council's financial position. This included setting targets for achieving in-year managed budget underspends in the current year and the review of reserves to identify resources to fund additional one-off expenditure commitments over the next few years. This approach provides a sound financial basis for managing ongoing annual grant cuts and will help avoid even higher budget cuts in future years when one-off unavoidable expenditure commitments need to be funded.

Previous reports identified three significant financial risks over the period of the MTFS and indicated that there may need to be flexibility around the timing of funding for individual risks, which cover the following issues:

**i) Redundancy and Early Retirement costs**

This risk reflects the scale of the budget deficits over the MTFS period and the impact these cuts will have on staffing levels. For the 2013/14 budget it has been possible to minimise the numbers of potential compulsory redundancies through careful management of vacancies, which will reduce redundancy and early retirement costs for this year. However, this is not sustainable and given the scale of budget cuts which will be required over the period of the MTFS there will be significant redundancy and early retirement costs in future years. Furthermore, the initial assessment of these costs only covered General Fund budgets and not the impact of EIG and LACSEG costs. Therefore, the existing provision for redundancy

and early retirement costs is still the level recommended by the Corporate Management Team.

**ii) Capital Receipts target of £4.5m (potentially increasing to £6.5m)**

These resources are allocated to fund capital schemes which have already commenced, principally the completion of Housing Market Renewal schemes. Previous reports have advised Members that achieving these targets will be challenging in the current climate and need careful management. If there is a shortfall in the level of capital receipts actually achieved this will need to be funded from Prudential Borrowing. This would result in an unbudgeted revenue cost and therefore increase future year's budgets deficits. The phasing of these capital receipts over the period of the MTFS is also important as income needs to match expenditure commitments. This position will need to be managed carefully in 2013/14.

The risk in relation to managing capital receipts targets may increase if Members approve the strategy for the Brierton site as up-front costs will need to be incurred to enable future capital receipts to be achieved. These costs will include the relocation costs of the Education Development Centre / Pupil Referral Unit and demolition costs of the bottom site at Brierton. These issues have been carefully assessed and a strategy developed to manage the phasing of expenditure to reduce risk that the costs which need to be incurred before capital receipts from the sale of land at Brierton and the Education Development Centre / Pupil Referral Unit can be achieved.

The proposal to set an additional capital receipts target of £2m to fund developments at the Brierton Site from the sale of land at the Brierton (upper) site and the EDC site will increase the financial risk that the Council is managing. This is minimum forecast for these sites. As indicated in previous reports if capital receipts targets are not achieved the shortfall will need to be funded from Prudential Borrowing, which would result in an additional unbudgeted revenue pressure. Achieving these additional capital receipts will need to be managed carefully to avoid this situation and it is anticipated that the Brierton and EDC sites will be attractive to developers. There is a potential that this risk may be reduced if grant funding applications for the new 3G pitch are successful. At this stage this potential benefit has not been factored in as this position is uncertain.

Setting an additional capital receipts target of £2m for Brierton means that the Council will be managing an overall capital receipts target of £6.5m. After reflecting capital receipts achieved to date of £0.7m this means capital receipts of £5.8m need to be achieved



over the next 2 to 3 years. There are fundamentally two risks which need managing in relation to achieving this target.

The first risk relates to managing any phasing delays in the achievement of capital receipts. This would result in a temporary funding shortfall if capital expenditure has already been incurred and forecast capital receipts are achieved later than anticipated. This would result in an unbudgeted revenue costs as the capital funding shortfall would need to be funded from Prudential Borrowing, until the capital receipt is received.

The second risk relates to a permanent shortfall in the achievement of capital receipts. This would result in a permanent unbudgeted revenue costs as the capital shortfall would need to be funded from Prudential Borrowing on a permanent basis.

The MTFS forecasts make no provision for either a temporary delay in the achievement of planned capital receipts, or a permanent shortfall in forecast capital receipts. For 2013/14 it is anticipated that this position should be manageable. This position will become clearer in the early part of 2013/14 as a number of capital receipts are anticipated to be completed in this period. However, it is recommended that should additional revenue resources become available as part of the 2012/13 outturn that these should be earmarked to manage the temporary revenue cost of having to use Prudential Borrowing on a short-term basis if capital receipts are achieved later than expected. In the event that capital receipts targets are fully achieved there will be permanent revenue pressures from using Prudential Borrowing. For each £1 million shortfall in capital receipts the unbudgeted revenue pressure is around £60,000, at current interest rates.

In assessing the overall financial risks relating to achievement of an increased capital receipts target I have relied upon information provided by professional officers on the value of forecast capital receipts from specific land sales. On this basis the plans are robust, although the financial risks of achieving additional capital receipts in the current economic environment will need to be carefully managed.

### **iii) Business Rate Retention issues**

The key risk relates to the safety net arrangements and thresholds for managing in-year reductions in business rates collected by individual councils. This is a particular risk for Hartlepool owing to the impact of the Power Station on income if there is an in-year shut down. The Government has recently issued final details of how these arrangements will be implemented and confirmed the trigger point for providing financial support for in-year reductions in business rates, which has been set at 7.5% and the baseline this

will apply to. On this basis the Council will need to manage annual shortfalls in Business Rates of around £1.7m before receiving any safety net payments from the Government, which will only cover the shortfall above the £1.7m threshold. Therefore, as reported previously the Council will face a significant ongoing financial risk owing to the potential impact of reduced Business Rates from the Power Station. To address this risk in the 2012/13 outturn strategy recommends setting aside a specific reserves of £1m to help manage this risk.

In addition, Councils also face a risk in relation to the cost of back dated rateable value appeals as the Government has now determined that Councils will share 50% of these costs. These appeals relate to the national revaluation completed in 2010 and in a smaller number of cases the 2005 revaluation. Nationally the Government has held back some funding (from the overall Local Government grant pot) to allocate to Councils towards funding these costs. At this stage it is not known if this funding will be sufficient at either a national or individual Council level. On the 16<sup>th</sup> January 2013 the Government indicated that they will be implementing regulations to enable Councils to spread these costs over 5 years, commencing 2013/14. At this stage it is not possible to quantify the value of this potential risk and this will need to be reviewed when there is more information. It is hoped that arguments being put forward by Councils that the Government should bear the full costs of back-dated appeals will be successful, as they have already received this money from individual Businesses, which were required to pay the assessed rates pending the results of appeals. However, these arguments may not be successful and Members need to be aware of this additional financial risk;

- The arrangements for implementing a Local Council Tax Support scheme and managing the risks of this additional Council responsibility;
- The assumption that Members will approve the proposals for bridging the budget deficit detailed in the report. The proposed savings are the key issue affecting the robustness of the proposed budget. If Members do not approve these proposals the budget forecasts will not be robust as overall expenditure will inevitably exceed available resources;
- The assessment by the Corporate Management Team of the achievability and sustainability of proposed budget reductions for 2013/14. The assessment of the proposed savings reflects the process adopted for identifying, managing and implementing these measures. This includes action taken in the current year to implement proposals earlier to ensure a full year saving is achieved in 2013/14. It also reflects a risk assessment of proposed savings

based on an assessment of the level of pay, non-pay savings and increased income savings. In relation to the level of pay savings achieved for 2013/14 this reflects management action taken to hold posts vacant where possible to reduce the need for compulsory redundancies. This action is not sustainable over the period of the MTFS and in future years the number of compulsory redundancies will increase as it will not be possible to hold posts vacant;

- The detailed work undertaken by individual Directors (and their senior managers) in conjunction with my staff regarding the preparation of detailed budget forecasts, including income forecasts;
- Prudent provision for potential pay awards for April 2013;
- A prudent provision for inflation on non pay budgets and income budgets during 2013/2014;
- The identification of specific pressures and inclusion of these commitments within the overall budget requirement;
- A prudent view of the net costs of the Authority's overall cash flow, including the repayment of Prudential Borrowing;
- The comprehensive review of reserves and risks, which has enabled some resources to be released to partly fund additional risks detailed in section 4.
- The assessment of specific financial risks and the risk management arrangements for these issues which have been taken into account when preparing the 2013/14 as detailed in Appendix 18.

### **13. Equality Impact Assessments**

- 13.1 Cabinet / Council are reminded that in making financial decisions the Council is required to demonstrate that those decisions are made in a fair, transparent and accountable way, considering the needs and the rights of different members of the community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on different equality groups. The Equality & Human Rights Commission has published a guide for decision-makers which has been used by Officers assessing the impact of individual savings proposals.
- 13.2 Equality Impact Assessments (EIA) have therefore been undertaken and reviewed by Officers for each proposed saving as detailed in Appendices 6 to 16 to enable Elected Members to satisfy themselves that they are able to consider fully the proposed changes and the likely impact at the point of making decisions.

13.3 Each EIA has been independently reviewed and subject to internal challenge together with an overall central assessment to determine the cumulative impact on each individual “protected characteristic” to identify where specific consultation requirements are needed. Each EIA has sought to identify whether:

- there is no major change to the service if the proposal is implemented;
- adjustments or changes should be made to the proposal;
- the proposal should continue even though there may be an impact, or;
- the proposal should be stopped or removed.

#### **14. Budget consultation feedback**

14.1 The budget report considered by Cabinet on 19<sup>th</sup> December was referred to Scrutiny Co-ordinating Committee (SCC) to finalise the 2013/14 budget consultation process. A report detailing the comments of SCC will be presented at your meeting.

14.2 Further consultation meetings have also been held with the Trade Unions and Business Sector as detailed in Appendix 19.

#### **15. CONCLUSION**

15.1 As detailed in previous reports the Council has had to manage significant funding cuts over the last two financial years (2011/12 and 2012/13), including:

- A cut in the core Formula Grant of £11.9m, a 20% cut;
- The complete withdrawal of the Working Neighbourhood Fund, a cut of £4.9m; and
- Cuts in various specific grants, such as the Early Intervention Grant – which has been cut by £2m, a 22% cut.

15.2 These cuts had a disproportionate impact on Hartlepool's ‘spending power’ per resident (the Government's measure of grant cuts) which over the last two years was cut by £200, which is nearly twice the national average of £97.

15.3 Whilst, the Council has managed the permanent removal of this funding, this has not been easy and it will become even more difficult to manage further grant cuts over the next 4 years.

15.4 The report advises Members that the core Formula Grant cuts for 2013/14 and 2014/15 are higher than forecast and further cuts will be made in 2015/16 and 2016/17. On this basis the General Fund budget deficit for the period 2013/14 to 2016/17 has increased by around £2m and the Council will need to address a deficit of between **£21.09m to £23.09m**, as summarised below. The forecast deficits are based on

annual Council Tax increases of 1.99% in 2013/14 and 2014/15 and 2.5% in 2015/16 and 2016/17. If lower increases are implemented this will reduce the ongoing Council Tax income and increase the forecast budget deficits.

	Low £'000	High £'000
Forecast reported 17.12.12	19,094	21,094
Impact of higher grant cuts in 2013/14 and 2014/15 and inflation on grants mainstreamed	1,996	1,996
<b>Revised budget deficit</b>	<b>21,090</b>	<b>23,090</b>

Note 1 – The 'high' deficit figures are based on annual grant cuts for 2015/16 and 2016/17 increasing from 5% to 7.5% per year.

- 15.5 The report provides a detailed strategy for managing the 2013/14 General budget deficit, which is based on:
- The achievement of net savings of £3.664m, including the part year ICT procurement saving. In relation to the level of pay savings achieved for 2013/14 this reflects management action taken to hold posts vacant where possible to reduce the need for compulsory redundancies. This action is not sustainable over the period of the MTFS and in future years the number of compulsory redundancies will increase as it will not be possible to hold posts vacant;
  - The use of £2.3m of one-off resources from the 2011/12 and 2012/13 outturns. The use of these one-off resources defers this amount of the budget deficit until 2014/15 and provides a longer lead time to identify permanent savings;
- 15.6 The strategy for balancing the 2013/14 budget deficit is based on a Council Tax increase of 1.99%, which is just below the 2% referendum trigger point. This strategy is recommended by the Corporate Management Team as it provides sustainable income. For most households (i.e. the 63% living in a Band A or B property) the weekly increase is 42p or less.
- 15.7 The report details the impact of accepting the Government's 2013/14 Council Tax Freeze Grant of 1%, which would be received for 2 years. It is not recommended that Council Tax is frozen as this will result in a net reduction in ongoing Council Tax income of £0.4m, which would increase the budgets deficits and the service cuts which will need to be made over the period of the MTFS.
- 15.8 The strategy adopted for 2013/14 provides a longer lead time to develop a sustainable strategy to address the significant budget cuts facing the Council over the three years commencing 2014/15, which will require the Council to identify further budget cuts of between **£17.426m and £19.426m** before the start of 2016/17. A significant

proportion (**£8.524m**) of these additional cuts will need to be implemented before the start of 2014/15.

- 15.9 Making these additional budget cuts will be extremely difficult and require the prioritisation of services and potentially decisions to stop some services. Work on developing a strategy to address the budget deficits in these years will need to commence in 2013/14 to provide adequate lead time to consult the public on these proposals and to enable the planned savings to be achieved.
- 15.10 In addition to the significant ongoing budget deficits' facing the Council the report also provides details of the additional financial risks transferring to Councils in April 2013 as a result of changes to the Business Rates system and the arrangements for providing Council Tax Support. These risks will need to be carefully managed during 2013/14 and future years.
- 15.11 In relation to the cuts in EIG and LACSEG the reports outlines the actions already taken by managers to prepare for these grant cuts, which provides one-off resources to manage the impact of these cuts over a longer period. This should help achieve a more effective transition of services to reflect the significant cut in funding, particularly in relation to the EIG. If this proactive strategy had not been implemented the Council would have to make these cuts within the next 4 months to ensure 2013/14 costs do not exceed the reduced funding allocation.
- 15.12 Details of additional one-off financial commitments which will need to be funded by the Council are also provided in the report, together with a strategy for funding these issues. This strategy is based on the achievement of managed budget underspend targets in the current year and the re-assessment of existing reserves and the risks/priorities these reserves were earmarked for. If these targets had not been achieved additional budget cuts of £5.3m would have been needed over the next 4 years.
- 15.13 In summary over the next 4 years the Council is facing the most challenging financial position since becoming a unitary authority in 1996, which reflects:
- The scale of Government grant cuts confirmed for 2013/14 and 2014/15;
  - The anticipated ongoing Government grant cuts in 2015/16 and 2016/17;
  - The transfer of financial responsibility for Council Tax Support to individual Councils, with a 10% national funding cut (effectively a cut for Hartlepool of 14% when account is taken of actual support already provided);
  - The implementation of the Business Rates Retention system, which will transfer significant financial risk to individual Councils, including 50% of potential costs relating to back-dated appeals. These are

particular risk for Hartlepool owing to the potential impact of in-year reductions in the business rates paid by the Power Station.

15.14 The implementation of just one of the above issues in 2013/14 would be challenging for local authorities to manage. The implementation of all these changes in a single year is unprecedented and significantly increases the financial risks being managed by Councils. The Government has stated the New Business Rates retention system is **‘the biggest shake up of Local Government finance in a generation and rewards Councils if they bring in jobs and businesses.’**

15.15 From the Council’s perspective as an authority serving a community with a higher level of deprivation these changes reduce Government grant funding and transfer additional financial risks to the Council. These issues will need to be carefully managed in 2013/14 and future years. To address these issue the Council needs to adopt a multi-year strategy based on the achievement of 2012/13 managed underspends targets, the achievement of planned saving over the next 4 years and the earmarking of one-off resources to fund one-off expenditure commitments.

15.16 The recommendations detailed in the next section provide a robust financial strategy for managing these changes and financial risks, and reflect the consultation proposals approved by Cabinet in December 2012.

## **16. RECOMMENDATIONS**

16.1 It is recommended that the Cabinet notes the report and refers the following proposals to Council.

### **16.2 2012/13 Outturn Strategy**

16.3 Approve the proposed strategy for funding

(i) One-off commitments of £5.350m from the review of reserves and the achievement of 2012/13 managed underspend targets, as detailed in paragraph 4.4; and

(ii) approve the proposal to fund one-off costs of £184,000 of achieving ongoing accommodation savings of £170,000 from 2014/15 from a combination of the 2012/13 outturn (£119,000), as detailed in paragraph 4.4, and the 2013/14 in-year savings in accommodation costs (£65,000). To note that the savings of £170,000 exceeds the forecast savings included in the 2014/15 MTFS by £70,000, which will reduce the budget deficit for this year.

16.4 To note that after earmarking the resources detailed in paragraph 16.3 that depending on the final outturn there is anticipated to be

uncommitted resources of between £0.381m and £1.161m, as detailed in paragraph 4.4. It is recommended that the final uncommitted outturn is transferred to the General Fund Reserve and a strategy for using these resources is developed as part of the 2014/15 budget process to reflect the financial risks facing the Council in 2014/15.

#### 16.5 **2013/14 General Fund Budget**

- 16.6 Approve the budget pressures of £0.635m as detailed in Appendix 4.
- 16.7 Approve a 2013/14 Council Tax increase of 1.99% and to note this secures a permanent increase in net Council Tax income of £0.4m, which would not be achieved if 2013/14 Council Tax is frozen.
- 16.8 Approve the proposal to bridge the net 2013/14 budget gap (after reflecting the recommended Council Tax increase) of £5.992m from a combination of Departmental savings plans for 2013/14 of £3.364m detailed in Appendices 6 to 16, the part year ICT procurement saving and the use of one off resources as summarised below:

	£'m	£'m
Permanent Department savings (Appendices 6 to 16) and part year ICT saving		3.664
Contribution from 2011/12 outturn to partly offset removal of 2012/13 Council Tax freeze grant	0.345	
Contribution from 2012/13 outturn to offset forecast additional 2013/14 grant cuts reported before actual grant cuts were known	0.850	
Contribution from the 'Delayed implementation of planned 2013/14 and 2014/15 savings reserves' to offset part of the reduced People Collaboration savings in 2013/14 (paragraph 6.3)	0.367	
Contribution from 2012/13 Collection Fund Surplus (£0.737m) and 2013/14 outturn (£0.029m) to offset actual grant cut being higher than forecast	0.766	
Total one-off resources allocated to support 2013/14 budget		2.328
		5.992

- 16.9 To note the use of one off resources detailed in paragraph 16.8 defers part of the budget deficit to 2014/15, which provides a longer lead time to identify permanent budget reductions.
- 16.10 Note that in the event of there being any shortfall in planned 2013/14 savings individual departments will be responsible for identifying alternative proposals for consideration by Members to address any temporary/permanent funding shortfall.
- 16.11 Approve the proposal that any in-year saving achieved in 2013/14 from the Chief Executive's Structure Review (detailed in paragraph 6.3) are



allocated to reduce the call on the 'Delayed implementation of planned 2013/14 and 2014/15 savings' reserve (planned use of £0.367m as detailed in paragraph 16.8), which will enable any uncommitted reserve to be carried forward to manage risk in future years.

16.12 Note the Chief Finance Officers professional advice on the robustness of the 2013/14 budget proposals, as detailed in section 12, including advice regarding the use of significant one-off resources in 2013/14 to partly address the budget deficit, which is not a sustainable strategy and is designed to provide a longer lead time to implement permanent budget cuts. The strategy is underpinned by the work which commenced last year to begin developing saving plans for 2013/14 and 2014/15. This strategy will need to be updated to reflect the actual grant cuts which are higher than forecast and which have increased the 2014/15 budget deficit and this work will commence over the next few months.

16.13 Approve the production of a 2013/14 Council Tax Leaflet to explain the budget issues for 2013/14 and to note this cost of £1,800 can be funded from the existing budgets.

**16.14 2014/15 to 2016/17 General Fund Budget**

16.15 Approve indicative Council Tax increases of 1.99% for 2014/15 and 2.5% for 2015/16 and 2016/17.

16.16 Note that the additional grant cuts for 2013/14 and 2014/15 increase the budget forecast deficit for the period up to 2016/14 to between **£21.090m to £23.090m**, detailed in paragraph 5.36 (previous forecast £19.094m to £21.094m). To also note that after reflecting the permanent budget saving planned for 2013/14 the Council will need to identify further budget cuts of between **£17.426m and £19.426m** (detailed in paragraph 6.19) before the start of 2016/17.

16.17 Note that an initial savings plan has been developed for 2014/15, which reduces the forecast deficit still to be bridged for this year and a detailed report will be submitted early in 2013/14 to finalise this strategy. To note that the 2014/15 deficit will be reduced by any additional accommodation cost savings which are achieved (as detailed in recommendation 16.3 (ii)) and savings achieved from the Chief Executive's Structure Review (as detailed in paragraph 6.3).

16.18 Note that no saving plans have been developed for 2015/16 and 2016/17 and these will be developed during 2013/14.

**16.19 Early Intervention Grant.**

16.20 Approve the proposed strategy to allocate EIG 2011/12 and 2012/13 underspends of between £1.431m and £1.531m (depending on the final 2012/13 outturn) to temporarily offset the EIG grant cut in 2013/14

of £1.276m and increasing grant cut in 2014/15 of £1.611m (as detailed in paragraph 8.7).

- 16.21 To note that if 16.20 is approved the proposed maximum use of this reserve in 2013/14 will £1.276m (i.e. the level of grant cut for 2013/14). However, the actual contribution is anticipated to be lower reflecting the element of the 2012/13 under-spend which can be sustained and the phased implementation of permanent reductions during 2013/14. This strategy will increase the uncommitted reserve available to help manage the reduction in this grant in 2014/15 and provide a longer lead time for developing a permanent strategy to address these funding cuts, which will be reported to Members before the end of June 2013.

#### **16.22 Local Authority Central Spend Equivalent Grant**

- 16.23 Approve the proposed strategy to allocate Formula Grant refunds of top sliced Academy funding (£0.48m) and 2012/13 budget underspend for forecast Academy funding top slice (£0.28m) to manage the risk of in-year 2013/14 LACSEG funding cuts if schools convert to academies
- 16.24 To note that if 16.23 is approved it is recommended that £0.397m of this reserve is allocated to support expenditure in this area in 2013/14 (as detailed in paragraph 9.5) as this will provide a longer lead time for developing a strategy to address these funding cuts, which will be reported to Members before the end of June 2013.

#### **16.25 Public Health Funding**

- 16.26 Note that Public Health funding allocations were only provided on 11<sup>th</sup> January.
- 16.27 Note that the current position as detailed in section 10 and note that the Director of Public Health will be responsible for determining contractual commitments against this funding and preparing a detailed report on the impact of integrating public health, both operationally and financially for submission to a future meeting.

#### **16.28 Capital Programme 2013/14**

- 16.29 Approve the 2013/14 capital programme as detailed in Appendix 17, which includes the following detailed proposals:

**(i) Schemes funded from specific Government Capital Grant** – cover the following areas:

- Local Transport schemes £1.351m;
- Schools Capital Programme £1.7m;
- Adult Social Services £0.269m.

And to note that detailed schemes for using these specific grants will be approved by the relevant Portfolio Holders.

**(ii) Schemes funded from the Council Capital Fund** – the total value of this fund is £1.091m, consisting of £0.491m uncommitted 2012/13 funding plus £0.6m new allocation for 2013/14. Table 3 of Appendix 17 details the proposed projects to be funded. It is recommended that Council approve these proposals, as summarised below, and to delegate authority to approve the use of the uncommitted Council Capital Fund of £55,000 to Cabinet or the Policy and Finance Committee:

Project	Estimated cost (£000)
Multi Storey Car Park	130
Underground Car Park	50
Hart Primary School	8
A689 (Note 1)	100
Children's Home 302 Stockton Road	59
Maritime Experience	32
Mill House Leisure Centre	114
Maritime Experience	30
Kitchen works	200
Hartlepool Enterprise Centre	113
Sub Total	<b>836</b>
Indoor Bowls Centre (Note 2)	200
Sub Total	<b>1,036</b>
Unallocated	55
Total	<b>1,091</b>

**Note 1** - The proposed scheme for the A689 is a contribution towards an overall scheme to reconstruct a section of the A689 (as detailed in paragraph 11.8).

**Note 2** - The proposed allocation for the Bowls Club is included to 'reserve' funding for this scheme pending the assessment of the business case for this scheme. A separate report will be submitted to Cabinet and Council in 2013/14 to enable Members to determine if they wish to support this scheme.

**(iii) Self Funding schemes** – will be funded from Prudential Borrowing and the resulting annual loan repayment costs will either be funded from increased income, or revenue savings arising from the capital expenditure. These items cover the following schemes, as detailed in paragraph 11.12:

	Capital Expenditure £'000
Recycling Bins	725
CCTV Replacement equipment	115
Allotments	227
Vehicle Replacement Programme	2,420

**(iv) Empty Homes Project** - Approve the proposal to seek Council approval of the original strategy for funding the additional costs for this scheme of £165,000 (additional 3 properties) and £150,000 (contingency provision) from Prudential Borrowing, which will be repaid from the additional rental income generated from extending this scheme, in line with the original business case, as detailed in paragraph 11.13. This proposal will maximise the value of the 2012/13 uncommitted underspend transferred to the General Fund (as detailed in recommendation 16.4)

### **16.30 Future Use of Brierton Site**

16.31 Based on Cabinet decisions on 17<sup>th</sup> December 2012, as summarised in paragraph 12.3 (ii) the following recommendation needs to be referred to full Council as part of the 2013/14 Budget and Policy Framework:

(i) Approve the marketing of the relevant areas of the Brierton site and the Education Development Centre/Seaton Lane site;

(ii) In 2013/14 to earmark £1.160m of the anticipated capital receipts to fund investment in the Brierton Site to relocate the Pupil Referral Unit (PRU) and the Education Development Centre (EDC) to the Brierton site (including demolition of the cost of the existing PRU and EDC), IT installation and landscape buffer;

(iii) In 2014/15 to earmark £0.6m of the anticipated capital receipts to provide a 3G pitch. To note that grant funding may be secured towards this scheme, although this cannot be guaranteed at this stage, which would reduce the call on capital receipts;

(iv) To note section 12 – Robustness of Budget forecasts, reflects the increased risk of increasing the capital receipts target by £2m to fund the proposed Brierton Development.

### **16.32 Arrangements for managing a delay in Final 2013/14 Local Government Finance Settlement**

16.33 To note that in the event that the settlement announcement is not made by the Government before the Cabinet meeting on 4<sup>th</sup> February 2013 the Mayor, on the basis of advice from the Corporate Management Team, will finalise any necessary amendments (which it is anticipated will be minor) to the budget proposals for 2013/14 to be referred to full Council.

## **17. REASONS FOR RECOMMENDATIONS**

17.1 To enable Cabinet to approve the final budget proposal to be referred for formal scrutiny.

## **18. APPENDICES**

- 18.1 Included in the report to provide detailed information to support recommendations in the report.

## **19. BACKGROUND PAPERS**

- Cabinet report 21<sup>st</sup> December - MTFS 2013/14 to 2014/15 – Supplementary Report
- Cabinet report 17<sup>th</sup> December - MTFS 2013/14 to 2014/15
- Cabinet report 17<sup>th</sup> December – Future Use of Brierton Site
- Cabinet report 19<sup>th</sup> November 2012 – MTFS 2013/14 to 2014/15 update
- Cabinet report 4<sup>th</sup> October 2012 – MTFS 2013/14 to 2016/17
- Cabinet report 11<sup>th</sup> June 2012 – MTFS 2013/14 to 2016/17
- Cabinet report 3<sup>rd</sup> September 2012 – MTFS – Strategy for Managing Financial Risks
- Cabinet report 3<sup>rd</sup> September - 2013/14 Localisation of Council Tax Support

## **20. CONTACT OFFICER**

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HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 1ST APRIL 2012  
RESERVES COMMITTED OR HELD IN TRUST

4.2 - Appendix 1

Reserve	Revised Balance of Reserves 2012/13  £'000	Reason for/purpose of the Reserve	Planned Use of Reserves					Total  £'000	Estimated Balance at 31/03/16  £'000
			2012/13  £'000	2013/14  £'000	2014/15  £'000	2015/16  £'000			
Schools	6,771	Ring-Fenced Schools Funding. Underspends against individual school budgets from previous years budgets. To enable individual schools to manage their budgets over more than one financial year in accordance with the implementation of multi-year budgets.	0	0	0	0	0	0	6,771
School Loans	(3)	Negative Reserve - This is LA Loans advanced to schools for specific approved purposes which are then repaid (with interest) over a specified period. These loans are offset against School Balances for Statement of Accounts purposes.	2	1	0	0	0	3	0
Extended Schools - Other Funding School Balances	387	Ring-Fenced Reserve as Schools Funding. This Reserve consists of the balances of schools funding which is outside main budget share e.g. NCSL.	0	0	0	0	0	0	387
TOTAL SCHOOL BALANCES	7,155		2	1	0	0	0	3	7,158

BHF Funding	20	Reserve created for balance of ring fenced British Heart Foundation scheme	0	0	0	0	0	0	20
Brierion Closure - Salary Protection Fund	2	This reserve was created by the Schools Forum specifically to improve redeployment opportunities for all Brierion School staff following the school closure. It was a negative Reserve in 2009/10 as the up-front costs were greater than the funding however the Forum have agreed measures to repay this the salary protection arrangements end in 2012/13	(2)	0	0	0	0	(2)	(0)
Dedicated Schools Grant - LA Underspend from Previous Years	1,415	The Dedicated Schools Grant (DSG) is a ring-fenced grant for use on 'schools' budgets only. The balance arises from under spends in 2010/11 on the local authority elements of the DSG, specifically Home and Hospital teaching, PRU and salary abatements.	(507)	0	0	0	0	(507)	908
Schools Broadband	21	Created to provide a Contingency in case a number of schools withdraw from the Broadband contract which still has a further year to run.	(21)	0	0	0	0	(21)	0
Transitional Support Fund	54	Ring-fenced Reserve (DSG) - In previous years the Schools Forum have allocated revenue funding towards a Transitional Support Fund which is to fund (requiring Schools Forum approval) unforeseen emergency budget issues in schools and/or those under extreme measures. No revenue budget exists for this as the forum are happy with the level of reserve available should the need arise.	0	0	0	0	0	0	54



HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 1ST APRIL 2012  
RESERVES COMMITTED OR HELD IN TRUST

Reserve	Revised Balance of Reserves 2012/13 £'000	Reason for/purpose of the Reserve	Planned Use of Reserves					Estimated Balance at 31/03/16 £'000
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	
Community Facilities in Schools - Schools Funding	91	This is the net surpluses / deficits from various Schools Community Facilities 'rolled forward' into the next financial year. To enable Community Facilities within Schools to manage their budgets over more than one financial year.	0	0	0	0	0	91
Extended Schools - Out of School Care Balances	197	Ring-Fenced Reserve as Schools Funding. This Reserve consists of the balances of schools 'Out of School Clubs' e.g. Breakfast Clubs and former NOF-funded schemes.	0	0	0	0	0	197
LATS	160	To support the overall budget.	(160)	0	0	0	(160)	0
Emergency Planning	172	Reserve held on behalf of 4 authorities for Emergency Planning and only a proportion belongs to Hartlepool.	18	0	0	0	18	190
<b>TOTAL RINGFENCED FUNDING</b>	<b>2,131</b>		<b>(672)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(672)</b>	<b>1,460</b>
Capital Funding Reserve	3,414	This reserve is fully committed to fund rephased capital expenditure.	(3,414)	0	0	0	(3,414)	0
Capital Grants Unapplied	3,200	Capital grants received which is used to fund the the Council's capital programme	(3,200)	0	0	0	(3,200)	0
<b>TOTAL CAPITAL RESERVES</b>	<b>6,614</b>		<b>(6,614)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,614)</b>	<b>0</b>
Budget Support Fund	710	To support the overall budget.	(710)	0	0	0	(710)	0
Budget Support Fund to support 2013/14 Budget	0	To support the 2013/14 budget as per the MTFS. This includes additional grant cuts of £0.850m and the delayed implementation of planned 2013/14 and 2014/15 savings	1,378	(1,378)	0	0	0	0
<b>TOTAL BUDGET SUPPORT</b>	<b>710</b>		<b>668</b>	<b>(1,378)</b>	<b>0</b>	<b>0</b>	<b>(710)</b>	<b>0</b>
Civic Lottery	426	The Lotteries Reserve, consists of the proceeds of the civic lottery and donations received. It is used for grants and donations to local organisations.	0	0	0	0	0	426
Museums Acquisition	69	To support the purchase of museums exhibits	0	0	0	0	0	69
<b>TOTAL LOTTERY &amp; MUSEUM RESERVES</b>	<b>495</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>495</b>
<b>GRAND TOTAL</b>	<b>17,106</b>		<b>(6,616)</b>	<b>(1,377)</b>	<b>0</b>	<b>0</b>	<b>(7,993)</b>	<b>9,113</b>

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 1ST APRIL 2012  
 PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

4.2 - Appendix 2

Reserve	Revised Balance of Reserves 2012/13 £'000	Reason for/purpose of the Reserve	Planned Use of Reserves					Estimated Balance at 31/03/16 £'000
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	
Looked After Children	1,065	Contribution to the Safeguarding and Specialist Services for the development of Looked After Children in this volatile area.	(518)	(500)	(47)	0	(1,065)	0
Early Intervention Grant Reserve	454	Specific reserves created to cover temporary commissioning officers to support implementation of early intervention strategy and prevent breaks in contracts. Longer term funding arrangements for early intervention uncertain, reserve to support sustainability of service.	900	(1,102)	(252)	0	(454)	0
BSF Implementation Costs		This is the revenue reserve to fund the revenue costs of the School Transformation Team.	(96)	0	0	0	(96)	0
Think Family	172	2010/11 balance of grant funding to be carried forward to assist with continuation of service following reductions in grant allocations as part of the Early Intervention Grant.	(81)	(91)	0	0	(172)	0
Youth Offending Reserve	166	Ring-Fenced as YOS is a Partnership Budget. Created from planned underspends in previous years to fund future reduction in contributions from partner agencies to enable the continuation of YOS initiatives.	62	0	(76)	(76)	(90)	76
Ring Fenced Grants	163	A number of ring-fenced grants were underspent in previous years, therefore this Reserve was created in order to carry the funding forward into future years.	(60)	(49)	0	0	(109)	54
Care Matters	90	Contribution to the Safeguarding and Specialist Services for the development of Looked After Children in this volatile area.	0	0	0	0	0	90
Raising Educational Achievement	85	Incorporates funding to ensure the most vulnerable young people are tracked and supported to remain in education.	(25)	0	0	0	(25)	60
Educational Psychologists	32	To support the continuation of the provision of the Autism Service to Schools from academic funding.	74	(106)	0	0	(32)	0
Local Safeguarding Children's Board (Partnership Funding)	30	Ring-Fenced Reserve - This is Partnership Funding with other bodies. Relates to underspends carried forward from previous years.	0	0	0	0	0	30
Workforce Development	25	Balance of grant funding to be carried forward to support staffing requirements in future years.	0	0	0	0	0	25
Child Poverty Local Duties	21	Late Notification of Grant allocation to be carried forward to fund targeted family work.	(8)	(13)	0	0	(21)	0
BSF Implementation Costs	18	This is the revenue reserve to fund the revenue costs of the School Transformation Team.	(18)	0	0	0	(18)	0
Performance Data - YOS	5	Reserve was established in 2011/12 to support Youth Offending Service to aid delivery of Performance returns.	0	0	0	0	0	5
Adult Education	450	Created from LSC (Learning Skills Council) grant funding to address short and long term pressures from within the Adult Education service.	(196)	(158)	(96)	0	(450)	0



**HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 1ST APRIL 2012**  
**PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)**

Reserve		Revised Balance of Reserves 2012/13 £'000	Reason for/purpose of the Reserve	Planned Use of Reserves					Total £'000	Estimated Balance at 31/03/16 £'000
				2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000			
Older People - SRR		421	Increased income received in 2010/11. To be used to fund demographic pressures on Older People.	0	0	0	(421)	(421)	0	
Reablement Funding		315	PCT income received for Reablement of service users.	0	0	(315)	0	(315)	0	
DOH - Social Care Integrated Support - Delayed Discharges		305	DOH monies received via PCT to be spent on support for vulnerable adults - to minimise the impact of discharges from hospital.	(85)	(110)	(110)	0	(305)	0	
Mill House		101	The reserve arose from a rates rebate following a review of the leisure centre rateable values in 2006/07.	0	0	0	0	0	101	
PCT One-off Funding - Carers Funding		120	Reserve created from One-Off funding received from PCT close to financial year end to deliver priorities for Carers support.	(40)	(40)	(40)	0	(120)	0	
Seaton CC 'Management'		108	Balance carried forward from previous years. Some of this fund pertains to Children's Services. However, the amount is still being determined by the overseeing board.	0	0	0	0	0	108	
Social Care Reform Grant		106	Reserve created from specific received grant in 2010/11. To be used to fund project slippage in 2011/12 and 2012/13.	(106)	0	0	0	(106)	0	
Tall Ships Reserve		96	This reserve has been set aside to support the Tall Ships visit in 2010.	0	0	0	0	0	96	
Supporting People Reserve		95	Reserve created from Grant underspend and earmarked for potential claw back. To be used to fund transition arrangements following SDO reductions.	(95)	0	0	0	(95)	0	
PCT One-off Funding - Carers into Employment		60	Reserve created from One-Off funding received from PCT close to financial year end to deliver priorities around vulnerable people.	0	(30)	(30)	0	(60)	0	
PCT One-off Funding - Hearing Loss Strategy		50	Reserve created from One-Off funding received from PCT close to financial year end to deliver priorities around Hearing Loss Strategy	(50)	0	0	0	(50)	0	
Maritime Festival Public Health Phys Activity		35 39	To support the biannual Maritime Festival. Balance of Public Health funding provided by the PCT for the Community Activities Network to distribute as grants to Sport & Physical Activity service providers for new sport & physical activity initiatives.	(35) 0	0 (15)	0 (15)	0 (9)	(35) (39)	0 0	
Bowling Club Rental		25	Reserve created to fund rental charges that were waived for the Bowling Club	(25)	0	0	0	(25)	0	
Archaeology Projects		22	Reserve to be used for specific archaeology projects following SDO reductions.	(22)	0	0	0	(22)	0	
Tobacco Control		13	Reserve created to carry forward grant funding which covers a 2 year period.	(13)	0	0	0	(13)	0	
Grayfields Pitch Improvements		13	Reserve created to complete the pitch improvements at Grayfields.	(13)	0	0	0	(13)	0	
Sports Activities - various		9	Underspend on grants for sports & health activities.	(9)	0	0	0	(9)	0	
PCT Local Development Plan Funding		6	Balance of PCT Local Development Plan funding being used as match funding for the Sport England grant received in December 2011 as part to a cycling programme that is to run until December 2012.	(6)	0	0	0	(6)	0	



HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 1ST APRIL 2012  
 PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

4.2 - Appendix 2

Reserve	Revised Balance of Reserves 2012/13 £'000	Reason for/purpose of the Reserve	Planned Use of Reserves					Total £'000	Estimated Balance at 31/03/16 £'000
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000			
Archaeology - Monograph Series	1	Creation of reserve to ensure completion of project and ensure no loss of external funding for the overall project.	(1)	0	0	0	(1)	0	
Finance - IT Investment	62	Created to fund a number of IT projects integral to the Corporate IT changes across the Authority.	(30)	(32)	0	0	(62)	0	
Financial Inclusion	38	Created to fund the Financial Inclusion Programme	0	0	(38)	0	(38)	0	
Finance R & B	20	Created to fund cost of IT equipment / services.	0	(20)	0	0	(20)	0	
Finance R & B - Internal Bailiff Development	17	Created to fund costs associated with Internal Bailiff Development.	(17)	0	0	0	(17)	0	
Finance - IT Developments R&B	16	Created to fund IT development costs to cope with new DWP Security requirements and further Kirona scripting changes.	0	(16)	0	0	(16)	0	
Registrars	15	Created for redecoration of new marriage/ceremonies room at the Borough Hall and some software integrations/upgrades.	(15)	0	0	0	(15)	0	
Finance R & B - Corporate Booking System	10	Created to fund Development work linked to the Corporate Booking System.	0	(10)	0	0	(10)	0	
Finance R & B - Software Projects	10	Created for funding towards BACS and DD's Software Project Developments.	(5)	(5)	0	0	(10)	0	
Chief Executive's Department Ring Fenced Grants	104	Created from ring-fenced grant funding to fund specific expenditure commitments.	(50)	(50)	(4)	0	(104)	0	
Corporate Strategy - ICT System Development	56	Created to fund temporary development resources for enhancements of current ICT systems such as e-bookings and EDRMS and costs attributable to the rationalisation of systems to achieve savings from the provision of ICT.	0	(56)	0	0	(56)	0	
Finance R & B - FSM System	4	Created to fund costs of FSM System.	(1)	(1)	(1)	(1)	(4)	0	
Resource Investment - HR	3	Created to enable department to manage budget over more than one year.	0	(3)	0	0	(3)	0	
Corporate Strategy - Corporate Consultation	9	Created to enable department to manage budget over more than one year.	(9)	0	0	0	(9)	0	
People Framework Development	18	Created to enable department to manage budget over more than one year.	0	(18)	0	0	(18)	0	
Corporate Strategy - Enhancing Council Profile	13	Created to fund temporary costs in development and establishing arrangements for enhancing and maintaining the Councils profile including social networking, public relations and other associated elements.	(13)	0	0	0	(13)	0	
Finance - Accountancy Section	20	Created to fund temporary appointments to cover maternity leaves during 2013/14	0	(20)	0	0	(20)	0	
Corporate Strategy - Working from Home Surplus	13	Created to manage the costs of home working key fobs between financial years.	(13)	0	0	0	(13)	0	
Corporate Strategy - ICT Contract Review	50	Created to fund potential costs in relation to the re-procurement and or change of arrangements in respect of the Councils current ICT arrangements.	(25)	(25)	0	0	(50)	0	
Corporate Strategy - Performance Management	13	Created to enable department to manage budget over more than one year.	(13)	0	0	0	(13)	0	



HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 1ST APRIL 2012  
 PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

4.2 - Appendix 2

Reserve	Revised Balance of Reserves 2012/13 £'000	Reason for/purpose of the Reserve	Planned Use of Reserves					Estimated Balance at 31/03/16 £'000
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	
Contact Centre	15	Created to enable department to manage budget over more than one year.	0	(15)	0	0	(15)	0
Finance R & B - Atlas Project	20	Created to fund the additional funding required to match DWP Atlas grant received to complete project.	(9)	(11)	0	0	(20)	0
Community Grants Pool	41	Reserve created year on year from the underspend on the Community Grants Pool budget as this expenditure is 'ring-fenced' by Members for contributing towards the community.	(11)	(30)	0	0	(41)	0
Speed Cameras	16	Relates to the funding ring fenced for the Tees Valley Camera Partnership.	(16)	0	0	0	(16)	0
Winter Maintenance	50	Earmarked to fund additional Network Repairs required as a result of adverse weather.	(50)	0	0	0	(50)	0
Cemetery & Crematoria/Stranton, Tanfield Rd Nursery	250	Contribution towards the Stranton Crematorium & Tanfield Rd Nursery, Capital Project. This scheme includes the replacement of the Crematoriums and improvements to amenities and retail facilities.	(250)	0	0	0	(250)	0
Community Safety LPSA Reward Grant Reserve	71	Local Public Service Agreement Phase 2 reward grant for committed projects approved by Safer Hartlepool Partnership - Domestic Violence.	(55)	(16)	0	0	(71)	0
Building Maintenance Remedial	22	Traditionally all building projects require remedial work following their completion and this is a quarter of the figure spent last year.	(22)	0	0	0	(22)	0
Neighbourhood Community Development Projects	10	Community Development Work in 2012/13 (£5k in each area).	(10)	0	0	0	(10)	0
Selective Licensing	193	Income generated from fees required to fund the scheme over a 5 year period.	(16)	(93)	(84)	0	(193)	0
Major Regeneration Projects	99	Major Regeneration schemes - Originally earmarked for Church Square but on hold for now.	0	0	0	0	0	99
Housing Strategic Studies	26	To support the future cost of undertaking Housing Strategic Studies and the Local Plan Review which occurs every 3-5 years.	(26)	0	0	0	(26)	0
Support for CAD/CAM Liability	39	Reserve to cover CAD/CAM liability which exists until 2014/15.	(38)	0	0	0	(38)	0
DC Restructure	9	Earmarked to fund Graduate Planner in 2012/13.	(9)	0	0	0	(9)	0
Jobs & The Economy/FSF & Local Initiatives	60	Funding earmarked to match fund other Grant Funded Schemes e.g Flexible Support Fund and Leaving Care. (Supporting C & A priorities).	(60)	0	0	0	(60)	0
Seaside Grant	200	Funding set aside to fund expenditure commitments on a Capital Project.	0	(200)	0	0	(200)	0
Connect to Work	53	Ring fenced grant earmarked for the Connect to Work programme which is over more than one year. (Supporting C & A priorities).	(30)	(23)	0	0	(53)	0
CSCS Test	4	Earmarked to support development/continuation of Jobsmart Test Centre.	0	(4)	0	0	(4)	0

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 1ST APRIL 2012  
 PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

4.2 - Appendix 2

Reserve	Revised Balance of Reserves 2012/13 £'000	Reason for/purpose of the Reserve	Planned Use of Reserves					Estimated Balance at 31/03/16 £'000
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	
Social Housing New Build - Major Repairs	35	Ring-fenced reserve created from rental income which represents a Major Repairs Fund. This funding is set aside to fund repairs over the lifetime of the housing stock.	80	0	0	0	80	115
Baden Street	40	Balance required to fully implement phase 1 of the scheme approved by Members.	(13)	(27)	0	0	(40)	0
Furniture Project	50	To implement the findings of the scrutiny review into reduction of child poverty and increasing access to affordable credit.	(6)	(25)	(19)	0	(50)	0
Village Green Hearings etc	20	Reserve earmarked to fund various risks including the cost of village green hearings in 2012/13 and the loss of income from Industrial Estates.	(20)	0	0	0	(20)	0
H & S Training	20	Legislative requirements for operational staff to be trained to HSE set standards.	(20)	0	0	0	(20)	0
Team Around Household (Troubled Families)	39	Specific funding allocated to fund the Team Around Household project which is part of the Troubled Families Plan.	(39)	0	0	0	(39)	0
Community Safety (LSSG)	23	Specific funding carried forward. Community Safety Grant (LSSG) administered and controlled by the Safer Hartlepool Partnership and earmarked to fund Victim Support Work in 2013/14.	0	(23)	0	0	(23)	0
Neighbourhood Mgmt Public Health Grant	1	Public Health Grant balance carried forward to publicise the Cold Weather Plan projects.	(1)	0	0	0	(1)	0
Public Health Grant - Housing	55	Public Health Grant awarded in 11/12 to invest in improvements to housing to increase the quality of homes in the town.	(25)	(30)	0	0	(55)	0
Trading Account Reserves - Engineering Consultancy	100	Reserve created to manage Trading Activities over more than one year. This is earmarked to fund potential income shortfalls in future years or potential bad debts in this area.	0	(50)	(50)	0	(100)	0
Trading Account Reserves - Fleet	100	Reserve created from a surplus on the Fleet account in 11/12. This is needed to cover future repairs and maintenance costs over the whole life of the fleet so that annual charges to clients can remain static over the lifetime of the vehicle.	(20)	(20)	(60)	0	(100)	0
Trading Account Reserves - Plant Replacement	40	Reserve created to fund the costs associated with Plant Equipment over more than one year e.g. repairs and maintenance or replacement costs.	0	(40)	0	0	(40)	0
Trading Account Reserves - Passenger Transport	45	Reserve created to manage the risk of income shortfalls in future years in a developing trading area of private hire.	0	(45)	0	0	(45)	0
Digital City	30	To cover Hartlepool's contribution towards the operation of the Digital City Business Initiative for three years. This will assist in the development of a sub regional sustainable specialist business support programme.	0	0	(30)	0	(30)	0
Business Grants	112	Funding transferred from existing reserves to support Business Grants in 2012/13.	(112)	0	0	0	(112)	0



HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 1ST APRIL 2012  
 PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

4.2 - Appendix 2

Reserve	Revised Balance of Reserves 2012/13 £'000	Reason for/purpose of the Reserve	Planned Use of Reserves					Estimated Balance at 31/03/16 £'000
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	
Conservation Grants	75	Funding transferred from existing reserves to support Conservation Grants in 2012/13.	(75)	0	0	0	(75)	0
Works to Focus Site - Fuel Provision	25	Funding earmarked to support the relocation of staff from Tanfield Road to the Focus site.	(25)	0	0	0	(25)	0
Strategic One Off Costs - Council Capital Fund	1,000	This reserve has been created to partly fund strategic one off costs identified in the 2012/13 MTFS of £14m. This element covers the 2012/13 Council Capital Fund.	(1,000)	0	0	0	(1,000)	0
Strategic One Off Costs - Redundancy	6,637	This reserve has been created to partly fund strategic one off costs identified in the 2012/13 MTFS of £14m. This element covers the estimated costs of redundancy/ early retirement over the period of the MTFS. The 2013/14 MTFS proposes increasing this reserve by £2m.	1,500	(2,000)	(4,136)	(2,001)	(6,637)	0
Strategic One Off Costs - Housing Market Renewal	291	This reserve has been created to partly fund strategic one off costs identified in the 2012/13 MTFS of £14m. This element partly funds Housing Market Renewal Commitments.	(86)	(205)	0	0	(291)	0
General Fund	4,338	The General Fund Balance of £4,338m held at 31st March 2012 consists of the minimum uncommitted recommended balance of £3,462m, which is held to meet unforeseen commitments not funded from Earmarked Revenue Reserves and additional monies which the Council determined should be held within this reserve of £0,876m. As part of the 2011/12 outturn and the decisions taken as part of the 2012/13 budget full Council approval is needed to release these additional monies. These monies were funded from the following contributions: Release of uncommitted Job Evaluation Provision £0,545m, 2011/12 Final Outturn £0,306m and Right to Buy Income 2011/12 £0,025m.	(100)	0	0	0	(100)	4,238
Insurance Fund	3,790	The Insurance Fund has been established to provide for all payments that fall within the policy excess claims. Most policies provided by the Council are subject to an excess.	0	0	0	0	0	3,790
Strategic Risk Reserve	2,178	This risk reserve was set up to cover income shortfalls in car parking, land registry charges and the shopping centre, one-off equal pay and a shortfall in salary abatement targets.	(500)	(1,678)	0	0	(2,178)	0
Transitional Support to Offset Council Tax Cuts	1,197	£0,670m of this reserve will be used to support the implementation of a local Council Tax Support scheme over the period 2013/14 to 2016/17. The remaining balance of £0,527m will be used to manage in year risks. This was agreed by Council on the 24.01.13.	0	(10)	(20)	(290)	(320)	877

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 1ST APRIL 2012  
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4.2 - Appendix 2

Reserve	Revised Balance of Reserves 2012/13 £'000	Reason for/purpose of the Reserve	Planned Use of Reserves					Total £'000	Estimated Balance at 31/03/16 £'000
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000			
Support 12/13 Loss of Council Tax Freeze Grant	727	This reserve was created to mitigate the loss of the 2012/13 Council Tax Freeze Grant.	(348)	(379)	0	0	(727)	0	
Supporting Family Poverty	319	Reserve established in 2011/12 to support the reduction of Child poverty. Any use of this reserve requires Council approval.	(10)	(160)	0	0	(170)	149	
Building / Development Control Income Shortfall	260	This reserve was created to cover income shortfalls owing to the weakness in the economy.	(260)	0	0	0	(260)	0	
Income Shortfall 2013/14	0	This reserve was created as part of the 2012/13 outturn strategy to cover income shortfalls owing to the weakness in the economy.	500	(500)	0	0	0	0	
Accommodation One -off Costs Reserve	0	This reserve was created as part of the 2012/13 outturn strategy to cover one off costs which need to be incurred to achieve future accommodation savings.	119	(119)	0	0	0	0	
Future Project Investigation Costs	250	This reserve was originally held to investigate future benefits of projects which would have on-going revenue savings.	0	0	0	0	0	250	
Carbon Reduction	231	The Carbon Reduction Commitment is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisation, this reserve is set aside to fund the payment of Carbon Allowances in 2012/13, 2013/14 and 2014/15.	(80)	(80)	(71)	0	(231)	0	
Business Transformation Set Up Costs	209	These funds were set aside for implementation costs of the Business Transformation Programme and will now be used to fund costs associated with the 3 borough collaboration project which aims to deliver ongoing savings of £2.297m ( £1.597m People and £0.700m Corporate) as reported to Cabinet in the MTFES on 4.10.12.	(82)	(127)	0	0	(209)	0	
Members Ward Issues	182	Used to fund ward issues for Members.	(182)	0	0	0	(182)	0	
Pension actuarial reserve	122	This reserve was created to manage pension costs over a 3 year period of the current actuarial valuation, which cover the period up to 2014/15.	90	0	0	0	90	212	
Mayoral Referendum Reserve	70	To fund one off costs of holding a referendum.	(70)	0	0	0	(70)	0	
Concessionary Fare	60	This reserve covers the tri-annual cost of replacing concessionary fares passes.	(60)	0	0	0	(60)	0	
Core Strategy Inquiry	33	To support the future costs of undertaking the Local Plan review which occurs every 3 to 5 years.	0	(33)	0	0	(33)	0	
Works in Default Empty Homes	50	This reserve was created to fund works in Default Empty Homes.	(11)	(39)	0	0	(50)	0	
Business Rates Retention - Power Station	0	This reserve was created from the 2012/13 outturn to fund potential shortfalls in Business Rates should the Power Station close during the year.	1,000	0	0	0	1,000	1,000	



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			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	
Training for Staff on Redeployment Register	50	To fund costs of retraining staff on the redeployment register as agreed by Council 23.02.12.	(1)	(49)	0	0	(50)	0
Seaton Carew Youth Club	30	Funding to keep the Youth Centre open for an additional year whilst options are progressed.	(30)	0	0	0	(30)	0
Treasury Management Risk Reserve	0	As part of the 2013/14 MTFS Council agreed the creation of this reserve to manage the risk of interest rates increasing over the period of the MTFS.	850	0	0	0	850	850
NDC Fund	8	Reserve established from NDC under spend and will be transferred to the NDC Trust.	(8)	0	0	0	(8)	0
Salary Sacrifice	6	This reserve was created in 2010/11 to Pension Savings generated by the Salary Sacrifice for Cars scheme to fund future pensions liabilities.	23	0	0	0	23	29
One Off Commitments 2012/13	2,280	This reserve was created following the review of Reserves to support the one off commitments 2012/13 as reported to Cabinet 19th February 2013	(2,280)	0	0	0	(2,280)	0
<b>GRAND TOTAL</b>	<b>31,609</b>		<b>(2,560)</b>	<b>(8,499)</b>	<b>(5,493)</b>	<b>(2,798)</b>	<b>(19,350)</b>	<b>12,259</b>

Department for Communities and Local Government  
FAO Andrew Lock  
Zone 5/J2  
Eland House  
Bressenden Place  
London  
SW1E 5DU

Dear Secretary of State,

**Provisional Local Government Finance Settlement 2013/14 and 2014/15**

In response to the announcement of the above details I will not be seeking a meeting to discuss the impact of the settlement on Hartlepool. However, I wish to take this opportunity to express the significant concerns I have regarding the impact of the settlement on Hartlepool.

As I have done in responses to the Local Government Finance Settlement in previous years I will also make suggestions on how the settlements for 2013/14 and 2014/15 can be made fairer.

**Spending Power** - In previous responses to the 2011/12 and 2012/13 Local Government Finance Settlements I have recognised that the Government has determined it wishes to reduce the public sector deficit. However, I have raised significant concerns that some areas, including Hartlepool, suffered disproportionate cuts in spending power in 2011/12 and 2012/13 when grant cuts were front loaded. I also raised concerns that the simplistic comparison of spending power does not address the different spending needs between different areas, which until 2011/12 were a key feature of the Local Government funding system.

I therefore, requested that this position should be reviewed and a fairer settlement implemented for all authorities for 2013/14 and future years.

The provisional settlements for 2013/14 and 2014/15 do not address these concerns and continues the trend of disproportionate grant cuts for Hartlepool. Whilst, I recognise that your preferred measure for assessing grant reductions is the percentage change in spending power, I do not believe this fully reflects the service demands on individual councils in different parts of the country. I am concerned that the headline percentage reduction in spending power understates the different financial challenges facing individual authorities.

I fully appreciate that using the Government definition of ‘Spending Power’ Hartlepool will still have a higher ‘Spending Power’ than the other Councils in 2013/14. However, the Government needs to recognise that Hartlepool will again be faced with a disproportionate cut in ‘Spending Power’ compared to many other Councils in more affluent areas and this approach does not address the relative needs of different communities. This position is clearly illustrated by considering the unfairness of the reduction in Hartlepool’s spending power per person in 2014/15



which will be the 7<sup>th</sup> highest in the Country. This reduction needs to be seen in the context of Hartlepool having an IMD ranking of 24 out of 326 authorities.

I am extremely concerned that communities with the greatest dependency on Government grant funding continue to face the biggest spending cuts. This will impact on service users and the Councils ability to rebalance the local economy by promoting economic development and job creation in the private sector.

Suggestion for improving fairness of Spending Power cuts

To address these concerns and to provide a fairer settlement for all Councils I believe that ‘Spending Power’ reductions should be based on a flat rate reduction per dwelling, or per resident. This approach would avoid the disproportionate cuts in ‘Spending Power’ being experienced by some of the most deprived communities, including Hartlepool and mean that the residents of all areas are contributing equally to the Government’s deficit reduction plan.

In addition, to help Councils explain the impact of funding cuts the Government needs to publish details of actual percentage grant cuts for individual Councils alongside spending power cuts.

**2014/15 Provisional Allocations** – The provisional allocations for 2014/15 are extremely concerning and propose very significant additional cuts in funding which will be locked in for future years. Given the cuts implemented over the period 2011/12 to 2013/14, which had a disproportionate impact on the most deprived communities, this position needs to be reviewed and addressed before the 2014/15 settlement is determined. These concerns are exacerbated by the continuation of damping protection which means that some of the poorest Councils are protecting more affluent Councils and this protection will be locked in until 2020 when the first reset is completed.

The communication update provided on 10th January 2013 does not provide the necessary clarity regarding the level of ‘Council Tax Support Funding’ for 2014/15. It seems perverse that other grants (such as the Early Intervention Grant, Learning Disability and Health Reform Funding) continue to be shown as separate amounts in both 2013/14 and 2014/15, particularly when these relate to less contentious areas and in some cases much smaller amounts of funding.

Given the importance of the Council Tax Benefit changes and the additional risk transferring to Councils the Government needs to provide as much transparency as possible and to work with Councils to implement this change to avoid the problems that arose when the Community Charge was implemented. Without clarity regarding funding for Council Tax support the Government risks destabilising the Local Government funding system and the level of funding available to fund services.

These challenges are greater for areas like my own where there are a higher proportion of people currently in receipt of Council Tax Benefit. This is an historic position and reflects the national system of Council Tax Benefit which has operated for many years. It is unrealistic to think individual Councils can change this position

significantly in the short-term, particularly in light of current economic conditions. It is therefore essential that funding for local Council Tax Support schemes is identified separately in 2013/14 and future years.

I am pleased that the Learning Disability and Health Reform funding is identified separately for 2014/15 as this provides transparency for this area and hope the Government maintains this position in future years.

Suggestion for improving fairness of funding allocations

The 2014/15 allocations are reviewed before the settlement is finalised to provide a settlement which is fair for all areas of the Country.

Council Tax Support Funding for 2014/15 and future years should continue to be shown as separate amounts to ensure Councils and the Government can assess the impact of this funding change and to take any corrective action which may be necessary.

**Additional 2% grant cuts 2014/15** – I welcome the Government’s decision not to make the additional 1% grant cuts in 2012/14 and recognition of the contribution Councils have made over the last two years to reduce costs. However, I am extremely concerned that additional grant cuts of 2% will be implemented in 2014/15 and this money used to fund infrastructure investment. This proposal will again penalise some of the most deprived communities and mean that these areas face additional funding cuts to fund infrastructure projects, which I suspect will benefit more affluent areas.

Suggestion for managing additional 2% grant cuts

Replace need to make additional 2% grant cuts by scaling back New Home Bonus payments in 2014/15.

**Council Tax Freeze** – The Council has supported the Council Tax Freeze in previous years. However, for 2013/14 we do not think we can support this initiative owing to the ongoing impact of grant cuts in 2013/14 and future years. The Government needs to recognise that at a time of ongoing grants cuts that increasing Council Tax needs to be a local decision. Therefore, to protect the Council’s resource base we are unlikely to accept the Council Tax Freeze Grant in 2013/14. My Council is well aware of the impact of increasing Council Tax on households and also on our own budget when Council Tax Support is localised. We are also aware of the grant cuts we face over the next few years and in the longer term accepting the Council Tax Freeze Grant for 2013/14 will increase the budget cuts which need to be made.

The reduction in the Council Tax Freeze Grant to 1% also fails to recognise the additional budget pressures facing Councils from a range of factors, including increased demographic pressures from an aging population, increased numbers of Looked after Children, above inflationary increases in energy costs and RPI linked increases in Business Rates.

It seems perverse that those authorities which are least dependant on Government Grant and able to raise more of their resources from Council Tax gain the most from the Council Tax Freeze arrangements.

It also seems perverse that authorities that do not accept the grant to limit Council Tax Support reductions to 8.5% will still be able to access the Council Tax Freeze Grant.

My Council has worked hard to develop a Local Council Tax Support scheme and welcomes the additional one-off grant for 2013/14 for Councils which limit the reduction in Council Tax Support next year to 8.5%. We are only able to access this funding as a result of actions taken in 2011/12 to put money into reserves to phase in the changes to Council Tax Support and to manage the new risks transferring to Councils.

Suggestion for improving fairness of Council Tax Freeze arrangements

To address these concerns it is suggested that the Council Tax Freeze grant is increased to 2% for 2013/14 and paid as a permanent additional grant and funded by reducing the amount of money paid out as New Homes Bonus.

**Reserves** – I am concerned that the comments made in Parliament that Councils are sitting on £16 billion of reserves did not address the reasons individual Councils have for holding these reserves.

In 2011/12 as part of the Council's four year Medium Term Financial Strategy we developed a very clear strategy for using reserves to help manage the financial challenges facing the Council. This includes using reserves to fund:

- specific one-off expenditure commitments we face over the next 3 years, including redundancy costs arising from ongoing grant cuts and the need to reduce budgets. In previous years the Council has not applied for capitalisation directives to fund these costs as these issues have been managed locally by having a robust financial strategy;
- to support the 2013/14 budget to provide a longer lead time to identify permanent budget reductions;
- and to manage additional financial risks transferring to Councils in April 2013. These risks include managing potential increases in demand for Council Tax Support and the potential impact of in-year reductions in Business Rates, not covered by the safety net arrangement. The latter issue is a major risk for Hartlepool as the Nuclear Power Station is the most significant Business Rate payer in the town and contributes around 17% of the total Business Rates received by the Council. The rates payable reduce if the Power Station produces less electricity. We are meeting Brandon Lewis next month to discuss these concerns.

I believe that our strategy on reserves is robust and an integral part of the Council's Medium Term Financial Strategy, which seeks to manage ongoing cuts in Government grant over a number of years. It is unhelpful to make sweeping comments about the overall level of Council reserves without understanding the financial issues and risks individual authorities will be required to manage over the next few years, or the plans they have put in place to manage these issues. National

headlines do not help individual Councils manage this position and the Government needs to work with Councils to help explain the complex financial issues they are managing.

### **Early Intervention Grant**

The Council has developed a far reaching Early Intervention Strategy based on the recommendations of several national reviews in particular the Allen Review of Early Intervention which highlights the importance of giving children the right type of support in their earliest years. The Allen Review recommendations are endorsed by Professor Eileen Munro in her review of child protection where she highlights it is better to prevent harm from occurring than responding after harm has occurred. With this in mind the Hartlepool Early Intervention Strategy aims to provide children and their families with the right level of support at the point need emerges to prevent any difficulties from becoming more acute and complex. The strategy has been operational for just under a year and early indications are that a greater number of children in Hartlepool are receiving appropriate support to promote their well being and improve outcomes. However the strategy is long term and will take several years to fully achieve. A Safeguarding Peer Review undertaken by the Children's Improvement Board highlighted the strategy and its implementation as an area of good practice that was making a difference for children and their families in Hartlepool.

The Early Intervention Strategy is closely aligned in Hartlepool with the Troubled Families initiative, these two strands of Government policy are complementary and inter dependent. Families identified as meeting the criteria for Troubled Families benefit from the services currently delivered through the Early Intervention Strategy such as access to the Early Years Pathways for all families living in hotspots in the town and activities for young people delivered in partnership with the voluntary and community sector.

The proposed 13% cut to the Early Intervention Grant for Hartlepool will have a significant detrimental impact. The level of cut from 2013/14 renders the current strategy undeliverable and as a consequence, it will be necessary to fully review and scale back the strategy and service delivery model. The impact of this will be that the Council will no longer have the capacity to deliver the range of services to support prevention and early intervention and will have increased reliance on more costly statutory services such as children's social care and the Youth Offending Service. This is in direct conflict with the Troubled Families initiative aimed at reducing reliance upon and demand for high cost services.

I hope the above comments are helpful and the Government addresses these concerns before the final settlement is published.

Stuart Drummond  
Elected Mayor

**SCHEDULE OF 2013/14 PRESSURES**

Description of pressure	Value of pressure		
	Reported 04.10.12  £'000	Additional pressure identified since 04.10.12 £'000	Total  £'000
<b>Corporate issues</b>			
<u>Brierton Community Sports</u> Actual pressure exceeds provision included in base budget from 2012/13.	65	0	65
<b>Income pressures</b> - these issues relate to the 2.5% inflation increase included in the MTFS forecast which is not expected to be achieved for areas previously identified as shortfalls in the 2012/13 budget and addressed as budget pressures covering			
<u>a) Shopping Centre income inflation</u> Income depends on occupancy of shop units and it is not expected that the Council's share of rental income will increase in the current economic climate.	24	0	24
<u>b) Car Parking income inflation</u> Car Parking - owing to the current economic climate it is not recommend that an increase in car parking charges is implemented in 2013/14. Furthermore, owing to the practicalities of setting an increase which generates increases in multiples of 5p a higher increase than 2.5% would be required. It is therefore recommended that no increase is applied for 2012/13. The position can be reviewed for 2014/15.	37	0	37
<u>Council Capital Fund</u> A one-off Council Capital Fund of £1m was established as part of the 2012/13 budget proposals and included in the 'one-off strategic costs', to cover capital priorities in 2012/13 and 2013/14.  Council approved commitments against this fund of £0.582m, leaving an uncommitted balance of £0.418m (this increased from £0.368m to £0.418m as West View Cemetery Lodge and Carnegie schemes did not progress) for additional schemes which need Cabinet and Council approval. The pressure shown would support Prudential Borrowing of approximately £0.6m in 2013/14 (actual value of capital spending depends on specific schemes approved which will have different operational lives). When account is taken of the brought forward resources there will be £1.070m to manage one-off capital risks. Detailed proposals for using part of this funding is set out in section 11 and final proposals will be reported in February 2013.	50	0	50
<b>Regeneration and Neighbourhood Services</b>			
<u>NFFO (Non Fossil Fuel Obligation)</u> The Government have removed the 27% 'credit' SITA and the Council received since the start of the contract. This was part of the contract and always planned.	279	0	279
<u>Landfill Tax</u> There is an annual increase in Land Fill Tax of £8 per tonne, which includes the bottom ash from the incinerator.	29	0	29
<u>Loss of LPSA funding</u> The Independent Domestic Violence Advisor (£20k) and Men's Perpetrator Programme (£15k) are services included in the Domestic Violence specification, which has recently been commissioned. The Victims Services Officer (£20k) is linked to Neighbourhood teams and covers all crime categories.	55	0	55
<u>Street Lighting Pressure</u> It had previously not been anticipated that the Carbon Reduction Commitment (CRC) would apply to street lighting. However, from 2013/14 the CRC will apply to street lighting and it is anticipated this will increase costs by £50k. It is envisaged that for 2013/14 (and probably 2014/15) this additional cost can be funded from the overall electricity budget of the Council as costs have not increased as much as previously forecast owing to action taken by NEPO (North East Purchasing Organisation) to secure to lower energy prices for 2013/14.	0	0	0
<b>Child and Adult Services</b>			
<u>Looked After Children</u>	0	96	96
<b>Total Potential Pressure Identified</b>	<b>539</b>	<b>96</b>	<b>635</b>

**SUMMARY OF KEY FINANCIAL ASSUMPTIONS UNDERPINNING THE BUDGET**

<b>Budget Assumption</b>	<b>Financial Standing and Management</b>
The treatment of inflation and interest rates	<p>The proposed resource allocations for 2013/14 include 2.5% for anticipated general inflation on non pay expenditure. In addition, where it is anticipated costs will increase by more than inflation these issues have been specifically reflected in the pressures included within the budget requirement.</p> <p>Interest exposure is managed through the Treasury Management Strategy.</p>
The treatment of demand led pressures	Individual Portfolio Holders and Directors are responsible for managing services within the limit of resource allocations and departmental Risk and Strategic Change Provisions. If these resources are inadequate the Council's Managed Under/Overspends Policy provides flexibility to manage the change over more than one financial year.
The treatment of planned efficiency savings/productivity gains	All Directors have a responsibility to deliver services within the approved resource allocations. Where departmental efficiencies are planned it is the individual Directors responsibility to ensure they are implemented. Any under achievement would be dealt with on a temporary basis through the managed overspend rules until a permanent efficiency is achieved. The main areas of efficiencies in 2013/14 are departmental savings. Work undertaken during 2012/13 to deliver these savings in advance makes the 2013/14 budget position more robust and sustainable.
The availability of other funding to deal with major contingencies and the adequacy of provisions	<p>The Council's approved Managed Underspend and Strategic Risk and Change initiatives are well understood and provide service departments with financial flexibility to manage services more effectively. These arrangements help to avoid calls on the Council's corporate reserves.</p> <p>The Council's insurance arrangements are a balance between external insurance premiums and internal self insurance. The value of the Council's insurance fund has been assessed and is adequate to meet known reserves on outstanding claims.</p>
The strength of financial reporting arrangements and the Authority's track record of budget monitoring	The Council's financial reporting arrangements include the identification of forecast outturns for both revenue and capital areas. These arrangements ensure problems are identified and corrective action taken before the year end, either at departmental or corporate level. These arrangements have worked well and have enabled the Council to strengthen the Balance Sheet over the last few years.
Equal Pay / Equal Value Claims	<p>The Council has completed the detailed evaluation of all jobs and developed a new pay and grading structure, which was implemented with effect from 1<sup>st</sup> April 2007. The Council has substantially completed Job Evaluation Appeals.</p> <p>The Council is also facing the risk of Equal Value Pay Claims. Accordingly, the Council has set up a Single Risk Reserve to fund such risks.</p>

**Report of:** Assistant Director – Adult Social Care

**Subject:** SAVINGS PROGRAMME 2013/14 – ADULT SOCIAL CARE

## **1.0 PURPOSE OF REPORT**

- 1.1 The purpose of the report is to identify the proposals for delivering savings in respect of adult social care as part of the budget for 2013/14.

## **2.0 BACKGROUND**

- 2.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme

- 2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.

### **2.3 Scope**

The areas of expenditure that are under consideration within this review are as follows:

Assessment & Care Management

- Social Work Teams
- Adult Safeguarding
- Occupational Therapy Team

Residential Placements

Personal Budgets

- Home Care
- Equipment
- Day Services
- Supported Accommodation
- Direct Payments (allocations to people to use as they wish to meet their care and support needs)

### **2.4 Aims**

The focus of adult social care is to support people to remain independent and to exercise choice and control regarding how their support needs are met. Some services are provided by the department (including assessment and care management and disability day services) and others are commissioned for people (such as residential placements and day services for older people).

## 2.5 Service Users

People who use adult social care services in Hartlepool are over 18 and assessed against the Fair Access to Care Services (FACS) criteria as having a substantial or critical level of need. Services support older people, people with learning disabilities or a physical disability, people with mental health needs, people who have alcohol dependency and carers.

## 2.6 Engagement

The department engages with people who use services through a range of methods including:

- Carers Strategy Group
- Learning Disability Partnership Board
- Mental Health Forum
- Champions of Older Lifestyles Group
- Service User Focus Groups; and
- Family Leadership Courses

Feedback is also obtained through the annual Adult Social Care User Survey, Service User Experience Sampling and through complaints and compliments.

The first Local Account for adult social care was published in December 2012 and tells residents about:

- how well adult social care in Hartlepool has performed
- the challenges faced; and
- plans for future improvements

It is a requirement that a Local Account is produced annually and feedback on the first published document in 2012 will inform future versions.

## 2.7 Inputs / Expenditure

The total expenditure on adult social care is £41.1m, with £8.2m income from people's personal contributions and a further £3.7m from other income (primarily NHS funding).

The breakdown of how the £41.1m is spent is as follows:

Area of Expenditure	Spend
Assessment & Care Management	£6.2m
Residential Placements	£17.5m
Personal Budgets	£17.4m

The breakdown of spend on personal budgets is as follows:

Area of Expenditure	Spend
Home Care	£6.85m
Direct Payments	£4.5m
Supported Accommodation	£1.87m
Day Services	£1.8m
Equipment	£1m
Other	£1.38m



## 2.8 Outputs / Outcomes

The Care Quality Commission no longer assess or rate adult social care service provision but the last two assessments rated Hartlepool's services as excellent – the best rating that could be achieved. Since the last assessment, services have continued to perform well and the majority of the performance indicators for adult social care have been achieved or exceeded.

Some of the outputs achieved are as follows:

- Over 5,700 people receive support from adult social care services.
- Over 2,000 carers had an assessment during the last year and received support to maintain their caring role.
- The number of people using telecare continues to grow with almost 900 people currently being supported.
- People received over 5,200 pieces of equipment to help them stay at home.
- Over 95% of people receive their equipment and adaptations within 7 working days.

Some areas where particularly positive outcomes have been achieved include:

- Just over 90% of people who have ongoing social care needs and are eligible to receive a personal budget have their support provided through a personal budget and exercise choice and control over how their support needs are met.
- Over 18% of people with a learning disability and approximately 12% of people receiving mental health services are in paid employment.
- Hartlepool has not had a delayed transfer of care from hospital which is attributable to social care.
- A wide range of services have been developed to support older people to retain their independence. These include reablement services, extra care housing options and telecare.

## 2.9 Savings Target

The savings target for the Child & Adult Services Department for 2013/14 is £2,580,000 and £860,000 of this target relates to Adult Social Care.

# 3.0 **PROPOSALS**

## 3.1 Commissioned Services

There are a range of services that are commissioned by the department to support people who are eligible for adult social care services. These include:

- Carers Assessment and Information Services
- Direct Payment Support Service
- Housing Related Support (extra care housing, floating support and supported accommodation schemes)

- Respite Service for People with Learning Disabilities
- Day Opportunities for People with Mental Health Needs; and
- Day Opportunities for Older People

A significant level of savings was achieved from commissioned services in 2012/13 and all services have been reviewed again to identify areas where further savings can be made in 2013/14.

There are two commissioned services which provide building based day opportunities for older people – a day centre at Hartfields and a service specifically for people with dementia at Gretton Court (which is jointly funded by the PCT). Ongoing work with the day centre for older people at Hartfields has identified a saving of £120,000 due to lower uptake of places than was anticipated when the service was originally commissioned. This is largely due to people using direct payments to access support and social activities in different ways. There will be no reduction in service as a result of this saving being achieved, so no impact on people using the service.

A review of funding for support for carers has identified that a saving of £80,000 can be made through changing how some services are delivered and also through additional funding being secured from the PCT. For example, the support required when carers access the Carers Emergency Respite Service is now provided through the in-house Direct Care & Support Service and a new three year contract for Carers Assessment and Support will be jointly funded rather than being fully funded by the Council. There will be no reduction in service as a result of this saving being achieved; there will be additional investment from the PCT in carers services which will support carers to meet their own health needs. There will be no adverse impact on carers who are currently being supported.

A review of high cost placements for people with learning disabilities has identified a saving of £40,000. This saving has been achieved through negotiation with providers to ensure that people are receiving appropriate levels of care and hours of support based on their individual assessed needs. Again, there will be no reduction in service as a result of this saving being achieved, so no impact on people receiving this support.

The total saving from commissioned services is £240,000.

### 3.2 Equipment Budget

Approximately £1m is spent each year on equipment and adaptations that enable people to retain their independence and stay in their own homes for as long as they are able to. The type of equipment supplied includes;

- Mobility aids such as walking sticks and walking frames
- Grab rails
- Bathing aids; and
- Daily living aids that help with dressing, cooking and cleaning.

The budget has been under spent for the last three years and the balance has been used to support Disabled Facilities Grants (which fund larger

adaptations such as level access shower rooms and downstairs bath or bedrooms) or to offset pressures elsewhere within the adult social care budget. This under spend of £100,000 has now been identified to contribute to the adult social care savings for 2013/14.

### 3.3 Provider Services

There are a small range of services which are provided in-house by adult social care. These are:

- Direct Care & Support Service – Reablement and Home Care
- Disability Day Services - Warren Road and the Centre for Independent Living (previously the Havelock Day Centre)
- Employment Link and Floating Support Service for People with Learning Disabilities or Mental Health Needs

All of these services have been reviewed and a number of areas where savings can be made have been identified. The restructure involves bringing all of the services together under a single Provider Services Manager, which will reduce management costs and enable more flexible working across services, making best use of the skills and experience of the current staff.

Within the Direct Care & Support Service there are a number of unworked hours / vacant posts which have been held, partly as a contingency to manage peaks in demand and partly to create redeployment opportunities for staff identified as being at risk in other areas of the service. The saving that can be identified in this area, while still retaining some posts for redeployment, is £200,000.

The proposed restructure within Disability Day Services involves reducing tiers of management, making the service more streamlined without having a direct impact on the people who are supported at Warren Road and the Centre for Independent Living. This will involve deleting seven posts (including two vacancies) and creating three new posts.

The Employment Link and Floating Support Service supports people with mental health needs and / or learning disabilities to access employment and services within their communities. The team is made up of:

- 1 Band 12 Team Manager
- 1 Band 10 Supervisor
- 3 Band 8 Employment Link Workers
- 7 Band 8 Floating Support Workers
- 4 Band 6 Community Workers
- 1 Band 6 Team Clerk

The Employment Link element of the service supports a total of 116 people with 12 new referrals in 2011 and 35 referrals in 2012 (linked to the introduction of a new apprenticeship scheme). It is proposed that the team of three Employment Link Workers moves to be managed within the Employment Development Team in Economic Regeneration. This is a more effective use of resources and will mean that people with additional support

needs due to their learning disability or mental health issues will be able to access the generic employment support service while still having access to staff with the particular knowledge and expertise required to meet those needs. This model provides greater resilience within the Employment Development Team and promotes the integration of people with additional needs within mainstream services.

The floating support element of the service provides a service to approximately 80 people at any one time, supporting people to access community services, build their confidence and become more independent. A review of the service has identified that the work undertaken and the focus on increasing independence is very similar to the approach taken within the reablement service although with smaller caseloads and slower throughput. As a result, it is proposed that this service is disbanded and all posts are deleted, with four new posts created within the reablement service to pick up this element of work. A total of fourteen posts would be deleted with four new posts created within the reablement team to absorb some of this work and to provide redeployment opportunities. The loss of this number of posts will inevitably result in a change or reduction in service for some people. Individuals who are affected will be offered support to use their personal budget differently to access services through a Personal Assistant or other alternative.

The proposed restructures within disability day services, employment link and floating support service will achieve a saving of £320,000. Together with the removal of vacant posts / unworked hours within the home care service, the total saving from provider services is £520,000

## **4.0 OPTIONS ANALYSIS**

4.1 Various options have been explored across Adult Social Care to achieve the savings which have been discounted, primarily due to the level of risk involved. These include:

- Reduce capacity in social work teams – considered too high risk due to impact on waiting times, performance indicators and caseloads.
- Reduce spend on residential placements – not possible in light of the fair cost of care exercise and increased pressures on residential provision.
- Reduce spend on personal budgets – this is not possible without a fundamental review of the Council's approach to personalisation and the Resource Allocation System. People who already have services could not have their resource reduced without evidence of a change in their assessed level of need.
- Increase income from personal contributions – this would require a full review of the current Contributions Policy involving a formal consultation exercise and the level of savings that would be generated has not been quantified. This may be revisited for 2014/15.
- Increase income from the NHS – this is a very volatile area and funding secured is often allocated on a short term basis, which does not address the requirement for ongoing cuts from the general fund budget.

## 5.0 RISK IMPLICATIONS

5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Reduced flexibility within provider serviced to manage peaks in demand, which are usually associated with severe winters or pressures within NHS services. This may result in delayed transfers of care from hospital which are attributable to adult social care as well as tensions with the Foundation Trust if cases cannot be picked up as quickly as they have been previously.
- Reduced flexibility to manage changing demand for equipment services, which may result in increased waiting times and / or financial pressures in future years.
- Increased spend on personal budgets due to the disbanding of the floating support service for people with learning disabilities or mental health needs.

## 6.0 FINANCIAL CONSIDERATIONS

6.1 The Savings Programme 2013/14 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

6.2 The proposals outlined will deliver the following savings:-

<b>Service</b>	<b>Proposed Savings</b>
Commissioned Services	£240,000
OT Equipment Budget	£100,000
Provider Services	£520,000
<b>Total Proposed Savings</b>	<b>£860,000</b>

6.3 The proposals in relation to Provider Services involve a number of posts being deleted, which will result in redundancy costs. The exact costs can't be determined until redeployment opportunities are fully explored and the relevant redundancy selection processes are undertaken.

## 7.0 EQUALITY AND DIVERSITY CONSIDERATIONS

7.1 An Equality Impact Assessment has been undertaken and is attached as Appendix A.

- 7.2 By definition, all of the savings proposals in adult social care will affect the people who access adult social care services – people who are over eighteen and assessed against the Fair Access to Care Services (FACS) criteria as having a substantial or critical level of need (older people, people with learning disabilities or a physical disability, people with mental health needs, people who have alcohol dependency and carers).

## **8.0 STAFF CONSIDERATIONS**

- 8.1 Informal consultation with Trade Unions regarding the recommendations has been undertaken. Staff affected by the proposals have been informally and formal consultation will be undertaken (in line with agreed HR policies and procedures) if the proposals are accepted.
- 8.2 It is anticipated that a total of 21 posts will be deleted resulting in 13 potential redundancies and 8 people being redeployed into posts that are being held / created to reduce the impact on staff. Of the 13 people at risk of redundancy there have been 5 expressions of interest in voluntary redundancy leaving 8 people at risk of compulsory redundancy if the voluntary redundancy applications are approved and they are not successfully redeployed.

## **9.0 COMMENTS FROM SCRUTINY REVIEW**

The Adult & Community Services Scrutiny Forum considered the savings proposals for adult social care at their meetings on 17 September, 23 October and 5 November 2012.

In relation to the savings proposals put forward 'Members of the Adult and Community Services Scrutiny Forum were mindful of the very difficult financial position and the required savings required in Adult and Community Services. Although Members reluctantly recognised the need to support a number of the saving proposals they wished to draw Cabinet's attention towards the desire to protect vulnerable people wherever possible from cuts, particularly when related to mental health needs'.

In relation to reductions in front line service provision 'Members were particularly concerned about the proposed staffing implications through the deletion of 15-20 posts. Although the Forum acknowledged that savings had to be found, they emphasised that if there was a way to protect staff from compulsory redundancies, then those avenues should be explored'.

## **10.0 RECOMMENDATIONS**

It is recommended that Cabinet support the proposals outlined, which will achieve savings of £860,000 in adult social care in 2013/14.

## **11.0 REASONS FOR RECOMMENDATIONS**

- 11.1** The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11 June 2012.

**12. CONTACT OFFICER**

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**Report of:** Assistant Director, Community Services

**Subject:** SAVINGS PROGRAMME 2013/14 – Community Services division of the Child & Adults department

## **1.0 PURPOSE OF REPORT**

- 1.1 The purpose of the report is to identify the proposals for delivering savings in respect of Community Services as part of the budget for 2013/14.

## **2.0 BACKGROUND**

- 2.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme
- 2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.
- 2.3 The services under consideration in this report are all part of the universal services provided and managed through the Community Services division. Earlier in the year there was considerable work undertaken to investigate the potential benefit of including all current services within a 'Cultural Trust'. This was originally considered as a larger collaboration model with Darlington Borough Council and then latterly, once it became clear it was a not an appropriate cost saving option, some additional work was undertaken to investigate a Hartlepool model. The conclusions identified that such a move would actually cost more to implement, the biggest unknown at this point in time is the Governments intentions regarding NNDR tax relief for charities. Existing charitable trusts currently benefit from 85% tax relief on non domestic rates which can be a considerable saving. Many local authorities have considered Trusts or other forms of outsourcing for their services, from the work undertaken, the recommendation was to withhold from going down this route at the present time. This has therefore led to consideration of other more immediate savings and efficiencies to assist in meeting the departmental target for the current corporate cost savings.
- 2.4 The universal services provided within Community Services have seen significant reductions in recent years, including the reduction of senior management and amalgamation of service areas. In 2012/13, this culminated in the combining of Libraries and Museums etc into Culture and Information with the deletion of another senior manager post.
- 2.5 The services provided by the local authority are unique in scope and apart from some specialist private, educational or voluntary sector specific service



providers in sport, music and specialist heritage, the town's cultural sector provision is largely underdeveloped in broad service terms outside of those services provided by Hartlepool Borough Council. The current scope of Community Services included for consideration is wide ranging and includes:

- 2.5.1 **Culture & Information – Libraries** This area consists of a very busy central library with four branch libraries, a mobile library and home library service and the network gives excellent coverage across the town. The service was reduced by the closure of two branch libraries in 2011/12 with one being demolished and one joint library and community centre building transferring to the voluntary sector for alternative use. The home library service and the outreach activities undertaken by staff, particularly targeted at older people and children are very well patronised.
- 2.5.2 **Culture & Information – Museums, Arts & Events** A wide ranging service which provides the Museum of Hartlepool, Hartlepool Maritime Experience, Hartlepool Art Gallery, Town Hall Theatre and a wide ranging events and arts outreach programme. The service was severely reduced in size as part of the 2011/12 budget but remains resilient in providing core services to the resident and visitor alike. Visitor figures at the Museum and Art Gallery have shown good increases in the current year which is also the final year of the renaissance funding with a transition grant ending in March 2013 and as a consequence, a number of staff will leave posts as the funding ceases. The current year has seen delivery of the Diamond Festival and the Olympic Torch Relay with additional regular smaller scale events including the Seaton Fireworks Display for which we currently have one further year of very welcome private sponsorship.
- 2.5.3 **Sport & Recreation – Leisure Services** The facilities are centered on Mill House Leisure Centre, Headland Sports Centre, Brierton Sports Centre and Grayfields Recreation Ground that are supported by the Sport & Physical Activity Team providing sport, health and wellbeing programmes such as club and coach development, disability sport, fitness and exercise programmes and holiday activities for example which all contribute towards the aim of increasing participation to contribute to the Public Health Agenda. These are complemented by the vigorous Hartlepool Exercise for Life Programme (HELP) supported with PCT funding, the Outdoor Activity Team and the Community Learn to Swim Team which provides the Primary School Swim Programme as well as community lesson provision.
- 2.5.4 **Sport & Recreation - Outdoor Education** The service manages Carlton Outdoor Education Centre (OEC) and has been very successful in reducing costs and increasing income over the last two years as the centre has been robustly managed and marketed to achieve good occupancy. This has been very challenging as former local authorities have withdrawn their funding over the last 3 years and the Carlton Trustees have been very supportive of the initiatives introduced and planned.
- 2.5.5 **Sport & Recreation – Summerhill** Summerhill Local Nature Reserve (LNR) & Outdoor Activity Centre (OAC) is becoming more active as a centre

for outdoor activity. The recent cycling centre initiative and the current investment from grants and partners to improve the BMX track which will greatly improve its standing in national circuits, are real timely legacies following the 2012 Olympics. The Visitor Centre also continues to be developed with the introduction of the Emerge Gallery and the Café operation in this current year.

- 2.5.6 **Sport & Recreation** The service is also responsible for the development of projects and initiatives and is very adept at funding bid developments that have attracted considerable capital investment from external partners to support Hartlepool's sporting and recreational infrastructure. Over the years this has made the provision of facilities such as the Headland Sports Hall, King George V and Grayfields Pavilion, the extensive refurbishment of Mill House and the Rossmere Skatepark and MUGA possible. It also secures revenue partner funding year on year and delivers a wide range of health related activity to encourage participation and improve healthy lifestyles. This also includes the distribution of Public Health funding on behalf of the PCT.

## 2.6 **SERVICE USERS**

The range of services covered in this report are delivered across the whole of the Borough dealing with all age groups and abilities. Within this broad definition there are many specialist and targeted activities and these are usually in respect to well established core functions. For example with the Home Library service for housebound users, these are generally the elderly in the community and the service links well with colleagues in adult social care as part of the preventative agenda whereas the primary swimming program is targeted at primary schoolchildren who have swim standards to meet and therefore covers a different age group altogether. Similarly, the service supports the development of sporting activity from grass roots community provision to elite programmes.

All the service areas are also able to secure opportunities for grants which often have very specific output criteria to meet, therefore, in general Community Services has a very diverse range of delivery opportunities and outputs.

## 2.7 **ENGAGEMENT**

Feedback and engagement with service users and non users is obtained in a number of different ways and this is determined by the nature of the service, the target audience, the way in which the services are delivered or as previously mentioned, the criteria of any specialist funding. Examples include:

- Satisfaction questionnaires / annual customer surveys
- Active People national data
- Annual returns to funding bodies and annual inspections/monitoring
- Activity evaluation and feedback forms
- Consultation to aid project development

- Standards achieved in relation to service standards
- Quality achievement awards/Licences – e.g. VAQAS for visitor attractions, Adventurous Activity Licensing Authority (AALA) and Learning outside the classroom (LoTC) for Carlton Outdoor Education Centre and the Outdoor Activity Team. Matrix standards for library services, Quest for Leisure Facilities and the Sport & Physical Activity Team, Green Flag for Summerhill etc.
- Immediate customer feedback – compliments & complaints
- Mystery Visits
- Inspections e.g. AALA, LoTC, Quest, Green Flag etc
- Visitor / admission numbers
- Scrutiny investigations – e.g. Museum Collections
- Third party user participation statistics e.g. Sport England
- Income generation targets.

## 2.8 INPUTS

The net cost to the Council of providing the services within the Community Services Division is as follows:

	<b>Net cost</b>	<b>Gross budget</b>
Culture – Arts, Museums & Events	£531,000	£1,230,000
Culture – Libraries & community	£1,359,000	£1,423,000
Sport & Rec – facilities & sport & physical activity	£839,000	£1,673,000
Sport & recreation – Carlton OEC	£68,000	£494,000
Sport & Rec – Summerhill LNR & OAC	£100,000	£130,000
Archaeology	£23,000	£145,000
Adult Education	£ 0	£1,317,000
<b>TOTAL</b>	<b>£2,920,000</b>	<b>£6,412,000</b>

## 2.9 OUTPUTS

A brief overview of service outputs for Hartlepool is impressive:

<b>Visitor attractions</b>	Hartlepool Art Gallery Annual Visitors (2011/12)	63,361
	Town Hall Theatre Annual Visitors (2011/12)	59,091

	Museum of Hartlepool Annual Visitors (2011/12)	101,999
	Hartlepool Maritime Experience Annual Visitors (2011/12)	47,163
<b>Libraries</b>	Annual visits 2011/12	447,260
	Books loans 2011/12	369,679
	Number of people supported by the Home Library Service 2011/12	618
	Use of the Peoples Network computers [hours per annum]	41,008

### **Visitor Survey analysis for Headland, MHLC and Brierton**

550 customers surveyed by independent researchers

92% customers either very satisfied or satisfied

85% customers feel what they get is good value for money

Leisure Centre attendances – 2011/12 375,077

Carlton OEC - 93% respondents felt centre was offering a service at either above or in excess of expectations (Sept 2010 to Sept 2011)

2011/12 GP Referrals – 1087 people

## **2.10 OUTCOMES**

Outcomes are always more difficult to quantify, particularly in the short term, however the services provided contribute greatly to the health & wellbeing agenda, living longer and better physical and mental health, adult literacy and mature student qualifications via Adult Education, and generally a contribution to the quality of life. Libraries directly input into improving literacy levels and enabling people to reach their full potential through the delivery of its early years literacy programmes, services to schools and successful engagement with adults seeking informal learning opportunities.

The library provides a safe, non-judgemental and welcoming community space where people can meet or engage with others.

## **2.11 SAVINGS TARGET**

The savings target for the Child & Adult services department is £2,580,000 for the financial year 2013/14. The specific target allocated to Community Services is £205,000 which reflects the size of the net budget of Community Services.

### 3.0 PROPOSALS

- 3.1 **Culture & Information – Libraries** – the proposals include the retention of appropriate non pay budgets at 2012/13 levels and the re-organisation of staffing at tier 5 level to reduce by two posts, both of which are currently vacant following staff departures. The service impact should not be noticeable to the general service user and whilst certain services may take longer to achieve, the whole service delivery function is undergoing constant change and improved efficiency and re-thinking service functions is a constant.  
**£31,000**
- 3.2 **Culture & Information – Arts, Museums & Events** – the proposals include the retention of appropriate non pay budgets at 2012/13 levels, the inclusion of a new income area based on a successful outcome of utilising the HME car park for regular hire events and a regular car boot sale is currently within the planning process. It is considered that this or potential alternative income streams are sufficiently robust to include. Income targets for admissions etc across the Cultural Services area are proposed to be limited to current levels due to challenges in securing paid admissions; this is a major marketing requirement for 2013/14 and does underline the vulnerability to maintaining service provision in areas which rely on significant income generation. The impact of the budget reductions will not overtly impact on the general service user, in fact the potential for more activity on site and event led promotion will hopefully seek to ensure busier cultural sites with additional income being generated.  
**£37,000**
- 3.3 **Culture & Information – Maritime Festival** – whilst this is fully managed within the cultural events section, this is identified separately due to this saving proposal being selected and discussed by Scrutiny. The proposal is to cease the biannual maritime festival and save the annual budget of £35,000, however in place of a two yearly high profile but risk challenged 2 day event, the intention is to focus on delivery of current and additional self funding regular events. A full description and case has been submitted as part of the Scrutiny process. Will the loss be noticed? As this is a major event once every two years then Officers would suggest; not initially, however this is mitigated by the intention of enabling event staff to actually do more on a more regular basis and seek greater attendances at the events that run. The loss will also be mitigated by the opportunity for Council to consider future major events on a one off basis and provide support funding on a case by case basis.  
**£35,000**
- 3.4 **Sport & Recreation – Facilities and Physical Activity** – the savings proposals within sport and recreation include a second year of budget reduction across non staff budgets through continued budget efficiencies, reassessing income generation and by the non inflationary increase of individual budget heads. This is helpful at securing substantial contributions

towards savings without significant impact on any one area of service delivery. This also includes a review of the management and staffing structure at Summerhill LNR & Outdoor Activity Centre to better reflect the opportunity that can be achieved at income generation and site management and appearance; with the potential for a subsequent removal of a post. It also includes a reduction in operational opening hours at the Headland Sports Centre on weekends when usage is extremely low.

The Primary School swimming programme is currently provided with a budget and marketed through the annual 'buy back' procedure. However, this causes many logistical problems for Mill House Leisure Centre due to a lack of knowledge of the pool reservation required for schools owing to late information of the actual buy back levels required. It is therefore intended to change the procedure and will drop out of the 'buy back' and market lesson provision directly to all schools and other organisations. This has been costed and it is estimated that a cost neutral position can be achieved for the programme without any increase on the offer made currently to schools. In 2014/15, it is envisaged that this should actually be able to be reduced. Ultimately this should be a more robust arrangement and there is greater potential to then offer main pool space to other groups including the public who are currently not able to make use of the Pool during term-time weekday mornings.

Will the budget proposals significantly impact? There will be an immediate awareness of the closure of the Headland Sports Centre on a weekend, but alternative facilities are available within the service and also in the private sector. Should demand improve then this could potentially be reversed in part and the facility will of course remain for major event hire on a demand basis. The Primary School Swimming programme and Summerhill will be more reactive to demand and developing needs and it should have a positive impact in terms of cost benefit.

**£70,000**

- 3.5 **Sport & Recreation – Carlton OEC** – Carlton has had its revenue position transformed over the last two years and we are still reaping the benefit of management structure changes within the first full (academic) year of implementation. Carlton has been selected by Scrutiny for investigation and the full presentation and reports have been submitted as part of that process.

It is important to highlight that the facilities at Carlton are not owned by Hartlepool BC and are only managed and operated by the Council by virtue of a lease arrangement with the Carlton Trustees. In other words, it is not an asset that could potentially generate a capital receipt for the Council.

Carlton has suffered from a number of funding challenges with the withdrawal of the three former Cleveland partners over the last three or four years. Whilst this left a series of significant budget gaps, these have been largely filled by seeking additional full market price residencies. This in turn has safeguarded the facility for all current users, including of course the

prime original participants – Hartlepool Primary Schools.

Working with the Carlton Trust members has been most helpful in securing their support and anticipated funding assistance by securing grants that local authorities are deemed ineligible to apply for. The current budget for Carlton by Hartlepool is £68,000pa, in recent years the Carlton budget has had to have significant short term additional support by the Council due to the withdrawal of partner local authorities and prior to the benefits of new management arrangements. This now gives confidence that we are able to reduce costs further. The current proposals include slightly reducing the Hartlepool primary school allocation to match recent demand and to maintain the Hartlepool subsidy differential, whilst introducing seasonal cost changes being the only area where individual school preference will impact. The changing basis of school funding and the direct allocation of pupil premium funds should safeguard against discrimination for any disadvantaged families. This is really in the gift of the individual primary schools and their policies in relation to the targeting of the pupil premium.

Following Scrutiny discussion, Officers will work on continued site efficiencies, a new pricing structure to reflect the seasonal aspects of peak and off-peak weeks and increased occupancy with the further development of new markets. Carlton operates in a free market business world and it is confidently anticipated the outlined savings can be made.

**£32,000**

#### **4.0 OPTIONS ANALYSIS**

- 4.1 The approach to the budget efficiency targets has been specifically to minimise loss of service and skilled staff and the outlined option seeks to achieve this.
- 4.2 The current service areas are broad ranging and have already been integrated into a smaller number of management units as part of previous years' efficiencies. The alternative to the options proposed is additional closure of front line services - these are either difficult to achieve without complete closure of a service area or a complete withdrawal of service areas from community locations.
- 4.3 The closure of two branch libraries and three community centres in 2011/12 was only achieved due to a professionally demonstrated series of alternatives and a careful withdrawal of service from areas which could be adequately served by the remaining branch network, now more in tune with a service for the size of the Borough.
- 4.4 Remaining services are largely represented by one service outlet – e.g. one community theatre (Town Hall Theatre), one art gallery, one Museum and associated visitor attraction which is regularly hailed as the jewel in the Tees Valley etc. Future ongoing service efficiencies will undoubtedly begin to bite into the remaining cultural fabric of the town.

- 4.5 Most other services earn significant revenue income, draw in considerable partnership funding or are supported by outside contract funding (adult education) or archaeology which saw the introduction of a 4 day week in May 2012 and is now demonstrating the ability to earn significant contract income to meet its annual running costs which partly mitigates the public subsidy required.
- 4.6 If the outlined efficiencies are not approved then the alternatives are very unpalatable indeed.

## **5.0 RISK IMPLICATIONS**

- 5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:
- Loss of regular school attendances at Carlton leading to shortfalls in income.
  - Lack of culture spending leading to shortfalls in anticipated service income targets.
  - High reputation and popularity of Community Services areas of service are damaged leading to non achievement of user targets.
  - Failure to fulfil contractual funding obligations causing damage to existing partnerships.
  - Reduced staff morale. This was hit with the service cuts in 2012/13 and will therefore not be raised by continued cuts in service and ongoing efficiencies. Staff will be fully consulted in redesigning of services to ensure that the service is delivered in an effective and efficient manner.
  - Loss of staff expertise. The efficiencies will seek to minimise loss of experience and skills wherever possible but staff resignations cannot be anticipated and may account for the greatest threat to loss of experience.

## **6.0 FINANCIAL CONSIDERATIONS**

- 6.1 The Savings Programme 2013/14 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

The proposals are confidently identified as being sustainable in approach and give opportunity to continue to minimise service costs whilst maintaining current core areas of service provision and minimise the loss of experienced staff.

The proposals deliver the following proposed savings:



<b>Service</b>	<b>Proposed Savings</b>
Element 1 Libraries	£31,000
Element 2 Arts, Events & Museums	£37,000
Element 3 Maritime Festival	£35,000
Element 4 Sport & Recreation	£70,000
Element 5 Carlton OEC	£32,000
<b>Total Proposed Savings</b>	<b>£205,000</b>

## **7.0 EQUALITY AND DIVERSITY CONSIDERATIONS**

- 7.1 The potential impact of the budget proposals on the future of service provision and consideration of how this will affect service users and details of any alternative services users may be able to access ( including services available from external providers are considered within the EIA (Equality impact Assessment)).

Impact Assessments have been undertaken and are attached as follows.

**Appendix 1** – EIA for budget reductions relating to non scrutiny determined items.

**Appendix 2** – Carlton OEC proposed reductions in budget.

**Appendix 3** – Hartlepool Maritime Festival, budget removal.

## **8.0 STAFF CONSIDERATIONS**

- 8.1 Consultation on the proposals has included full involvement of Human Resources colleagues for advice and impact. Consultation with staff Trade Unions regarding the recommendations will be undertaken and is planned as an integral element of the proposals.

## **9.0 ADULTS & COMMUNITY SCRUTINY FORUM COMMENTS**

- 9.1 Reduce Subsidy to Carlton Outdoor Centre (£32k), Cease Biennial Maritime Festival (£35k).

In relation to the reduced subsidy to Carlton Outdoor Centre, the Forum strongly felt it could not support such a saving proposal, in particular without the results of the questionnaire to schools carried out by Community Services being available at the time of the meeting.

Members were particularly concerned about the impact of the reduced subsidy on the affordability for local schools to continue to support Carlton Outdoor Centre and the potential for pupils to miss out on the experience at a time when household budgets are becoming increasing tighter. The Forum

recommended that this saving be reconsidered in twelve month's time and an alternative saving proposal be found.

In considering the proposal to cease the biennial maritime festival, Members reluctantly agreed to support the saving proposal, particularly with Community Services continuing to focus on smaller, more frequent activities such as Christmas Crackers and Spoo-Quay.

## **10 RECOMMENDATIONS**

- 10.1 It is recommended that these proposals, as outlined, be approved as having the least impact on service delivery and the public who are the recipients of our service activities.

## **11 REASONS FOR RECOMMENDATIONS**

- 11.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.

## **12 BACKGROUND PAPERS**

There are no background papers to this report.

## **13 CONTACT OFFICER**

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Department	Division	Section	Owner/Officer
<i>Child and Adult Services</i>	<i>Community Services</i>	<i>Community Services</i>	<i>John Mennear</i>
<b>Function/Service</b>	<p><i>Culture and Information – Libraries</i>  <i>Culture and Information – Museums, Arts &amp; Events</i>  <i>Sport and Recreation</i></p> <p>The impact assessment focuses on the proposed closure of the Headland Sports Hall at weekends. Impact assessments for the proposed ceasing of the Maritime Festival and changes to Carlton Outdoor Education Centre are attached.</p>		
<b>Information Available</b>	<p>The information we have about users of our services suggests that the section has been successful in attracting people to the services.</p> <p>Sport and recreation services provide activities to vulnerable adults including those with a learning and/or physical disability. For the quarter July to September 2012, there were 1,482 attendances at events such as the Sportability Club, Boccia, New Age Curling and the disability football league.</p> <p>We engage with our service users in a number of ways including:</p> <ul style="list-style-type: none"> <li>• Satisfaction questionnaires</li> <li>• Annual returns to funding bodies</li> <li>• Activity evaluation and feedback forms</li> <li>• Standards achieved in relation to service</li> <li>• Quality achievement awards</li> <li>• Immediate customer feedback - complaints and compliments</li> <li>• Visitor/admission numbers</li> <li>• Scrutiny investigations</li> <li>• Third party user participation statistics, eg. Sport England</li> <li>• Income generation targets</li> </ul> <p>Weekend attendances at Headland Sports Hall are low at an average of 45 people per day (including team activity). Attendance numbers and income are significantly less than during the week.</p> <p>We do not systematically collect demographic data on the people who use the centre. However, we do know that the centre is currently booked for disabled football every Saturday during term time until March 2013. On average 15 people attend these weekly sessions and the sessions were originally scheduled at the Headland to increase weekend participation and income. Brierton Sports Centre</p>		

	has been identified as an alternative location for these sessions.	
<b>Relevance</b>  <i>Identify which strands are relevant to the area you are reviewing or changing</i>	<b>Age</b>	
	<b>Disability</b>	√
	<b>Gender Re-assignment</b>	
	<b>Race</b>	
	<b>Religion</b>	
	<b>Gender</b>	
	<b>Sexual Orientation</b>	
	<b>Marriage &amp; Civil Partnership</b>	
	<b>Pregnancy &amp; Maternity</b>	
<b>Information Gaps</b>	We do not systematically gather demographic data on people who attend venues, events or activities in community services unless specifically requested to do so by funders.	
<b>What is the Impact</b>	The main identifiable impact in terms of the proposed closure of Headland Sports Hall at weekends is on the group accessing disabled football. However, alternate arrangements are available for this group.	
<b>Addressing the impact</b>	<p><i>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</i></p> <p><b>1. No Impact- No Major Change</b> - <i>It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</i></p> <p><b>2. Adjust/Change Policy</b> - <i>You may have to make adjustments to address potential problems or missed opportunities that impact adversely on those with protected characteristics.</i></p> <p><b>3. Adverse Impact but Continue</b> - <i>Your decision may be to continue without making changes, this may be the right outcome even if your assessment identifies the potential for adverse impact. (E.g. Cabinet decision to withdraw a service).</i></p> <p><b>4. Stop/Remove Policy/Proposal</b> - <i>Your assessment reveals unlawful discrimination it must be stopped and removed or changed.</i></p>	
<b>Actions</b>		

*It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.*

Action identified	Responsible Officer	By When	How will this be evaluated?
Consult with disabled football group to assess suitability of alternate venue	Ian Gray	March 2013	Football group continue to meet.
Collect data on characteristics of people accessing the centre at weekends.	Ian Gray	December 2013	Better understanding of any additional support needed for people being able to access alternate venues.
Consultation with weekend users of Headland Sports Hall	Ian Gray	December 2013	People are able to access alternate venues.

Date sent to Equality Rep for publishing	00/00/00
Date Published	00/00/00
Date Assessment Carried out	00/00/00

Department	Division	Section	Owner/Officer
Child & Adult	Community Services	Culture & Information	John Mennear – Assistant Director (Community Services)
Function/Service	Hartlepool's bi-annual Maritime Festival – removal of the budget and to cease the event.		
Information Available	<p>The numbers attending the maritime festival vary considerably and are significantly dependant on the weather. Questionnaires are distributed to attendees and comments on social media and in visitors books are reviewed.</p> <p>From analysis of 149 completed questionnaires from the Diamond Festival (2012), the majority of completed questionnaires were by women (62%) and 54% were aged 44 or under. This was a snapshot of attendance and with evidence from staff who run the events indicating that attendance at the festivals tend to be from a good mix of the town's population, we cannot say how representative or generally applicable to all free events this finding is. For example, the evaluation of the Tall Ships Races 2010 in contradiction, found that just under two thirds of visitors were aged over 45 years.</p>		
Relevance	Age		√
Identify which strands are relevant to the area you are reviewing or changing	Disability		√
	Gender Re-assignment		
	Race		
	Religion		
	Gender		
	Sexual Orientation		
	Marriage & Civil Partnership		
	Pregnancy & Maternity		
Information Gaps	We do not systematically gather demographic data on people who attend free events organised by the section. Where we do have data, it is just a snapshot of attendees and so not necessarily representative of attendees. It would be difficult and resource intense to try and collect more meaningful data due to potential number of visitors and the fact that they come along to an event for entertainment and are less likely to want to take part in surveys.		
What is the Impact	1. <b>No Impact- No Major Change</b> - It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.		

				<p><i>As noted, anecdotally we believe that attendees at the Maritime Festivals have tended to be mixed and representative of the town's population. As such we do not anticipate that no longer delivering a free Maritime Festival will have a disproportionate impact on any of the protected characteristics of the Equality Act.</i></p> <p><i>However, it is possible that the organising and holding of such free events might encourage people from socio economic groups who don't normally attend cultural activities to participate. Removing such opportunities might impact on those groups decisions to access cultural services in the future.</i></p>
<b>Addressing the impact</b>				<p><i>The Council will continue to provide a series of low cost events as part of their annual programme. Currently, due to sponsorship, the annual firework display is still free to visitors and ongoing sponsorship will be sought. Low cost event include Spooquay; Christmas Crackers; and Pirate Day.</i></p> <p><i>As part of the Cultural Services draft business development plan, we will explore the active promotion of HME car park to other organisations wanting to stage events.</i></p> <p><i>The events team are working more closely with other HBC teams such as sport &amp; recreation, youth services, and health services, along with external organisations such as the Headland Carnival Committee and Red Dreams to jointly organise and provide support to run and expand existing events for local people. The events staff will continue to provide advice and guidance to those wishing to execute their own events, this includes representation to the Independent Safety Advisory Group (ISAG) group.</i></p> <p><i>Whilst removing a bi-annual event from the programme may have an effect on the Cultural life of the town it will not disproportionately affect any single group in the society. The fact that the Culture &amp; Information Service still offers a mixture of free and paid events will mitigate the loss of the Maritime Festival.</i></p>
<b>Actions</b>				
<i>It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.</i>				
<b>Action identified</b>	<b>Responsible Officer</b>	<b>By When</b>	<b>How will this be evaluated?</b>	
Surveys at other events such as Spooquay, Christmas Crackers	David Worthington	October & December 2012	Face-to-face surveys with people attending events.	

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Date Published	00/00/00
Date Assessment Carried out	00/00/00



Department	Division	Section	Owner/Officer																											
Child & Adult	Community Services	Sport & Recreation	John Mennear – Assistant Director (Community Services)																											
Function/Service	Carlton Outdoor Education Centre – reduction of Council budget that supports the use of the Centre																													
Information Available	<p>Carlton Outdoor Education Centre delivers residential outdoor activities to primary school children and other groups. A subsidy is provided by the Council which allows Hartlepool primary schools to access the centre at a reduced rate. During 2011/12, 15 out of 30 Hartlepool primary schools used Carlton at the reduced rate.</p> <p>We do not believe that the subsidised rate impacts on the rate that is charged by the school to parents but this needs to be investigated further.</p> <p>Evidence suggests that when the subsidy is removed completely, the numbers of schools accessing the service will reduce. The retention of a subsidised or discounted price is critical to Hartlepool school retention. Despite the previous removal of subsidy, schools from Stockton, Middlesbrough and Redcar do continue to access Carlton Outdoor Education Centre to varying degrees.</p> <p>In addition, the centre now delivers activities to a wide range of age groups including adults and clients with disabilities.</p> <p>Feedback from user evaluation is very positive with 93% of users advising that they felt the service offered was either above or exceeded standard expectations.</p>																													
Relevance	<table><tr><td>Age</td><td>X</td><td></td></tr><tr><td>Disability</td><td></td><td></td></tr><tr><td>Gender Re-assignment</td><td></td><td></td></tr><tr><td>Race</td><td></td><td></td></tr><tr><td>Religion</td><td></td><td></td></tr><tr><td>Gender</td><td></td><td></td></tr><tr><td>Sexual Orientation</td><td></td><td></td></tr><tr><td>Marriage &amp; Civil Partnership</td><td></td><td></td></tr><tr><td>Pregnancy &amp; Maternity</td><td></td><td></td></tr></table>			Age	X		Disability			Gender Re-assignment			Race			Religion			Gender			Sexual Orientation			Marriage & Civil Partnership			Pregnancy & Maternity		
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Identify which strands are relevant to the area you are reviewing or changing																														
Information Gaps	Whether any local authorities continue to subsidise schools for educational use of outdoor centres since the introduction of the Pupil Premium. Telephone survey to be conducted to elicit																													

	<p>information.</p> <p>We do not know exactly what impact reducing the subsidy would have on the numbers of Hartlepool schools who access the service. Whilst evidence from the other local authorities suggests that the impact would be minimal, further information would be needed to be obtained from operational experience.</p> <p>A reduction in the subsidy rate would potentially have an impact on individuals/families – if schools decide to increase the cost to families, the impact could be unfairly felt by low income families. Whilst not a protected characteristic, it is flagged up as schools currently have different approaches to parental contributions. Schools are in receipt of the Pupil Premium and it is with them to determine how that funding is to be used.</p>
What is the Impact	<p>We do not anticipate that the proposed reduction of base budget would have any impact in terms of increasing inequality in access to the service. However, if the school decided to increase cost to families to adjust for the lack of subsidy, this might have a negative impact on poorer families.</p> <p>It is possible that because of our intention to standardise pricing and introduce peak/off-peak rates, wider access to the centre will be improved so providing more opportunities to more people.</p> <p>There may be a risk of Hartlepool Primary schools no longer making use of Carlton but experience has shown that where subsidised use has already been withdrawn by previous partner local authorities, some of their schools have continued to attend at a non-subsidised price.</p>
Addressing the impact	<p>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</p> <p><b>1. No Impact- No Major Change</b> - It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</p> <p>We do not believe that the proposal targets or excludes a specific equality group or community. Potentially, the proposal will create more opportunities for wider access to Carlton Outdoor Education Centre so foster good relations between different groups.</p> <p><del><b>2. Adjust/Change Policy</b> – You may have to make adjustments to address potential problems or missed opportunities that impact adversely on those with protected characteristics.</del></p> <p><del><b>3. Adverse Impact but Continue</b> – Your decision may be to continue without making changes, this may be the right outcome even if your assessment identifies the potential for adverse impact. (E.g. Cabinet decision to withdraw a service).</del></p> <p><del><b>4. Stop/Remove Policy/Proposal</b> – Your assessment reveals unlawful discrimination it must be stopped and removed or</del></p>

<del>changed.</del>			
<b>Actions</b>			
<i>It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.</i>			
<b>Action identified</b>	<b>Responsible Officer</b>	<b>By When</b>	<b>How will this be evaluated?</b>
Survey other local authorities re subsidised use	Pat Usher	October 31 <sup>st</sup> 2012	Telephone survey
Survey HBC schools to ascertain whether they will continue to promote and value Outdoor Education opportunities	Pat Usher	October 31 <sup>st</sup> 2012	Paper questionnaire
Survey HBC schools to seek their current approach to parental contributions to OE opportunities.	Pat Usher	October 31 <sup>st</sup> 2012	Paper questionnaire
Monitor use of the site by groups/individuals other than schools.	Pat Usher	July 2014	Visitor figures
Monitor impact of decision.	Pat Usher	July 2014	Visitor figures

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**Report of:** Head of Planning and Development

**Date:** 17 December 2012

**Subject:** SAVINGS PROGRAMME 2013/14 – HOME TO SCHOOL TRANSPORT

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## **1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to identify proposals for the delivery of savings in respect of Home to School Transport as part of the budget for 2013/2014.

## **2 BACKGROUND**

- 2.1 The report details one of the reviews which forms part of the 2013/2014 Savings Programme.

- 2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.

- 2.3 The services under consideration in this report are as follows,

### **2.4 Home to School Transport –**

The Services provides transport related support to pupils who are eligible to free transport from Home to School.

- 2.5 **Service Users** – The range of services covered by this report are Primary and Secondary mainstream pupils, Primary and Secondary Special pupils in mainstream settings and Special School pupils.

- 2.6 **Engagement** – Service users provide feedback in a number of different ways and this is determined by the type of service, target group and arrangements to do with the type of delivery. Examples include:

- The Transport Champion Group is made up of neighbourhood, diverse operators and young people's representatives. The aim of the group is to consult on all transport related matters, in an effort to improve the transport opportunities to the community as a whole.
- The Special Educational Needs Transport Panel is made up special needs, transport and education specialists. The aim of the group is to

evaluate the current transport provision, in order to ensure all aspects of travel meet the individual needs of the pupils

- Individual surveys and consultation exercises are used predominantly during any proposed alteration to the service provided

## 2.7 Inputs

The net cost to the Council of providing the services within the Home to School Transport area is as follows:

	Net Cost	Gross Budget
Primary (mainstream)	£33,171	£33,171
Secondary (mainstream)	£360,447	£445,381
Special in Primary	£57,720	£57,720
Special in Secondary	£101,772	£101,772
Special	£803,549	£830,158
<b><u>TOTAL</u></b>	<b>£1,356,659</b>	<b>£1,468,202</b>

## 2.8 Outputs

A brief overview of service inputs is as follows:

	Pupil numbers
Primary mainstream	54
Secondary mainstream	461
SEN	327
Primary concessionary	6
Secondary concessionary	49

## 2.9 Outcomes

The Council has a responsibility to make arrangements for all eligible children to travel to school in reasonable safety and comfort and arrive there without stress or difficulty so that they can benefit from their education. The Home to School transport arrangements provides an efficient and cost effective solution to that duty.

## 2.10 Savings target

The savings target for the Child and Adult Services Department for the financial year 2013/2014 is £2,580,000 with the Home to School Transport budget within the Resources and Support Services Division having to achieve £100,000 of this figure.

## 3 SAVINGS PROPOSALS

- 3.1 Tenders – following a review of current Home to School Transport provision, the Passenger Transport Service identified a number of contracts relating to Taxi and Private Car Hire and relevant PSV routes which expired in July 2012. It was therefore necessary to undergo a tender process in order to secure new contracts. Tenders unless otherwise disclosed, were invited for a three year period with a further option to extend for a further two years. All new contracts were awarded by September 2012.

**£30,000**

- 3.2 Yellow Bus Review – The Integrated Transport Unit additionally took the opportunity to bring in-house three routes currently operated by external providers in order to support a further efficiency. The service is extremely popular and has been developed in order to accommodate, extended school activities, swimming programmes and other curriculum activities. Each school has been allocated a Transport Officer in order to manage the provision. The service is a cost effective provision for schools and the Council.

**£28,000**

- 3.3 All Route Review – A further in year review of all routes took place providing for further efficiencies. The review takes place on a 6 monthly basis in order to accommodate changes to particular routes. The review is a fundamental strategy for the Integrated Transport Unit in administering cost effective service delivery. The review is carried out in consideration of the Special Educational Needs Transport Panel in order to support the progress of young people who have special educational needs

**£42,000**

## 4. OPTIONS ANALYSIS

- 4.1 Following a review of current Home to School Transport provision, the Passenger Transport Service identified a number of contracts relating to Taxi and Private Car Hire and appropriate PSV Routes which expired in July 2012. It has been therefore necessary to undergo a tender process in order to

secure new contracts. The outcome resulted in an efficiency of 30k .The Council followed an E Auction process which encourage good competition with all participating operators

## 5. RISK IMPLICATIONS

5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Increased pressure to achieve cost reductions leading to less flexibility in use of transport resources
- Reduced opportunity to invest in additional fleet (yellow buses) in order to expand services
- Departmental budgeting structure demonstrates that the Integrated Transport Unit supports budget efficiencies for both Regeneration and Neighbourhood Services and Child and Adult Services

## 6. FINANCIAL CONSIDERATIONS

6.1 The Savings Programme 2013/2014 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/2014. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

The proposals deliver the following proposed savings:

Service	Proposed Savings
Tenders	£30,000
Yellow Bus Review	£28,000
All route review	£42,000
<b>Total Proposed Savings</b>	<b>£ 100,000</b>

## 7. EQUALITY AND DIVERSITY CONSIDERATIONS

7.1 There are no equality or diversity implications resulting from these proposals as the service has not been reduced and continues to provide transport to all eligible pupils.

## 8 STAFF CONSIDERATIONS

- 8.1 There are no staffing implications arising from the proposals.

## **9 FEEDBACK FROM THE TRANSPORT WORKING GROUP**

- 9.1 The Working Group has expressed its support for the implementation of these savings proposals and requested that these views be included in the report to be considered by Cabinet.

## **10 COMMENTS FROM SCRUTINY REVIEW**

- 10.1 Members supported all the savings proposals presented to the Children's Services Scrutiny Forum and recognised that the areas identified would have the least impact on front line services and staffing.

## **11 RECOMMENDATIONS**

- 11.1 It is recommended to proceed with the proposals as outlined above.

## **12. REASONS FOR RECOMMENDATIONS**

- 12.1 The review forms part of the 2012/2013 Savings Programme as set out in the Medium Term Financial Strategy 2013/2014 to 2016/2017 to Cabinet on 11th June 2012.

## **13. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE**

- 13.1 There are no appendices to this report.

## **14. BACKGROUND PAPERS**

- 14.1 There are no background papers with this report.

## **15. CONTACT OFFICER**

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**Report of:** Assistant Director Performance & Achievement

**Subject:** SAVINGS PROGRAMME 2013/14 - PERFORMANCE  
& ACHIEVEMENT DIVISION OF CHILD AND ADULT  
SERVICES DEPARTMENT

## **1.0 PURPOSE OF REPORT**

- 1.1 The purpose of the report is to identify the proposals for delivering savings in respect of the Performance & Achievement Service as part of the budget for 2013/14.

## **2.0 BACKGROUND**

- 2.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme.
- 2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.
- 2.3 The aim of the Performance and Achievement Division is to fulfill the statutory responsibilities of the Local Authority in relation to its educational provision and to provide a range of advice and support services to schools and educational establishments that enable those organisations to function more effectively. A small School Improvement and Advice Team has been retained within the Performance and Achievement Division. This team is funded from three sources: (1) earned-income via a Service Level Agreement with schools (2) additional income from OFSTED inspections, conferences and out-of-borough school support (3) Council funding. The School Improvement Team works, on request, with all the schools in Hartlepool and a growing number of schools in other boroughs. The service is highly regarded in Hartlepool, particularly for its support of literacy, numeracy and Early Years issues, and has a growing reputation in Darlington and South Tyneside.
- 2.4 The impact of this service can be best described through a number of qualitative and quantitative measures:
- No school in Hartlepool has been judged by OFSTED to be 'failing' for a number of years. In addition, 79% of Hartlepool's educational establishments have been judged to be 'Good' or 'Outstanding' by OFSTED, which places Hartlepool 25<sup>th</sup> nationally in the HMCI rankings.

- Primary school achievement, as measured by Key Stage 2 SAT results, are above the national average and at their highest in the last seven years.
- The number of pupils achieving five A\*-C GCSE (including maths and English) has been on an upward trend for five years.

2.5 A savings target of £100,000 has been identified for 2013-14.

### **3.0 PROPOSALS**

3.1 It is proposed that:

1. The School Improvement and Advice budget will be reduced by £73,381 from £161,399 to £88,018 to reflect revised operational and funding arrangements.
2. The Children's Services Specific Support which has a budget of £42, 471 will be reduced by £26,619 to £15,852, again to reflect revised operational and funding arrangements.
3. The Performance and Achievement budget will therefore be reduced by £100,000 in 2013-14.
4. Furthermore, additional income will be generated in a number of ways, including:
  - Increasing in the number of OFSTED inspections to be carried out by the School Improvement Team.
  - Marketing the 2013-14 School Improvement Service SLA to schools outside of Hartlepool.
  - Increasing the charge made to schools for the 2013-2014 School Improvement Service SLA
  - Bringing more of the School Improvement Partner work in-house to avoid payment to external suppliers.
  - Arranging regular conferences where a charge will be made to participants.

### **4.0 OPTIONS ANALYSIS**

In order to prevent any further reduction in the staffing size of the Performance and Achievement team, which has been reduced drastically over the last three years, and to capitalize on the income-generating ability of the School Improvement and Advice service, this was the only option that was considered in detail and that was felt to be achievable without a detrimental impact upon schools in Hartlepool.

### **5.0 RISK IMPLICATIONS**

5.1 It needs to be recognised that the savings proposed represent very little risk in terms of detrimental impact upon the service offered in 2013-2014. In

subsequent years, however, a number of risks need to be borne in mind to ensure that schools are fully supported:

- Not achieving the income generation target; a business plan will be devised that sets out how the income will be generated over the course of 2013-2014 and 2014-2015 for each of the potential funding streams.
- A negative impact upon Hartlepool schools due to officers working in schools in Darlington and Redcar & Cleveland as part of the collaboration
- Maintaining the capacity of the School Improvement and Advice team; additional capacity has been built into the team through the appointment of a Senior School Improvement Officer (vacant since January 2012) and an affordable increase in the full-time equivalence of the two part-time literacy and numeracy consultants.
- The reputation of the council should any school be judged to be 'inadequate' by OFSTED.
- A further risk to consider is the financial implications of schools converting to academies. Both the Local Authorities Dedicated Schools Grant (DSG) which provides funding for areas such as FSM eligibility, Trade Union support, Ethnic Minority, Licences and Behaviour Support Services (ie. Ed Psych, School Attendance, Exclusions). and the Local Authority Central Spend Equivalent Grant (LACSEG) which is funding that the Council currently receives as part of its overall funding settlement (separate to DSG) to fund statutory Education services will be reduced according to the number of schools that convert.

## 6.0 FINANCIAL CONSIDERATIONS

- 6.1 The Savings Programme 2013/14 is planned to deliver total savings of 3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

The proposals contained in this report deliver the following proposed savings:-

Service	Proposed Savings
Performance & Achievement	£100,000
<b>Total Proposed Savings</b>	<b>£100,000</b>

There will be no additional costs to the Council of this savings plan.

## **7.0 EQUALITY AND DIVERSITY CONSIDERATIONS**

- 7.1 See the attached Equality and Diversity Impact Assessment Statement

## **8.0 STAFF CONSIDERATIONS**

- 8.1 All staff have been consulted on this proposal and are supportive of the action being taken. There are no redundancy implications contained within this proposal.

## **9.0 RECOMMENDATIONS**

- 9.1 It is recommended that the proposals set out in this paper be accepted as the Performance and Achievement Division's contribution to the 2013/14 Savings Programme.

## **10.0 REASONS FOR RECOMMENDATIONS**

- 10.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.

## **11 CONTACT OFFICER**

**Dean Jackson**

**Assistant Director (Performance & Achievement)**

Department	Division	Section	Owner/Officer
Child and Adult Services	Performance & Achievement	School Improvement, Advice & Support	Dean Jackson
<b>Function/Service</b>	School Improvement, Support and Advice section of Performance and Achievement Division of Child and Adult Services		
<b>Information Available</b>	<p>The proposed reduction in the budget for School Improvement, Advice and Support in 2013-14 will not result in any reduction in the service currently being offered to schools but it removes any additional capacity that the School Improvement Service has to react to unexpected changes in a school's circumstances, such as pupil achievement, leadership and management, the quality of teaching or behaviour and safeguarding. Schools have indicated, however, through the Schools' Forum, that should any 'unexpected change' occur in a school that necessitated high levels of additional support, they would provide additional financial resource for the School Improvement Service.</p> <p>The provisions in Part 4 of the Education and Inspections Act 2006, as updated by 2012 Advice to Local Authorities, relating to schools causing concern places a responsibility upon a Local Authority to identify any of its schools that are causing concern and to act accordingly to bring about improvement in order to "... ensure that every pupil is provided with the education and opportunities they deserve".</p> <p>Hartlepool Local Authority has clear strategies and procedures in place for:</p> <ul style="list-style-type: none"> <li>(a) identifying a school judged to be temporarily vulnerable or, over time, causing concern;</li> <li>(b) supporting and challenging the school to bring about improvement;</li> <li>(c) monitoring the school's self-evaluation of its improvement.</li> </ul> <p>A school causing concern is likely to one where, over time, standards are unacceptably low and are likely to remain so, there has been a serious breakdown in the way the school is managed or governed which is prejudicing standards of performance or the safety of staff or pupils is threatened. The overriding priority of the School Improvement Service is to support the school to provide the best possible environment to help all children and young people maximize their potential and make the progress they deserve.</p>		

<b>Relevance</b>		<b>Age</b>	✓	
<i>Identify which strands are relevant to the area you are reviewing or changing</i>		<b>Disability</b>		
		<b>Gender Re-assignment</b>		
		<b>Race</b>		
		<b>Religion</b>		
		<b>Gender</b>		
		<b>Sexual Orientation</b>		
		<b>Marriage &amp; Civil Partnership</b>		
		<b>Pregnancy &amp; Maternity</b>		
		<b>Information Gaps</b>		The impact on the School Improvement Service of schools becoming academies.
		<b>What is the Impact</b>		<b>Eliminate Unlawful discrimination</b> , harassment, victimisation, and any other conduct prohibited by the act N/A <b>Advance Equality of Opportunity</b> , between people who share protected characteristics and those who don't N/A <b>Foster Good Relations</b> , between people who share a protected characteristic and people who do not share it. N/A
		<b>Addressing the impact</b>		<b>1. No Impact- No Major Change: The policy is robust and there is no potential for discrimination or adverse impact. All opportunities to promote equality have been taken.</b> 2. Adjust/Change Policy: N/A 3. Adverse Impact but Continue: N/A 4. Stop/Remove Policy/Proposal: N/A
		<b>Actions</b>		
<i>It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.</i>				
<b>Action identified</b>	<b>Responsible Officer</b>	<b>By When</b>	<b>How will this be evaluated?</b>	
Monitor the ongoing quality of the support provided to schools by the School Improvement Service	Mark Patton, Senior School Improvement Officer	31 <sup>st</sup> August, 2013	1. Evaluation questionnaires completed by schools 2. Discussion with Headteachers	

Monitor the impact of schools becoming academies on the School Improvement Service	Dean Jackson	31 <sup>st</sup> August, 2013	1. Monitoring Service Level Agreement buy-back 2. Monitoring number and nature of requests for support received from Academies.
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Date sent to Equality Rep for publishing	00/00/00
Date Published	00/00/00
Date Assessment Carried out	00/00/00

**Report of:** Sally Robinson

**Subject:** SAVINGS PROGRAMME 2013/14 – PREVENTION, SAFEGUARDING AND SPECIALIST SERVICES

## **1.0 PURPOSE OF REPORT**

- 1.1 The purpose of the report is to identify the proposals for delivering savings in respect of the Prevention, Safeguarding and Specialist Services division of Child and Adult Services as part of the budget for 2013/14.

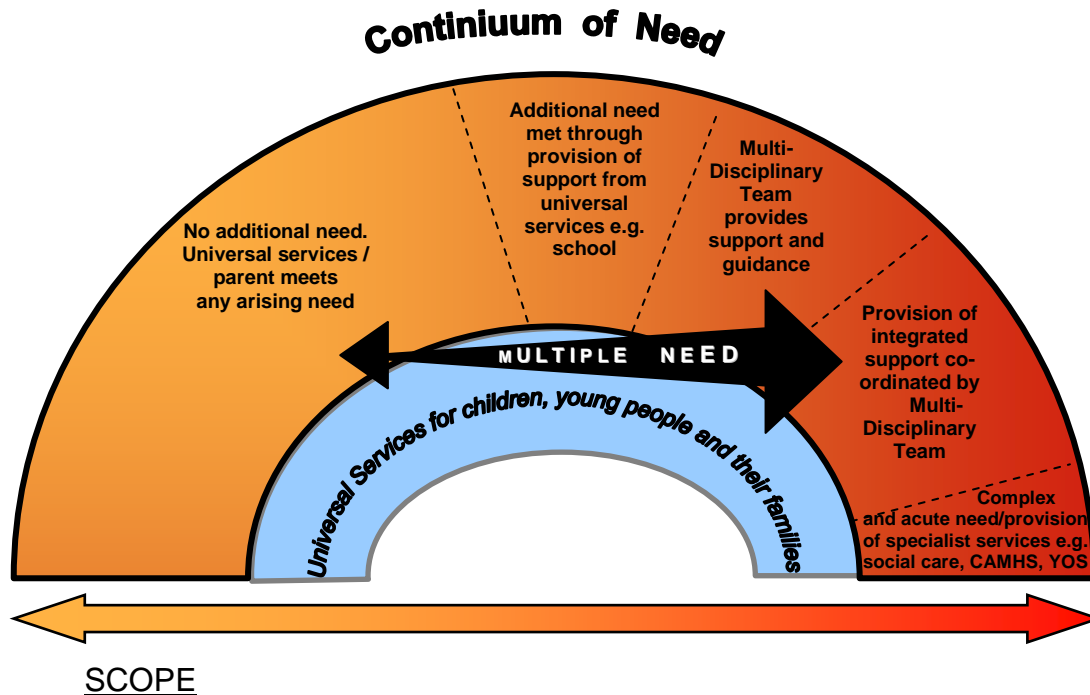
## **2.0 BACKGROUND**

- 2.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme
- 2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.
- 2.3 The Prevention, Safeguarding and Specialist Services division of Child and Adult Services has a range of statutory and non statutory responsibilities. It is responsible for the delivery of:
- Social care services for children in accordance with the Children Act 1989;
  - The Youth Offending Service in accordance with the Crime and Disorder Act 1998;
  - Early intervention services for children, young people and their families including the provision of children's centres and the families information service;
  - Integrated Youth Support Service including the provision of youth centres and services for young people not in education, employment or training;
  - Strategic commissioning for children.

### AIM

- 2.4 The division is structured to provide support services to children, young people and their families across the continuum of need as illustrated below. The aim of this is to ensure that families receive the right services at the right time and where a child is identified as having needs that cannot be met through universal services alone, a range of responsive tailored services are available to the child and his/her family to prevent need from escalating and becoming more acute. Prevention, Safeguarding and Specialist Services support children and their families throughout Hartlepool.





2.5 The following areas of service are within the scope of this proposal:

- Social work services for children in need (including those in need of protection;
- Youth Offending Service;
- Early intervention information hub, locality teams and resource team;
- Services for looked after children including provision of residential and foster care, services for care leavers and the adoption service;
- Integrated Youth Support Service;
- Review and development unit and Independent Reviewing Officer service;
- Commissioned services for children.

### SERVICE USERS

2.6 Prevention, Safeguarding and Specialist Services provide services to children and young people between the ages of 0 – 18. For some specific groups, for example young people with disabilities and those leaving care, services are extended beyond childhood up to the age of 25. In responding to the needs of children and young people, the service works with the child's parents, carers and significant others to ensure that family members have their needs met wherever possible to enable them to provide safe and effective care for their children and promote their wellbeing.

### ENGAGEMENT

2.7 The service undertakes regular engagement activity with service users across the breadth of the service and within each service area. The service has a Participation Strategy which outlines how children, young people and their

families are engaged in shaping and influencing the delivery of services they receive individually as well as the wider development of policy and services provided by the division. Earlier in 2012, the Integrated Youth Support Service was awarded the Gold 'Hear by Right' Award in recognition of the work of the service in putting young people's voices at the heart of service delivery and development.

- 2.8 There are a number of engagement and consultation groups which inform the development of services, these include amongst others, the Children in Care Council, Friends of Exmoor Grove, One Hart, One Mind One Future, (parents Forum), Young Inspectors and Children's Centre Forums. Feedback from services users is also sought through satisfaction surveys which are sent out at the point of case closure for all social care cases, comments, compliments and complaints received and focus groups to consult on particular proposals or developments.
- 2.9 The information received through these mediums informs the remodeling, and development of services and the policies and procedures that detail how services are to be provided. For example during 2011/12, the Early Intervention Strategy was developed which reshaped how these services are delivered in Hartlepool. As part of the development of the strategy, a series of consultation sessions were completed with groups of children, young people, parents and carers, staff and partner agencies. The information from these sessions was collated into emerging themes and informed the development of the strategy.

### INPUTS

- 2.10 The total expenditure for Children's Services (excluding the Dedicated Schools Grant) is £23.9m.

The breakdown of how the £23.9m is spent is as follows:

Area of Expenditure	Spend
Prevention Safeguarding and Specialist Services	£20.8m
Education (excluding DSG)	£0.8m
Resources and Support Services	£2.3m

- 2.11 A breakdown of expenditure in the Prevention, Safeguarding and Specialist Services is as follows:

Area of Expenditure	Spend
Children's Social Care	£11.5m
Early Intervention Services	£7.5m
Youth Offending Service	£0.5m
Youth Service	£0.4m
Management and Support	£0.9m

## OUTPUTS/OUTCOMES

- 2.12 Children's Services deliver services to children, young people and their families to enhance their quality of life and achieve key outcomes in terms of safety, health, education, wellbeing and supporting successful transitions to adulthood. Services are provided across the universal, targeted and specialist services continuum.
- 2.13 The Prevention, Safeguarding and Specialist Services Division provides service to children in Hartlepool in accordance with their needs and include the delivery of universal, targeted and specialist services. Children's social care is responsible for ensuring that children are protected from harm, receive services to meet any assessed needs they may have and their welfare is promoted to achieve improved outcomes. For children who are looked after and leaving care, the service fulfils a statutory and corporate parent responsibility providing children with appropriate care placements to meet their needs, promoting their education, health and social and emotional wellbeing and supporting young people into independence. Children's social care services are regulated via various inspections undertaken by Ofsted. The current judgments of regulated services are as follows:
- Announced Inspection of Safeguarding and Services for Looked After Children – GOOD (June 2010);
  - Adoption Service – SATISFACTORY (May 2011);
  - Fostering Service – GOOD (July 2012);
  - Residential Care Exmoor Grove – GOOD (September 2012).
- 2.14 Performance of the service is monitored via statutory returns to the Department for Education on an annual basis. The service performs well with the majority of indicators achieving or exceeding their target and when compared with the national average and regional and statistical neighbours.
- 2.15 The Youth Offending Services provides both prevention and statutory services in line with legislation to work with young people to prevent offending and re offending and promote community safety. This service was re-inspected in January 2011 and judged as performing in accordance with the national average scores for Youth Offending Services nationally. This was a significant improvement on the previous inspection outcome when scores were below average. Performance of the Youth Offending Service is monitored by the Strategic Management Board on a quarterly basis. Good performance has been noted in the significant reduction of first time entrants to the criminal justice system and the low use of remand and custodial sentences. The service is currently focusing its efforts on reducing the re-offending rates of young people.
- 2.16 For vulnerable children, under the Early Intervention Strategy, the service provides information, support and guidance to universal services and families to support children's needs. Where these needs require a targeted response, the service provides and commissions a range of integrated support services on a locality basis across the 0 – 19 age range. These services provide

tailored packages of support to children and their families to meet assessed needs at the earliest point of these emerging and prevent need from increasing to where more specialist services are required. The early intervention strategy is in its first year of delivery and its effectiveness is yet to be fully evaluated. However, to date feedback from children, young people, their families and professionals has been positive and the recent peer review of safeguarding identified the strategy and service delivery model as a strength. A performance management framework has been developed to measure the effectiveness of the strategy and a report will be presented to Cabinet in June 2013 detailing a full year one review of the service.

### SAVINGS TARGETS

- 2.17 The savings target identified for the Prevention, Safeguarding and Specialist Services division of Child and Adult Services is £475,000.

## **3.0 PROPOSALS**

### CHILDREN'S SOCIAL CARE

- 3.1 Children's social care is made up of a number of budgets which provide for the delivery of social work teams, services for children and families and services commissioned from the voluntary, community and independent sector. The majority of the social care budget is allocated for the provision of placements for looked after children. A high proportion of these placements are delivered by the Council's foster care service; however a minority, around 24%, is provided by the independent fostering and residential sector. These placements are high cost and a substantial amount of work is undertaken within the division to manage demand for these placements and ensure the service achieves value for money from providers. During the 2011/12 budget savings review, a significant amount of the savings realised from the division was identified from within commissioned services.
- 3.2 The proposals for 2013/14 include a contribution of £133,000 from children's social care. The largest proportion of this (£60,000) has been identified by the removal of the Care Matters budget for children looked after. In 2008/09, local authorities first received the Care Matter Grant via the Area Based Grant to provide additionality to services provided for looked after children. The grant was allocated for three years to be invested in projects designed to improve the outcomes of looked after children which research had shown were substantially below those of their peers who were not looked after. The grant was subsequently moved to the Revenue Support Grant in 2011/12. Since its introduction, the Care Matters grant has been used in Hartlepool to provide support and services for children looked after over and above the base budget and as a consequence its use has changed annually as there are no ongoing commitments against the budget. It has been used for, amongst other things, a residential holiday for children in care to Carlton, provision of individual support for children to promote their education and the

- refurbishment of Exmoor Grove and 9 Church Street to provide a high quality and comfortable environment for children.
- 3.3 In 2011/12 a reserve was created from the underspend of the Care Matters budget which is to be utilised to support the development of supported accommodation at Blakelock Gardens and the children's home at 302 Stockton Road. It is proposed that the Care Matters budget of £60,000 is removed from the divisional budget in 2013/14. In addition to this, it is proposed that an additional £10,000 of savings is realised from the budget allocated to improving outcomes for looked after children. This budget is used to promote opportunities for looked after children, for example to fund residential school trips, extra curricular activities for children in care such as dancing, music or horse riding lessons. The budget also supports participation work with looked after children providing the resources required to fund this work. Historically there has been an underspend in this budget and in 2012/13, the projected underspend is £10,000, indicating that the activity it supports is at a lower cost than the allocated budget.
- 3.4 The impact of the reduction in these budgets for looked after children will be that the department will lose the flexibility these budgets offers to promote additionality for looked after children. However, the creation of the reserve to support development work will mitigate the impact for projects that are currently in the pipeline. Within the divisional budget there remains a budget commitment for improving outcomes for looked after children and this budget will continue to be used to support participation and extra curricular activities for children in care. Funding has also been allocated to schools through the Pupil Premium to provide additional support for children looked after as well as other vulnerable pupils and the authority is working with schools to ensure that this funding is maximised to improve the education outcomes for looked after children.
- 3.5 During 2011/12, the division redesigned and re-commissioned the service specification for the delivery of child and adolescent mental health services (CAMHS) for children looked after from Tees Esk and Wear Valley NHS Trust. This contract provides dedicated services for these vulnerable children over and above the services commissioned for all children in Hartlepool by PCT. Under the revised service specification, the division has ensured that it is not commissioning services for children looked after which are included in the PCT contract. For example the provision of psychiatric services; if a looked after child requires this type of support, s/he will receive this as an entitlement through the PCT contract, therefore the local authority should not be commissioning this service as well. As a consequence of the redesign of the service specification, which includes a clear stipulation of the number of sessions purchased per week from, for example, psychologist, primary mental health workers and therapists, the service can monitor services received and ensure that looked after children benefit directly from these additional services.
- 3.6 The revised service specification has reduced the cost of the contract realising a saving of £20,000, which it is proposed forms part of the divisional savings target. Due to the stringent service specification and monitoring

arrangements in place for the delivery of these CAMHS services for looked after children, there will be no detrimental impact arising from this saving which has been realised as a result of robust negotiation and commissioning.

- 3.7 In 2011/12 the service consolidated its contracts with providers of therapeutic services for children and created a spot purchase budget to procure these services under a framework agreement rather than block contracting with providers. As it was the first year of this revised arrangement, a budget was set aside for these services and the current spend and forecast indicates that this budget can be reduced. It is therefore proposed that this budget is reduced by £10,000. It is not anticipated that this saving will have a detrimental impact upon the delivery of therapeutic services for children as these will continue to be arranged within the remaining budget.
- 3.8 The balance of the proposed savings for children's social care is made up of the consolidation of a number of costs centres where changes of accommodation and practices have resulted in budget under spends. This includes supplies and services budgets which as a result of rationalisation of capital assets are no longer required and budgets with uncommitted balances that have, in the past, been used to fund service development work. In 2012/13, these budgets have not been spent and the consolidation of them, which amounts to £33,000, is proposed for savings. There will be no impact upon the delivery of services for children through the removal of this funding as it has not been required within the current year and officers now undertake service development work.

#### EARLY INTERVENTION AND PREVENTION SERVICES

- 3.9 In 2011/12 the division developed an Early Intervention Strategy which came about as a consequence of the removal of the ring fenced grants that were previously allocated for these services. The removal of ring fenced arrangements allowed local authorities to look more flexibly at how services were delivered and make them more responsive to need in the local area. The strategy was ratified by Cabinet in December 2011 and the implementation of the Early Intervention Strategy commenced in April 2012.
- 3.10 As part of the development of the new service, a saving of £220,000 was created in preventative services base budgets when these transferred to the re-modelled provision funded from the Early Intervention Grant. It is proposed that this saving contributes towards the divisional savings target for 2013/14.
- 3.11 Under the Early Intervention Strategy, it was identified that there is a need to promote the emotional health and wellbeing of children, young people and their families at a universal and targeted level. Therefore within the strategy, a budget of £100,000 was allocated for the procurement of two primary mental health workers from Tees, Esk and Wear Valley NHS Trust (TEWV) to work within the north and south locality teams. Over the past 6 months the

service has worked with the Trust to recruit to these posts without success. In the meantime, further work has been undertaken on a Tees wide basis to develop child and adolescent mental health services and the PCT has committed funding to local areas for community based primary mental health workers. These workers will be identified from within existing TEWV staff as the service is remodeled under a new service specification. This development from the PCT fits with the proposals within the Early Intervention Strategy and meets the same assessed need; therefore it is proposed that the £100,000 is taken as a saving.

- 3.12 As the savings identified from early intervention and prevention are as a consequence of the transfer of funding to the early intervention grant, there will be no impact upon staff or services as these continue to be delivered funded by the Early Intervention Grant. Similarly there will be no impact resulting from the decision not to continue with the procurement of primary mental health workers and offering this budget as a saving given this is now being funded by the PCT. However, the Government has recently announced significant cuts to this grant in 2013/14 and 2014/15 and a report outlining the risks and proposals to mitigate these as far as possible was considered by Cabinet on 19<sup>th</sup> November 2012.

#### YOUTH OFFENDING SERVICE

- 3.13 A saving of £22,000 is proposed from the Youth Offending Service. This service is funded by a grant from the Youth Justice Board and a partnership budget to which the local authority is the major contributor. As part of the funding, the budget makes provision for the delivery of a substance misuse nurse to work with young people in or on the periphery of the criminal justice system. Following the departure of the postholder in 2010, this post has been vacant and substance misuse services have been provided through the wider substance misuse contract for young people delivered by Hyped. When the substance misuse service was re-commissioned in 2012, the service specification included the detailed requirements of the service to support young people in contact with the Youth Offending Service. This contract is fully funded through the Early Intervention Grant and meets the requirements of the Youth Offending Service as they have a full time substance misuse worker based in the team.
- 3.14 It is proposed that 50% of the allocated budget (£22,000) is taken as savings for 2013/14. The remaining amount will be retained within the budget to mitigate potential future risks associated with cuts to the Early Intervention Grant, a revised youth offending grant formula likely to be introduced in 2013/14 and the transfer of funding of the Youth Offending Service to the Police and Crime Commissioner. As the young people's substance misuse service contract includes the provision of services to young people in the youth offending service, there will be no impact on staff, service users or service delivery from this savings proposal.

#### **4.0 OPTIONS ANALYSIS**

4.1 A number of other savings options have been considered within Prevention, Safeguarding and Specialist Services, however these have been discounted primarily due to the potential impact they have on service delivery and the risks associated with realising the savings. These include:

- Freezing foster care allowances – HBC currently pays the Fostering Network recommended allowance rates to foster carers and has, year on year, uplifted its rates in accordance with the recommended rate. This has ensured that the Council competes well in the fostering market and continues to attract prospective foster carers to the Council. Not uplifting foster carers rates on an annual basis will have an impact upon our ability to continue to recruit foster carers and may result in existing carers moving to the independent sector. The loss or slowing of recruitment of foster carers will increase the Council's dependence upon the provision of foster placements from the independent sector which are higher cost as an agency fee is paid in addition to the carers allowance for the child. In the long term, this shift will result in substantially higher placement costs for the local authority and therefore would be a false economy.
- Reduce capacity within social work and prevention teams – currently there is an increasing demand for services for children and young people and their families as demonstrated by the increasing numbers of referrals to social care and increase in children looked after. Staff caseloads are being effectively managed, however any reduction in the number of workers in the teams will increase caseloads to an unmanageable level and result in unacceptable risks in terms of child protection, staff well being and achievement of performance indicators.
- Reduce spend on placements for children looked after – the service is robust in seeking to manage demand for placements and the costs of these. The numbers of children looked after are increasing in Hartlepool and this is reflective of the national picture. Services are in place to, wherever possible, prevent the need for a child to come into care, however where children cannot be safely maintained with their family it is necessary for them to become looked after as not to do so would result in them being at risk of significant harm.
- Further reductions in prevention and early intervention services – research highlights the long term benefits to children and their families of early intervention and prevention of problems from becoming acute and harmful. Reducing the capacity of early intervention services will very likely increase pressure on specialist services for example youth offending and children's social care which are higher cost. In addition, as a consequence of cuts to future funding for these services, they will be scaled back substantially in 2013/14.
- Further reductions in the Youth Offending Service – there are plans to revise the funding formula for the Youth Offending Service and in the future, some or all of these services will be commissioned by the Police and Crime Commissioner. The uncertainty of future funding of the Youth Offending Service means that cuts should not be considered until the future arrangements and their impact on the local service becomes clear.



- 4.2 The above options have not been proposed for savings for the reasons outlined. The proposals outlined in this report in the view of officers are the most efficient and effective options as they have the lowest risks associated with them in terms of impact upon children and young people and service delivery.

## **5.0 RISK IMPLICATIONS**

- 5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Reduced flexibility and funding to fulfill our corporate parent responsibilities to children looked after. Removal of budgets that have been used to provide additionality for children looked after means there will be less opportunity to deliver high cost service developments in the future. However, in the past two years a number of projects have been or are in the process of being delivered and reserve funding is available to complete these. For individual children, there remains funding within the budget to promote participation, corporate parenting activities and opportunities for them to enjoy a variety of activities that enhance their wellbeing.
- The biggest risk to early intervention services in the context of the proposed savings in 2013/14 relates to the recent announcement of a cut of £1.1m in 2013/14 and a further £0.5m in 2014/15. This information was not known when the divisional savings were initially developed. A full report has been presented to Cabinet on these risks with proposals for use of reserve to mitigate the immediate impact of the cuts so that services can be scaled back in a planned and evidence based way.
- For the Youth Offending Service there are risks associated with the uncertainty around future funding arrangements. In order to effectively manage this, the service has held vacant posts and retained 50% of the funding for the substance misuse nurse post to mitigate the uncertainty and risk.

## **6.0 FINANCIAL CONSIDERATIONS**

- 6.1 The Savings Programme 2013/14 is planned to deliver total savings of 3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.
- 6.2 The proposals for Prevention, Safeguarding and Specialist Services meet the target set for the division and are sustainable as provision is made to manage the budget reduction and continue to deliver services effectively.

6.3 The proposals deliver the following proposed savings:-

<b>Service</b>	<b>Proposed Savings</b>
Care Matters Grant	£60,000
Improving outcomes for CLA	£10,000
CAMHS	£20,000
Contracts	£10,000
Consolidation of budgets	£33,000
Early Intervention and Prevention Service	£320,000
Youth Offending Service	£22,000
<b>Total Proposed Savings</b>	<b>£475,000</b>

6.4 There are no associated costs with delivering the proposed savings.

## **7.0 EQUALITY AND DIVERSITY CONSIDERATIONS**

7.1 An Impact Assessment has been undertaken and is attached as Appendix 1.

7.2 The vast majority of children who receive services from the division are vulnerable children and their lives are affected by issues such as poverty, abuse and neglect, poor parenting and deprivation. The savings proposals will affect vulnerable children through the reduction in funding to the services they receive. However, in identifying these savings proposals, every effort has been made to minimise the impact on vulnerable children by identifying the least disruptive options and where capacity remains within the service to mitigate the impact.

## **8.0 STAFF CONSIDERATIONS**

8.1 There are no staffing implications to the savings proposals put forward within this report.

## **9.0 COMMENTS FROM SCRUTINY REVIEW**

9.1 Members supported all the savings proposals presented to the Children's Services Scrutiny Forum and recognised that the areas identified would have the least impact on front line services and staffing. However, Members did note that the proposals stripped out any flexibility of service provision in a number of the areas identified.

9.2 With regard to the divisional savings for Prevention, Safeguarding and Specialist Services, Members supported the savings proposals, but raised concerns regarding the sustainability of funding in a number of areas, particularly where services were now fully or partially dependant on external/partner funding, which cannot be guaranteed to continue in the future.

## **9.0 RECOMMENDATIONS**

- 9.1 That Cabinet approves the proposed saving of £475,000 from the Prevention, Safeguarding and Specialist Services division of Child and Adult Services for 2013/14.

## **10.0 REASONS FOR RECOMMENDATIONS**

- 10.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.

## **11 APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE**

## **12 BACKGROUND PAPERS**

Early Intervention Strategy December 2011

Participation Strategy 2012

Cabinet Report – Medium Term Financial Strategy (MTFS) 2013/14 to 2016/17 – Update 19/11/2012

## **13 CONTACT OFFICER**

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Assistant Director, Prevention, Safeguarding and Specialist Services

Child and Adult Services

Civic Centre

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## Impact Assessment Form

Department	Division	Section	Owner/Officer
Child and Adult Services	Prevention, Safeguarding and Specialist Services	Prevention, Safeguarding and Specialist Services	Sally Robinson
Function/Service	Prevention, Safeguarding and Specialist Services division of Child and Adult Services		
Information Available	<p>Children receiving services from Prevention, Safeguarding and Specialist Services are amongst the most vulnerable children in the town and their lives are affected by issues such as poverty, abuse and neglect, poor parenting and deprivation. As a consequence, they are vulnerable to poor outcomes in terms of their health, education and social and emotional development. Within this group of vulnerable children, the division provides services to children looked after, children at risk of significant harm and children and young people in the Youth Offending Services. These children are especially vulnerable and have significantly poorer outcomes when compared to their peers for example in areas such as educational achievement, mental health and wellbeing and engagement in education, employment and training.</p> <p>The division provides services to children, young people and their families across the continuum of need including universal services e.g. youth clubs; targeted services e.g. children's centres and prevention teams; and specialist services e.g. children's social care and youth offending service. The greatest number of children access universal services which are open to all children in the town. The early intervention services offer universal services, for example via services available through children's centres, however, these services are targeted at children and their families who have needs that require additional support and if continued unmet would escalate becoming more complex and acute. The services delivered under the early intervention strategy are supporting approximately 1,000 children and their families.</p> <p>Specialist services are delivered in accordance with the statutory framework through the Children Act 1989 for children's social care and the Crime and Disorder Act 1998 for the Youth Offending Service. As at 30 September 2012, there were 956 children active to social care, of whom, 198 were looked after, 101 were subject to a child protection plan and 657 were children in need. Within the Youth Offending Service there are 54 young people receiving a statutory service and a further 78 young</p>		

people being supported by the service to prevent them from entering the criminal justice system.

The proposals for savings affect all services delivered by the division. Demand for services is high and the service has seen an increase in the numbers of referrals for both prevention and social care services. The delivery of the savings will have a small impact upon the services provided as there will be less funding within the budget to manage resources flexibly.

The impact of the reduction in the funding for looked after children will be that the department will lose the flexibility these budgets offers to promote additionality for looked after children. However, the creation of the reserve to support development work will mitigate the impact for projects that are currently in the pipeline. Within the divisional budget there remains a budget commitment for improving outcomes for looked after children and this budget will continue to be used to support participation and extra curricular activities for children in care. Funding has also been allocated to schools through the Pupil Premium to provide additional support for children looked after as well as other vulnerable pupils and the authority is working with schools to ensure that this funding is maximised to improve the education outcomes for looked after children. A revised service specification for the child and adolescent mental health services for children looked after will ensure that services commissioned meet the needs of children in care that they benefit directly from these additional services.

There will be no impact associated with the savings proposed from the Early Intervention Service as funding for posts has been transferred from the revenue support budget to the Early Intervention Grant. Services previously proposed to be commissioned through the use of the grant are now being commissioned by the PCT and will meet the purpose of these roles as outlined in the early intervention strategy. As part of the development of the strategy, a series of consultation sessions were completed with groups of children, young people, parents and carers, staff and partner agencies. The information from these sessions was collated into emerging themes and informed the development of the strategy.

There will be no impact associated with the savings proposed from the Youth Offending Service. Through the re-commissioning of the Young People's Substance Misuse Service, substance in 2012, the service specification included the detailed requirements of the service to support young people in contact with the Youth Offending

	Service. This contract is fully funded through the Early Intervention Grant and meets the requirements of the Youth Offending Service as they have a full time substance misuse worker based in the team.		
<b>Relevance</b>  <i>Identify which strands are relevant to the area you are reviewing or changing</i>	<b>Age</b>		J
	<b>Disability</b>		J
	<b>Gender Re-assignment</b>		J
	<b>Race</b>		J
	<b>Religion</b>		J
	<b>Sex</b>		J
	<b>Sexual Orientation</b>		J
	<b>Marriage &amp; Civil Partnership</b>		J
<b>Pregnancy &amp; Maternity</b>		J	
<b>Information Gaps</b>	No gaps in information identified. The savings proposals have been developed over a six month period allowing sufficient time for all of the relevant information to be taken into consideration.		
<b>What is the Impact</b>	The proposed changes support the three aims of the Equality Act to ensure services provided are appropriate to the needs of children and young people.		
<b>Aim 1: Eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the act.</b>			
<b>Aim 2: Advance Equality of opportunity, between people who share protected characteristics and those who don't.</b>			
Services for vulnerable children aim to improve life chances, opportunities and outcomes.			
<b>Aim 3: Foster good relations between people who share a protected characteristic and those who do not share it.</b>			
Services for vulnerable children and young people, promote their needs and improving outcomes lead to improved community cohesion.			
<b>Addressing the impact</b>	<b>1. No Major Change</b>		
	<b>2. Adjust/Change</b>		
	<b>3. Continue as is</b>		
	<b>4. Stop/Remove</b>		
<b>Action identified</b>	<b>Responsible Officer</b>	<b>By When</b>	<b>How will this be evaluated?</b>
Date sent to Equality Rep for publishing		12/11/2012	

**Report of:** Head of Planning and Development

**Date:** 17 December 2012

**Subject:** SAVINGS PROGRAMME 2013/14 – RESOURCES  
AND SUPPORT SERVICES DIVISION OF CHILD  
AND ADULT SERVICES DEPARTMENT

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## **1 PURPOSE OF REPORT**

- 1.1 The purpose of the report is to identify the proposals for delivering savings in respect of the Resources and Support Services Division as part of the budget for 2013/2014.

## **2 BACKGROUND**

- 2.1 The report details one of the reviews which forms part of the 2013/2014 Savings Programme.
- 2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.
- 2.3 The services under consideration in this report are as follows,

**Support Services and Admissions** – Administrative support to the Child and Adult Services Department and school admissions arrangements;

**Performance and Management Information** – Management and school performance data;

**Schools Transformation** – Capital development planning across all school sectors

- 2.4 **Service Users** – The range of services covered by this report are delivered across the whole department as a support to internal users and in providing specific services to school sectors and a neighbouring Local Authority.
- 2.5 **Engagement** – Service users provide feedback in a number of different ways and this is determined by the type of service, arrangements to do with the type of delivery and target group. Examples include:

- Regular progress meetings;

- Service agreements;

## 2.6 Inputs

The net cost to the Council of providing these specific services within the Resources and Support Services Division are as shown below:

	Net Cost	Gross Budget
Support Services and Admissions	£709,979	£709,979
Performance and Management Information	£151,706	£214,700
Schools Transformation	£ 20,761	£ 20,761
<b><u>TOTAL</u></b>	<b>£882,446</b>	<b>£945,440</b>

## 2.7 Outputs

The Resources and Support Services Division manages and delivers the following across school sectors and the department:

- Income generation from neighbouring Local Authority;
- Delivery of Support and Management Information Services to the Child and Adult Services Department and Schools
- Planning and preparation of the Schools' Capital Programme
- Contract management of the BSF ICT Contract

## 2.8 Savings target

The savings target for the Child and Adult Services Department for the financial year 2013/2014 is £2,580,000 with the Resources and Support Services Division having to achieve £90,000 of this figure.

## 3 SAVING PROPOSALS

3.1	<b><u>Support Services</u></b>	
	Various non-staff budgets	£60,000
3.2	<b><u>School Admission</u></b>	
	Provision of appeals service to neighbouring Local Authority	£15,000
3.3	<b><u>Performance and Management Information</u></b>	
	Reduction of hours in a post	£10,500



3.4	<b><u>Schools Transformation</u></b>	£6,000
	Reduction in feasibility budget	
	<b><u>TOTAL</u></b>	<b>£91,500</b>

### 3.5 Impact of Proposals

3.6 Proposals have been drawn up with a view to minimising the impact on service delivery across the department:

- Savings in Support Services are drawn from Premature Retirement Costs, Mobile Phones, Consumables, Catering and Supplies and will have little impact as primarily the reductions are a result of under utilised budgets.
- The reduction in hours of the Performance and Management Team will be covered by a reorganisation of workloads and functions within the team itself;
- The savings rely upon income generation in relation to the increased workload arising from arrangements to manage the appeals process in a neighbouring Local Authority which generates an income of £15k annually;
- Early feasibility work on the schools' capital programme can be met by project funding with less reliance on this budget.

## 4 OPTIONS ANALYSIS

4.1 In order to prevent reduction to the size of the Resources and Support Services Division pending the outcome of the major Support Services Review, it was considered appropriate to focus on a detailed examination of all administrative budgets and to fully utilise the opportunity that has presented itself to bring in additional income following an approach by another Local Authority. All of the savings and earned income proposals can be achieved without a detrimental impact on the department. The review of Support Services is expected to be implemented by the summer of 2013 in readiness for the 2014/15 savings round.

## 5 RISK IMPLICATIONS

5.1 There are a number of risks implicit in the delivery of any package of savings and it is importance to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Increased pressure and less flexibility;
- Potential for income generation – contribution and new opportunities;
- Balance of workload conflicting with income earning potential;
- Possible reduced effectiveness.

## 6 FINANCIAL CONSIDERATIONS

6.1 The Savings Programme 2013/2014 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/2014. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

6.2 The proposals deliver the following proposed savings:

Service	Proposed Savings
Support Services	£60,000
School Admissions ( income )	£15,000
Performance and Management Information	£10,500
Schools Transformation	£ 6,000
<b>Total Proposed Savings</b>	<b>£ 91,500</b>

## 7 EQUALITY AND DIVERSITY CONSIDERATIONS

7.1 An Impact Assessment has been undertaken for each service areas to ensure the impact upon service users is minimal. The Impact Assessment form is included at **Appendix A**.

## 8 STAFF CONSIDERATIONS

8.1 Informal dialogue will be undertaken with Trade Unions and staff. Staff impacted on by the proposals are fully supportive of the plans. There are no redundancy implications contained within this proposal.

## 9 COMMENTS FROM SCRUTINY REVIEW

9.1 Members supported all the savings proposals presented to the Children's Services Scrutiny Forum and recognised that the areas identified would have the least impact on front line services and staffing.

## 10 RECOMMENDATIONS

10.1 It is recommended that Cabinet accept the proposals as outlined above.

## **11 REASONS FOR RECOMMENDATIONS**

- 11.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>TH</sup> June 2012.

## **12 APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE**

- 12.1 **Appendix A** - Impact Assessment Form

## **13 BACKGROUND PAPERS**

- 13.1 There are no background papers to this report.

## **14 CONTACT OFFICER**

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Department	Division	Section	Owner/Officer
Child and Adult Services	Performance and Achievement	Resources and Support Services	Peter McIntosh
<b>Function/Service</b>	<p>Resources and Support Services. Changes proposed to address the budget deficit and achieve targets set.</p> <p><b>Support Services</b> – Proposals for reduction in a number of non-staffing budgets that are under utilised.</p> <p><b>Admissions</b> – Proposal to generate additional income through management of appeals work in a neighbouring Local Authority.</p> <p><b>Performance and Management</b> – Proposal to decrease resources through the voluntary reduction of hours by a member of staff.</p> <p><b>Schools Transformation</b> – Proposal to decrease some of the resources used to fund feasibility studies in the schools capital sector.</p>		
<b>Information Available</b>	<p>Information available that has been used to inform these proposed changes:</p> <ul style="list-style-type: none"> <li>• Current structures and proposed structure</li> <li>• Job Description</li> <li>• Consultation with staff and Unions</li> <li>• Divisional and sectional budgets</li> </ul>		
<b>Relevance</b>  <i>Identify which strands are relevant to the area you are reviewing or changing</i>	<b>Age</b>		
	<b>Disability</b>		
	<b>Gender Re-assignment</b>		
	<b>Race</b>		
	<b>Religion</b>		
	<b>Gender</b>		
	<b>Sexual Orientation</b>		
	<b>Marriage &amp; Civil Partnership</b>		
	<b>Pregnancy &amp; Maternity</b>		
<b>Information Gaps</b>	None		
<b>What is the Impact</b>	<p>Careful consideration has been given to the financial proposals and they are not deemed likely to impact on equality for the workforce. No adverse equality impact has been identified.</p>		

<b>Addressing the impact</b>	<b>1. No Major Change</b> – The Impact Assessment shows that the proposals are robust and that there is no potential for discrimination or adverse impact on any protected group.		
	<b>2. Adjust/Change Policy</b> – non applicable		
	<b>3. Adverse Impact but Continue</b> – non applicable		
	<b>4. Stop/Remove Policy/Proposal</b> – non applicable		
<b>Actions</b>			
<b>Action identified</b>	<b>Responsible Officer</b>	<b>By When</b>	<b>How will this be evaluated?</b>
<b>Date sent to Equality Rep for publishing</b>		00/00/00	
<b>Date Published</b>		00/00/00	
<b>Date Assessment Carried out</b>		00/00/00	

**Report of:** Assistant Director – Regeneration and Planning

**Subject:** SAVINGS PROGRAMME 2013/14 – REGENERATION AND PLANNING SERVICES

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## **1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to identify the proposals for delivering savings in respect of the Regeneration and Planning Division as part of the budget for 2013/14.

## **2. BACKGROUND**

- 2.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme.

- 2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.

- 2.3 The services under consideration as part of this report are as follows,

2.3.1 **Planning Services** – Planning Services is responsible for Planning Policy Development Control, Planning Enforcement, and Landscape Planning and Conservation. Planning Policy: Is responsible for spatial planning policy and sustainable development policy, this includes the preparation, monitoring and review of the statutory Local Development Framework including the Core Strategy, which will establish the overarching planning policy framework for the Borough and will eventually replace the Hartlepool Local Plan. The section also provides policy advice in relation to planning applications and guidance on development activities, including the preparation of development briefs. Development Control & Planning Enforcement: This section is concerned with assessing proposals for new development and their impact on their surroundings, particularly in the form of planning applications. The service encourages the use of an advisory service (One Stop Shop) to enable proposals to be considered informally before applications are submitted, helping to improve the quality of development where appropriate. The section is also responsible for monitoring development and, where necessary, implementing enforcement action against unauthorised development, including derelict and untidy buildings and land. Landscape Planning and Conservation: Provide professional and technical expertise aimed at the conservation, protection and enhancement of the natural and built environment of Hartlepool.

- 2.3.2 Public Protection** - The Public Protection section consists of three discrete teams: Commercial, Environmental Protection and Trading Standards & Licensing. The Commercial Team carries out inspections, complaint investigation and sampling to ensure that food is safe and fit to eat and workplaces are safe. The Environmental Protection Team is involved with noise and pollution related matters as well as providing a comprehensive service for pest control and managing and promoting the open market. The Trading Standards & Licensing Team ensures that the business sector complies with a wide range of trade and consumer legislation. The team also issues and carries out enforcement relating to a large variety of licences, including Alcohol, Entertainment, Takeaways, Taxis, Gambling and Fireworks.
- 2.3.3 Housing Services** - The Housing Services Team is responsible for administering and undertaking the Council's strategic housing functions, together with Housing Market Renewal activity and the Housing Options Service based at Park Tower. Activity also includes managing bids for associated housing and regeneration funds, together with funding for the provision of affordable housing, housing advice and homeless services, tenancy advice and assistance. The team work with Registered Providers to build affordable housing in the town and with other developers to improve and increase the affordable housing options available in Hartlepool. Their role is also to support and assist in the progression of the Housing Partnership. In addition, the team co-ordinates and works with housing delivery services teams to ensure an integrated Housing Service across the Authority. The Private Sector Housing team is involved in the current problems associated with low demand in the private housing sector, working with landlords regarding empty homes and selective licensing and leads on key delivery projects such as the empty property acquisition project. The team also provides financial help for adaptations to houses for disabled persons and to owners to improve the condition of private houses. The Housing Advice Team runs the Choice Based Lettings Service, maintains the Housing Register (waiting list), gives free advice and, where appropriate, assistance in obtaining and keeping accommodation. The team operates a Tenancy Relations Service to give advice and assistance to landlords and tenants in the conduct of tenancies.
- 2.3.4 Economic Regeneration** - The Economic Regeneration Team provides the Council lead on the Jobs and Economy Theme and offers services to residents and businesses. The Business Team is responsible for Hartlepool's Business Incubation System providing business infrastructure such as Queens Meadow, Incubation Units at Hartlepool Enterprise Centre and working with key partners including UKSE to develop high quality business units. The Team has established Enterprise Zones at Queens Meadow, Port Estates and Oakesway. At the same time the team works with growth companies to ensure they can maximise financial assistance available through, for example, Regional Growth Fund where the team has a successful track record. The Regeneration Team is driving forward regeneration plans

for Seaton Carew, based on mixed development opportunities, Mill House and Skills Quarter initiative. The Tourism Team undertakes specialist business support for the visitor economy and is actively involved in the development of a range of activities including the EAT Initiative. The service is also at the forefront of e marketing activities. Hartlepool Working Solutions offers employability services to get residents back into training and employment.

**2.3.5 Building Control** - The Building Control Section provides a mix of advisory, consultancy, inspection and enforcement services. Its aim is to ensure that building work is carried out to meet the national Building Regulation requirements, which include health and safety, energy conservation, disabled access and facilities, electrical safety and water conservation measures. This is achieved by examining submitted plans, site inspections, enforcement of non-compliant and unauthorised work and consultations on various matters such as safety at sports grounds. The Building Control team work closely with many agencies and Council sections, especially Development Control, to allow for ease of development for those undertaking building work, providing pre-submission advice via the One Stop Shop.

#### **2.3.6 Service Users**

The range of services covered by this report are delivered across the whole of the borough dealing with all age groups, however, within these functions there are many discreet services which are tailored for particular user groups, for example,

- Going Froward project – 16 to 24 year olds (NEETS)
- Flexible Support Fund – 80% targeted towards 18 to 24 year olds.
- Selective Licensing – targeted towards areas of the town with a high proportion of private rented housing
- Housing Adaptations service – targeted towards people with disabilities
- The Business Team – supports the business community from both new start businesses through to large inward investors.

#### **2.3.7 Engagement**

Feedback from service users is obtained in a number of different ways and this is often determined by the type of service, the target audience, the way in which it is delivered. Examples include,

- Development of the Economic Regeneration Strategy – involved full consultation and engagement with the business community, partner



agencies, the third sector, colleges, residents, etc through workshops and web based engagement.

- Building Control – regular annual customer satisfaction survey.
- Private Sector Housing services – full scrutiny investigation including workshops with residents, landlords, agents and presentations to the Neighbourhood Services Scrutiny forum and members of the public by other local authorities, the probation service, etc.
- Housing Regeneration Carr and Hopps Street – fortnightly drop in session for local residents to keep them informed of developments and discuss their housing needs.
- Development of Housing Strategy – visited all residents groups and consultative forums to share information and discuss proposals.
- Regular attendance at residents groups related to issues of housing standards, Selective Licensing, Empty Homes strategy, etc.
- Public Protection undertake questionnaire survey of businesses regarding the services they have received whether it be for Trading Standards, Commercial Services or Licensing services.
- Visitor surveys related to tourism activities, for example the Golf Week to evaluate the success and to learn from comments and suggestions.
- Annual satisfaction survey with tenants of the Hartlepool Enterprise Centre.
- Regular consultation with key stakeholders through the Economic Regeneration Forum and the Housing Partnership.
- All trainees on employability programmes including Going Forward are regularly consulted for satisfaction ratings.
- These are just a few examples of the many forms of consultation and engagement undertaken to ensure that the right services are being delivered and in the right way to meet customer needs and expectations. The information and feedback collected is then used to shape and inform future service delivery. A recent example of this is the consultation and engagement undertaken in the run up to the relocation of

## 2.4 Inputs

The net cost to the Council of providing the services within the Regeneration and Planning Division are as follows,

Economic Regeneration	£1,041,000
Planning Services	£ 453,000
Public Protection	£ 551,000
Housing Services	£ 608,000
Building Control	£ 224,000
<b>Total</b>	<b>£2,877,000</b>

## 2.5 Outputs and Results

### Building Control

- The service significantly impacts on key outcomes by the enforcement of the Building Regulations, contributing towards the health, safety and wellbeing of Hartlepool residents and visitors alike by ensuring their safety in and around buildings. The service also has a positive key impact on sustainability in regard to climate change issues and at the same time contributes to the health and wellbeing of local residents.
- Hartlepool Building Control section enforces the national Building Regulations by way of plan appraisals, site inspections, and contravention inspections. This ensures that buildings and developments are built to agreed national building regulation standards.

### Economic Regeneration

- The service contributes to a range of key economic performance outcomes including unemployment and employment rates, business start up and business stock levels, provision of key business infrastructure including business park development and managed workspace. Whilst not the focus of the service the health and wellbeing of local residents is positively impacted on through meaningful employment.
- Hartlepool was particularly successful in RGF round 2 with five Hartlepool companies receiving awards including Heerema, Huntsman Tioxide, PD Ports, Able UK and J&B Recycling. Hartlepool achieved 55% of the round two allocations made in Tees Valley. Total proposed private sector investment including potential end users for PD Port and Able UK are as follows;

Total direct jobs	1,920
Total indirect jobs	2,236

Construction jobs	500
Safeguarded jobs	462
Total investment	£225m

- Hartlepool achieved 33% of the land allocation within the Tees Valley Enterprise Zone with Port Estates achieving ECA status, Queens Meadow achieving NDR discount status and Oakesway Industrial Estate achieving local Enterprise Zone status.

### **Planning Services**

- The service contributes to key outcomes including supporting the long term sustainable development and growth of the town which in turn impacts on the health and wellbeing of local residents.
- The determination of planning applications which supports the development and growth of the town and also carries out appropriate planning regulation enforcement which supports appropriate development and growth. Planning plays a key role in a comprehensive and coordinated approach of action against untidy and derelict buildings and land and also deals extensively with the control of waste sites.
- Production of the Local Development Framework which provides a long term plan to support the development of the town and at the same time supporting the Council's priorities. In addition the framework will incorporate CIL obligations to secure funding to implement new infrastructure investment.
- The service has supported the development of Hartlepool's three Enterprise Zones with the implementation of LDO's.
- Development of planning and development briefs for key sites including master planning which helps deliver growth through the allocation of sites.
- Provision of the One Stop Shop advisory service which helps to ensure applications are submitted that address relevant issues.
- Conservation provides specialist advice aimed at the conservation, protection and enhancement of the natural and built environment of Hartlepool including advice and guidance to owners of listed buildings and other historic assets and has supported conservation areas by providing grant support. The service includes ecology and arbocultural advice and the service has undertaken paid for consultancy work. Current key projects include the Limestone Landscape project in Hart and Elwick, the Village Atlas for Elwick and the delivery of greater public access and connectivity in the area supported by Heritage Lottery Funding. In addition the service ensures that the Authority complies with all statutory duties and contributes to external environmental plans such as the European Marine Site Management Plan.

### **Housing Services**

- The service contributes to key performance outcomes including the reduction in empty homes, improved residential accommodation including HMR and reducing homelessness, which in turn contributes to the health and wellbeing of local residents.
- Empty Homes initiatives are a key activity within this service, including a pilot programme with Housing Hartlepool and the Empty Homes purchase scheme.
- The service proactively uses section 215 planning powers to improve housing conditions and at the same time undertakes statutory enforcement where appropriate.
- A range of grant assistance is delivered to help owners carry out essential repairs and also offers the disabled facilities grant.
- Housing and homelessness advice is provided and specific targeted support is given to many vulnerable groups and clients which allows individuals to maintain independent living.
- The service also develops strategies and provides specialist advice on the development of appropriate Council policies in relation to the housing market and at the same time liaises with external partners and developers to ensure the appropriate provision of residential accommodation. A developing area of work is around welfare reform and there is extensive liaison with partners to ensure that local residents are fully supported through major reform processes.
- Housing Regeneration remains a key issue for the town with several sites including Carr Hopps seeing significant investment in improving homes and housing stock.
- Choice based letting allocations has been successfully implemented in the town and is very popular with clients and service partners.
- Selective Licensing has been introduced to improve standards in properties in low demand areas. This tool is proving useful in conjunction with other measures to improve housing management.

### **Public Protection**

- The Public Protection service contributes to key performance outcomes by the enforcement of food, health & safety, animal health, environmental protection, trading standards and licensing legislation which aims to safeguard and improve the health and well-being of people working, living

and visiting Hartlepool. In addition we provide technical and professional advice to duty holders (internal & external), local businesses and members of the public.

- The following are key activities of the service and their associated outcomes:
  - Discharge of a wide range of statutory functions
  - Premises Visits
  - Investigation of complaints and notifiable incidents e.g. accidents, food poisoning, air pollution and noise complaints etc.
  - Licensing, Registration or Approval of premises, processes and persons
  - Provision of pest control service
  - Management of open market
  - Provision of technical & professional advice
  - Sampling & monitoring e.g. food, water, air quality, product safety
- Key outcomes include :-
  - reduction in work-related accidents and occupational disease
  - reduction in food poisoning
  - reduction in complaints
  - reduction in crime and/or public disorder e.g. doorstep crime
  - an improvement in health
  - an improvement in environmental quality (air & water quality)
  - an improvement in public safety
  - better informed, legally compliant businesses

## 2.6 Savings target

The savings target for the Regeneration and Neighbourhoods Department is £1,048,000 for the financial year 2013/14. The approach taken within the Department has been not to apportion specific percentage targets to each Division/service, but to look at options emerging from across the department in a more structured manner in order to achieve the overall target.

## 3 PROPOSALS

### 3.1 Planning Services

Reduce the number of Planning Services staff by one post.

In addition, as a result of all of the planning functions being brought together under one service manager during the last round of budget savings, other savings have been identified through the consolidation of budgets.

### 3.2 Public Protection

Various proposals including the following,

- Non implementation of the Career Development Scheme
- Deletion of one post within the service
- Misc small budget items
- Income generation related to new commercial contracts for pest control services related to mice

The proposed savings can be achieved, though there are certain risks which need to be borne in mind. The decision not to implement the career development scheme has been agreed with staff in consultation with the trade unions. This however, is on the understanding that if and when the financial situation of the Council improves, discussions can be recommenced with a view to its implementation.

### 3.3 **Housing Services**

Reconfiguration of the Service leading to a reduction of one post.

The risks involved in reducing by one post mean that other officers will be required to pick up additional duties from the deleted post. This can be managed, but will increase the pressure upon staff at a time when all staff are working under extreme pressure. As part of this process, two other members of staff dealing with Housing Adaptations would transfer across to the Resources Division within Building Design and Management. This would create greater resilience within that service area.

### 3.4 **Economic Regeneration**

Reconfiguration of the service resulting in the reduction of one post. In addition, it is proposed to reduce the marketing budget.

As with the proposal for a similar reconfiguration within the Housing Services area, there are risks and impacts associated with a reduction of this nature. There will be a need to integrate the role of the selected post across the rest of the section and there will be a loss of expertise.

It is also worth pointing out that given the current state of the economy, the Economic Regeneration services are increasingly in demand due to the need to encourage new business formations, encourage business expansion and job creation, and encourage investment in the area, especially through the promotion of the Enterprise Zones in Hartlepool. There is also an increasing need to work with those people without employment, especially young people.

### 3.5 **Building Control**

Increased fee income from expanding the partnering service with builders and developers operating outside the Borough – this could be through offering a remote plan checking service, etc.

**Grand Total across the division - £201,000**

## **4 OPTIONS ANALYSIS**

4.1 Various options have been explored across all of the service areas within the Division, including the following,

- Reduce the number of Housing Advice team staff based at Park Tower
- Cease the Out of Hours Noise service
- Reduce the number of planning officers across both Development Control and Planning Policy
- Reduce the number of Environmental Health officers
- Further streamlining of management functions within the Division
- Reduce the Pest Control service.

4.2 In reaching the decision as to why these options have not been put forward in this report, the key driver has been the impact this would have on the delivery of frontline service. All of the above listed options would seriously impact upon the Council's ability to deliver key frontline and often statutory services at a time when these particular services are in increasing demand – eg impact of welfare reforms on the workload of the Housing Advice team.

## **5 RISK IMPLICATIONS**

5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Increased pressure on frontline staff and management.
- Reduced staff morale. Where restructuring has a staff impact in a service area full consultation will be undertaken with staff in those areas and staff will be actively engaged in redesigning services to ensure that the service is delivered in an effective and efficient manner.
- Reduced effectiveness with regard to marketing the Borough to potential visitors and businesses. To mitigate against budget reductions the service will continue to move further towards e marketing as a cost effective and targeted approach, brochure printing will be rationalised and combined where appropriate. In addition income generation will continue supporting the cost of key marketing campaigns such as the EAT initiative.
- Loss of expertise. The proposed staff restructure will ensure that the majority of management and operational skill sets are still maintained at an appropriate level and training will be provided to staff where appropriate.

## 6 FINANCIAL CONSIDERATIONS

- 6.1 The Savings Programme 2013/14 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

The proposals deliver the following proposed savings:-

Service	Proposed Savings
Planning Services	£57,000
Public Protection	£42,000
Housing Services	£48,000
Economic Regeneration	£49,000
Building Control	£5,000
<b>Total Proposed Savings</b>	<b>£201,000</b>

## 7 EQUALITY AND DIVERSITY CONSIDERATIONS

- 7.1 An Impact Assessment will be undertaken for each service area to ensure impacts upon service users is minimised.

## 8 STAFF CONSIDERATIONS

- 8.1 Informal dialogue will be undertaken with the trade unions and staff in order to flag up potential areas where staff may be placed at risk of redundancy. The potential number of redundancies as a consequence of these proposals being accepted is 4.

## 9 RECOMMENDATIONS

- 9.1 It is recommended to proceed with the proposals as outlined above.

## 10 REASONS FOR RECOMMENDATIONS

- 10.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.

## 11 BACKGROUND PAPERS



There are no background papers with this report

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**Report of:** Director of Regeneration and Neighbourhoods

**Subject:** SAVINGS PROGRAMME 2013/14 – RESOURCES  
DIVISION OF THE REGENERATION AND  
NEIGHBOURHOODS DEPARTMENT

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**1 PURPOSE OF REPORT**

- 1.1 The purpose of the report is to identify the proposals for delivering savings in respect of the Resources Division as part of the budget for 2013/14.

**2 BACKGROUND**

- 2.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme
- 2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.
- 2.3 The services under consideration as part of this report are as follows,

**Logistics** – Stores, plant, equipment, depot management and ancillary services

**Procurement** – Corporate Procurement Team and Reprographics.

**Building Design and Management** – Architects, surveying, technical support

**Estates and Property Management** – Centralised management of Council property, including energy management and asset management

**Support Services** – Administrative, financial and workforce support to the Regeneration and Neighbourhoods Department

**Service Users**

The range of services covered by this report are delivered across the whole of the borough as a support to internal customers within the Council and in providing commercial services to external organisations

**Engagement**

Feedback from service users is obtained in a number of different ways and this is often determined by the type of service, the target audience, the way in which it is delivered. Examples include,

- Satisfaction questionnaires
- Regular progress meetings
- Attending user forums e.g. Hartlepool Access Group

### Inputs

The net cost to the Council of providing the services within the Resources Division are as follows,

	Net Cost	Gross Budgets (cost)
Logistics	£ 0k	£728K
Procurement (inc Reprographics)	£ 17k	£509k
Building Design and Management	£ 801k	£989K
Estates and Property Management	£ 196k	£375K
Support Services	£ 100k	£1,200K
<b><u>TOTAL</u></b>	<b>£1114k</b>	<b>£3,801k</b>

Note: Some areas do not have budgets and rely on fees and income as is demonstrated in the information above.

### Outputs

- Delivery of Support Services to internal Council departments.
- Income generation from external organisations.

### Savings target

The savings target for the Regeneration and Neighbourhoods Department is £1.1 million for the financial year 2013/14. The approach taken within the Department has been not to apportion specific percentage targets to each Division/service, but to look at options emerging from across the department in a more structured manner in order to achieve the overall target.

## 3 SAVING PROPOSALS

**3.1 Collaboration**

Original aspiration was to gain some “quick wins” in the Corporate Services Collaboration project particularly through joint procurement exercises and possibly staffing. It is too early in the project to identify such savings and therefore the £50k target has been taken up in the “Logistics” savings. £ 0k

**3.2 Logistics**

Use of stores services surplus and additional income through project work and selling of services £80k

**3.3 Building Design and Management**

Combination of technical / surveying staff and consequential reduction in number of staff through a retirement (Linking work on DFG / DPAs in Housing Services) £38k

Reduction of hours of Legionella Team Leader after a request from the member of staff £16k

**3.4 Support Services**

Combination of functions with a post in Public Protection £13k

Various non-staff budgets £ 6k

Reduction of hours in a post in Service Development after a request from the member of staff £ 6k

Reduction of one post in Support Services £15k

**3.5 Estates and Property Management**

Energy savings from reduced consumption as a result of energy saving measures instituted over the past two years through “Invest-to-Save” £30k

**3.6 Procurement**

Not replacing a member of staff who has recently left the Authority and developing existing team members (net saving) £24k

**TOTAL £228k**

**3.7 Impact of Proposals**

- The savings rely upon income generation in relation to maintaining existing services / workflow with reduced resources and bringing in additional income from external clients such as Housing Hartlepool and Health and capital works through the Empty Homes project. Schools are a major client in respect of capital works and revenue income therefore the reform of school funding and levels of future capital

investment pose risks to the fee earning requirements of non-budgeted areas.

- Savings in Support Services will rely upon more efficient working and reduction of service in some low risk areas.
- Reductions in the Procurement Team will be covered by a reorganisation of workloads and functions within the team itself (including developing team members) and in Support Services. Delivery of key projects such as the ICT Contract and the Child and Adult / VCS programmes will need to be monitored carefully. The reduction here may link into the Corporate Services Collaboration Project.

## **4 OPTIONS ANALYSIS**

4.1 Various options have been explored across all of the service areas within the Division, including the following: -

- Reducing further the number of Technical Officers in Building Design and Management, however, in order to deliver workloads this would not be recommended. Most officers in this area are not budgeted and rely on fees. The workload is high at present.
- Reviewing the Print Unit – this was reviewed in the last two years and is contributing positively.
- The Estates and Asset Management Team were reviewed but the team was the subject of cuts last year and its workload determined that no reduction was justified.
- Maintenance budgets generally were considered, although this budget is reduced every time we dispose of a property.

## **5 RISK IMPLICATIONS**

5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Increased pressure on frontline staff and management
- Potential for income generation – contribution and new opportunities
- Balance of workload versus fee earning potential
- Potential reduced effectiveness
- Loss of expertise and internal technical support generally and to key projects and programmes in particular

## **6 FINANCIAL CONSIDERATIONS**

6.1 The Savings Programme 2013/14 is planned to deliver total savings of 3.8m towards the budget deficit for 2013/14. It has been highlighted in

previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

The proposals deliver the following proposed savings:-

<b>Service</b>	<b>Proposed Savings</b>
Logistics	£80,000
Building Design and Management	£54,000
Support Services	£40,000
Property Management	£30,000
Procurement	£24,000
<b>Total Proposed Savings</b>	<b>£228,000</b>

## **7 EQUALITY AND DIVERSITY CONSIDERATIONS**

- 7.1 An Impact Assessment has been undertaken for each service area to ensure impacts upon service users is minimised. The Impact Assessment form is included at **Appendix 1**.

## **8 STAFF CONSIDERATIONS**

- 8.1 Informal dialogue will be undertaken with the trade unions and staff in order to flag up potential areas where staff may be placed at risk of redundancy. The potential number of redundancies as a consequence of these proposals being accepted is 1. There is one retirement involved (confirmed by the member of staff) and two members of staff who have requested reductions in their working hours. A vacancy will not be filled in one area but there will be some development and enhancement for the remaining team.

## **9 RECOMMENDATIONS**

- 9.1 It is recommended to proceed with the proposals as outlined above.

## **10 REASONS FOR RECOMMENDATIONS**

- 10.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 17<sup>th</sup> December 2012.

## **11 APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE**

11.1 **Appendix A** - Impact Assessment Form

**12 BACKGROUND PAPERS**

12.1 There are no background papers with this report.

**13 CONTACT OFFICER**

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## Impact Assessment Form

Department	Division	Section	Owner/Officer										
Regeneration & Neighbourhoods	Resources	Resources	Graham Frankland										
Function/ Service	<p><b>Resources</b></p> <p><i>Changes proposed to address the budget deficit and achieve targets set within the resources.</i></p> <p><b>Property Management</b> - Proposal for energy savings from reduced consumption as a result of energy saving measures.</p> <p><b>Support Services</b> - Proposal to combine existing support functions with a post in Public Protection, make small reductions in various non staffing budgets, decrease Service Development resources through the voluntary reduction of hours by a member of staff and through the removal of one post from the structure.</p> <p><b>Building Design and Management</b> - Proposal to combine technical / surveying staff and consequential number of staff through a retirement (linking work on DFG / DPAs in Housing Services)</p> <p><b>Procurement</b> - Proposal to not replace a member of staff who has recently left the Authority.</p> <p><b>Logistics</b> - Use of stores services surplus and additional income through project work and selling of services</p>												
Information Available	<p>Information available that has been used to inform these proposed changes:</p> <ul style="list-style-type: none"> <li>• Current structures and proposed structures</li> <li>• Staffing profiles across all areas</li> <li>• Established HR Procedures (Selection criteria is based on objective matters which are not related to any protected groups).</li> <li>• Job Descriptions</li> <li>• Job evaluation process</li> <li>• Formal consultation process with staff and Unions.</li> </ul>												
Relevance	<table border="1"> <tr> <td>Age</td><td></td></tr> <tr> <td>Disability</td><td></td></tr> <tr> <td>Gender Re-assignment</td><td></td></tr> <tr> <td>Race</td><td></td></tr> <tr> <td>Religion</td><td></td></tr> </table>			Age		Disability		Gender Re-assignment		Race		Religion	
Age													
Disability													
Gender Re-assignment													
Race													
Religion													
Identify which strands are relevant to the area you are reviewing or changing													



	Sex	
	Sexual Orientation	
	Marriage & Civil Partnership	
	Pregnancy & Maternity - One post will be reduced. One person from the team affected by this proposal is currently on maternity leave and will be provided with full information, communication and consultation in line with Council Policy in order to ensure there is no adverse impact on equality within the team.	
Information Gaps	NONE	
What is the Impact	<p><i>This Impact Assessment has been carried out at the formative stage and is an integral part of the development of the proposals. Careful consideration has been given to the financial proposals and they are not deemed likely to impact on equality for the workforce. No adverse equality impact has been identified.</i></p> <p><i>The profile of affected staff is not significantly different from the overall profile of the service.</i></p> <p><i>Support mechanisms are in place to minimise impact on all staff including those identified as at risk and those with protected characteristics.</i></p> <p><i>The staff identified as being at risk have been defined by reference to service areas or particular job role and the process does not unfairly target individuals or discriminate against any protected groups. The selection criteria are based on objective matters which are not related to any protected groups.</i></p>	
Aim 1: Eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the act.		
No impact		
Aim 2: Advance Equality of opportunity, between people who share protected characteristics and those who don't.		
No impact		
Aim 3: Foster good relations between people who share a protected characteristic and those who do not share it.		
No impact		
Addressing the impact	1. No Major Change - The Impact Assessment demonstrates that the proposed changes are robust and that there is no potential for	

	<i>discrimination or adverse impact on any protected group.</i>		
	<b>2. Adjust/Change</b>		
	<b>3. Continue as is</b>		
	<b>4. Stop/Remove</b>		
Action identified	Responsible Officer	By When	How will this be evaluated?
Date sent to Equality Rep for publishing		00/00/00	

**Report of:** Director of Regeneration and Neighbourhoods

**Subject:** SAVINGS PROGRAMME 2013/14 –  
TRANSPORTATION AND ENGINEERING DIVISION  
OF THE REGENERATION AND  
NEIGHBOURHOODS DEPARTMENT

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**1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to identify the proposals for delivering savings in respect of the **Transportation and Engineering Division** as part of the budget for 2013/14.

**2. BACKGROUND**

- 2.1 The report details one of the reviews which form part of the 2013/14 Savings Programme.
- 2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.
- 2.3 The services under consideration as part of this report are as follows,

Highways, Traffic and Transport  
Integrated Transport Unit  
Engineering Design and Management.

**2.4 Description of Services**

**Highways, Traffic and Transport are:**

**Traffic and Transport Services**

The Team is responsible for the development and implementation of the Council's traffic policy, thereby maintaining the safe and smooth flow of traffic in Hartlepool, together with achieving a reduction in casualties on the town's roads. The Team also deals with the co-ordination of road works in order to minimise congestion by the implementation of legislation imposed upon the Authority through the Traffic Management Act 2004. It also deals with the development of the traffic signals and controlled crossing network and the licensing of activities that take place on the highway and co-ordination of traffic/transportation responses to planning applications.

Other key roles are to provide a safe and effective transport system that enables equal accessibility and maximum choice. This involves the development, co-ordination and monitoring of a wide range of schemes funded through the Local Transport Plan (LTP), co-ordination of public transport services and information and the encouragement of more sustainable forms of transport through travel planning and promotion.

#### Parking Services

The Parking Services section is responsible for the enforcement of yellow line offences on the public highway and parking orders covering all car parks and several on-street permit controlled locations. The section manage the resident, visitor, commuter and business contracted parking, together with all pay and display car parks and limited stay sites.

#### Asset Management

The Asset Management Team is responsible for the management of the highway asset, the identification and prioritisation of highway maintenance works, the overall management of public rights of way, stopping-up and diversion orders and the management of new developments.

#### Highway Services

The section provides reactive and scheduled maintenance and regeneration services on highways and public lights in Hartlepool. The aim of the section is to maintain the highway network in a manner that enables continuous and safe movement for all modes of transport. The service has five parts:

- the Gulley Service;
- the Highway Inspection Service;
- the Highway Maintenance Service;
- the Street Lighting Service; and
- the Winter Gritting Service.

#### **Integrated Transport Unit (ITU) are:**

##### School Crossing Patrol

School Crossing Patrols were first established by the School Crossing Patrol Act 1953. School Crossing Patrols are provided under the Road Traffic Regulation Act 1984 as amended by the Transport Act 2000. The 1984 Act gives the Council the power to appoint School Crossing Patrols to help children cross the road on their way to and from school, or from one part of the school to another, between specified hours. Section 270 of the Transport Act 2000 amended the aforementioned 1984 Act to permit patrols to operate 'at such times as the Authority thinks fit' to stop traffic to help anyone (child or adult) to cross the road whether or not they are travelling to or from school.

The School Crossing Patrol Service is not a statutory function and the responsibility for ensuring that school children arrive at school remains with parents/guardians.

### Collaborative Working

Hartlepool Borough Council has maximised the operation of fleet vehicles in order to provide both core services and extended opportunities to schools, colleges and educational sites, additional Local Authorities and Health Trusts. The programme offers cost effective transport to a range of establishments and generates income to support further development.

The integration of services allows the Council to reduce the amount of time that vehicles are not used during the day. Each service is supported by Transport Officers to encourage efficient use of the integrated services available.

Income surplus is used to compensate existing budget areas, replacing existing budget with trade income. This ensures that services can continue without the need for a centralised budget. It is important to note that the income must be sustainable in order to ensure the initiative is fully effective

### Service Users

The range of services covered by this report are Schools, Colleges, Local Authorities, Health Services, general public and business.

### Highways Design and Management

Civil Engineering – This team provides a service to a number of clients that includes the Transport and Engineering Division, Resources Division, and Regeneration and Planning Division.

The works carried out includes feasibility studies, site investigations, detailed design, traffic engineering, preparation of contract documents including tendering process, contract management including site supervision and financial control of projects, procurement of goods / services and the management of consultants including the preparation of briefs.

### Structural Engineering

This team provides a service to a number of clients that includes Transport and Engineering Division, Resources Division and Children's Services. In addition, this team has client responsibility for the ongoing maintenance of all highway structures in the town.

The works carried out includes feasibility studies, site investigations, detailed design, preparation of contract documents including tendering process, contract management including site supervision financial control of projects, procurement of goods / services, the management of consultants including the preparation of briefs, dealing with dangerous structures and the checking of submitted building regulation structural calculations.

### Environmental Engineering

This team provides a service to a number of clients that includes Technical Services Division, Resources Division and Children's Services Department and Hartlepool Revival. In addition, this team has client responsibility for contaminated land, coast protection, land drainage, closed landfill sites and advice on planning applications in these work areas. This client based work includes the production and implementation of high level policy documents covering all of these client activities.

The works carried out includes demolition work, feasibility studies, site investigations, detailed design, preparation of contract documents including tendering process, contract management including site supervision, financial control of projects, procurement of goods / services and the management of consultants including the preparation of briefs.

## 2.5 Engagement

Feedback from service users is obtained in a number of different ways and this is often determined by the type of service, the target audience, the way in which it is delivered. Examples include,

- Satisfaction questionnaires
- Regular progress meetings
- Attending Neighbourhood Forums
- Transport Champions Group
- Transport Liaison Group

## 2.6 Inputs

### Highways, Traffic and Transportation

Service specific	Highways, Traffic & Transportation	£526,000
	Winter Maintenance	£259,000
	Scheduled Highway Maintenance	£120,000

### Integrated Transport Unit

Service specific	Passenger Transport	£79,000
	ITU Management	£63,000
	Road Safety (school crossing patrols)	£181,000

Engineering Design & Management

Service specific

£35,000

**2.7     Outputs**

- Delivery of integrated transport associated services.
- Delivery of Local Transport Plan, incorporating design, management and maintenance of network.
- Income generation from external organisations.

**2.8     Savings Target**

The savings target for the Regeneration and Neighbourhoods Department is £1,048,000 for the financial year 2013/14. The approach taken within the department has been not to apportion specific percentage targets to each division/section, but to look at options emerging from across the department in a more structured manner in order to achieve the overall target.

**3.0     PROPOSALS**Highways, Traffic & Transportation

Deletion of a Management post within Asset Management creating a saving of £34,000. This post will be deleted 'in year' (September 2013) to allow appropriate handover and training to the remaining Asset Management staff. This will minimize any likely negative impact on service delivery.

Cessation of dedicated verge signage enforcement function. This will achieve a saving of £10,000. Presently the enforcement function is carried out by the Neighbourhood Services Division on behalf of the Transportation and Engineering Division. Giving up this budget will determine the need for a more collective responsibility from supervisory staff across both Divisions in relation to reporting illegal signage on the network. The risks are therefore low in negative terms.

Reduction of £25,000 from the existing winter maintenance budget. Improvements to existing and additional asset renewal programmes have ensured better and more reliable equipment for the future. This should reduce the need for maintenance of same assets for the foreseeable future therefore reducing spend. Investment in back-up machinery and plant should also assist in reducing operational costs.

Integrated Transport Unit (ITU)Collaborative working

Initial discussions with neighbouring authorities has highlighted a desire for joined up working with the Integrated Transport Unit, in particular, the area of

passenger transport with Darlington Borough Council and Redcar & Cleveland Council.

The ITU has been tasked with achieving a target income of £50,000 in this area for the 2013/14 period. As with any collaborative venture, there is always an element of risk in not achieving desired outcomes. To ensure the Council meets this target the agreed sum will be removed from the ITU Management budget provision therefore ensuring the target is achieved and found from baseline budget. Income, as and when generated will then be set against the budget reduction therefore creating a balance.

#### Health Partnership

Stage 1 discussions with the Health Trusts and broader health sector within Tees Valley are nearing completion and opportunities for income generation are now being negotiated. A target income receipt of £50,000 has been set for the ITU and as described in collaborative working narrative, any risks in not achieving this target will be borne by the overall ITU budget provision.

#### School Crossing Patrol Service

Initial proposals suggested the removal of staff at those crossing sites already serviced by controlled crossing systems i.e. Puffin light controlled.

The management team of road Safety, have devised a scheme which will ensure a full service continues therefore reducing the need for staff redundancies.

The full service will be retained by administering the following key tasks:

- Each crossing point will be profiled in terms of risk rating based on other safety features e.g. light controlled, zebras, traffic calming, 20 mph zones etc.
- Each site will be rated against national establishment criteria – level of use, volume and speed of vehicles.
- Each site will be given a red, amber and green risk rating and a priority rank for coverage in the event of sickness.
- When sickness occurs staff will be expected to cover a higher priority site (red) from their own lower risk (green) site. This typically will involve staff moving from a light controlled crossing (green rating) to a higher priority site.
- The benefit of adopting a rating system is that those sites with the greatest risk will always be covered.
- All sites and staff will be reviewed with a view to locating staff closer to their own homes, and employing staff on lower risk crossings on fixed term stand-by contracts to cover for absence at higher risk sites.

This option ensures that HBC budgets for the service received and reduces the need to pay for any additional casual staff to cover sickness which currently occurs. The added benefit of adopting this model is that all occupied



sites would be budget to reflect this. The ITU will offer every school the opportunity to have a member of staff suitably trained to cover sites in extreme circumstances. This will include regular refresher training and full SCP uniform. This proposal will also reduce the need to recruit staff into the service to cover on a casual basis which proves to be difficult. This option would result in year 1 efficiency savings without the need to reduce the service formally (£17k). A further £18k will be achieved through service income (£8k) and £10k on sites no longer required.

#### Engineering Design and Management

Specialisms in this technical area have enabled opportunities for income generation across a wide area of function responsibilities.

A target of £50,000 has been levied on the section and should be achieved by the continuation of additional external contracts over the 13/14 period.

**Total                      £254K**

#### Impact of Proposals

The savings rely upon the generation of income from external bodies within an already pressured environment. Reduced resources will require a flexible approach to workloads and operational demands. Schools and other client/customers will require continued dialogue and careful marketing strategies will be paramount if we are to be successful in attracting new business.

Reduction of staffing within the Highways Asset Management team will be covered by a re-organisation of workload and priority process mapping of functions.

Collaborative working should lead to better efficiencies and shared service provision including the promotion of combined ICT provision.

## **4.0 OPTIONS ANALYSIS**

4.1 Various options have been explored across all of the service areas of the Division including:-

- Cessation of some transport services of the ITU, this however is not recommended as the unit is in a gradual growth trend for external works and vehicle acquisitions will require a return from income to enable spend profiles to be achieved.
- Direct cuts to service provision would be detrimental to any collaborative or partnership working progression therefore no further reduction on the transport provision was justified.
- Removal completely of staff from controlled crossing sites is always a potentially sensitive issue. Although the service is not a statutory service there is still a perceived requirement by some for full service provision. The Road Safety Management team has investigated the potential for sponsorship from the private sector and the schools taking ownership but very little positive feedback has transpired to date. The new service function proposals will ensure a service remains for the 13/14 period and continual dialogue will be held with any potential sponsor and schools.

## **5.0 RISK IMPLICATIONS**

5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Increased pressure on frontline staff and management
- Potential for income generation – contribution and new opportunities
- Balance of workload versus fee earning potential
- Potential reduced effectiveness
- Loss of expertise and internal technical support generally and to key projects and programmes in particular.

## **6.0 FINANCIAL CONSIDERATIONS**

6.1 The Savings Programme 2013/14 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

6.2 The proposals deliver the following proposed savings:-

<b>Service</b>	<b>Proposed Savings</b>
Engineering Design & Management	£50,000 (income)
ITU – collaborative working	£50,000 (income)
ITU – partnership with Health	£50,000 (income)
Highways Asset Management	£34,000
Highways verge signage	£10,000
Highways winter maintenance	£25,000
School crossing patrol(re-configuration)	£35,000
<b>Total Proposed Savings</b>	<b>£254,000</b>

This section should also include an assessment of the potential costs of delivering the savings e.g. redundancy and other costs and relate to the section below on staffing implications

## 7.0 EQUALITY AND DIVERSITY CONSIDERATIONS

7.1 **Appendix 1** outlines the impact assessment for each of the areas within the report.

## 8.0 STAFF CONSIDERATIONS

- 8.1 Dialogue will continue with Trade Unions and staff to ensure any areas of risk or change are highlighted.
- 8.2 The impact in relation to redundancies is minimal within these proposals and discussions have already taken place with the staff and the Council's HR department/section management.
- 8.3 No other staff members are subject to compulsory redundancies within the proposals.

## **9.0 COMMENTS FROM SCRUTINY REVIEW**

- 9.1 The savings were discussed at the Neighbourhood Services Scrutiny Forum on the 14<sup>th</sup> November

### ***“iii) Transport and Engineering Division Savings***

***Members were supportive of the savings proposals and income generation activities, particularly the potential to provide direct services for health partnerships.”***

## **10.0 RECOMMENDATIONS**

- 10.1 It is recommended to proceed with the proposals as outlined in the report.

## **11.0 REASONS FOR RECOMMENDATIONS**

- 11.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.

## **12.0 APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE**

- 12.1 Impact Assessment forms.

## **13.0 BACKGROUND PAPERS**

- 13.1 There are no background papers to this report.

## **14. CONTACT OFFICER**

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**APPENDIX 1****Impact Assessment Form**

Department	Division	Section	Owner/Officer
<i>Regeneration and Neighbourhoods</i>	<i>Transportation and Engineering</i>	<i>Highways, Traffic and Transport</i>	<i>Mike Blair</i>
Function/Service	<i>Winter Maintenance</i>		
Information Available	<i>Winter Maintenance Service Plan- No impact on service provision, savings established through operational efficiencies</i>		
Relevance	<b>Age</b>		<b>No</b>
<i>Identify which strands are relevant to the area you are reviewing or changing</i>			
	<b>Disability</b>		<b>No</b>
	<b>Gender Re-assignment</b>		<b>No</b>
	<b>Race</b>		<b>No</b>
	<b>Religion</b>		<b>No</b>
	<b>Gender</b>		<b>No</b>
	<b>Sexual Orientation</b>		<b>No</b>
	<b>Marriage &amp; Civil Partnership</b>		<b>No</b>
	<b>Pregnancy &amp; Maternity</b>		<b>No</b>
Information Gaps	<i>None</i>		
What is the Impact	<i>No impact service will be maintained in its entirety</i>		
Addressing the impact	<b>1. No Impact - No Major Change</b> Service delivery will be maintained at the same levels, savings will be achieved through operational <i>efficiencies</i> <b>2. Adjust/Change Policy-</b> N/A <b>3. Adverse Impact but Continue as is</b> N/A <b>4. Stop/Remove Policy/Proposal-</b> N/A		
Action identified	Responsible Officer	By When	How will this be evaluated?
Date sent to Equality Rep for publishing			
Date Published			

Date Assessment Carried out	
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## Impact Assessment Form

Department	Division	Section	Owner/Officer		
Regeneration and Neighbourhoods	Transportation and Engineering	Highways, Traffic and Transport	Mike Blair		
Function/Service	Scheduled Highway Maintenance contribution to Highway Enforcement				
Information Available	£10k contribution to enforcement of illegal signage positioned on the public highway. Reduction in contribution will not effect service provision				
Relevance	Age	No			
Identify which strands are relevant to the area you are reviewing or changing	Disability	No			
	Gender Re-assignment	No			
	Race	No			
	Religion	No			
	Gender	No			
	Sexual Orientation	No			
	Marriage & Civil Partnership	No			
	Pregnancy & Maternity	No			
Information Gaps	None				
What is the Impact	No impact as service will not be affected				
Addressing the impact	1. No Impact - No Major Change - No change to service				
	2. Adjust/Change Policy- N/A				
	3. Adverse Impact but Continue as is N/A				
	4. Stop/Remove Policy/Proposal- N/A				
Action identified	Responsible Officer	By When	How will this be evaluated?		
Date sent to Equality Rep for publishing					
Date Published					
Date Assessment Carried out					

## Impact Assessment Form

Department	Division	Section	Owner/Officer		
<i>Regeneration and Neighbourhoods</i>	<i>Transportation and Engineering</i>	<i>Highways, Traffic and Transport</i>	<i>Mike Blair</i>		
Function/Service	<i>Highway Asset Management</i>				
Information Available	<i>Savings attributable to voluntary redundancy of one post, replacement with existing member of staff and removal of their post from structure</i>				
Relevance	Age	No			
<i>Identify which strands are relevant to the area you are reviewing or changing</i>	Disability	No			
	Gender Re-assignment	No			
	Race	No			
	Religion	No			
	Gender	No			
	Sexual Orientation	No			
	Marriage & Civil Partnership	No			
	Pregnancy & Maternity	No			
Information Gaps	<i>None</i>				
What is the Impact	<i>No impact</i>				
Addressing the impact	1. No Impact - No Major Change - Service will continue to be provided with fewer staff				
	2. Adjust/Change Policy - N/A				
	3. Adverse Impact but Continue as is - N/A				
	4. Stop/Remove Policy/Proposal - N/A				
Action identified	Responsible Officer	By When	How will this be evaluated?		
Date sent to Equality Rep for publishing					
Date Published					
Date Assessment Carried out					

## Impact Assessment Form

Department	Division	Section	Owner/Officer
Regeneration and Neighbourhoods	Transportation and Engineering	Integrated Transport Unit	Alastair Smith
Function/Service	To provide an integrated transport service for the community of Hartlepool including services relating to fleet, passenger transport and road safety		
Information Available	<p>To maximize the operation of fleet vehicles in order to provide both core services and extended opportunities to schools, colleges, and educational sites, additional Local Authorities and Health Trusts</p> <p>Income surplus will be used to support the target efficiency of £100,000</p> <p>The minor alteration to the School Crossing Patrol Service will provide a further 35k</p> <p>The impact to services is extremely minimal and would not demonstrate significant impact to service users</p>		
Relevance	Age		No
Identify which strands are relevant to the area you are reviewing or changing	Disability		No
	Gender Re-assignment		No
	Race		No
	Religion		No
	Gender		No
	Sexual Orientation		No
	Marriage & Civil Partnership		No
	Pregnancy & Maternity		No
Information Gaps	N/A		
What is the Impact	N/A		
Addressing the impact	1. No Impact - No Major Change		
Action identified	Responsible Officer	By When	How will this be evaluated?
N/A	N/A		
Date sent to Equality Rep for publishing			
Date Published			
Date Assessment Carried out			



# **CABINET REPORT**

**3<sup>rd</sup> December 2012**



**Report of:** Director of Regeneration & Neighbourhoods

**Subject:** REVIEW OF WASTE MANAGEMENT SERVICES

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## **1.0 TYPE OF DECISION/APPLICABLE CATEGORY**

1.1 Key Decision (test (i)/(ii)) Forward Plan Reference No. RN26/12

## **2.0 PURPOSE OF REPORT**

- 2.1 To confirm changes to the domestic household waste collection service in Hartlepool, which provide savings that contribute to the Council's overall financial strategy for 2013/14.
- 2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them.

## **3.0 BACKGROUND**

- 3.1 At a meeting in October 2011, Cabinet gave approval for the Waste & Environmental Services section to carry out a review of the domestic household waste collection service in Hartlepool. The review featured four key elements:
- i. Changes to the kerbside dry recycling service;
  - ii. Use of route optimization technology to increase efficiency of collection rounds;
  - iii. Four day working week;
  - iv. Suspension of green waste collections during winter months.
- 3.2 The overall savings target for 2013/14 was set at £400,000.
- 3.3 Hartlepool Borough Council currently delivers a refuse collection service to around 42,000 households, which involves an alternate weekly collection of residual waste and recyclable waste, including garden waste.

- 3.4 Essentially, the service is delivered over the five working days, Monday to Friday inclusive; however, Saturday collections are also carried out on occasions where there is a Bank Holiday.
- 3.5 The present kerbside dry recycling service is undertaken partly in-house and partly by an external service provider. The external service provider collects paper, cans and glass, along with any textile recyclables, using blue boxes and blue bags. The Council's own service is responsible for collecting plastic and card, along with green waste, in a split bodied vehicle.
- 3.6 The system was introduced in 2005 and at the time was considered amongst the best, with residents being given the opportunity to recycle a high percentage of their domestic household waste. Despite this innovative approach, the system is not without its problems in that segregation of the various waste streams is dependant on residents and their willingness to participate in the scheme. Some receptacles used for the scheme, such as poly bags, are perishable and are often carried away by the wind or 'disappear'. A recent inspection by the Health & Safety Executive also criticised the scheme because of the level of manual handling required. Furthermore, a shift in public support for recycling services has meant the scheme is in need of updating. Indeed, a public consultation exercise carried out in the autumn of 2011 shows there is strong support in Hartlepool for a kerbside recycling service that makes participation easier and encourages residents to recycle more.
- 3.7 A copy of the HSE Audit of the Hartlepool Waste Collection Service is available on request, in the member's library, and on-line. The HSE guidelines 'Collecting, transfer, treatment and processing household waste and recyclables' is available as a background paper.
- 3.8 Further details of the public consultations carried out for the kerbside dry recycling service are also available as a background paper; Transport & Neighbourhoods Portfolio, 10<sup>th</sup> February 2012.
- 3.9 A soft market testing exercise carried out in 2011 confirmed the likelihood of significant financial savings being achieved by consolidating the two currently separate dry recycling elements of the kerbside collection service, and delivering the one service through an external service provider. Accordingly, a contract tender was prepared in the summer of 2012, which took account of the required changes. The tender attracted the interest of twelve external service providers and of these twelve; seven were invited to tender (ITT). Four tenders were returned by the closing date of 5<sup>th</sup> October 2012.
- 3.10 Following the subsequent evaluation process, the contract was awarded to the successful bidder after it was confirmed the savings target of £400,000 could be achieved by externalizing the service in this way. The savings are illustrated in the table at 7.2 below.

- 3.11 Further details of the contract evaluations for the Kerbside Dry Recycling contract are available as a background paper to this report; Audit Sub-Committee, 5<sup>th</sup> November 2012.

#### **4.0 PROPOSALS**

- 4.1 In order to achieve the target savings of £400,000 for 2013/14, it is proposed that the following changes to the domestic household waste collection service are introduced concurrently on the 1<sup>st</sup> April 2013:

##### CHANGES TO THE KERBSIDE DRY RECYCLING SERVICE

- 4.2 The present dual stream service carried out partly by the in-house team and partly by an external contractor, will be consolidated into one. This will be delivered by an external service provider. The contract will run for a period of seven years, commencing 1<sup>st</sup> April 2013, and will end on March 31<sup>st</sup> 2020. This coincides with the end of the present residual waste disposal contract with SITA.
- 4.3 As part of the new arrangements, households will be provided with a single 240 litre wheeled bin in which all dry recyclable wastes will be co-mingled and presented, with the exception of glass materials. Glass will be presented separately in the blue box already provided.

##### USE OF ROUTE OPTIMISATION TECHNOLOGY TO INCREASE EFFICIENCY OF COLLECTION ROUNDS

- 4.4 The Council has used Routesmart software funded by the Regional Improvement & Efficiency Partnership to investigate the use of route optimisation technology and minimise the number of miles travelled on each collection round. By implementing the recommendations of the route optimisation project, it is anticipated that the Council will reduce its carbon footprint and also achieve savings on fuel costs.

##### FOUR DAY WORKING WEEK

- 4.5 A four day working week, Tuesday to Friday, will bring a range of benefits, including a reduced requirement for Bank Holiday 'catch up' i.e. weekend working. The number of Bank Holiday's where a service is required would effectively be reduced by half, needing only to cover Good Friday, Christmas and New Year. This alone would present a significant reduction in overtime payments and extra payments to the waste disposal site at Haverton Hill (SITA) for opening on a weekend.
- 4.6 Downtime that results from the four day working week can be used for vehicle maintenance; thus reducing the need for hire vehicles at approx £250 a day.

- 4.7 All staff affected by the 'four day working week' proposals have been consulted throughout the process and will continue to be kept informed via informal and formal briefings sessions. Trade Unions have also been consulted, and will continue to be informed, on all aspects of the proposed changes.

#### SUSPENSION OF GREEN WASTE COLLECTIONS DURING WINTER MONTHS

- 4.8 Whilst given consideration as part of the review, suspending the green waste service was likely to be unpopular with residents, as many households take advantage of the opportunity to carry out winter pruning/garden clearance operations during this period; furthermore, such a proposal would have implications for staff involved in delivering the service. However, it is now apparent that the required savings target of £400,000 for 2013/14 has essentially been achieved through other aspects of the review and in particular the dry recycling collection service. It is therefore not necessary at this time to suspend the green waste service during the winter months.

### **5.0 COMMUNICATION / CONSULTATION**

#### PUBLIC

- 5.1 To ensure that residents are aware of the future changes, an intense and comprehensive communication campaign will be carried out from December 2012 up until the full implementation on the 1<sup>st</sup> April 2013. This will include direct drop leafleting, use of social media, presentations at public meetings, and drop-in sessions, website, press releases/media, Hartbeat and vehicle advertising. The use of multiple communication methods/techniques will provide several opportunities for members of the public to learn of the changes to their domestic household waste collection service. In addition, when the new receptacles are delivered to each household, information leaflets will be attached outlining the new collection methods and service.
- 5.2 The public consultation exercise will also assist in identifying those households that are unable to store and/or present a co-mingled 240 litre wheeled bin. In situations like this, alternative arrangements will be offered in the way of smaller receptacles or bags.

#### STAFF

- 5.3 All staff affected by these proposals have been consulted throughout the process and will continue to be kept informed via informal and formal briefings sessions. Trade Unions have also been consulted, and will continue to be informed, on all aspects of the proposed changes.

## MEMBERS

- 5.4 Members will receive direct and indirect communications via the proposed communication strategy that will be carried out across the town prior to the introduction of the changes on April 1<sup>st</sup> 2013.

## **6.0 RISK IMPLICATIONS**

- 6.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- 6.1.1 Diversion of extra waste to recycling, as a result of an improved recycling service will impact upon tonnages required under contractual obligations with SITA. However, if the proposed changes realise an anticipated 20% saving in the amount of residual waste being taken to the EfW plant, this will not breach our contractual obligations with SITA.
- 6.1.2 These radical changes may cause some disruption to the service, which in turn could lead to non compliance by residents, whether deliberate or accidental. However, as each of the three proposals would be introduced simultaneously, disruption would be minimised. Formal consultation and communication with residents would ensure that users of the service are aware of the changes, that their views have been taken into account, and that the new improved service will be capable of encouraging increased recycling rates.
- 6.1.3 Non-participation in the kerbside dry recycling scheme could occur in situations where residents are unable to store and/or present a co-mingled 240 litre wheeled bin. In situations like this, alternative arrangements will be offered in the way of smaller receptacles or bags. Records of properties, which may have storage/presentation issues, already exist within the Waste & Environmental Services section; however, the communication strategy associated with the introduction of the new service will assist in identifying other properties where there is a need for alternative solutions.
- 6.1.4 If the Council adopts a system whereby the income it receives from recyclable materials is based on market 'tracker' rates, then the level of income received will also fluctuate. This will present particular problems with budget forecasting. This risk has been eliminated via an upper limit being set for the contract management fee, which is £380,000 per annum, and a lower limit being set for any reimbursement for recyclable waste collected. This lower limit is fixed at £0 (zero pounds), which effectively

means the Council will never pay over and above the fixed management fee for the disposal of recyclable waste collected from the kerbside during the term of this contract.

## 7.0 FINANCIAL CONSIDERATIONS

7.1 The Savings Programme 2013/14 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

7.2 The following table illustrates the positive financial outcomes resulting from changes to the kerbside dry recycling service:-

Current			Proposed		Savings
	Service Area	Budget	Service Area	Proposed Costs	
<b>Contracted</b>	Kerbside Collection (blue boxes)	<b>£ 410,000.00</b>	All Dry Recyclable Materials	<b>£380,000.00</b>	<b>£30,000.00</b>
<b>In House</b>	Kerbside Collection \ Green Waste (White Bag\ Brown Bin)	<b>£ 724,391.00</b>	Green Waste (brown bin)	<b>£354,391.00</b>	<b>£370,000.00</b>
<b>TOTAL</b>		<b>£1,134,391.00</b>		<b>£734,391.00</b>	<b>£400,000.00</b>

### PRUDENTIAL BORROWING FOR THE PURCHASE OF BINS

7.3 As part of the proposals to consolidate the two currently separate dry recycling elements of the kerbside collection service, and deliver this service through one external service provider, it will be necessary for the Council to provide suitable receptacles for each household. This will involve the purchasing of circa 42,000 240 litre wheeled bins in which residents will place all dry recyclable waste material, with the exception of glass. Glass items will be presented separately in the blue box currently provided by the Council. It should be noted that any replacement/additional boxes will be provided entirely at the contractors expense for the duration of this contract.

7.4 The cost of the new wheeled bins can be initially financed from the existing wheeled bin leasing budget, and the procurement of the bins can be progressed using the normal purchase agency arrangements for leases.

However, it may be possible to achieve further savings by undertaking an options appraisal of the financing options, including Prudential Borrowing. The preferred financing option will be considered as part of the 2013/14 MTFS and approval for any borrowing sought from Council in February, if required.

#### DELIVERY OF WHEELED BINS

- 7.5 The logistics of rolling-out the proposed 240 litre wheeled bin to circa 42,000 households will require precise coordination. The receptacles are stacked for ease of transportation and therefore require assembling on site. The cost of delivering and assembling the receptacles town-wide will be circa £52,000 and this will be funded from the underspend on the 2012/13 Waste Management Revenue Budget.

#### PUBLIC COMMUNICATION

- 7.6 The costs associated with the public communications described in section 5.1 above will be absorbed within the Waste & Environmental Services staffing levels and budgets.

### **8.0 LEGAL CONSIDERATIONS**

- 8.1 Section 45a of the Environment Protection Act and the Household Waste Recycling Act states that Local Authorities must provide a separate collection of at least two recyclates by December 2010 this is reinforced in the Waste Regulations 2011, sections 8 and 11. The above proposals will continue to meet these requirements.

### **9.0 STAFF CONSIDERATIONS**

- 9.1 All staff affected by these proposals have been consulted throughout the process, and will continue to be kept informed via informal and formal briefings sessions. Trade Unions have also been consulted, and will continue to be informed on all aspects of the proposed changes.
- 9.2 Natural wastage has reduced staffing levels by three, meaning no compulsory redundancies will be necessary as a result of these changes, and it will not be necessary for any member of staff to transfer to the external service provider under TUPE regulations.
- 9.3 As savings have been achieved through the dry recycling contract, suspension of the green waste collection service during the winter months will not be necessary; therefore, the current level of service will be maintained and staff will remain on 52 week contracts instead of the originally proposed 40 weeks.

## **10. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS**

- 10.1 There are no section 17 considerations associated with the proposed changes to the domestic household waste collection service.

## **11. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 11.1 An Impact Assessment has been undertaken in relation to the proposed changes to the domestic household waste collection service. A copy of the Impact Assessment is available on request, in the member's library, and on-line.

## **12. RECOMMENDATIONS**

- 12.1 It is recommended that the following changes, which allow for a more efficient and cost effective waste management service in Hartlepool are introduced concurrently on the 1<sup>st</sup> April 2013:
- a) The Council consolidates its two currently separate dry recycling elements of the kerbside collection service, and delivers the service via one external service provider. In doing so, it is proposed that the Council provides residents with a 240 litre wheeled bin for co-mingled dry recyclable waste, to accompany the 55 litre blue box already in service; this will be used for glass materials.
  - b) Changes to collection rounds are introduced under the route optimisation programme as detailed in section 4.4 above.
  - c) A four-day working week, Tuesday to Friday inclusive, is introduced as detailed in section 4.5 above.
  - d) Essentially, the required savings target of £400,000 for 2013/14 has been achieved through consolidating the dry recycling elements the kerbside collection service. It is therefore not necessary at this time to suspend the popular green waste collection service during the winter months and accordingly no changes are proposed. However, this element of service could be a consideration in any future financial planning/strategic exercise.

## **13. REASONS FOR RECOMMENDATIONS**

- 13.1 The changes to the waste management service form part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.



- 13.2 Essentially, the consolidation of the kerbside dry recycling service will deliver the 2013/14 savings target; however, the proposed changes also reflect the wishes expressed by residents in the public consultation exercise. Furthermore, the proposed changes also provide a solution to concerns shown by the HSE in a recent audit of the Council's refuse collection service.
- 13.3 By implementing the recommendations of the route optimisation project, it is anticipated that the Council will reduce its carbon footprint and also achieve savings on fuel costs.
- 13.4 The four-day working week will bring Hartlepool in line with the rest of the Tees Valley authorities. This compatibility will provide greater scope for future collaborative working with neighbouring authorities.
- 13.5 The green waste, or garden waste, collection service is a favourite with residents and whilst the tonnages collected during the winter months may reduce, many people take advantage of the opportunity to carry out winter pruning/clearance operations. As such, any suspension of the service during the winter months is likely to be unpopular.
- 13.6 Non-suspension of the green waste service during the winter months will ensure staff delivering the service retain a full 52-week employment status.

#### **14. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE**

- 14.1 HSE Audit of the Hartlepool Waste Collection Service (**Appendix A**)
- 14.2 Impact Assessment (Changes to the Domestic Household Waste Collection Service) (**Appendix B**)

#### **15. BACKGROUND PAPERS**

- 15.1 Cabinet report of October 2011 – Review of Waste Management Services.
- 15.2 WYG Environment report - 'Review of Kerbside Recycling Collection Schemes in 2010/11
- 15.3 HSE guidance - 'Collecting, transfer, treatment and processing household waste and recyclables.
- 15.4 Transport & Neighbourhoods Portfolio, 10<sup>th</sup> February 2012 – Findings of the Kerbside Dry Recycling Consultation.
- 15.5 Audit Sub Committee report, 5<sup>th</sup> November 2012 – Kerbside Dry Recycling Contract.

**16. CONTACT OFFICER**

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**17. FURTHER INFORMATION**

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Health and Safety  
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HM Principal Inspector  
Business Partner

15 April 2011

Reference: 4241356

Dear Mrs Ogden

#### HEALTH & SAFETY AT WORK ETC. ACT 1974

Re: Waste management and recycling intervention

I write following my attendance at the meeting held at The Civic Centre with Craig Thellwell, Fiona Srog and Stuart Langston on 2 February, and my subsequent visits to observe municipal waste collection with Tony Spence on 8 March.

As a result of these visits, I have identified the following matters which require further attention

##### 1. Reversing Assistants

Reversing causes a disproportionately large number of moving vehicle accidents in the waste/recycling industry. Injuries to collection workers or members of the public by moving collection vehicles are invariably severe or fatal.

Hartlepool Borough Council currently use reversing assistants as one of the ways in which this risk is controlled. HSE's guidance *Waste and recycling vehicles in street collection (WASTE04)* identifies the roles of the reversing assistant as to:

- Signal the collection vehicle driver to stop when necessary to prevent the vehicle colliding with pedestrians and other road users;
- Warn approaching vehicles or pedestrians; and
- Assist trained and competent drivers to safely manoeuvre the vehicle.

I noted on several occasions that although the operatives were assisting the driver in the manoeuvre, there was little attention given to the likelihood of vehicles and pedestrians entering the danger zone.

The Council should review its Reversing Assistants training, and monitor how the activity is being carried out in practice

## 2. Avoiding school start and finish times

I observed a team carrying out the collection of trade waste at 8.50am around the St. Cuthbert's School area of the town, where there were a number of children walking to school

You should identify those areas where collections are carried out where there is an increased risk of pedestrian/vehicle interaction, in particular at school start and finishing times. You should then assess whether it would be reasonably practicable to carry out those collections at a more suitable time

## 3. Manual Handling of White Sacks

Several operatives raised concerns over the manual handling of the white sacks used to collect plastic and cardboard

The height required to deposit the contents of these sacks into the collection vehicle is at a level at which the sacks need to be lifted above head height.

The Council should assess the musculoskeletal risks associated with this activity and consider reasonably practicable remedial measures.

## 4. Supervision of contractors

I was made aware that the collection of the recycling boxes was being carried out by external contractors, namely Ward Recycling Limited.

I observed examples of bad practice being carried out by the company's operatives including the collection of containers from far side kerb, lack of high visibility clothing and the driver leaving the vehicle on to the road.

Representations were made by your employees that they rarely see management from Ward's Recycling Limited monitoring the work being carried out by their own workforce.

As the client, you should liaise with the contractor to:

- a) Determine if supervisors' roles are clearly defined
- b) Determine if supervisors are aware of their duties and exercise them
- c) Collate evidence that the contractor monitors effectiveness of supervision

## 5. Auditing of contractors by the client


You should review how the Council audit its external contractors and consider the implementation of an on-the-ground monitoring regime, run either independently or in conjunction with your contractor, to ensure that they are delivering the service to your agreed methods, and to review the continuing suitability of those working methods.

Guidance for local authorities on the procurement, management, and monitoring of waste contracts/services can be found on the HSE website at <http://www.hse.gov.uk/procure-services/index.htm>.

I have enclosed a second copy of this letter which should be brought to the attention of your employees.

Please contact me in writing before the 15 May 2011, with how you intend to address the matters raised in this letter.

Yours faithfully



Jonathan Colin Wills  
HM Inspector of Health and Safety

Department	Division	Section	Owner/Officer
Regeneration & Neighbourhoods	Neighbourhood Services	Waste & Environmental Services	Craig Thelwell, Waste & Environmental Services Manager
Function/Service	Review of the Waste Management Service		
Information Available	<p><i>You should consider what information you hold in order to give proper consideration to the Equality Duty. You will need to draw upon local, regional and national research particularly if internal information is scarce. Include any consultation carried out</i></p> <p>Both the residual waste and recycling services will move from the current 5 day working week (Monday – Friday) to a 4 day working week (Tuesday – Friday). Residual waste collections will otherwise remain the same. Recycling collections, however, will change.</p> <p>The new recycling service is based on findings from a consultation exercise completed by 1,278 residents. The general consensus was that a single wheeled bin with a lid would be more suitable than the current collection system, which utilises a range of containers for various materials. A high number of responses pointed out that a wheeled bin would be more suitable, including:</p> <p><i>‘Blue box is often too heavy to carry - could do with something on wheels, also with a cover if possible’, and</i></p> <p><i>‘A wheelie bin would be more beneficial’.</i></p> <p>Residents with disabilities and some elderly residents may require assisted collections, and the offer of such collections will be offered during awareness raising activities. However, the proposed service will be more user-friendly and will require less strenuous manual handling than the system it will replace.</p> <p>The green waste collection has historically been provided throughout the year. However, tonnages collected during the winter months are minimal, and for this reason a decision has been made to suspend the service from December to February inclusive.</p> <p>Information pertaining to this policy review has been obtained from the following sources:  Hartlepool fact file;  Profile of customers using the Assisted Collection Service;  Statistical information on the waste collection service;  National Waste Policy Review.</p>		
Relevance	Age		X
Identify which strands are relevant to the area you are reviewing	Elderly people with mobility difficulties		
	Disability		X
	People with mobility difficulties		
	Gender Re-assignment		

or changing		
	<b>Race</b>	<b>x</b>
	People who do not have a good grasp of the English language	
	<b>Religion</b>	
	<b>Gender</b>	
	<b>Sexual Orientation</b>	
	<b>Marriage &amp; Civil Partnership</b>	
Information Gaps	<b>Pregnancy &amp; Maternity</b>	
<p><i>Are there any gaps in your information and, if so, what further information do you need? What involvement or consultation is needed? How will it be done? You must also ensure compliance of any third parties which carryout functions on you behalf.</i></p> <p>The new service will apply to the entire community, which will need to be made aware of what will be involved, and how they are expected to participate. A comprehensive awareness raising programme will be undertaken, whereby representatives from the Waste &amp; Environmental Services section will visit community groups and tenants and residents association meetings to present the new service and offer question and answer sessions. Information will also be posted to every household and articles placed in the Hartlepool Mail and on the Council's website.</p> <p>All literature that is produced will need to have clear illustrations showing what can be recycled and how to do it. This will ensure that those who are illiterate, and/or those who cannot speak/read the English language are able to participate in the service. The new service will be simpler than the current service, and a single receptacle will replace the range of containers currently used for dry recyclables.</p>		
What is the Impact	<p><i>Consider the impact of the policy/service/function in respect of the three aims of the Equality Duty, this must form an integral part of your decision making process and in such a way that influences the final decision.</i></p> <p>Residents must understand the new service in order to be able to participate. If residents do not understand the new service then they will not be able to dispose of their waste, which will have an impact on their health and wellbeing, and also on that of their neighbours. As the new service will be simpler for residents to understand and use, it is anticipated that it will have a positive impact on groups with protected characteristics.</p> <p>If residents are not using the waste service, then there may well be an impact on the appearance of their property and/or area. This could potentially cause tensions within communities.</p> <p>It is anticipated that less residents will require assisted collections</p>	

	as a result of the introduction of a single, easier to handle, wheeled bin.		
	Residents who participate in the green waste collection service will be affected during the Winter months (December to February). However, it is clear that very little green waste is produced during this period, and it is anticipated that residents will either store the waste, place it in the residual waste bin, compost it at home (subsidised compost bins are available to Hartlepool residents) or transport it to the Household Waste Recycling Centre. All residents are therefore able to deal with green waste, regardless of whether or not they have their own vehicle.		
Addressing the impact	<i>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</i>		
	<b>1. No Impact- No Major Change</b> - <i>It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</i>		
	The new simpler service will make it easier for all members of the community to recycle.		
	The green waste service will be suspended during the Winter months, but the small amount of green waste collected during this period will either be stored until Spring, placed in the residual waste bin, or transported to the Household Waste Recycling Centre. Either way, all householders have a viable option for dealing with green waste.		
	<b>2. Adjust/Change Policy</b> - <i>You may have to make adjustments to address potential problems or missed opportunities that impact adversely on those with protected characteristics.</i>		
	<b>3. Adverse Impact but Continue</b> - <i>Your decision may be to continue without making changes, this may be the right outcome even if your assessment identifies the potential for adverse impact. (E.g. Cabinet decision to withdraw a service).</i>		
	<b>4. Stop/Remove Policy/Proposal</b> – <i>Your assessment reveals unlawful discrimination it must be stopped and removed or changed.</i>		
Actions			
It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.			
Action identified	Responsible Officer	By When	How will this be evaluated?
Provide information on the new service to all households within the	Craig Thelwell	31 <sup>st</sup> March 2013	Number of households receiving information leaflet



<b>borough.</b>			
<b>Offer presentations and Q&amp;A sessions to all community groups and tenants &amp; residents associations</b>	<b>Craig Thelwell</b>	<b>31<sup>st</sup> March 2013</b>	<b>Letters will be sent to all relevant groups</b>

Date sent to Equality Rep for publishing	00/00/00
Date Published	00/00/00
Date Assessment Carried out	00/00/00

**Report of:** Chief Executive

**Subject:** SAVINGS PROGRAMME 2013/14 - CHIEF  
EXECUTIVE'S DEPARTMENT 2013/14  
SAVINGS PLAN

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**1. TYPE OF DECISION / APPLICABLE CATEGORY**

1.1 Non Key Decision.

**2. PURPOSE OF REPORT**

2.1 The purpose of the report is to identify the proposals for delivering savings in respect of the Chief Executive's Departmental Savings Plan as part of the budget for 2013/14.

**3. BACKGROUND**

3.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme.

3.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.

3.3 As detailed in previous Medium Term Financial Strategy (MTFS) reports there are two aspects to the 2013/14 savings plan for the Chief Executive's department.

3.4 The first element relates to the ICT procurement exercise which is currently underway. As detailed in previous reports this is a complex process and work is currently progressing to put in a place a new contract commencing in October 2013. This will enable a part year saving to be achieved in the current year and a full year saving from 2014/15. The first phase of this procurement was completed on 2<sup>nd</sup> November 2012 when 8 companies submitted their PQQ (Pre Qualification Questionnaire) documents. These proposals are currently being assessed with the aim of producing a shortlist of companies to move on to the next stage of the procurement process. Based on progress to date and the detailed timetable which is in place for managing this procurement it is anticipated that the overall timetable for achieving the ICT procurement savings will be achieved.

3.5 The second element of the Chief Executive's departmental 2013/14 saving plan relates to proposed collaboration savings. A savings target

for this area for 2013/14 of £0.2m has previously been set, increasing by £0.5m in 2014/15. Previous reports identified the linkages between this project and the People Services collaboration which will shape the nature, scope and method of delivering corporate support services. As detailed in the main MTFS report on your agenda today the development of detailed proposal for the People Services collaboration is taking longer than initially planned. This position is not wholly unexpected owing to the challenging deadline the three authorities set themselves, the complexity of this service area and the issues which need to be addressed. It is essential that these issues are addressed to ensure that robust, safe and sustainable proposals for People Services collaboration are identified and implemented. In financial terms this risk was identified and the MTFS proposals previously reported to Cabinet included a one-off provision of £0.5m to manage potential temporary delays in the achievement of collaboration savings. As detailed in the main MTFS report it is now recommended that the majority of this amount is allocated to support the 2013/14 budget to allow adequate time to implement People Services collaboration.

- 3.6 These issues have impacted on the Corporate Collaboration project which to a large extent, although not exclusively, is predicated on the People Services collaboration. This position has been recognised and an alternative savings plan for the Chief Executive's department for 2013/14 has been developed. These alternative savings will replace the potential collaboration savings for 2013/14 of £0.2m. It needs to be recognised that these alternative measures are replacement savings and not additional savings as they are coming from the same budgets the proposed collaboration saving would have come from. Nevertheless these alternative proposals are sustainable and therefore replace the Corporate Collaboration savings included in the MTFS for 2013/14. These proposals are detailed in the next section.
- 3.7 The service areas reviewed to identify replacement savings cover the full range of services provided by the Chief Executive's department, which includes support services such as legal, finance, corporate strategy, human resources etc., and services provided directly to the public such as registrars, contract centre, housing and council tax benefit administration etc.

#### **4. PROPOSALS**

- 4.1 In line with the savings strategy adopted by the Council over the last two years (2011/12 and 2012/13) the Chief Executive's Department has previously achieved significant savings in these years. Owing to the nature of the Chief Executive's Department the majority of these savings have been achieved by reviewing and reducing staffing structures. Where possible this has been achieved by deleting vacant posts, redeployment or voluntary redundancies/retirement, although it has not been entirely possible to avoid compulsory redundancies.

- 4.2 Achieving further savings on this basis is difficult and this was a key driver for pursuing the Corporate Collaboration project. As this project will not deliver the required savings in 2013/14 alternative proposals have been developed. These proposals achieve the 2013/14 savings target of £200,000 for the Chief Executive's department. The savings proposals for 2013/14 have been designed to have minimal affect on service users. This has been achieved by identifying the majority of savings from reduction in support services and increased income. In addition, temporary savings of £49,000 have been identified for 2013/14. The Chief Executive's departmental 2013/14 savings proposals are set out below.

DESCRIPTION OF PROPOSED SAVING	VALUE OF SAVING £'000
<b>PERMANENT SAVINGS</b>	
<u>Democratic Support Services and Corporate Strategy</u>  Permanent removal of staffing budgets to reflect approved flexible working patterns of staff who work reduced hours. This can be achieved by changing working arrangements and will not require any compulsory redundancies.	11.5
<u>Public Relations Team</u>  Increased income from the provision of PR services to external organisations including securing a three-year contract to provide public relations support to Cleveland Fire Brigade and retained a similar contract with Wynyard Business Park. In addition a new service level agreement has been reached with the Cleveland Road Safety Partnership and the vast majority of Hartlepool schools are buying back the public relations resilience service.	15.0
<u>Support Services</u>  As part of the ongoing review of resources within Support Services within the Chief Executives department it would be proposed that a vacant post be deleted and a development scheme implemented for a number of those posts currently on a lower grade to provide for progression and development of staff in the context of the services provided.	10.0
<u>Finance and Accountancy</u>	134.0

<p>These services were centralised in April 2010 and significant staffing savings were achieved. No savings were made in this area in 2012/13 to enable these changes to be embedded. A number of posts became vacant during the summer. Therefore, a detailed assessment of workloads and working practices, including increased use of IT and the operational benefits of these services being centralised has been completed. This has identified scope to achieve additional permanent savings by restructuring services. The majority of this saving will be achieved by deleting 4 fte posts (3 of which are currently vacant) and the permanent removal of staffing budgets to reflect approved flexible working patterns of staff who work reduced hours. These can be achieved by changing working arrangements. It is anticipated the changes will require one compulsory redundancy.</p>	
<p><u>Procurement savings</u></p> <p>Reduced printing costs arising from the replacement of a colour Council Tax leaflet with a black and white leaflet and more competitive prices for a range of printing requirements (£15,000).</p> <p>An Insurance Procurement saving was included in the 2012/13 MTFS based on claims experience in previous years. This assessment has been updated to reflect experience in 2012/13 and a further saving is anticipated to be achievable in 2013/14 (£4,500).</p>	19.5
<p><u>Revenues and Benefits increased income</u></p> <p>Contribution from Business Improvement District (BID) scheme towards administration costs directly related to running this scheme.</p>	5.0
<p><u>Legal and Members Services</u></p> <p>Reduction in legal advertising and courses budget. Reduction in Members Services overtime budget.</p>	5.0
Permanent Savings	200.0
<b>Temporary Savings</b>	
<p><u>Chief Executive saving</u></p> <p>The MTFS forecast reported on 4<sup>th</sup> October included a permanent savings from the reduction in the Chief</p>	34.0

<p>Executive's salary. Following the appointment of the current Chief Executive there will also be a temporary employers pension contribution saving as the current Chief Executive is no longer in the pension scheme and his pension will be based on his previous salary as Director of Regeneration and Neighbourhoods.</p> <p>This saving will continue while the existing officer is Chief Executive, although it will not be sustainable when there is a change in Chief Executive.</p> <p>There will also be temporary savings (£10,000) as the Chief Executive was appointed at the bottom of the revised salary grade.</p>	
<p><u>Human Resources Saving</u></p> <p>The Chief Executive is currently reviewing all departmental structures and will be making recommendations to Cabinet on a proposed structure early in the New Year. In relation to the Chief Executive's department these proposals will need to address issues in relation to the Human Resources function, in particular the shared Head of Human Resources post. Members will recall that when this arrangement was initially entered into a saving of £51,000 was included in the base budget leaving a net budget provision of £51,000. The Chief Executive's review of the structure will address this issue and recommend whether the whole of this budget is needed to replace lost HR capacity and capability, or whether part, or the whole of the remaining budget can be taken as a saving. Until this review is complete existing temporary arrangements will continue. Therefore, for planning purpose a minimum temporary saving of £15,000 can be included in the 2013/14 budget.</p>	15.0
<p>Total savings for 2013/14</p>	249.0

## 5 OPTIONS ANALYSIS

- 5.1 As indicated earlier in the report the main alternative option for achieving savings in the Chief Executive's department is the potential to collaborate with other authorities. This option continues to be pursued with Darlington and Redcar and Cleveland Council with the objective of identifying proposals for achieving savings from 2014/15. However, owing to the complexities and timescales for completing this work collaboration will not provide savings in this area for 2013/14.

Therefore, the alternative proposals detailed in the previous section have been identified.

- 5.2 When developing the alternative savings proposals the impact of savings made in the last two years was taken into account and a strategic review of areas where further savings could be made in the Chief Executive's department was adopted. As part of this review it was determined to maintain existing resources in the Revenues/Benefits Services and the Contract Centre owing to the impact of Government legislative changes to Re-localise Business Rates and to implement Local Council Tax Support schemes in April 2013. These issues will be extremely challenging and will need carefully managed in 2013/14 to ensure these fundamental changes are implemented successfully.

## **6 RISK IMPLICATIONS**

- 6.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Capacity Risks

A number of the proposed saving reduce staffing capacity by permanently removing vacant posts and/or by removing staffing budgets to reflect reduced working hours. These proposals reduce staffing capacity and it is anticipated this can be achieved by changing working practises, which will mitigate risks.

Capacity within the Chief Executive's department will also be impacted by the range of significant one off projects being undertaken over the next twelve months, including work on a the new ICT contract, the implementation of the local Council Tax Support scheme and work on collaboration. These projects and the normal day to day work of the Chief Executive's department will need to be managed carefully to ensure all outcomes are achieved and risk is managed effectively.

- Income Risks

The savings proposals involving the achievement of income are considered to be sustainable. In the event that any of the income targets are not achieved alternative savings will need to be identified.

## **7 FINANCIAL CONSIDERATIONS**

- 7.1 The Savings Programme for 2013/14 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget. The proposed saving for the Chief Executive's department detailed in section are sustainable.

## **8. STAFF CONSIDERATIONS**

- 8.1 Informal dialogue will be undertaken with the trade unions and staff in order to flag up the potential area where staff may be placed at risk of redundancy. The potential number of redundancies as a consequence of these proposals being accepted is 1.

## **9. CONCLUSION**

- 9.1 In advance of progressing with the Corporate Collaboration project officers had continued to manage budgets carefully to identify potential savings which could be implemented as part of this project, which protect services and help avoid the need for compulsory redundancies wherever possible. This proactive approach now provides a range of measures which can be implemented for 2013/14 to replace the forecast collaboration savings in this area.
- 9.2 The adoption of the proposed savings will enable officers to continue to work with the other two authorities over the remainder of 2012/13 and through 2013/14 to achieve the Corporate Collaboration savings target for 2014/15 of £0.5m.

## **10. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 10.1 There are no equality and diversity considerations of the proposed savings as these measures are designed to avoid impact on services by increasing efficiency or by generating income from external organisations.

## **11. RECOMMENDATIONS**

- 11.1 It is recommended that the Cabinet
- i) note the report;
  - ii) approve the 2013/14 savings for the Chief Executive's department detailed in paragraph 4.2.

## **12. REASONS FOR RECOMMENDATIONS**



- 12.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.

**13. APPENDICES**

- 13.1 None

**14. BACKGROUND PAPERS**

- 14.1 None

**15. CONTACT OFFICER**

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## FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2013/14 TO 2015/16

TABLE 1 - FORECAST CAPITAL RESOURCES 2013/14 TO 2015/16

Total Resources 2012/13	Forecast Resources 2013/2014				Forecast Resources 2014/2015 (Provisional)				Forecast Resources 2015/2016 (Provisional)			
£'000	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Supported Service Specific Allocations</b>												
1,410 - Local Transport Plan	0	0	1,351	1,351	0	0	1,547	1,547	0	0	1,547	1,547
1,700 - Schools Capital Programme	0	0	1,700	1,700	0	0	1,700	1,700	0	0	1,700	1,700
258 - Adult Social Services	0	0	269	269	0	0	275	275	0	0	0	0
3,368 Total Supported Service Specific Allocations	0	0	3,320	3,320	0	0	3,522	3,522	0	0	3,247	3,247
<b>Unsupported Corporate Prudential Borrowing</b>												
0 Council Capital Fund (Table 3)	600	0	0	600	0	0	0	0	0	0	0	0
0	600	0	0	600	0	0	0	0	0	0	0	0
<b>Unsupported Departmental Prudential Borrowing</b>												
1,615 Stranton Crematoriums & Lodge	0	0	0	0	0	0	0	0	0	0	0	0
45 Replacement Wheelie Bins	45	0	0	45	45	0	0	45	45	0	0	45
0 CCTV - Replacements with Wireless	115	0	0	115	0	0	0	0	0	0	0	0
0 Recycling Bins*	680	0	0	680	0	0	0	0	0	0	0	0
0 Allotments (Table 4)	227	0	0	227	178	0	0	178	95	0	0	95
1,962 Vehicle Procurement (Table 5)	2,420	0	0	2,420	1,155	0	0	1,155	1,928	0	0	1,928
3,622	3,487	0	0	3,487	1,378	0	0	1,378	2,068	0	0	2,068
<b>Useable Capital Receipts and RCCO</b>												
628 Schools Capital Programme (Dedicated Schools Grant)	0	628	0	628	0	0	0	0	0	0	0	0
628	0	628	0	628	0	0	0	0	0	0	0	0
<b>Specifically Funded Schemes</b>												
815 Building Schools for the Future - ICT	0	0	0	0	0	0	0	0	0	0	0	0
433 Disabled Facilities Grant	0	0	433	433	0	0	433	433	0	0	433	433
200 Demolition of Brierton School	0	0	0	0	0	0	0	0	0	0	0	0
0 Aiming High for Disabled Children	0	0	0	0	0	0	0	0	0	0	0	0
244 Devolved Formula Capital (Schools)	0	0	244	244	0	0	244	244	0	0	244	244
0 Two year old Free Nursery Entitlement Capital Allocation	0	0	237	237	0	0	0	0	0	0	0	0
1,000 Council Capital Fund	0	0	0	0	0	0	0	0	0	0	0	0
60 Foggy Furze Site Replace Bowling Facility	0	0	0	0	0	0	0	0	0	0	0	0
125 Central Area Leisure Activities	0	0	0	0	0	0	0	0	0	0	0	0
2,000 Seaton Carew - Coastal Defence (Environment Agency)	0	0	1,800	1,800	0	0	0	0	0	0	0	0
1,200 Town Wall - Coastal Defence (Environment Agency)	0	0	280	280	0	0	0	0	0	0	0	0
0 Headland Structures (Environment Agency)	0	0	80	80	0	0	3,475	3,475	0	0	0	0
0 Block Sands (Environment Agency)	0	0	40	40	0	0	560	560	0	0	0	0
0 Empty Homes (Year 2)	1,572	0	1,348	2,920	0	0	0	0	0	0	0	0
0 Tees Valley Bus Network Infrastructure (TVBNI)	0	0	1,269	1,269	0	0	0	0	0	0	0	0
1,794	1,572	0	5,731	7,303	0	0	4,712	4,712	0	0	677	677
7,871	5,659	628	9,051	15,338	1,378	0	8,234	9,612	2,068	0	3,924	5,992
<b>15,489 Total Forecast Resources</b>												

\*\*New bins have been procured following a review and tender of recycling provision. An appraisal of the financing options for the bins has identified that Prudential Borrowing rather than leasing is the most cost effective solution.

## FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2013/14 TO 2015/16

TABLE 2 - FORECAST CAPITAL EXPENDITURE COMMITMENTS 2013/14 TO 2015/16

Total Resources 2012/13 £'000	Forecast Expenditure Commitments 2013/2014				Forecast Expenditure Commitments 2014/2015 (Provisional)				Forecast Expenditure Commitments 2015/2016 (Provisional)			
	Non-Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000	Non-Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000	Non-Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000
<b>Specifically Funded Schemes</b>												
815 Building Schools for the Future - ICT	0	0	0	0	0	0	0	0	0	0	0	0
433 Disabled Facilities Grant	0	433	0	433	0	433	0	433	0	433	0	433
244 Devolved Formula Capital (Schools)	0	244	0	244	0	244	0	244	0	244	0	244
0 Two year old Free Nursery Entitlement Capital Allocation	0	237	0	237	0	0	0	0	0	0	0	0
0 Aiming High For Disabled Children	0	0	0	0	0	0	0	0	0	0	0	0
1,000 Council Capital Fund (Table 3)	600	0	0	600	0	0	0	0	0	0	0	0
1,794 Tees Valley Bus Network Infrastructure (TVBNI)	1,269	0	0	1,269	0	0	0	0	0	0	0	0
0 Empty Homes (HCA) Year 2	0	1,348	1,572	2,920	0	0	0	0	0	0	0	0
60 Foggy Furze Site Replace Bowling Facility	0	0	0	0	0	0	0	0	0	0	0	0
2,000 Seaton Carew - Coastal Defence (Environment Agency)	0	1,800	0	1,800	0	0	0	0	0	0	0	0
1,200 Town Wall - Coastal Defence (Environment Agency)	0	280	0	280	0	0	0	0	0	0	0	0
0 Headland Structures (Environment Agency)	0	80	0	80	0	3,475	0	3,475	0	0	0	0
0 Block Sands (Environment Agency)	0	40	0	40	0	560	0	560	0	0	0	0
125 Central Area Leisure Activities	0	0	0	0	0	0	0	0	0	0	0	0
200 Demolition of Brierton School	0	0	0	0	0	0	0	0	0	0	0	0
7,871	1,869	4,462	1,572	7,903	0	4,712	0	4,712	0	677	0	677
<b>Misc Schemes</b>												
628 Schools Capital Programme (Dedicated Schools Grant)	628	0	0	628	0	0	0	0	0	0	0	0
628	628	0	0	628	0	0	0	0	0	0	0	0
<b>Unsupported Departmental Prudential Borrowing</b>												
1,615 Stranton Lodge & Cremators	0	45	0	45	0	45	0	45	0	45	0	45
45 Replacement Wheelie Bins	0	115	0	115	0	0	0	0	0	0	0	0
0 CCTV - Replacements with Wireless	0	680	0	680	0	0	0	0	0	0	0	0
0 Recycling Bins	0	227	0	227	0	178	0	178	0	95	0	95
0 Allotments (Table 4)	0	2,420	0	2,420	0	1,155	0	1,155	0	1,928	0	1,928
1,982 Vehicle Procurement (Table 5)	0	3,487	0	3,487	0	1,378	0	1,378	0	2,068	0	2,068
3,622	0	3,487	0	3,487	0	1,378	0	1,378	0	2,068	0	2,068
<b>Supported Service Specific Priorities</b>												
1,410 - Local Transport Plan	1,351	0	0	1,351	1,547	0	0	1,547	1,547	0	0	1,547
1,700 - Schools Capital Programme	0	1,700	0	1,700	0	1,700	0	1,700	0	1,700	0	1,700
258 - Adult Social Services	0	269	0	269	0	275	0	275	0	0	0	0
3,368	1,351	1,969	0	3,320	1,547	1,975	0	3,522	1,547	1,700	0	3,247
15,489	3,848	9,918	1,572	15,338	1,547	8,065	0	9,612	1,547	4,445	0	5,992
Total Forecast Commitments												



## FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2013/14 TO 2015/16

TABLE 3 - COUNCIL CAPITAL FUND - PROPOSED CAPITAL FUNDING FOR 2013/14

Project	Description	Justification	Estimated cost (£000)
Multi Storey Car Park	Electrical works & rewire	Car parking provision can be maintained, ensuring health and safety	130
Underground Car Park	Electrical rewire	Car parking provision can be maintained, ensuring health and safety	50
Hart Primary School	Boundary wall structural works. Corporate liability	To maintain the asset boundary wall and ensure health and safety and longer term stability (Total Project cost £14k however £6k grant available, £8k net funding required).	8
A689	Highway reconstruction	Detailed condition surveys indicate that a section of the carriageway is now classified as 'red' on the condition survey criteria and requires reconstruction as soon as possible.	100
Children's Home 302 Stockton Road	Contribution to the refurbishment of the new Children's home.	To provide essential facilities in the new home supplementing other funding sources.	59
Maritime Experience	Renew failed LCD track lighting to the Fighting Ships exhibits	LCD floor lighting provides fire exit routes in darkened conditions. Significant areas are out of action	32
Mill House Leisure Centre	Renew main pool circulation and filtration pipe work, strainer boxes, calorifiers and rate of flow instrumentation.	Main pool circulation pipe work is defective. Pool filtration rates are reduced and the swimming pool's water quality is adversely affected.	114
Maritime Experience	Replace anti-corrosion system, dock gate seal and replace old balancing submersible pumps	Water levels in the Trincomalee dock must remain balanced. The Dock gate seal has failed. Anti-corrosion system is required to protect gates and flotation tanks. Existing pumps are in poor condition and running constantly to maintain water levels within the Trincomalee dock.	30
Kitchen works	Further phase of School kitchen upgrades to ensure compliance with statutory obligations and operational requirements.	The kitchens will be modernised to bring them up to current health and safety standards and improve operations and service delivery	200
Hartlepool Enterprise Centre	Building improvements	Modifications and upgrade to the Reception area and 2 business units. These works are required to improve business delivery.	113
		<b>Sub-Total</b>	<b>836</b>
Indoor Bowls Centre	Upgrade external walls, cladding and roofing to maintain integrity and insulation values	The proposed budget allocation for the Bowls Club is included to 'reserve' funding for this scheme pending the assessment of the business case for this scheme. A separate report will be submitted to Cabinet and Council to enable Members to determine if they wish to support this scheme.	200
		<b>Sub-Total</b>	<b>1,036</b>
Unallocated		<b>Total</b>	<b>55</b>
			<b>1,091</b>

# **FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2013/14 TO 2015/16**

**TABLE 4 - ALLOTMENT CAPITAL WORKS PROGRAMME**

Allotment Site	Works Required	2013/14 £000	2014/15 £000	2015/16 £000	Total
Briarfields	Track replacement	10	0	0	10
Brierton	Drainage works	15	0	0	15
	Perimeter fence installation	20	0	0	20
Burn Valley	Water supply replacement	0	0	20	20
Catcote	Drainage works	0	15	0	15
	Water supply replacement	0	15	0	15
Chester Road	Perimeter fence replacement	70	0	0	55
	Water supply replacement	0	25	0	25
Haswell Avenue	Drainage works	0	0	5	5
Nicolson Field	New gates, perimeter fence replacement	100	0	0	100
Station Lane	Track replacement	0	26	0	26
Stranton	Create central car park and barriers	0	0	40	40
	Water supply replacement	0	0	30	30
Thompson Grove	Replacement perimeter fence	12	0	0	12
Thornhill	Improvement to internal tracks	0	64	0	64
	Water supply replacement	0	20	0	20
Throston	Water supply replacement	0	13	0	13
<b>Grand Total</b>		<b>227</b>	<b>178</b>	<b>95</b>	<b>500</b>

The above works will be financed by Departmental Prudential Borrowing with repayment being funded from the additional income arising from allotment rent income increases as approved by the Portfolio holder for Culture & Leisure on 12th January, 2012. This scheme is therefore budget neutral with no impact on the General Fund.



**FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2012/13 TO 2014/15****TABLE 5 - VEHICLE REPLACEMENT PROGRAMME 2013/14 TO 2015/16****TABLE 5(A) 2013/14 VEHICLE REPLACEMENT PROGRAMME**

Type	Quantity	Department	£000
15,000kg RCV	2	Waste management	210
26,000kg RCV	2	Waste management	288
3,500kg DC tipper	1	Cleansing	19
3,500kg SC tippers	3	Horticulture	56
	1	Horticulture NA Team	19
	1	Horticulture SA Team	19
	1	NRF - Cleansing	19
6,500kg Box Body	3	Cleansing	150
7,500kg Tipper body	4	Highways	180
Cabin vans	1	Highways	14
	1	Libraries	14
Car	1	Chief Executive	20
Gang Mower	2	Parks	39
15t Gulley Emptier	1	Highways	80
15T 4 x 2 Refuse Vehicle with refurbished Body	2	Waste management	210
Large Bus 68 seats	3	Passenger Transport	420
Large Panel van	1	Sports Development	19
Large Sweeper	1	Cleansing	110
Medium Panel Van	1	Workshop	13
Mobile Education Unit	1	Youth Service	55
Plant - Double Drum Roller	1	Highways	12
Refuse Wagon	1	Waste management	35
Renault kangoo van	1	Community Safety	12
Ride on Mower	5	Horticulture	138
Small Panel van	1	Car parking	12
	1	Chief Executive	12
	2	Cleansing	24
	1	Community Services	12
	1	Public protection	12
Tractor 42hp	2	Horticulture	60
Trailers	2	Highways	14
	1	Highways	7
Contingency 5%			116
			<b>2,420</b>

**TABLE 5(B) 2014/15 VEHICLE REPLACEMENT PROGRAMME**

Type	Quantity	Department	£000
18,000kg Hookloader	4	Highways	320
18,000kg tipper	1	St Lighting	60
3,500kg SC Dropside	1	Cleansing	22
4x4 pick up	1	Parks & Countryside	15
6,500kg DC Tipper	1	Client Services	38
7,500kg Tipper body	1	Highways	45
Gritter Body	1	Highways	27
Large box van	1	Waste management	25
Medium Panel Vans	3	Mechanical & Engineering	42
	1	Parks & Countryside	14
	1	Housing	14
Minibus 17s	1	Carlton Outdoor Centre	23
Ride on Mower	3	Horticulture	196
Selfdrive flail	1	Horticulture	15
Small Panel Vans	2	Car parking	24
	2	Cleansing	24
	2	Community Services	24
	1	Highways	12
	2	Integrated Transport Unit	24
	4	Mechanical & Engineering	48
	3	Public protection	36
	1	Revenues & Benefits	12
Tractor mount flail	1	Horticulture	20
Tractor mount suction trailer	1	Horticulture	20
Contingency 5%			55
			<b>1,155</b>

**FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2013/14 TO 2015/16****TABLE 5(C) 2015/16 VEHICLE REPLACEMENT PROGRAMME**

Type	Quantity	Department	£000
Ride on Mower	4	Horticulture	64
26,000kg RCV	3	Waste management	495
4x4 parks buggy	1	Parks	15
Cabin van	1	Client Services	21
Compact sweeper	7	Cleansing	490
Gritter body	2	Highways	56
Large 360° excavator	1	Waste management	130
Medium sweeper	1	Cleansing	110
People Carrier	1	Community Transport	25
Small Panel van	1	Car parking	13
Sub Compact Sweeper	2	Cleansing	92
Welfare Bus 16 Seat	5	Community Transport	325
Contingency 5%			92
			<b>1,928</b>

**2013/14 FINANCIAL RISK MANAGEMENT**Risk Rating

A simplified version of the Risk Assessment criteria used in the Council's Risk Management Strategy has been used to rank budget risks. This assessment rates risk using the convention of green/amber/red, as defined below, although different levels of risk within each category have not been defined. The risk assessment helps inform the Council's budget monitoring process as it identifies areas that need to be monitored more closely than other budgets. These procedures help ensure that departments can manage budgets and services within the overall departmental resource allocation and the Councils overall financial management framework, which enable departments to establish reserves for significant risks and to carry forward under and over spends between financial years.

The value of expenditure/income on individual areas, together with the percentage of the authority's net budget, are shown in the table below to highlight the potential impact on the Council's overall financial position.

Green - these are unlikely events which would have a low financial impact.

Amber - these are possible events which would have a noticeable financial impact.

Red - these are almost certain to occur and would have a very significant impact. Provision would need to be made for such events in the budgets.

CORPORATE RISKS

Financial Risk	Risk Rating	2013/14 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Pay	Amber	50,427	60%	The MTFS includes provision for a cost of living pay award from 1st April 2013. There is likely to be downward pressure on this area, owing to the impact of the recession.
Higher costs of borrowing and/ or lower investment returns	Green	7,081	8%	<p>This budget covers annual principal repayments and net interest on the Councils borrowings and investments. Interest payable on Council's borrowings or interest earned on investments could be higher or lower than forecast.</p> <p>The Treasury Management Strategy details how these risks will be managed and establishes an appropriate framework of controls for managing these risks. This strategy is based upon the CFO's assessment of future interest rates, which is itself supported by the detailed interest rate forecasts and market intelligence provided by the Council's Treasury Management Advisors.</p> <p>There is still a risk that LOBO loans maybe recalled. However, as interest rates on these loans are now higher then prevailing market rates this risk has reduced in the short term. In the medium term this risk will increase as interest rates rise and this may be affected by the increase in PWLB rates.</p> <p>The unprecedented low levels of interest rates have resulted in a significant reduction in investment income this change has not had a significant impact on the MTFS as the MTFS takes a prudent approach and only includes investment income on an annual basis.</p>
Planned Maintenance Budget	Amber	227	0.3%	<p>Much of the Council's building stock is in poor condition and the Corporate Risk Register identifies this as a "red" risk. From 2002/03 the Council provided 2.5% real term growth for this budget to start addressing these issues. It was recognised that this would not be sufficient and at some point significant resources would need to be allocated to address these issues.</p> <p>The Revenue Budget Strategy includes provision to support Prudential Borrowing to fund £0.6m of capital priorities.</p>
Schools Buy-Back Income	Amber	1,293	1.5%	Buy back income underpins a range of services provided by the Council. This income budget is reliant on the Schools continuing to buy back the services. This excludes the services provided by Neighbourhood Services trading operations.
Education Services Grant	Red	1,955	2.3%	From 2013/14 the DfE have replaced the funding LA's received through the Revenue Support Grant for education services with a separate grant called the Education Services Grant. This new grant will be distributed between LA's and Academies pro-rata to the number of pupils for whom each is responsible. This new grant replaces the previous LACSEG calculation. As schools in Hartlepool convert to Academy status in the future then the funding for education services received by the LA will reduce which could impact on service delivery.
Failure to comply with relevant local authority financial legislation/regulations, NI and taxation regulations.	Amber	N/A	N/A	The Council will take appropriate steps to ensure it keeps up to date with changing legislation and regulations. There is nothing to indicate that the Council faces any specific material risk in these areas.



CHILD & ADULT SERVICES

Financial Risk	Risk Rating	2013/14 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Increased Demand for Looked After Children Placements	Red	5,336	6.3%	There is a national trend of increasing numbers and increased costs for the placement of children with foster parents or in residential establishments. This particular area is highly volatile and subject to unexpected increases in the numbers of children.
Home to School Transport Costs	Amber	1,388	1.6%	The Department's home to school transport contracts are regularly reviewed to ensure competitive prices and best value. Provision of transport is determined by the HTS Transport policy but costs are directly influenced by the needs of pupils which vary from term to term. The highest area of spending relates to the requirement to transport special needs pupils which is demand led, invariably requires escorts and is difficult to control other than to ensure all individual arrangements are procured as economically as possible by the Integrated Transport Unit (ITU).
Carlton Outdoor Education Centre	Amber	68	0.1%	Responsibility for operating the Carlton Centre was passed to the LA when the Borough was created in 1996. Since that time running costs have been subsidised and shared via a joint authority service level agreement. Since then all other LA's have withdrawn from the agreement resulting in an increase in the external income target for the Centre. A new pricing structure is also likely to be implemented during 2013/14. Significant work has been undertaken over the last year to reduce operating costs and to increase income generation.
Dedicated Schools Grant - High Needs Block	Red	8,928	10.5%	From 2013/14 the DSG is being split by the DfE into 3 separate funding blocks. The High Needs Block is 100% funded by DSG however it is to fund all high needs pupils from 2 - 24 years old. From 2013/14, schools will have to fund the first £6k of costs from their own budget and post-16 funding for all high needs students aged 16-24 years is included in this for the first time. Given these changes and the new funding arrangements there is a risk that insufficient funding exists to meet the needs of all high needs pupils.
Dedicated Schools Grant - De-Delegated Services	Red	595	0.7%	There are a number of services provided by the LA which are funded from centrally retained DSG. From 2013/14 the DfE have introduced new funding arrangements which result in LA's having to delegate this funding into school budgets and then requesting approval from Schools Forum to de-delegate these budgets back to the LA for all non-Academy schools. Academy schools retain this funding although they would have the opportunity to 'buy-back' these services from the LA. As schools in Hartlepool convert to Academy status in the future then there is the potential for funding to be reduced which could impact on service delivery.
Demographic changes in Older People	Amber	10,126	12.0%	<p>Increasing number of elderly people, high percentage of chronic health problems and market pressures on price.</p> <p>The individual nature of contribution towards social care provision is such that the financial circumstances of each individual can differ substantially. The level of the value of people's assets and savings can differ significantly and demographic changes can impact on levels of contribution.</p> <p>Increased pressure on intermediate care services and ensuring discharge from hospital is not delayed. Older people needs becoming more complex due to increased life expectancy</p> <p>Implementation of 'Putting People First' LAs now directed to reconfigure services to include focus on prevention, universal services and early intervention.</p> <p>Ongoing risk in relation to Continuing Health Care (S256) disputes.</p> <p>Provision in medium term financial plans to minimise impact of increases generated from Independent sector.</p>

Financial Risk	Risk Rating	2013/14 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Demographic changes in Working Age Adults	Red	7,625	9.0%	<p>Increasing numbers of people with learning disabilities surviving into adulthood with increasingly complex needs. High numbers of frail elderly carers requiring increased levels of support and increasing levels of early on-set dementia and old-age; expectations of improved quality of life; long-term effect of closure of long-stay hospitals.</p> <p>The individual nature of contribution towards social care provision is such that the financial circumstances of each individual can differ substantially. The level of the value of people's assets and savings can differ significantly and demographic changes can impact on levels of contribution.</p> <p>Investment in medium term identified along with development of alternatives to residential care e.g. Supporting people. Increased number of people coming</p> <p>Increasing numbers of people with physical disabilities surviving into adulthood and old age; expectations of improved quality of life; increased choice and control</p> <p>Investment in medium term identified along with development of alternatives to traditional methods of service delivery.</p>
Non-achievement of income targets - Community Services	Amber	1,485	1.8%	<p>The nature of Cultural Services and Sport &amp; Recreations' budgets are such that the majority of income is generated through admissions/usage of the services on offer. If this usage falls below targets then income will be reduced. Budget Forecasts are based on revised charges and trends from previous years which indicate the budget should be achievable. Position will be monitored closely throughout the year.</p>
Non-achievement of income targets - CCG (previously PCT) specific Income	Amber	4,464	5.3%	<p>CCG (Clinical Commissioning Group) income is received to contribute to cover the costs of packages for individuals with social care needs, to contribute to specific services and most recently to invest in Social Care services that lead to a long term health benefit.</p> <p>Risks exist for joint packages whereby an individuals circumstances can change and the level at which the CCG are liable to contribute can decrease. Investment priorities can change year on year for CCG's and investment can reduce for certain services. Recent funding received is temporary in nature and therefore use to cover existing services can lead to a long term budget pressure.</p>

#### REGENERATION & NEIGHBOURHOODS

Financial Risk	Risk Rating	2013/14 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Car Parking	Amber	1,491	1.8%	<p>Budget forecasts are based on revised charges and actual income achieved in previous years. There is a risk that the planned level of income may not be achieved.</p> <p>The risk car parking income shortfalls has been addressed by a permanent reduction of £392k in this budget for 2012/13.</p>
Fee Income - Planning & Building Control	Amber	450	0.5%	<p>The fee income target must be achieved to fund part of the department's expenditure budget. This income cannot be controlled or easily estimated. Achieving the target depends on sufficient numbers/size of applications being received, national economic conditions such as interest rates being sufficiently favourable to encourage development and, in the case of Building Control, the section being able to successfully compete with the private sector.</p> <p>A specific reserve has been earmarked to address an anticipated shortfall in this income in 2013/14</p>
Rent Income - Economic Development Service	Green	210	0.2%	<p>Rent income is paid by new/growing businesses in the Brougham Enterprise Centre and Industrial Units. Whilst the recent major investment programme for these managed workspace units should help to secure good occupancy levels, factors beyond the department's control, most notably the prevailing national economic conditions, may increase the risk of non-payment and/or under occupancy during 2013/14.</p>
Trading Accounts	Amber	29,560	34.9%	<p>The department has a wide range of trading operations which generate income by charging clients both internal and external to the Council. This includes services such as school catering, highways, building maintenance, garage, passenger transport as well as professional fees which funds the salaries of staff in property and engineering related services. This income is not certain and depends on local and national economic conditions and can be volatile in response to reductions in client budgets and the Councils capital programme.</p>

## **BUDGET CONSULTATION MEETING WITH BUSINESS REPRESENTATIVES**

**Minutes of Meeting held on 8 January 2013  
at 8.30am in the Mayor's Office, Level 2, Civic Centre**

**Present:**       **Hartlepool Borough Council Officers**  
 Stuart Drummond, Mayor (from 9.15am onwards)  
 Dave Stubbs, Chief Executive  
 Denise Ogden, Director of Regeneration and Neighbourhoods  
 Chris Little, Chief Finance Officer  
 Andrew Atkin, Assistant Chief Executive  
 Louise Wallace, Assistant Director, Health Improvement  
 Jill Harrison, Assistant Director Adult Social Care  
 Councillor Paul Thompson

***Business Representatives***

Peter Olson  
 Adrian Liddell  
 Brian Beaumont  
 John Megson  
 Thomas Chacko

**Apologies:**

Sally Robinson, Assistant Director (Prevention, Safeguarding and Specialist Services)

**Minutes:** *Emma Armstrong, PA to CEMT (Minutes)*

<b>1.</b>	<b>Presentation</b>
<p>Chris Little reported on Hartlepool's Financial Future for 2013/14 – 2016/17 and provided a brief summary of reports submitted to Cabinet highlighting the following areas;</p> <ul style="list-style-type: none"> <li>• Provisional of Local Government Finance Settlement</li> <li>• Impact on Hartlepool</li> <li>• Business Rate localisation</li> <li>• Localisation of Council Tax Support</li> </ul>	
<b>Comments Made</b>	<b>Response</b>
<p>PO raised that it may be helpful if in future years budget consultation meetings some one from Economic Development attend these meetings.</p>	<p>DS noted the comment raised. He continued to briefly discuss existing Economic capacity with the Council, compared to other councils and stated that Economic Development is not however a statutory function</p> <p>The City Deal proposals will be submitted next week, this will hopefully assist in the future of local industry.</p>

JM thanked the officers for the documents and information provided. He stated that the budget is putting a strain on the Business Sector in Hartlepool. He noted that the budget proposals did not specify any future for improving Economic Development.	DS raised that the presentation and budget reports state the budget facts and that Economic Development is important to HBC and that RGF, City Deal and Enterprise zones will help assist Economic Development.
JM – Are HBC happy they are pursuing every opportunity to develop every area, for example tourism. What income generation strategies are pursued and what do we offer to encourage tourism to Hartlepool.	DS informed the group that HBC do not progress all income generation streams as in some areas this adversely affects the private sector. Parts of the Regeneration Strategy will assist to bring more tourism together and drive forward for the future.
JM raised that it has been stated that 5000 jobs are to be created within the private sector with RGF and Enterprise zones, how many jobs will be lost in HBC and replaced by these mentioned above?	DS briefly discussed the RGF funding and that a lack of investment is directly linked to the economic climate.  He stated that approximately 40 posts will be lost through natural turnover, voluntary and compulsory redundancies over the next 12 months.
BB queried where HBC see the progress in Economic Development in the future, taking into account collaborative working.	DS discussed various options and providing the strategic aspects are correct and hope that the TV continue to work together, rather than in separate entities.
TC commented that he feels that public / private partnerships are important, looking to sharing resources to achieve the best for all and cut costs at the same time. Private businesses will look after themselves but must also focus on new businesses to develop.	DS raised the case of Seaton Carew where all the land value coming from Seaton is to be re-invested in Seaton to encourage the tourism and improve the area/ develop tourism to encourage economic development.
JM asked what the current position is with Jacksons Landing.	DS informed the Business Partners that the sale has been agreed on 24.12.12, purchased by HBC and will be sold on for housing which will enhance the area.
PO thanked Members and officers for the presentation and opportunity to discuss the budget challenges facing the Council.	

## **BUDGET CONSULTATION MEETING WITH TRADE UNION REPRESENTATIVES**

**Minutes of Meeting held on 16 January 2013  
at 9:00am in the Mayor's Office, Level 2, Civic Centre**

**Present:        *Hartlepool Borough Council Officers***

Dave Stubbs, Chief Executive  
Stuart Drummond, Mayor (part)  
Andrew Atkin, Assistant Chief Executive  
Chris Little, Chief Finance Officer  
Sally Robinson, Assistant Director  
Councillor C Hill  
Councillor P Thompson

***Trade Union Representatives***

Edwin Jeffries  
Steve Williams  
Tony Watson  
Malcolm Sullivan

**Apologies:**

Councillor J Lauderdale  
Matthew Pearce  
Debbie Kenny  
Sue Garrington  
Andy Waite

*Sam Durham, PA to CEMT (Minutes)*

<b><u>1.</u></b>	<b>Presentation</b>
<p>Chris Little reported on Hartlepool's Financial Future for 2013/14 – 2016/17 and provided a brief summary of reports submitted to Cabinet highlighting the following areas;</p> <ul style="list-style-type: none"> <li>• Provisional of Local Government Finance Settlement</li> <li>• Impact on Hartlepool</li> <li>• Business Rate localisation</li> <li>• Localisation of Council Tax Support</li> </ul>	
<b>Comments Made</b>	<b>Response</b>
Trade Unions raised concern over this year's budget and possible future impact.	CL confirmed that there will be an increase in the budget gap for 2013/14. CMT will review the 2014/15 to 2016/17 budget gap and report back to Members in March/ April after the 2013/14 budget has been set.

Comments Made	Response
<p>Trade Unions queried possible NHS funding and the potential transfer to support Adult Social Care services.</p> <p>Trade Unions queried the future impact from the NHS funding and when the transfer would take place.</p>	<p>DS explained that information is still outstanding and assessments need completing. Additional responsibilities for Public Health are yet to be confirmed but currently the transfer is looking positive.</p> <p>AA advised that responsibilities and NHS contracts are currently being reviewed to ensure funding is available. Nothing is certain at the moment and nothing has been agreed but currently trying to predict what may or may not happen.</p>
<p>Trade Unions commented on Terms and Conditions</p>	<p>DS advised CMT will meet with Members to look at the 2014/15 budget and will be seeking views from Trade Unions on Terms and Conditions.</p>
<p>Trade Unions referred to part 3.19 of the Cabinet report from the 21 December 2012 questioning if the Collection Fund Surplus is relevant to Police and Fire.</p>	<p>CL confirmed that the Collection Fund Surplus also benefits the Police and Fire Authority. The amount included in the MTFS is the Council share.</p>
<p>Trade Unions thanked Officers and Members for the presentation and the opportunity to discuss the budget challenges facing the Council and appreciate the work being put into this.</p>	

# COUNCIL REPORT

14 February 2013



**Report of:** The Cabinet

**Subject:** MEDIUM TERM FINANCIAL STRATEGY – BUDGET  
AND POLICY FRAMEWORK 2013/2014 TO  
2016/2017 – **SUPPLEMENTARY REPORT**

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## 1. PURPOSE OF REPORT

- 1.1 To update the final Medium Term Financial Strategy (MTFS) (previously referred to as the Budget and Policy Framework) approved by Cabinet on 4<sup>th</sup> February 2013 to reflect the final 2013/14 Local Government Finance Settlement.

## 2. BACKGROUND

- 2.1 In advance of this meeting details of Cabinet's final MTFS proposals were summarised in the report attached as item 13a (i) to the Council Agenda. The report advised Members that at the time that Cabinet approved the final MTFS proposals the Government had not issued the final 2013/14 Local Government Finance Settlement.
- 2.2 Therefore, in order to manage this situation Cabinet determined that the Mayor, on the basis of advice from the Corporate Management Team, will finalise any necessary amendments (which it is anticipated will be minor) to the budget proposals detailed in this report.
- 2.3 The final 2013/14 Local Government Finance Settlement has now been issued by the Government and this report details the impact on the proposals approved by Cabinet.

## 3. IMPACT OF FINAL 2013/14 LOCAL GOVERNMENT FINANCE SETTLEMENT ON THE BUDGET PROPOSALS APPROVED BY CABINET FOR REFERRAL TO COUNCIL

- 3.1 The final 2013/14 Formula Grant allocation is £926 less than the provisional allocation and the Mayor has approved the advice of the Corporate Management Team that this amount should be funded from the 2012/13 Outturn. Assuming full Council approve this proposal there are no other changes to the detailed proposals set out in paragraphs 16.2 to 16.33 of the reported attached as item 13a (i) to the Council Agenda.

- 3.2 There is however a change to the Statutory Council Tax Calculations to reflect the lower actual grant allocation and corresponding increase in the use of the 2012/13 outturn to support the 2013/14 budget. An updated **Appendix A** is attached to this report.
- 3.3 For Members information the final 2014/15 Formula Grant allocation is £904 less than the provisional allocation.
- 3.4 For completeness Council is also advised that the Government has now confirmed the arrangements for determining if a Local Authority needs to hold referendum on the proposed 2013/14 Council Tax level. This will not be an issue if full Council approve Cabinet's proposed 2013/14 Council Tax freeze.
- 3.5 However, if Council determined not to approve the proposed Council Tax freeze, the final referendum arrangements limit the maximum Council Tax increase which the Council could implement without holding a referendum to 1.95%. This is slightly lower than the previously reported limit of 1.99% owing to the Government finalising the 'Alternative Notional Amount' which they will use to determine if a Council Tax referendum is necessary. If Council wished to approved a Council Tax increase of 1.95% it would be necessary to allocated a further £13,037 from the 2012/13 Outturn to offset the impact of reducing the Council Tax increase from 1.99% to 1.95%. The resulting revised Statutory Council Tax calculations of a 1.95% Council Tax increase are detailed in **Appendix B** for Member information.

#### **4. PROPOSALS**

- 4.1 Council is requested to consider Cabinet's final budget proposals, as detailed in Agenda Item 13a (i) - section 5 and numbered 16.2 to 16.33, and the additional use of £926 from the 2012/13 outturn to offset the small increase in the final 2013/14 grant allocation.

#### **6. UPDATED STATUTORY COUNCIL TAX CALCULATIONS**

- 6.1 On the basis of Council approving the above recommendations Council needs to approve the resulting statutory calculations in relation to Hartlepool Borough Councils 2013/14 Council Tax level based on a Council Tax freeze as detailed in **Appendix A** to this report.
- 6.2 In the event that Council do not approve Cabinets proposal to freeze Council Tax and to implement a 1.95% Council Tax increase (the revised maximum without needing a referendum), the resulting statutory calculations which Council needs to approve are detailed in **Appendix B** to this report, which will include the additional use of £13,037 from the 2012/13 outturn to support the 2013/14 budget, and to note these will become effective 5 working days after the publication of the Council decision unless the Mayor formally objects within that period.



## APPENDIX A

### **SUPPORTING STATUTORY RESOLUTIONS - COUNCIL TAX FREEZE (UPDATED TO REFLECT FINAL 2013/14 LOCAL GOVERNMENT FINANCE SETTLEMENT)**

- 1 Full Council needs to approve the following supporting statutory amounts which must be calculated by the Council for 2013/2014 in accordance with the Local Government Finance Act 1992 and relevant regulations:

i) To note that on 30<sup>th</sup> January 2013 the Finance and Procurement Portfolio Holder approved the Council Tax Base for 2013/14 for:

- The whole Council area as 21,701.7 Band D equivalents in accordance with Section 31B of the Local Government Finance Act 1992, as amended; and
- For dwellings in those parts of its area to which a Parish precept relates as follows:

#### **Parish Council Tax bases (Band D Equivalents)**

Dalton Piercy	99.2	Greatham	558.3
Elwick	446.5	Hart	291.5
Headland	687.5	Newton Bewley	31.7

- 2 That the Council Tax requirement for the Council's own purposes for 2013/14 (excluding Parish precepts) is £30,788,202.

- 3 That the following amounts be calculated by the Council for 2013/14 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and relevant regulations:-

- (a) £93,849,143 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Local Government Finance Act 1992 and relevant regulations.
- (b) £63,039,353 Being the aggregate of the sums which the Council estimate will be payable to it in respect of Revenue Support Grant £37,412,080, Business Rates Baseline Funding of £17,720,928, Top up Grant of £7,168,306 and the estimate to be paid from the Collection Fund of £738,039 as at 31st March 2013, in accordance with Section 97 (3) of the Local Government Finance Act 1988 and the Local Government Charges for England (Collection Fund Surpluses and Deficits) Regulations 1995 amended.

- (c) £30,809,790 Being the amount by which the aggregate at 3 (a) above exceeds the aggregate at 3 (b) above, calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year (including Parish precepts).
- (d) £1419.69 Being the amount calculated by the Council in accordance with Section 31B of the Local Government Finance Act 1992, as the basic amount of Council Tax for the year (including Parish precepts).
- (e) £21,588  
Parish  
Precepts  
£13,784  
Concurrent  
Services Being the aggregate amount of all special items (Parish precepts of £21,588) referred to in Section 34 (1) of the Local Government Finance Act 1992 and Concurrent Services (£13,784) - as detailed in Table 1 to this Appendix.
- (f) £1,418.70 Being the amount calculated by the Council in accordance with Section 34 (2) of the Local Government Finance Act 1992, as the basic amount of Council Tax for the year 2013/14 (excluding Parish precepts), which has the effect of freezing the Council's element of Council Tax at the current level.
- 4** The Basic Council Tax for 2013/14 calculated in accordance with Section 34 (3) for dwellings in those areas that have a Parish precept as set out in Table 2 to this Appendix.
- 5** Approve in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, the aggregate amounts shown in Table 3 to this Appendix the amounts of Council Tax for 2013/14 for each part of the Council's area and each of the categories of dwellings.
- 6** Approve that the Council's basic amount of Council Tax for 2013/14 of £1,418.70, detailed in 3 (f) above is not excessive in accordance with the principles approved under section 52ZB of the Local Government Finance Act 1992 and that no local referendum will be carried out in relation to Chapter 4ZA of the Local Government Finance Act 1992.

## **TABLES TO APPENDIX 4**

### **2013/14 Council Tax Levels**

**TABLE 1 - Parish Precepts and Concurrent Functions 2013/2014**

	Precept met from Parish Council Tax	Precept met from Council Tax Support Grant	Total Precept	Concurrent Payment	Total Payment
	£	£	£	£	£
Dalton Piercy	5,430	383	5,813	2,839	8,652
Elwick	4,934	321	5,255	6,393	11,648
Greatham	2,635	566	3,201	1,385	4,586
Hart	3,110	215	3,325	3,167	6,492
Headland	5,294	2,706	8,000	0	8,000
Newton Bewley	185	15	200	0	200
	21,588	4,206	25,794	13,784	39,578

**TABLE 2 - Council Tax For Parish Councils 2013/2014**

	Precept (1)	Parish Tax Base (2)	Parish Council Tax (3) [=(1)/(2)]	Basic Council Tax (4)	Billing Authority's Council Tax (5) [=(3)+(4)]
<u>Parishes</u>	£ p		£ p	£ p	£ p
Dalton Piercy	5,430	99.2	54.74	1,418.70	1,473.44
Elwick	4,934	446.5	11.05	1,418.70	1,429.75
Greatham	2,635	558.3	4.72	1,418.70	1,423.42
Hart	3,110	291.5	10.67	1,418.70	1,429.37
Headland	5,294	687.5	7.70	1,418.70	1,426.40
Newton Bewley	185	31.7	5.84	1,418.70	1,424.54

**TABLE 3 - Council Taxes For Each Property Band 2013/2014**  
**(Excluding Police Authority & Fire Authority)**

<u>Parishes</u>	Council Tax Bands							
	A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Dalton Piercy	982.29	1,146.01	1,309.72	1,473.44	1,800.87	2,128.30	2,455.73	2,946.88
Elwick	953.17	1,112.03	1,270.89	1,429.75	1,747.47	2,065.20	2,382.92	2,859.50
Greatham	948.95	1,107.10	1,265.26	1,423.42	1,739.74	2,056.05	2,372.37	2,846.84
Hart	952.91	1,111.73	1,270.55	1,429.37	1,747.01	2,064.64	2,382.28	2,858.74
Headland	950.93	1,109.42	1,267.91	1,426.40	1,743.38	2,060.36	2,377.33	2,852.80
Newton Bewley	949.69	1,107.97	1,266.25	1,424.54	1,741.10	2,057.66	2,374.23	2,849.07
Areas without a Parish Council	945.80	1,103.43	1,261.07	1,418.70	1,733.97	2,049.23	2,364.50	2,837.40

## APPENDIX B

### **SUPPORTING STATUTORY RESOLUTIONS – COUNCIL TAX INCREASE OF 1.95%** **(UPDATED TO REFLECT FINAL 2013/14 LOCAL GOVERNMENT FINANCE SETTLEMENT)**

- 1 Full Council needs to approve the following supporting statutory amounts which must be calculated by the Council for 2013/2014 in accordance with the Local Government Finance Act 1992 and relevant regulations:
  - i) To note that on 30<sup>th</sup> January 2013 the Finance and Procurement Portfolio Holder approved the Council Tax Base for 2013/14 for:
    - The whole Council area as 21,701.7 Band D equivalents in accordance with Section 31B of the Local Government Finance Act 1992, as amended; and
    - For dwellings in those parts of its area to which a Parish precept relates as follows:

#### **Parish Council Tax bases (Band D Equivalents)**

Dalton Piercy	99.2	Greatham	558.3
Elwick	446.5	Hart	291.5
Headland	687.5	Newton Bewley	31.7

- 2 That the Council Tax requirement for the Council's own purposes for 2013/14 (excluding Parish precepts) is £31,388,037.
- 3 That the following amounts be calculated by the Council for 2013/14 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and relevant regulations:-
  - (a) £94,448,978 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Local Government Finance Act 1992 and relevant regulations.
  - (b) £63,039,353 Being the aggregate of the sums which the Council estimate will be payable to it in respect of Revenue Support Grant £37,412,080, Business Rates Baseline Funding of £17,720,928, Top up Grant of £7,168,306 and the estimate to be paid from the Collection Fund of £738,039 as at 31st March 2013, in accordance with Section 97 (3) of the Local Government Finance Act 1988 and the Local Government Charges for England (Collection Fund Surpluses and Deficits) Regulations 1995 amended.

- (c) £31,409,625 Being the amount by which the aggregate at 3 (a) above exceeds the aggregate at 3 (b) above, calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year (including Parish precepts).
- (d) £1447.33 Being the amount calculated by the Council in accordance with Section 31B of the Local Government Finance Act 1992, as the basic amount of Council Tax for the year (including Parish precepts).
- (e) £21,588  
Parish  
Precepts  
  
£13,784  
Concurrent  
Services  
Being the aggregate amount of all special items (Parish precepts of £21,588) referred to in Section 34 (1) of the Local Government Finance Act 1992 and Concurrent Services (£13,784) - as detailed in Table 1 to this Appendix.
- (f) £1,446.34 Being the amount calculated by the Council in accordance with Section 34 (2) of the Local Government Finance Act 1992, as the basic amount of Council Tax for the year 2013/14 (excluding Parish precepts).
- 4** The Basic Council Tax for 2013/14 calculated in accordance with Section 34 (3) for dwellings in those areas that have a Parish precept as set out in Table 2 to this Appendix.
- 5** Approve in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, the aggregate amounts shown in Table 3 to this Appendix the amounts of Council Tax for 2013/14 for each part of the Council's area and each of the categories of dwellings.
- 6** Approve that the Council's basic amount of Council Tax for 2013/14 of £1,446.34, detailed in 3 (f) above is not excessive in accordance with the principles approved under section 52ZB of the Local Government Finance Act 1992 and that no local referendum will be carried out in relation to Chapter 4ZA of the Local Government Finance Act 1992.

## **TABLES TO APPENDIX 4**

### **2013/14 Council Tax Levels**

**TABLE 1 - Parish Precepts and Concurrent Functions 2013/2014**

	Precept met from Parish Council Tax	Precept met from Council Tax Support Grant	Total Precept	Concurrent Payment	Total Payment
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Greatham	2,635	566	3,201	1,385	4,586
Hart	3,110	215	3,325	3,167	6,492
Headland	5,294	2,706	8,000	0	8,000
Newton Bewley	185	15	200	0	200
	21,588	4,206	25,794	13,784	39,578

**TABLE 2 - Council Tax For Parish Councils 2013/2014**

	Precept (1)	Parish Tax Base (2)	Parish Council Tax (3) [=(1)/(2)]	Basic Council Tax (4)	Billing Authority's Council Tax (5) [=(3)+(4)]
<u>Parishes</u>	£ p		£ p	£ p	£ p
Dalton Piercy	5,430	99.2	54.74	1,446.34	1,501.08
Elwick	4,934	446.5	11.05	1,446.34	1,457.39
Greatham	2,635	558.3	4.72	1,446.34	1,451.06
Hart	3,110	291.5	10.67	1,446.34	1,457.01
Headland	5,294	687.5	7.70	1,446.34	1,454.04
Newton Bewley	185	31.7	5.84	1,446.34	1,452.18

**TABLE 3 - Council Taxes For Each Property Band 2013/2014**  
**(Excluding Police Authority & Fire Authority)**

<u>Parishes</u>	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Dalton Piercy	1,000.72	1,167.51	1,334.29	1,501.08	1,834.65	2,168.22	2,501.80	3,002.16
Elwick	971.59	1,133.53	1,295.46	1,457.39	1,781.25	2,105.12	2,428.98	2,914.78
Greatham	967.37	1,128.60	1,289.83	1,451.06	1,773.52	2,095.98	2,418.43	2,902.12
Hart	971.34	1,133.23	1,295.12	1,457.01	1,780.79	2,104.57	2,428.35	2,914.02
Headland	969.36	1,130.92	1,292.48	1,454.04	1,777.16	2,100.28	2,423.40	2,908.08
Newton Bewley	968.12	1,129.47	1,290.82	1,452.18	1,774.88	2,097.59	2,420.29	2,904.35
Areas without a Parish Council	964.23	1,124.93	1,285.64	1,446.34	1,767.75	2,089.16	2,410.57	2,892.68

# **COUNCIL**

## **MINUTES OF PROCEEDINGS**

**14 February 2013**

The meeting commenced at 7.00 pm in the Civic Centre, Hartlepool

### **PRESENT:-**

The Chairman (Councillor S Akers-Belcher) presiding:

The Mayor, Stuart Drummond

### **COUNCILLORS:**

Ainslie	C Akers-Belcher	Atkinson
Beck	Brash	Cranney
Dawkins	Fisher	Fleet
Gibbon	Griffin	Hall
Hargreaves	Hill	Jackson
Lauderdale	A Lilley	G Lilley
Loynes	Payne	Richardson
Shields	Simmons	Sirs
Tempest	Thompson	Wells

Officers: Dave Stubbs, Chief Executive  
Andrew Atkin, Assistant Chief Executive  
Peter Devlin, Chief Solicitor  
Chris Little, Chief Finance Officer  
Denise Ogden, Director of Regeneration & Neighbourhoods  
Sally Robinson, Assistant Director (Prevention, Safeguarding and Specialist Services)  
Louise Wallace, Director of Public Health  
Amanda Whitaker and Angela Armstrong, Democratic Services Team

Prior to the commencement of business, the Chairman welcomed Councillor Dawkins to the meeting, following his absence from meetings due to ill health.

It was agreed that a card of best wishes, on behalf of all Members of the Council, be sent to Councillors Cook and Robinson who were absent from meetings due to ill health.

## 118. APOLOGIES FOR ABSENT MEMBERS

Councillors Cook, James, Dr Morris, Robinson and Wilcox

## 119. DECLARATIONS OF INTEREST FROM MEMBERS

Councillor Cranney declared a prejudicial interest in item 4 of agenda – public questions – and advised that he would leave the room during consideration of that item.

## 120. BUSINESS REQUIRED BY STATUTE TO BE DONE BEFORE ANY OTHER BUSINESS

None

## 121. PUBLIC QUESTION

The following question had been received from Mr Riddle to the Mayor:-

*"Can the Mayor please clarify why it was felt necessary to put the proposed renewal of the 'Who Cares North East/connected care contract out to public tender please?"*

In response the Mayor advised that the duration of the contract was a year and was due to end. Cabinet had agreed that the best course of action would be to retender to test the market and ensure best value was achieved.

A supplementary question from Mr Riddle stated that the Portfolio Holder at the time of the award of the initial contract was Councillor Hall. Mr Riddle questioned whether the Mayor thought it was appropriate for a Labour Councillor to have significant input into the award of a contract worth over £600,000 to an organisation involving two other serving Labour Councillors especially given Councillor Hall's background as an accountant for Manor Residents Association. It was questioned whether that was not a blatant conflict of interest.

At this point in the meeting, Councillor Hall raised an objection on the basis of misinformation included in the supplementary question. Councillor Hall explained that the first contract had been awarded to a new company, 'Who Cares North East'. It was a completely new independent company with new governance arrangements. Also, at no time and under no circumstances had Councillor Hall ever been the accountant for that new company. He added that his earlier professional relationship with another organisation was irrelevant.

In responding to the supplementary question, the Mayor highlighted that the contract had been awarded by the Cabinet. If it was considered that a Member had a conflict of interest, it was up to that Member to declare that interest. With respect to the wider issue of perceptions of conflicts of interest, the Mayor



referred to the item included on Chief Executive's Business relating to proposed public inquiry. The Mayor wanted to ensure that there was accountability for every decision taken by Cabinet. The Mayor acknowledged also that there were a lot of concerns regarding the letting of the contract. He considered that whether those concerns were founded or unfounded was irrelevant. It had been decided to go back out to tender to ensure it was a clear, accountable and fair contract.

Prior to his second supplementary question, Mr Riddle referred to the European Convention definition of acts of corruption and questioned whether there was a danger that the way the contract had been awarded could be perceived as corruption. Prior to the Mayor responding to the question, the Chief Solicitor intervened and highlighted that the question was straying potentially into aspects of defamation.

The Mayor reiterated comments he had made earlier in the meeting regarding accountability of Cabinet decision making. He added that if anybody had any information relating to alleged corruption or fraud, it would be a matter for the police. The Mayor advised that he was happy to take any information to the police. However, he guaranteed that contracts were monitored in extreme detail by Officers. The Mayor was not aware of anything that could be construed as fraud/corruption but it was important to ensure perceptions were addressed.

During the debate that followed, issues relating to public perception were highlighted together with Nolan's Committee Report on Standards in Public Life. Councillor Hall reiterated that he had no connection with the new company and that the decision to award the Contract had been endorsed by Cabinet. Councillor Hall referred also to the roles of Councillors on the Board of various organisations and voluntary groups throughout the Borough. It was stressed that perception should be well informed and caution should be exercised in terms of what was said in a public forum.

## 122. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Special Council meeting held on the 6<sup>th</sup> December 2012, the Ordinary meeting of Council held on 6<sup>th</sup> December 2012 and the Extraordinary Council meeting held on 24<sup>th</sup> January 2013 having been laid before the Council.

RESOLVED - That the minutes be confirmed.

The minutes were thereupon signed by the Chairman.

## 123. QUESTIONS FROM MEMBERS OF THE COUNCIL ON THE MINUTES OF THE PREVIOUS MEETING OF THE COUNCIL

None

124. QUESTIONS FROM MEMBERS OF THE COUNCIL

- (a) Questions to Members of the Executive about recent decisions of the Executive

None

- (b) Questions to Members of the Executive and Chairs of Committees and Forums, for which Notice has been given

None

- (c) Questions to the appropriate Members on Police and Fire Authority issues, for which notice has been given.

None

Minutes of the meetings of the Cleveland Police and Crime Panel held on 6 August 2012; Cleveland Police Authority held on 25 September 2012 and 6 November 2012 and Minutes of the Cleveland Fire Authority held on 19 October 2012 and 23 November 2012 had been circulated.

125. BUSINESS REQUIRED BY STATUTE

- (i) Report on Special Urgency Decisions

It was noted that no special urgency decisions had been taken in respect of the period October 2012 – December 2012.

126. ANNOUNCEMENTS

None

127. TO DISPOSE OF BUSINESS (IF ANY) REMAINING FROM THE LAST MEETING AND TO RECEIVE THE REPORT OF ANY SCRUTINY FORUM OR OTHER COMMITTEE TO WHICH SUCH BUSINESS WAS REFERRED FOR CONSIDERATION.

None

128. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES AND WORKING GROUPS

None

129. TO CONSIDER ANY OTHER BUSINESS SPECIFIED IN THE SUMMONS OF THE MEETING

(i) Empty Property Purchasing Scheme Update Report

Further to minute 83 of the Council meeting held on 18 October 2012, the Mayor presented a report which set out the objectives of the Council's Empty Property Purchasing Scheme and provided an update on the implementation of the Scheme. Updates were provided in relation to Property Acquisition, Property Refurbishment and Lettings. The report set out also details relating to the funding profile.

Council was advised that the project was being delivered on programme and within budget with the average cost for acquisition and refurbishment being £53,000 per property and no additional contingency had been used. To date 7 properties had been completed and would be handed over to Housing Hartlepool for letting in the near future.

It was highlighted at the meeting that Council had been seeking assurances that properties would be refurbished by the Council's own staff and that the Scheme would be delivered on or below budget. It was requested that future quarterly reports include purchase/refurbishment costs of each property.

RESOLVED – That the report is noted and future quarterly reports include information relating to the purchase and refurbishment costs of each property.

130. REPORT FROM THE EXECUTIVE

(a) Proposals in relation to the Council's budget and policy framework

(i) Medium Term Financial Strategy – Budget and Policy Framework 2013/2014 to 2016/2017

The Finance and Corporate Services Portfolio Holder presented the Executive's 2013/14 budget proposal for Council consideration to enable the 2013/14 budget and Council Tax to be determined. The Portfolio Holder highlighted key issues included in the report. The progress in achieving the targets which had been previously set for reviewing reserves and achieving managed budget under spends was summarised in the report. Cabinet had recommended that the final uncommitted outturn be transferred to the General Fund.

The Portfolio Holder highlighted the impact of the Government's continuing austerity regime, which was having a significant impact on the Council in terms of cuts in core grant funding and also cuts in a range of other grants, including the Council Tax Support grant. As a result of grant cuts the budget gap which would need to be bridged over the next 4 years had increased by £2m to a revised gap of between £21.09m to £23.09m. The range reflected uncertainty around the actual cuts for 2015/16 and 2016/17.

The report set out the proposed strategy for managing the 2013/14 budget gap of £5.982m, which would be bridged from a combination of budget cuts of £3.664m and the use of one-off resources of £2.318m. The use of one-off resources in 2013/14 was designed to provide a longer lead time to implement budget cuts which would be required in 2014/15 and the following two years.

The report set out also the issues in relation to Council Tax in terms of whether the Council should freeze Council Tax, or whether it should be increased. After considering these issues, Cabinet had recommended a Council Tax freeze. Cabinet recognised this deferred an additional budget shortfall of £0.4m until 2015/16 when the two year Council Tax freeze grant was removed.

An updated document had been circulated to Members prior to the meeting to reflect the final grant figures provided by the Government, details of which had been received after the reports for Council had been issued. The final grant cut had increased by £926 and as this had an impact on the statutory budget calculations a supplementary report has been issued. Therefore, to set the 2013/14 budget and the proposed Council Tax freeze Council was asked to consider:

- the detailed recommendation in section 5 of the report included in the agenda papers as item 13a (i); and
- the revised supporting statutory calculations for freezing Council Tax in 2013/14 detailed in Appendix A of the supplementary report issued separately.

During the debate which followed the presentation of the report, the Mayor commended the proposed final budget to Council and referred Members to the forward planning which had resulted in the robust proposal which had been presented to Members.

Whilst supporting the proposal, Members expressed some concerns regarding the future financial implications of the proposed Council Tax freeze. Members also took opportunity to pay tribute to the work which had been undertaken by Officers in preparing the final budget, particularly the work of the Chief Finance Officer.

RESOLVED – That in order to set the 2013/14 budget and the proposed Council Tax freeze, the following were approved

- the detailed recommendation in section 5 of the report included in the agenda papers as item 13a (i); and
- the revised supporting statutory calculations for freezing Council Tax in 2013/14 detailed in Appendix A of the supplementary report issued separately.

The Chair confirmed, in the absence of dissent, that this was the unanimous decision of Council.

(ii) Local Development Framework – Authorities Monitoring Report 2011/2012

A report presented by the Mayor, on behalf of the Executive, sought Council approval to the Local Development Framework Authorities Monitoring Report for 2011/12. Members were advised that under the Planning and Compulsory Purchase Act 2004, Local Planning Authorities were required to prepare a number of documents which together formed the Local Development Framework (LDF) for an area. The documents included the following:

- i) Development Plan Documents (DPD), (which include Neighbourhood plans) and set out the spatial objectives and policies for the borough;
- ii) Supplementary Planning Documents, which link to DPD policies but provides further guidance on how to achieve goals and implement policies;
- iii) a Local Development Scheme (LDS) setting out a rolling programme for the preparation of Development Plan Documents (DPDs);
- iv) a Statement of Community Involvement (SCI) setting out the standards to be achieved in involving the community in the preparation of planning documents included in the LDS; and
- v) an Authorities Monitoring Report (AMR) assessing the progress of preparation work against key milestones identified in the LDS and the effectiveness of existing planning policies.

The report related to the Authorities Monitoring Report and covered the period April 1st 2011 to March 31st 2012. The AMR included an assessment of performance against key milestones, which included delivery of those documents listed within the LDS and policy implementation through the development management process. Supplementary Planning Documents were no longer listed within the Councils Local Development Scheme so no formal assessment of their progress has been included within the document.

Members were advised that due to new legislation the council had to report on two new elements relating to the Community Infrastructure Levy and Duty to Cooperate. Formal endorsement of the Authorities Monitoring Report by the Council was required. Details were set out in the report. The AMR had been presented and discussed at the Cabinet meeting on 17<sup>th</sup> December 2012. Cabinet had recommended that the report be endorsed and forwarded to Council for approval.

**RESOLVED – That the 2011/12 Local Development Framework Authorities Monitoring Report be approved.**

The Chair confirmed, in the absence of dissent, that this was the unanimous decision of Council.

(b) Proposal for Departure from the Budget and Policy Framework

None

131. MOTIONS ON NOTICE

None

132. TREASURY MANAGEMENT STRATEGY REVIEW

The Chief Executive sought Council's consideration of the proposed Treasury Management Strategy for 2013/14. The Local Government Act 2003 required the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which would set out the Authority's policies for managing its investments and to give priority to the security and liquidity of those investments. The report provided detailed information regarding contributing factors and reviews that had occurred in the process of compiling the Treasury Management Strategy before being referred to Council by Audit Committee on the 9<sup>th</sup> November 2012.

The report to the Audit Committee had advised Members that a comprehensive review of the Treasury Management Strategy had been undertaken to reflect a significant change in the funding arrangements for local authority capital spending by the Government. This change enabled a £1m saving to be achieved from 2014/2015. Achieving this saving was not without risk as the Council would need to carefully manage future borrowing decisions to ensure it could lock into long term interest rates at an affordable level. To manage this risk it was recommended that the forecast 2013/14 Treasury Management saving of £0.870m be earmarked to establish a 'Treasury Management Risk Reserve.' This reserve would be reviewed on an annual basis.

Members were advised that Audit Committee had carefully scrutinised the proposed Treasury Management strategy and had approved that the strategy be referred to full Council. At the time of the Audit Committee it was not possible to calculate supporting Prudential Indicators as this was reliant on Government Capital Allocations which had not been issued. However, as the Treasury Management Strategy outlined the key principles covering the operation of the Authority's borrowing and investment strategy the unavailability of this information did not prevent the Audit Committee from considering and scrutinising the proposed strategy.

Prudential indicators and other regulatory information had been completed and were appended to the report.

RESOLVED – (I) that the report and the recommendation from the Audit Committee including the following detailed recommendations for the 2013/14 Treasury Management Strategy and related issues be approved;

- i) the adoption of Option 1 for the Council's borrowing strategy be approved which will delay long term borrowing and continue the

existing strategy of netting down investments and borrowings until there is a significant forecast change in current interest rates;

- ii) the Chief Finance Officer's professional advice that if recommendation (ii) is approved that a permanent interest and MRP saving of £1m can be built into the 2014/15 base budget forecast;
- iii) Note that if recommendation (iii) is approved this will help reduce the 2014/15 budget deficit and to note this saving is reflected in the budget deficits detailed in the Medium Term Financial Strategy report considered earlier on the agenda;
- iv) Note and approve the Chief Finance Officer's professional advice that the saving detailed in recommendation (iii) can only be achieved if the forecast 2013/14 Treasury Management saving of £0.870m is earmarked to establish a 'Treasury Management risk reserve' to manage the risk of interest rates increasing over the period of the MTFS and therefore costs exceeding the reduced ongoing revenue budget;
- v) Note that an annual review of the 'Treasury Management risk reserve' will be reported to Members as part of the annual Treasury Management review;
- vi) the continuation of the existing investment strategy and counterparty list be approved;
- vii) the proposal for managing the Capital Funding Reserve detailed in paragraph 6.7 of Appendix 1 be approved and an annual update be reported to Members;
- viii) the Capital Prudential Indicators and the Minimum Revenue Provision Statement included in Section 1 Appendix 2 be approved;
- ix) the Borrowing Prudential Indicators included in Section 2 Appendix 2 be approved;
- x) the Investment Prudential Indicators included in Section 3 Appendix 2 be approved;
- xi) the Investment Strategy Counterparty Criteria contained in section 4 Appendix 2 be approved and it was noted that the operational limits will continue to be further restricted; and,
- xii) the Treasury Management Limits on Activity in section 5 Appendix 2 be approved.

The Chair confirmed, in the absence of dissent, that this was the unanimous decision of Council.

### 133. PAY POLICY

The Chief Executive reported that last year the Council had published its first annual pay policy statement for 2012/13 as required under Section 40 of the Localism Act. Members were advised that the Pay Policy statement had to be agreed each year by Council. The proposed pay policy statement for 2013/14 had been circulated and included information relating to the following:-

- the revised pay ranges and performance increments for the post of Chief Executive and Director of Regeneration and Neighbourhoods
- the pay arrangements for Public Health senior managers who will transfer to the Council on 1 April 2013
- the pay arrangements in respect of duties undertaken by senior managers on behalf of Cleveland Fire Brigade
- the approach to bonuses (which are not payable unless there is an entitlement under a TUPE or similar transfer)
- the 'pay multiple' which is now based on median pay rather than mean pay

It was noted that the pay policy statement would be updated to reflect any significant changes made by Council to the pay and non pay benefits of the officers covered by the pay policy. Thereafter an updated pay policy statement would be submitted to Council for approval.

The Chief Executive highlighted that in accordance with the previous decision of Council, it was intended to submit a detailed report to the June meeting of Council. However, it was highlighted at the meeting that there had been no Member involvement in the review.

It was proposed and seconded:-

The Pay Policy Statement was referred to General Purposes Committee for further discussion to be reported back to Council before 31 March 2013 and a further comprehensive review be conducted under the Council's new governance arrangements.

**RESOLVED** – That the Pay Policy Statement be referred to General Purposes Committee for further discussion to be reported back to Council before 31 March 2013 and a further comprehensive review be conducted under the Council's new governance arrangements..

The Chair confirmed, in the absence of dissent, that this was the unanimous decision of Council.



#### 134. PROPOSED PUBLIC INQUIRY – CORPORATE PEER CHALLENGE OF HARTLEPOOL BOROUGH COUNCIL

At the meeting of Council held on 6th December, 2012, Members had resolved to give consideration to the holding of a Public Inquiry but requested additional information by way of a draft “Terms of Reference” and indicative costs, associated with such a process. The request for an inquiry followed the findings and recommendations of the Corporate Peer Challenge of the Council which was conducted through the Local Government Association over the period 17th-20th September, 2012. In particular, the comments and recommendations surrounding ‘commissioning in the voluntary sector’ and a “perceived lack of rigour around declarations of interest at Member level” had caused anxiety, as referenced by the Peer Review Team. This report therefore provided information previously requested to assist in their determination of this issue, together with additional information as to suggested approaches that could be undertaken in line with the sentiments to have some form of inquiry.

Appended to the report was a draft ‘Terms of Reference’ for the consideration of Council. The document highlighted the two issues raised through the Corporate Peer Challenge as mentioned at the previous Council meeting and that evidence should come through “core participants” (this should comprise Elected Members, representatives from the voluntary and community sector and such other personnel who will be expected to contribute to an Inquiry) and following completion of the Inquiry the compilation of a report with a set of recommendations. Also circulated was a “projected timetable” for the holding of an Inquiry. It was highlighted that the duration of any form of inquiry was dependent upon its subject matter and the format of an Inquiry. The indicative cost as requested by Council had also been circulated.

The Chief Executive advised Members at the meeting that he believed an inquiry should be undertaken. He added that the Corporate Management Team believed concerns and perceptions needed to be ‘laid to rest’. The way in which the inquiry was undertaken was to be decided by Members. However, at the very least the Chief Executive advised the option 4 in the report should be considered.

Following presentation of the report, Members expressed views regarding the importance of an independent inquiry and the process associated with the appointment of an independent person to Chair the inquiry. Whilst supporting an inquiry to address public perception issues the costs associated with the inquiry, at a time when the Council was facing continuing financial constraints, were highlighted.

It was moved and seconded:-

‘That the total budget for undertaking the Public Inquiry be limited to £20,000 to be funded from the outturn referred to in the Medium Term Financial Strategy approved earlier in the meeting and that the inquiry be chaired by a former Local Authority Monitoring Officer and completed within a period of 4 weeks’. .

It had been suggested earlier in the meeting that the appointment of the Independent Chair be conducted by the members of the Council's Appointments Panel. Following further discussion, Members agreed that the appointment should instead be conducted by a panel comprising the leaders of the Political Groups together with an independent Councillor.

Following further debate, it was:-

RESOLVED –(i) That a Public Inquiry be held with the Chair of the Inquiry being appointed by the following Members: Leader of the Labour Group, Cllr C Akers-Belcher; Leader of Putting Hartlepool First Group, Cllr G Lilley; Leader of the Conservative Group, Cllr R Wells and an independent Member to be nominated.

(ii) That the nominated Members in conjunction with the Chief Executive agree the Terms of Reference and accompanying timetable for the Public Inquiry.

(iii) That a limit on the total budget for undertaking the Public Inquiry be set at £20,000 to be funded from the outturn referred to in the Medium Term Financial Strategy

(iv) That the results of the Public Inquiry are reported to Council upon the conclusion of the exercise.

The Chair confirmed, in the absence of dissent, that this was the unanimous decision of Council.

The meeting concluded at 8.25 p.m.

CHAIR

# COUNCIL REPORT

28<sup>th</sup> February, 2013



**Report of:** Chief Executive

**Subject:** FORMAL COUNCIL TAX SETTING 2013/2014 –  
INCORPORATION OF FIRE AND POLICE  
AUTHORITY PRECEPTS

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## 1. PURPOSE OF REPORT

- 1.1 To enable Council to set the overall level of Council Tax following the notification by the Police and Fire Authorities of their Council Tax levels for 2013/2014.

## 2. BACKGROUND

- 2.1 At your meeting on 14<sup>th</sup> February, 2013, Members reconsidered the proposed Medium Term Financial Strategy and this Authority's own 2013/2014 Council Tax level, including Parish Council Tax levels where applicable.
- 2.2 In accordance with statutory requirements the Council then needs to approve the overall Council Tax, inclusive of the Police and Fire Authorities precepts.
- 2.3 Both the Fire and Police authorities are eligible to receive the Council Tax freeze grant if they determined to maintain their individual Council Taxes at the levels set in the current year. The Fire Authority set its precept with a 1.9% increase in its Council Tax on 15<sup>th</sup> February, 2013.
- 2.4 The Police Authority set its precept and Council Tax on the 5th February, 2013 with an increase of 1.99%.
- 2.5 The Council Tax bills for Hartlepool residents will clearly show that Hartlepool Council froze its own tax and will show the relevant percentage increases for the Police and Fire authorities.

## 3. DETERMINATION OF OVERALL COUNCIL TAX LEVELS

- 3.1 The determination of the overall Council Tax level is a statutory function, which brings together the individual Council Tax levels determined by this Council, Cleveland Fire Authority, Cleveland Police Authority and where applicable Parish Councils.
- 3.2 A detailed schedule of the statutory Council Tax calculation incorporating the approved Fire and Police Authorities Council Tax levels for 2013/2014 is attached.

**4. PROPOSAL**

4.1 Council is requested to approve the following proposal: -

- i) The amount of Council Tax including the Cleveland Police Authority and Cleveland Fire Authority precepts, in accordance with Section 40 of the Local Government Finance Act 1992 and the relevant inclusion of amounts of Council Tax for each category of dwelling in accordance with Sections 43 to 47 of the Act, as set out in Appendix A, Table 4.

**SCHEDULE OF DETAILED COUNCIL TAX CALCULATIONS****Table 1 - Council Tax for Areas without a Parish Council 2013/2014**

	Council Tax Bands							
	A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Hartlepool Borough Council Basic Amount without parishes or special items	945.80	1,103.43	1,261.07	1,418.70	1,733.97	2,049.23	2,364.50	2,837.40
Police Authority	132.19	154.22	176.25	198.28	242.34	286.41	330.47	396.56
Fire Authority	45.17	52.70	60.23	67.76	82.82	97.88	112.93	135.52
Areas without a Parish Council	1,123.16	1,310.35	1,497.55	1,684.74	2,059.13	2,433.52	2,807.90	3,369.48

**TABLE 2 - Council Tax For Parish Councils 2013/2014**

	Precept (1)	Parish Tax Base (2)	Parish Council Tax (3) [=(1)/(2)]	Basic Council Tax (4)	Billing Authority's Council Tax (5) [=(3)+(4)]
<u>Parishes</u>	£ p		£ p	£ p	£ p
Dalton Piercy	5,430	99.2	54.74	1,418.70	1,473.44
Elwick	4,934	446.5	11.05	1,418.70	1,429.75
Greatham	2,635	558.3	4.72	1,418.70	1,423.42
Hart	3,110	291.5	10.67	1,418.70	1,429.37
Headland	5,294	687.5	7.70	1,418.70	1,426.40
Newton Bewley	185	31.7	5.84	1,418.70	1,424.54

**TABLE 3 - Council Taxes For Each Property Band 2013/2014****(Including Parish Precepts, and Excluding Police Authority & Fire Authority)**

	Council Tax Bands							
	A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
<u>Parishes</u>								
Dalton Piercy	982.29	1,146.01	1,309.72	1,473.44	1,800.87	2,128.30	2,455.73	2,946.88
Elwick	953.17	1,112.03	1,270.89	1,429.75	1,747.47	2,065.20	2,382.92	2,859.50
Greatham	948.95	1,107.10	1,265.26	1,423.42	1,739.74	2,056.05	2,372.37	2,846.84
Hart	952.91	1,111.73	1,270.55	1,429.37	1,747.01	2,064.64	2,382.28	2,858.74
Headland	950.93	1,109.42	1,267.91	1,426.40	1,743.38	2,060.36	2,377.33	2,852.80
Newton Bewley	949.69	1,107.97	1,266.25	1,424.54	1,741.10	2,057.66	2,374.23	2,849.07
Areas without a Parish Council	945.80	1,103.43	1,261.07	1,418.70	1,733.97	2,049.23	2,364.50	2,837.40

**TABLE 4 - Council Taxes For Each Property Band 2013/2014****(Including Parish Precepts, Police Authority & Fire Authority)**

	Council Tax Bands							
	A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
<u>Parishes</u>								
Dalton Piercy	1,159.65	1,352.93	1,546.20	1,739.48	2,126.03	2,512.59	2,899.13	3,478.96
Elwick	1,130.53	1,318.95	1,507.37	1,695.79	2,072.63	2,449.49	2,826.32	3,391.58
Greatham	1,126.31	1,314.02	1,501.74	1,689.46	2,064.90	2,440.34	2,815.77	3,378.92
Hart	1,130.27	1,318.65	1,507.03	1,695.41	2,072.17	2,448.93	2,825.68	3,390.82
Headland	1,128.29	1,316.34	1,504.39	1,692.44	2,068.54	2,444.65	2,820.73	3,384.88
Newton Bewley	1,127.05	1,314.89	1,502.73	1,690.58	2,066.26	2,441.95	2,817.63	3,381.15
Areas without a Parish Council	1,123.16	1,310.35	1,497.55	1,684.74	2,059.13	2,433.52	2,807.90	3,369.48

<p style="text-align: center;"><b>COUNCIL</b></p> <p style="text-align: center;"><b>MINUTES OF PROCEEDINGS</b></p> <p style="text-align: center;"><b>28 February 2013</b></p>
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The meeting commenced at 7.00 pm in the Civic Centre, Hartlepool

PRESENT:-

The Chairman (Councillor S Akers-Belcher) presiding:

COUNCILLORS:

Ainslie	C Akers-Belcher	Beck
Cook	Cranney	Dawkins
Fisher	Fleet	Gibbon
Griffin	Hall	Hill
James	Lauderdale	A Lilley
G Lilley	Loynes	Dr Morris
Payne	Richardson	Shields
Simmons	Sirs	Tempest
Thompson	Wells	Wilcox

Officers: Dave Stubbs, Chief Executive  
Andrew Atkin, Assistant Chief Executive  
Chris Little, Chief Finance Officer  
Peter Devlin, Chief Solicitor  
Louise Wallace, Director of Public Health  
Amanda Whitaker, Democratic Services Team Manager  
David Cosgrove, Democratic Services Team

#### 135. APOLOGIES FOR ABSENT MEMBERS

The Mayor, Stuart Drummond and Councillors Atkinson, Brash, Hargreaves, Jackson and Robinson.

#### 136. DECLARATIONS OF INTEREST FROM MEMBERS

None.

#### 137. BUSINESS REQUIRED BY STATUTE TO BE DONE BEFORE ANY OTHER BUSINESS

None.

138. PUBLIC QUESTION

None.

139. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 14 February 2013, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

The minutes were thereupon signed by the Chairman.

140. QUESTIONS FROM MEMBERS OF THE COUNCIL ON THE MINUTES OF THE PREVIOUS MEETING OF THE COUNCIL

None.

141. QUESTIONS FROM MEMBERS OF THE COUNCIL

- (a) Questions to Members of the Executive about recent decisions of the Executive

None.

- (b) Questions to Members of the Executive and Chairs of Committees and Forums, for which Notice has been given

None.

- (c) Questions to the appropriate Members on Police and Fire Authority issues, for which notice has been given. Minutes of the meeting of the Fire Authority held on 14 December 2012 had been circulated.

None.

142. BUSINESS REQUIRED BY STATUTE

None.

143. ANNOUNCEMENTS

The Chief Executive indicated that the Governance Working Group had recommended that an Extraordinary Council meeting be held on Thursday 2 May, 2013 at 7.00 p.m. to undertake the appointments for committees and outside bodies under the new governance arrangements. The Annual Council meeting would be held on Thursday 9 May, 2013 at 7.00 p.m. replacing the meeting scheduled for 23 May, 2013

Members were also reminded that there would be an Extraordinary Council meeting on Wednesday 6 March at 7.00 p.m. A Member Training event would also be held on Monday 4 March at 3.00 p.m. on the new governance arrangements.

144. TO DISPOSE OF BUSINESS (IF ANY) REMAINING FROM THE LAST MEETING AND TO RECEIVE THE REPORT OF ANY SCRUTINY FORUM OR OTHER COMMITTEE TO WHICH SUCH BUSINESS WAS REFERRED FOR CONSIDERATION.

None.

145. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES AND WORKING GROUPS

None.

146. TO CONSIDER ANY OTHER BUSINESS SPECIFIED IN THE SUMMONS OF THE MEETING

None.

147. REPORT FROM THE EXECUTIVE

- (a) Proposals in relation to the Council's budget and policy framework
- (i) Formal Council Tax Setting 2013/2014 – Incorporation of Police and Fire Authority Precepts.

A report was presented which enabled Council to set the overall level of Council Tax following the notification by the Police and Fire Authorities of their Council Tax levels for 2013/2014.

At Council on 14th February, 2013, Members considered the proposed Medium Term Financial Strategy and this Authority's own 2013/2014 Council Tax level, including Parish Council Tax levels where applicable.



In accordance with statutory requirements the Council was required to approve the overall Council Tax, inclusive of the Police and Fire Authorities precepts.

Both the Fire and Police authorities were eligible to receive the Council Tax freeze grant if they determined to maintain their individual Council Taxes at the levels set in the current year. The Fire Authority had set its precept with a 1.9% increase in its Council Tax on 15th February, 2013.

The Police Authority has set its precept and Council Tax on the 5th February, 2013 with an increase of 1.99%.

The Council Tax bills for Hartlepool residents would clearly show that Hartlepool Council froze its own tax and would show the relevant percentage increases for the Police and Fire authorities.

Council was reminded that the determination of the overall Council Tax level was a statutory function, which brought together the individual Council Tax levels determined by this Council, Cleveland Fire Authority, Cleveland Police Authority and where applicable Parish Councils.

A detailed schedule of the statutory Council Tax calculation incorporating the approved Fire and Police Authorities Council Tax levels for 2013/2014 was submitted for Council's approval.

The Chair allowed questions as to the reasons behind the precept increases approved by both the Police Authority and the Fire Authority. It was agreed that a written response be forwarded to all Members.

It was moved and seconded that:-

"The amount of Council Tax including the Cleveland Police Authority and Cleveland Fire Authority precepts, in accordance with Section 40 of the Local Government Finance Act 1992 and the relevant inclusion of amounts of Council Tax for each category of dwelling in accordance with Sections 43 to 47 of the Act, as set out in Appendix A, Table 4."

Those in favour:

Councillors Ainslie, C Akers Belcher, S Akers Belcher, Beck, Cook, Cranney, Dawkins, Fisher, Fleet, Gibbon, Griffin, Hall, Hill, James, Lauderdale, A E Lilley, G Lilley, Loynes, Dr. Morris, Payne, Richardson, Shields, Simmons, Sirs, Tempest, Thompson, Wells and Wilcox.

Those against:

None.

Those abstaining:

None.

The vote was carried.

(b) Proposal for Departure from the Budget and Policy Framework

None.

148. MOTIONS ON NOTICE

None.

149. CHIEF EXECUTIVE'S REPORT

None.

The meeting concluded at 7.15 p.m.

CHAIR



## SECTION B

### Treasury Management Strategy 2013/2014



**COUNCIL**  
14<sup>th</sup> February 2013



**Report of:** Chief Executive

**Subject:** BUSINESS REPORT

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**1. PURPOSE OF REPORT**

- 1.1 To enable the Council to consider the proposed Treasury Management Strategy for 2013/2014.

**2. BACKGROUND**

- 2.1 The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA Prudential Code and to set prudential indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.
- 2.2 The Act therefore requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came into force on 1<sup>st</sup> April, 2004. This guidance recommends that all Local Authorities produce an Annual Investment Strategy that is approved by full Council, which is also included in this report.
- 2.3 Revised editions of the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice were issued in November 2011. The main changes arising from the new guidance were technical changes to the presentation of long-term borrowing and the requirement to produce high level borrowing and investment policies, which the Authority already included in its strategy.
- 2.4 The Council is required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to Council. This responsibility has been allocated to the Audit Committee.
- 2.5 This report outlines the Authority's proposed Treasury Management Strategy for 2013/2014. The Treasury Management Strategy Review was presented

to Audit Committee on the 9<sup>th</sup> November 2012 and this report is attached as Appendix 1.

- 2.6 The report to the Audit Committee advises members that a comprehensive review of the Treasury Management Strategy has been undertaken to reflect a significant change in the funding arrangements for local authority capital spending by the Government.
- 2.7 This change enables a £1m saving to be achieved from 2014/2015. The saving is reflected in the Medium Term Financial Strategy which is covered in a separate report on the agenda.
- 2.8 Achieving this saving is not without risk as the Council will need to carefully manage future borrowing decisions to ensure we can lock into long term interest rates at an affordable level. To manage this risk it is recommended that the forecast 2013/14 Treasury Management saving of £0.870m is earmarked to establish a 'Treasury Management Risk Reserve.' This reserve will be reviewed on an annual basis.
- 2.9 Audit Committee carefully scrutinised the proposed Treasury Management strategy and approved that the strategy be referred to full Council.
- 2.10 At the time of the Audit Committee it was not possible to calculate supporting Prudential Indicators as this is reliant on Government Capital Allocations which had not been issued. However, as the Treasury Management Strategy outlines the key principles covering the operation of the Authority's borrowing and investment strategy the unavailability of this information did not prevent the Audit Committee from considering and scrutinising the proposed strategy.
- 2.7 Prudential indicators and other regulatory information have now been completed and are attached as Appendix 2 and cover the following:
- Capital Prudential Indicators including the Minimum Revenue Provision (MRP) Policy Statement;
  - Borrowing Prudential Indicators;
  - Investment Prudential Indicators;
  - Counterparty Selection Criteria; and
  - Treasury Management Limits on Activity.
  - Treasury Management Advisors

### **3. RECOMMENDATIONS**

- 3.1 It is recommended that Members:
- i) Note the report and the recommendation from the Audit Committee to approve the following detailed recommendations for the 2013/14 Treasury Management Strategy and related issues;

- ii) Approve the adoption of Option 1 for the Council's borrowing strategy which will delay long term borrowing and continue the existing strategy of netting down investments and borrowings until there is a significant forecast change in current interest rates as outlined in section 4 of Appendix 1;
- iii) Note and approve the Chief Finance Officer's professional advice that if recommendation (ii) is approved that a permanent interest and MRP saving of £1m can be built into the 2014/15 base budget forecast – as detailed in paragraph 4.21 of Appendix 1;
- iv) Note that if recommendation (iii) is approved this will help reduce the 2014/15 budget deficit and to note this saving is reflected in the budget deficits detailed in the Medium Term Financial Strategy report elsewhere on the agenda;
- v) Note and approve the Chief Finance Officer's professional advice that the saving detailed in recommendation (iii) can only be achieved if the forecast 2013/14 Treasury Management saving of £0.870m is earmarked to establish a 'Treasury Management risk reserve' to manage the risk of interest rates increasing over the period of the MTFS and therefore costs exceeding the reduced ongoing revenue budget;
- vi) Note that an annual review of the 'Treasury Management risk reserve' will be reported to Members as part of the annual Treasury Management review;
- vii) Approve the continuation of the existing investment strategy and counterparty list;
- viii) Approve the proposal for managing the Capital Funding Reserve detailed in paragraph 6.7 of Appendix 1 and note that an annual update will be reported to Members;
- ix) Approve the Capital Prudential Indicators and the Minimum Revenue Provision Statement included in Section 1 Appendix 2;
- x) Approve the Borrowing Prudential Indicators included in Section 2 Appendix 2;
- xi) Approve the Investment Prudential Indicators included in Section 3 Appendix 2;
- xii) Approve the Investment Strategy Counterparty Criteria contained in section 4 Appendix 2 and note that the operational limits will continue to be further restricted; and,
- xiii) Approve the Treasury Management Limits on Activity in section 5 Appendix 2.



# AUDIT COMMITTEE

## 9th November 2012



**Report of:** Chief Finance Officer

**Subject:** TREASURY MANAGEMENT STRATEGY REVIEW

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### 1. PURPOSE OF REPORT

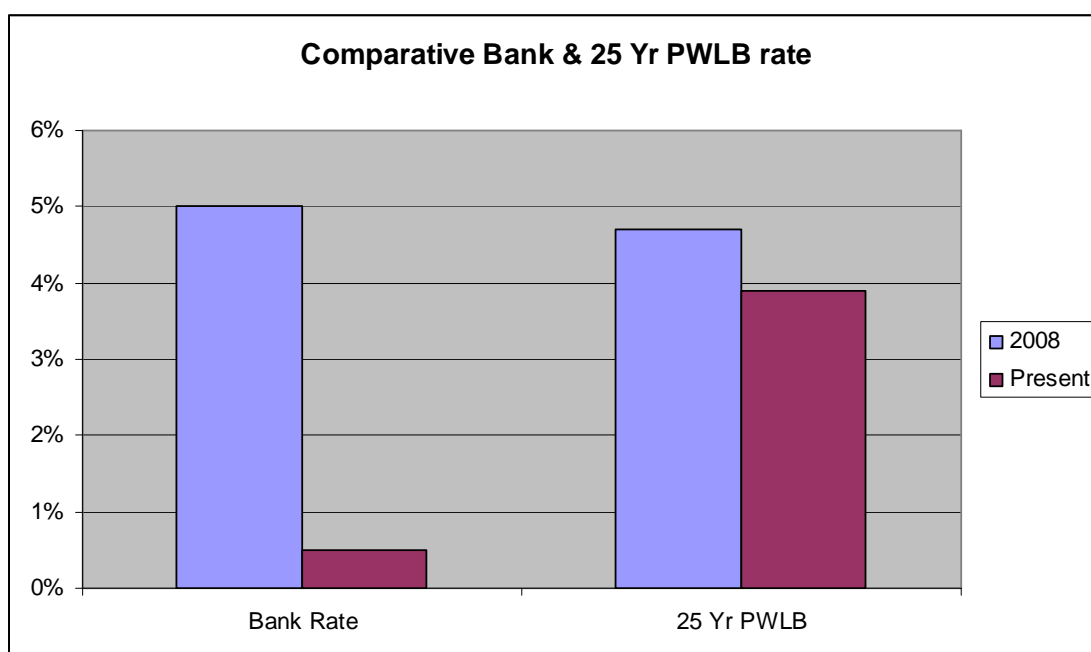
- 1.1 The purpose of the report is to review the existing Treasury Management Strategy and to recommend a strategy for 2013/14 and future years.

### 2. BACKGROUND

- 2.1 The objectives of the Treasury Management Strategy are to manage the Council's cash investments and the Capital Financing Requirement (CFR) which is the long term borrowing requirement at the lowest net cost, whilst effectively managing a range of potential risks. It is important that Treasury Management risks are managed effectively to avoid unbudgeted costs, which would be significant owing to the level of the Council's cash investments and long term borrowing requirement.
- 2.2 In order to manage these risks the Council has historically adopted a proactive Treasury Management Strategy and actively managed both cash investments and the CFR. This strategy has responded to external changes in the financial market and the economy, which has enabled the Council to minimise risk and the net cost of Treasury Management activity over a prolonged period.
- 2.3 In relation to managing cash investments the principal risk which needs to be managed is security of the money invested. The importance of this risk was clearly demonstrated by the problems some investors, including other Local Authorities, experienced with Icelandic banks. To manage this risk the Council has always operated robust criteria for determining the organisations it will invest surplus cash with.
- 2.4 With regard to the CFR the principle risk relates to securing sustainable low long term interest rates for the Council's borrowing requirement. This has historically been achieved by actively managing borrowing decisions and by

using different funding sources, including the Public Works Loan Board (PWLB), market loans from banks and LOBO (Lender's Option Buyer's Option) loans.

- 2.5 This mixed approach to managing the Council's CFR has provided flexibility to manage unforeseen changes in circumstances. Most recently this approach has enabled the Council to net down investments and borrowings in response to the increase in investment counter party risk arising from the 2008 financial crisis and the unprecedented reduction in the bank base rate to the lowest level in modern economic times (i.e. the last 100 years and to a level not seen since records began in 1694). This approach has significantly reduced risk by reducing the level of the Council's cash investments at a time of continued uncertainty in the banking system and financial markets. It has also provided the lowest cost option for the Council's overall Treasury Management activity over the last few years.
- 2.6 As reported previously when the 2012/13 Treasury Management Strategy was considered the current strategy of netting down investments and borrowings is not sustainable on a permanent basis as the current historically low base rate is not sustainable and disconnected from longer term borrowing rates for periods of 25 years plus which are currently at 3.9%. These longer term rates are themselves at an historically low level as before the 2008 financial crisis interest rates for 25 year plus loans were 4.7%, compared to a base rate in 2008 of 5%, as summarised below:-



- 2.7 In addition the Council's available cash investments will reduce over the next few years as reserves are used to fund one-off commitments identified in the Medium Term Financial Strategy (MTFS), including housing market renewal commitments and redundancy/early retirement costs arising from the budget cuts required over for the next four years.

- 2.8 In view of the above factors the Treasury Management position will continue to require careful management for the next few years to assist the overall financial strategy. The following sections outline proposals for the continued proactive management of Treasury Management activity.

### 3. Future Capital Financial Requirement (CFR)

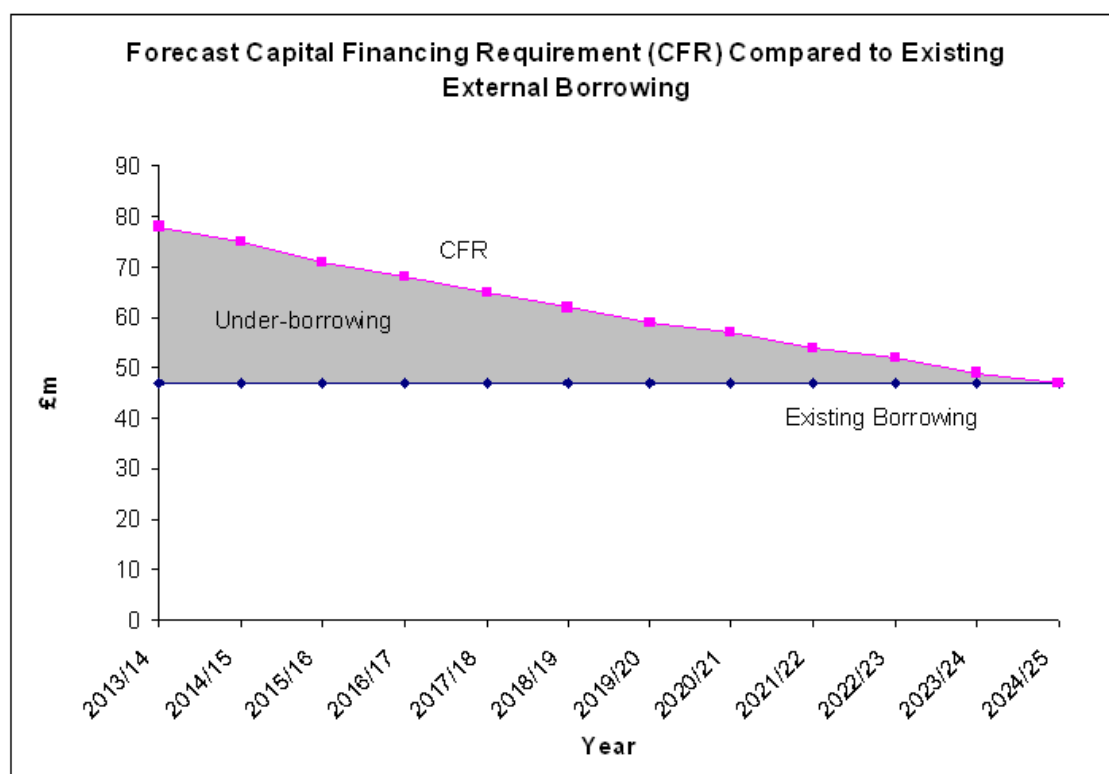
- 3.1 The CFR is the amount the Council needs to borrow to fund capital expenditure incurred in previous financial years and forecast capital expenditure in the next three years which is not funded from capital grants, capital receipts or directly from revenue budgets. Historically the majority of the authority's CFR related to capital expenditure supported by Government borrowing approvals.
- 3.2 Government borrowing approvals are authority to fund capital expenditure from loans. The Government then pay revenue grant to councils to partly fund the annual loan repayment and interest costs. The balance of these costs is then funded from the Council's General Fund budget. Prior to the introduction of the prudential borrowing system councils could only borrow for capital expenditure authorised by a Government borrowing approval.
- 3.3 Following the introduction of the prudential borrowing systems councils can determine their own borrowing levels, subject to revenue affordability. The Council has managed the new flexibility carefully owing to the ongoing revenue commitment of taking on new additional borrowing. The Council has only approved specific self funding business cases, for example affordable housing schemes and a limited amount of General Fund capital expenditure where the resulting loan repayment and interest costs have been funded as a revenue budget pressure.
- 3.4 Councils ultimately need to fund the CFR by borrowing money from the PWLB or banks. The CFR is then repaid over a number of years reflecting the long term benefits of capital expenditure. In simple terms the CFR represents the Councils outstanding mortgage, although the legislation and accounting requirements are significantly more complex.
- 3.5 In the short term the Council can fund the CFR by netting down investments and borrowings. This is only sustainable while the Council has temporary cash investments and in the medium term the CFR will need to be funded from external loans. This is the approach currently adopted by the Council and the position as at 31 March 2012, shows the Council has under-borrowing against the CFR of £36m.

31 March 2012	£m
CFR	83
Borrowing	47
Under-borrowing	36

- 3.6 The previous treasury management strategy anticipated that the CFR would remain stable at around £83m for the foreseeable future. This position

reflected the impact of the annual repayments costs and interest on new capital expenditure covered by Government borrowing matching savings arising from the repayment of previous year's borrowings. The MTFS included provision for the annual statutory repayment of the CFR, known as Minimum Revenue Provision (MRP), and forecast interest costs.

- 3.7 In 2011/12 the Government replaced borrowing approvals with capital grants. This position was not expected and was repeated in 2012/13 and is expected to continue in future years.
- 3.8 The replacement of borrowing approvals with capital grants is a fundamental change and beneficial for councils in revenue terms as Government support for capital expenditure is now being funded from a cash capital grant, therefore avoiding new borrowing. The downside to this change is a reduction in the overall level of Government capital support for councils, although this would have happened irrespective of the way council capital spending is supported owing to the impact of the 2010 spending review.
- 3.9 It is anticipated that this is a permanent change as from April 2013 the Government's new system for providing revenue grant to support the General Fund revenue budget will make it extremely complex for the Government to support capital via borrowing approvals.
- 3.10 Against this background a revised forecast of the CFR for the next 15 years has been prepared. This forecast anticipates annual reductions in the level of under borrowing, i.e. the amount the CFR exceeds the level of external debt. This position also assumes no new borrowing is undertaken during this period, as summarised below.



#### 4. Strategy for funding CFR

4.1 The fundamental change in the way the Government will support a reduced level of capital expenditure by Councils provides an opportunity to review the Treasury Management strategy and in particular the strategy for funding the ongoing forecast CFR.

4.2 Fundamentally this strategy is still about managing financial risk and essentially there are two components to risk:

- Managing new loans; and
- Managing existing outstanding loans and the underfunding of the CFR and links to investments.

Managing new loans will be based on specific business cases whereby the annual interest and MRP costs are funded from income, or as a specific budget pressure. Managing existing outstanding loans and the underfunding of the CFR will need to be done within the existing budget and details of how this will be achieved are set out in the following paragraphs.

4.3 As detailed in section 3 a 15 year forecast of the CFR has been prepared. This shows a year on year decrease in the outstanding CFR. Individually the annual reductions are relatively small figures. However, on a cumulative basis the annual reduction becomes more significant over the period covered by the MTFS.

4.4 This forecast enables the Council to review the existing Treasury Management strategy and should allow ongoing revenue savings to be achieved in annual loan repayment costs over the period of the MTFS.

4.5 There are two elements to the Councils annual loan repayment costs – the statutory Minimum Revenue Provision (MRP) and interest costs.

#### 4.6 Minimum Revenue Provision (MRP)

4.7 The MRP is calculated on the basis of the CFR and based on the forecast reduction in the CFR it is anticipated there will be annual reductions in the MRP over the period of the MTFS (2013/14 to 2016/17), which can be taken as a revenue savings, as summarised below.

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Annual MRP Saving	70	210	90	140
Cummulative MRP Saving	70	280	370	510

#### 4.8 Interest costs

4.9 The second element of the annual loan repayment cost is interest payments relating to the CFR and the underlying outstanding debt. This is more difficult to predict and will depend on the level of interest rates in future years and

the timing of decisions to manage the necessary transition from the existing Treasury Management Strategy of netting down borrowings and investments, to a strategy which funds the underlying CFR from external borrowing.

- 4.10 The transition from the existing strategy will need careful management to minimise financial risk to the Council and the ongoing interest costs of funding the CFR. This is particularly challenging in the current economic climate and interest environment owing to the unpredictable circumstances which currently exist. The most visible factor is the historically low Bank of England base rate and the extent to which this is disconnected from longer term interest rates.
- 4.11 The Bank of England base rate has remained at 0.5% since March 2009, which is significantly longer than most economic forecasters predicted. It is now anticipated that the current base rate will continue for the foreseeable future. However, given the unpredictable economic conditions (by previous economic standards) it is unclear how long the base rate will be sustainable at this level, the factors which could lead to the rate increasing and the speed of future increases. There could be a major impact on the base rate if the UK 'AAA' credit rating is downgraded, which it is anticipated would significantly increase the Bank of England base rate.
- 4.12 Against this uncertainty the Council needs to maintain a robust strategy for managing investments and borrowings to reflect the forecast reductions in the CFR. In relation to managing this interest rate risk there are essentially two options available to the Council.
- 4.13 Option 1 – Delay new long term borrowing until 2016/17**
- 4.14 This strategy would continue the existing approach of netting down investments and borrowings in the short-term. As investments are used up the underfunding of the CFR (i.e. the difference between the CFR and actual external debt) would be funded from short-term loans. It is anticipated that the interest on these loans would be at (or near) to the current base rate.
- 4.15 This strategy assumes the base rate remains at 0.5% until March 2015. Based on available information from a range of forecasters (including the Council's own treasury management advisors) and recent statements by the Governor of the Bank of England this is not an unrealistic planning assumption.
- 4.16 This option therefore maximises the potential interest savings which should be achievable on the Council's borrowing from 2013/14.
- 4.17 However, the current economic environment is unprecedented and unforeseen circumstances could result in the base rate increasing earlier than currently anticipated and to a higher level, significantly above the historic current base rate which is not sustainable. If a permanent interest rate saving is built into the MTFS and the base rate increases the Council

would face an unbudgeted pressure. The magnitude of this pressure would depend on the scale of the saving built into the MTFS and the level of increase in the base rate.

- 4.18 To manage this risk a careful assessment of the forecast interest rate saving which could be included in the MTFS has been undertaken. This assessment reflects the following factors:
- forecast reductions in the CFR over the period covered by the MTFS, as detailed in section 3, which will reduce the underlying level of the Council's forecast external debt;
  - forecast interest rates over the period of the MTFS and the linkage between the base rate and longer term interest rates;
  - a risk assessment of LOBO's being called over this period and the Council having to refinance these loans at a higher interest rate;
  - a prudent assessment of when this saving can be included in the MTFS.
- 4.19 The final bullet point will be a key element of the strategy for managing financial risks relating to the Treasury Management Strategy over the period of the MTFS. The assessment of the various factors and risks underpinning this option indicates that any interest savings should be achievable from 2013/14 to supplement the MRP saving detailed earlier in the report. These savings could therefore potentially be built into the MTFS from 2013/14. However, this would increase financial risk over the remainder of the MTFS as the risk of an increase in the base rate increases over time, which would result in a budget pressure if the full savings is taken from 2013/14.
- 4.20 Therefore, to mitigate this risk the interest saving either needs to be phased over the period of the MTFS, or the risk managed by establishing a reserve from the savings in 2013/14. In my professional opinion and reflecting the statutory requirement to provide Council with advice on the robustness of the annual budget I would recommended that the forecast Treasury Management saving in 2013/14 is earmarked as a reserve to manage these risks over the period of the MTFS. This professional advice reflects the planned 2013/14 savings plan and my advice that this approach will provide the necessary funding to manage Treasury Management risks detailed in paragraph 4.18 over the next 4 years.
- 4.21 This proposal would then enable a permanent saving of £1m to be taken in 2014/15 and future years as detailed in the following table. This would significantly reduce the forecast unfunded deficit for 2014/15 from £1.4m (assuming the saving plan is achieved) to £0.4m. The table indicates that over the period of the MTFS the proportion of the overall saving arising from a reduction in MRP increases and the proportion from interest savings decreases, which makes the position more sustainable over time. This does not remove the risk from an increase in the base rate, however the recommended risk reserve should provide sufficient funding to offset an increase in the average interest rate on the Council's CFR to 4% over the period of 2014/15 to 2016/17.

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MRP Saving	70	280	370	510
Forecast interest savings	800	720	630	490
Total Forecast saving earmarked to manage Treasury Management risk over period of MTFS	870	0	0	0
Total forecast saving earmarked to reduce budget deficits	0	1,000	1,000	1,000

- 4.22 The risk strategy for Treasury Management activity also needs to address the risk that interest rates on the existing LOBO loans increase during the period of the MTFS, as detailed in section 5.
- 4.23 In summary the above strategy should address the risk of adopting this option from an increase in the interest rate on the existing CFR over the period of the current MTFS. This risk needs careful management to enable the Council to benefit from the advantages of this option, which are:
- maximising the savings which can be taken towards assisting the current MTFS; and
  - avoid increasing external investments, which would occur if the current strategy of netting down investments and borrowings is unwound. This option therefore avoids increasing the risk of the Council having higher temporary cash investments and the resulting increase in counterparty risk. It also avoids an increase in costs from interest earned on investments being significantly lower than interest paid on new borrowings.
- 4.24 **Option 2 – Fully fund forecast CFR in 2013/14**
- 4.25 The option would unwind the current strategy of netting down investments and borrowings and fully fund the forecast CFR from external loans. Under this option the Council could either fund the CFR on a short-term basis or lock into longer term interest rates. The advantage of this option is that the Council would have certainty over interest costs, although this would depend on the length of new loans.
- 4.26 The maximum financial certainty would be achieved by locking into longer term interest rates for the forecast CFR. However, the cost of this certainty would reduce the interest savings which could be taken towards the MTFS owing to higher interest rates paid on borrowings and the much lower interest earned on investments, which are linked to the base rate. This option would only guarantee the annual MRP savings identified in paragraph 4.21, which are significantly lower than the combined MRP and interest savings which can be achieved by adopting Option 1.



- 4.27 This option would also increase external investments and therefore counterparty risk. The current strategy has aimed to minimise these risks owing to the continued uncertainty in the financial markets and the primary Treasury Management objective of protecting the monies invested by the Council. In my professional opinion I would not recommend a strategy which increases investment risks and potentially puts Council funds at risk.

## **5. Managing existing debt – LOBO Loans.**

- 5.1 As reported in previous Treasury Management Strategy reports the majority of the current external debt (96%) is funded from LOBO (Lenders Option, Borrowers Option) loans. These loans provide fixed interest rates for defined periods and also defined dates for reviewing interest rates, known as 'call dates'.
- 5.2 The LOBO loans were all taken out before the current banking crisis, during the period December 2006 to January 2008. Interest rates on these loans are around 4%, which was lower than the PWLB fixed interest rates available at the time and therefore the LOBO loans have provided ongoing savings compared to the alternative of using the PWLB. By historic standards (excluding the period covered by the current banking and financial crisis) the interest rates on the LOBO loans are low compared to other forms of long term borrowing.
- 5.3 If the lender exercises the option to review the interest rate the Council can either accept the new interest rate, or repay the loan as if it was a maturity loan i.e. there is no penalty or cost of repaying the loan early. At that time the Council would need to refinance these loans. To manage this risk the original LOBO loans were arranged with different review dates to enable the Council to phase the impact over a number of financial years.
- 5.4 An annual assessment of the probability of lenders exercising the review option is undertaken with support from the Council's external Treasury Advisors. The latest review indicates that this is a low risk for 2013/14 and 2014/15, and a slightly increasing risk for 2015/16 and 2016/17. However, this position will change when the base rate increases and over the period of the MTFS there is potential risk that some of these loans may need refinancing. If this occurs this is anticipated to be at an interest rate above the current LOBO interest rate, as increases in base rates will trigger increases in longer term interest rates. The suggested reserve detailed in paragraph 4.20 would help to manage this risk over the period of the MTFS. Beyond 2016/17 it is anticipated that this potential risk can be managed from the additional MRP savings forecast from 2016/17. This position assumes these forecast additional MRP savings are achieved and future interest rate increases do not exceed current forecasts.

## **6. Managing the Capital Funding Reserve**

- 6.1 The Capital Funding Reserve is earmarked to fund capital expenditure commitments approved by full Council. At the end of each financial year the

value of the Capital Funding Reserve reflects contractual capital expenditure commitments which have not been paid owing to the longer lead time for capital projects which can be phased over more than one financial year.

- 6.2 At the end of 2011/12 the value of the Capital Funding Reserve was approximately £2.6m. The majority of this amount will be used to fund existing capital commitments in 2013/14, although some funding may be carried forward to fund existing capital commitments in 2014/15.
- 6.3 Whilst, the Capital Funding Reserve is committed to fund existing capital expenditure commitments, there is a potential opportunity to replace this funding with Prudential Borrowing. This would then enable this one-off funding to be reallocated to fund other one-off commitments, of either a revenue or capital nature, which may need to be funded in future years.
- 6.4 As Members will appreciate the use of Prudential Borrowing would result in an additional unfunded budget pressure and in normal circumstances I would not recommend that this approach should be adopted as it would simply increase the revenue budget deficit.
- 6.5 However, the Council faces unprecedented financial challenges/uncertainty and budget deficits over the next 4 years. Therefore, all potential opportunities and options for maximising future financial flexibility need to be assessed.
- 6.6 In relation to the Capital Funding Reserve this needs to consider whether it would be in the Councils medium term financial interest to release this funding by replacing it with prudential borrowing. This would then provide an uncommitted revenue reserve to fund future, and currently unidentified, expenditure commitments. As it is anticipated that the majority of the Capital Funding Reserve will be spent in the current year this issue needs to be considered in the current year otherwise the opportunity to increase future financial flexibility will be lost.
- 6.7 In considering this option a strategy for managing the resulting additional unfunded Prudential Borrowing costs, which would be in the order of £0.23m, would need to be developed. This is a complex area. However, it would be possible to maximise future financial flexibility and avoid an immediate budget pressure in 2013/14 by adopting the following strategy:
  - Step 1 - approve an increase in the 2012/13 Prudential Borrowing limits of £2.6m to release the Capital Funding Reserve;
  - Step 2 – relocate the Capital Funding Reserve and create a Prudential Borrowing Repayment Reserve. This amount would be specifically invested to offset the interest payable on the increased Prudential Borrowing in 2013/14, thereby mitigating the resulting revenue budget pressure. From 2014/15 there would still be a residual budget pressure from the net interest and MRP

costs, which it is anticipated can be funded from the existing capital financing budget in 2014/15 and future years.

- Step 3 – The Prudential Borrowing Repayment Reserve would be retained until such time as the Council needs to fund unforeseen one-off future expenditure commitments not yet identified through existing risk management arrangements. At the point such one-off commitments arise the Prudential Borrowing Repayment Reserve could then be reallocated to fund these issues. This would then result in a permanent revenue cost from the increased use of Prudential Borrowing. Alternatively, in the event that no unexpected additional one-off commitments arise over the next 4 years the Prudential Borrowing Repayment Reserve can be used to repay the additional Prudential Borrowing, arising from the implementation of this strategy, which would remove the potential revenue pressure.

- 6.8 In my professional opinion this proposal is an appropriate strategy to help manage the unprecedented financial challenges and uncertainty facing the Council over the next 4 years, such as the in-year impact of a reduction in business rates for the Power Station. Therefore, I recommend that these arrangements are implemented as this will provide financial flexibility to help manage the financial challenges facing the Council and help avoid significant in-year budget cuts if these risks occur. This position will need to be managed carefully and an annual update will be provided in the Treasury Management Strategy submitted to the Audit Committee and full Council.

## **7 PRUDENTIAL CODE MID-YEAR REVIEW**

- 7.1 The previous sections outline the proposed Treasury Management Strategy for future years. These changes will not impact on the prudential indicators set for 2012/13. Compliance against these indicators is monitored on a regular basis and there are no breaches to report.
- 7.2 The CFR and Capital Expenditure Financed by Borrowing will vary from the original estimate approved by full Council in February 2012 owing to planned capital expenditure being rephased to 2013/14 and the approval of the strategy outlined in paragraph 6.7. Initial assessment indicates that there will be no net impact on the total borrowing forecast for the period of the MTFS although there may be timing differences around individual financial years.

## **8 CONCLUSION**

- 8.1 The continued uncertainty in financial markets around the world, the uncertain economic outlook and future direction of interest rates make Treasury Management particularly challenging. These factors are unprecedented in modern economic terms (i.e. the last 100 years) which means it is extremely unclear which direction interest rates will take in future years.

- 8.2 Despite these uncertainties the Council still needs to develop a sustainable and robust Treasury Management Strategy for 2013/14. This strategy also needs to fit in with the MTFS owing to the impact of Treasury Management costs on the overall budget. The report therefore addresses the potential benefits and risks relating to Treasury Management activity.
- 8.3 In terms of a borrowing strategy the report outlines two options. In my professional view it is recommended that the Council adopts Option 1, which continues with the current strategy of netting down investments and borrowings and delays any new long term borrowing. This strategy is based on an assessment of the forecast borrowing requirement over a 15 year period.
- 8.4 This strategy should enable a significant revenue savings to be achieved. The strategy is not without financial risk and to manage this position I would recommend that a specific risk reserve is established from the forecast 2013/14 saving. If the risk reserve is not established I would not recommend that this option is adopted. This proposal will then enable a saving of £1m to be taken towards the 2014/15 budget deficit. This would significantly reduce the forecast underfunded deficit for 2014/15 from £1.4m (assuming the saving plan is achieved) to £0.4m.
- 8.5 Risk will also be managed by setting a trigger point of 3.5% for 10 year interest rates. When this trigger point is reached I will need to determine if it is appropriate at that time to lock into longer term interest rates.
- 8.6 The recommended strategy proposes allocating forecast MRP and interest savings towards reducing the 2014/15 budget deficit, rather than allocating to fund new capital expenditure. This recommendation reflects the overall budget deficits facing the Council over the next 4 years or £18m to £21m. The strategy is also based on the anticipation that the Government will continue to support local authority capital expenditure from capital grants, rather than borrowing approvals. If this position changes the Council would need to consider whether it can afford to take on any new borrowing, which would increase the forecast budget deficits over the next four years.
- 8.7 In relation to the Council's investment strategy the report reminds Members of the key issues which need to be considered and in order of importance these are:
- safeguarding the re-payment of the principal and interest of its investments on time;
  - ensuring adequate liquidity;
  - investment return.
- 8.8 In the current economic climate, the current investment strategy has one over-riding risk consideration which is safeguarding the principal invested. As a result of these underlying concerns the existing investment strategy will continue to net down investments and borrowings and maintain the tight

controls already in place in the approved investment strategy. This strategy restricts both the institutions the authority will invest in and the period of Investment. The authority will continue to invest on a short term basis (i.e. up to 100 days) and restrict counterparties to the current investment list as detailed in the 2012/13 Treasury Management Strategy.

## **9. RECOMMENDATIONS**

### **9.1 It is recommended that Members:**

- i) Note the report;
- ii) Approve the adoption of Option 1 for the Council's borrowing strategy which will delay long term borrowing and continue the existing strategy of netting down investments and borrowings until there is a significant forecast change in current interest rates;
- iii) Note and approve my professional advice that if recommendation (ii) is approved that a permanent interest and MRP saving of £1m can be built into the 2014/15 base budget forecast – as detailed in paragraph 4.21,
- iv) Note that if recommendation (iii) is approved the current forecast 2014/15 net budget deficit of £1.4m (assuming the savings plan is achieved) will be reduced from £1m to £0.4m;
- v) Note and approve my professional advice that the saving detailed in recommendation (iii) can only be achieved if the forecast 2013/14 Treasury Management saving of £0.870m is earmarked to establish a 'Treasury Management risk reserve' to manage the risk of interest rates increasing over the period of the MTFS and therefore costs exceeding the reduced ongoing revenue budget;
- vi) Note that an annual review of the 'Treasury Management risk reserve' will be reported to Members as part of the annual Treasury Management review;
- vii) Approve the continuation of the existing investment strategy and counterparty list;
- viii) Approve the proposal for managing the Capital Funding Reserve detailed in paragraph 6.7 and note that an annual update will be reported to Members;
- ix) Note the prudential code mid-year review in section 7; and,
- x) Refer the above proposals to full Council for approval.

## **10. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE**

None

**11. BACKGROUND PAPERS**

None

**12. CONTACT OFFICER**

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**PRUDENTIAL INDICATORS AND OTHER REGULATORY INFORMATION****1. CAPITAL PRUDENTIAL INDICATORS INCLUDING THE MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT**

1.1 The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and set prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity.

**1.2 CIPFA Treasury Management Code of Practice**

1.3 The first prudential indicator is confirmation that the Authority has adopted the CIPFA Treasury Management Code of Practice.

**1.4 Capital Expenditure and the Capital Financing Requirement (CFR)**

1.5 A certain level of local authority capital expenditure was previously supported by the Government through supported prudential borrowing. These allocations will now all be funded from capital grants. This avoids future budget pressures as the Council does not need to make provision for corresponding loan repayment costs. New capital expenditure funded by unsupported prudential borrowing (i.e. borrowing not supported by the Government) will now be limited to schemes funded from the “Council Capital Fund” or schemes with a specific business case that demonstrates borrowing is affordable and in line with the Council's strategic goals. However new borrowing may be required to fund the Council's existing borrowing requirement for capital expenditure incurred in previous years.

1.6 The Council needs to have regard to the following when approving unsupported prudential borrowing proposals:

- Service objectives (e.g. strategic planning);
- Stewardship of assets (e.g. asset management planning);
- Value for money (e.g. option appraisal);
- Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
- Affordability (e.g. implications for the Council Tax);
- Practicality (e.g. the achievability of the forward plan).

1.7 The Authority's Borrowing Strategy is driven by the Capital Financing Requirement (CFR) and the Authority's view of interest rates. The CFR is the total outstanding capital expenditure which has not yet been paid for from revenue budgets. It is essentially a measure of the Authority's underlying borrowing need based on capital programmes approved by the Council in previous years. At 31 March 2012 the Authority's CFR was £91.097m, which includes £8.306m in respect of self funded schemes.

- 1.8 Following accounting changes the CFR now includes any other long term liabilities such as finance leases. Whilst this increases the CFR, and therefore the borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. As at 31 March 2012 the CFR included £0.035m that related to finance leases.
- 1.9 As part of the Medium Term Financial Strategy the Council is required to approve the 2013/14 capital programme as summarised below:

Capital Expenditure	2012/13 Revised £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
New Approved Capital Expenditure	22,293	15,338	9,612	5,992
Rephased Capital Expenditure approved in previous years	22,481	13,201	0	0
<b>Capital Expenditure for the Year</b>	<b>44,774</b>	<b>28,539</b>	<b>9,612</b>	<b>5,992</b>
<b>Financed by:</b>				
Capital grants and contributions	13,109	9,051	8,234	3,924
Other Capital Funding	3,543	628	0	0
Rephased Capital Resources	22,481	13,201	0	0
<b>Prudential Borrowing:</b>				
Capital Expenditure to be funded from New Prudential Borrowing	5,641	5,659	1,378	2,068

The estimated Capital Finance & Borrowing Requirement is shown in the table below:

Capital Financing & Borrowing Requirement	2012/13 Revised £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
<b>CFR at 1st April</b>	<b>91,097</b>	<b>94,716</b>	<b>98,411</b>	<b>95,281</b>
Capital Expenditure Financed by New Borrowing	5,641	5,659	1,378	2,068
Repashed Capital Expenditure Financed by Borrowing	5,045	2,618	0	0
Less Capital Expenditure Financed by Borrowing to be rephased into future years	(2,618)	0	0	0
Less MRP/VRP and other financing movements	(4,449)	(4,582)	(4,508)	(4,367)
<b>CFR at 31st March</b>	<b>94,716</b>	<b>98,411</b>	<b>95,281</b>	<b>92,982</b>
Less assets held under Finance Lease	(248)	(237)	(226)	(215)
<b>Borrowing Requirement</b>	<b>94,468</b>	<b>98,174</b>	<b>95,055</b>	<b>92,767</b>

- 1.10 The Authority is required to pay off an element of the CFR each year through a revenue charge called the Minimum Revenue Provision (MRP).
- 1.11 CLG Regulations require the Council to approve **an MRP Statement** in advance of each year. This will determine the annual loan repayment charge



to the revenue account. The budget strategy is based on the following MRP statement and Council is recommended to formally approve this statement:

- For capital expenditure incurred before 1<sup>st</sup> April, 2008 the Council's MRP policy is to calculate MRP in accordance with former CLG Regulations. This is 4% of the Capital Financing Requirement except where the Council makes Voluntary Revenue Payments for Departmental Prudential Borrowing, which is in excess of the amount required by these regulations, based on asset life.
- From 1<sup>st</sup> April, 2008 the Council calculates MRP based on asset life for all assets or where prudential borrowing is financed by a specific annuity loan, MRP will be calculated according to the actual loan repayments

### 1.12 Affordability Prudential Indicators

- 1.13 These indicators are detailed below and are intended to give an indication of the affordability of the planned capital expenditure financed by borrowing.

#### Incremental Impact of Capital Expenditure on Council Tax

This indicator identifies the revenue costs associated with new schemes included in the three year Capital Programme recommended in the budget strategy report compared to the Authority's existing approved commitments and current plans. The incremental impact of capital expenditure on Council Tax is expected to reduce in the longer term in line with the reduction of anticipated prudential borrowing.

	Forward Projection	Forward Projection	Forward Projection	Forward Projection
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>CouncilTax - Band D</b>	£4.96	£6.97	£1.70	£2.55

#### Ratio of Financing Costs to Net Revenue Stream

This shows the net cost of capital borrowing as a percentage of the net budget, which is spent on servicing debt. Whilst the authority's CFR is going to fall as a result of reduced supported borrowing allocations this indicator is expected to increase because of the decrease in the revenue budget owing to Government grant cuts. This is effectively a technical change and will not impact on the revenue budget as this includes provision for interest and repayment costs remaining stable for the next three years.

%	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
<b>Ratio</b>	7.16%	6.62%	6.72%	6.91%

**2. BORROWING PRUDENTIAL INDICATORS****2.1 Debt and Investment Projections 2012/13 – 2015/16**

- 2.2 The table below sets out the Authority's projected borrowing requirement and level of debt.

Debt and Investment Projections	2012/13 Revised £'000	2013/14 Estimated £'000	2014/15 Estimated £'000	2015/16 Estimated £'000
Long Term Borrowing 1 April	51,016	51,016	51,016	51,016
Expected change in Long Term Debt	0	0	0	0
<b>Debt at 31 March</b>	<b>51,016</b>	<b>51,016</b>	<b>51,016</b>	<b>51,016</b>
<b>Borrowing Requirement</b>	<b>94,468</b>	<b>98,174</b>	<b>95,055</b>	<b>92,767</b>
<b>Under Borrowing</b>	<b>(43,452)</b>	<b>(47,158)</b>	<b>(44,039)</b>	<b>(41,751)</b>

- 2.3 The table shows that the authority can temporarily defer long term borrowing by continuing to use its balance sheet resources and use short term borrowing. Scope to continue this strategy reduces in future years. Though this reduces investment counterparty risk and shelters against the low investment returns, further borrowing may be undertaken to mitigate the risks outlined above.

**2.4 Limits to Borrowing Activity**

- 2.5 Within the prudential indicators there are a number of key indicators to ensure the Authority operates its activities within well defined limits.

- 2.6 The Authority needs to ensure that its total borrowing does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2013/2014 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. The table below demonstrates that borrowing will not exceed the CFR.

External Debt	2012/13 Revised £'000	2013/14 Estimated £'000	2014/15 Estimated £'000	2015/16 Estimated £'000
Gross Borrowing	51,016	51,016	51,016	51,016
Other Long Term Liabilities	248	237	226	215
<b>Total Gross Borrowing</b>	<b>51,264</b>	<b>51,253</b>	<b>51,242</b>	<b>51,231</b>
<b>Borrowing Requirement</b>	<b>94,468</b>	<b>98,174</b>	<b>95,055</b>	<b>92,767</b>

- 2.7 The table below shows two key limits for the monitoring of debt. The Operational Limit is the likely limit the Authority will require and is aligned closely with the actual CFR on the assumption that cash flow is broadly neutral. The Authorised Limit for External Debt is a further key prudential indicator to control the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Council. In practice it needs to take account of the range of

cash flows that might occur for the Authority in addition to the CFR. This also includes the flexibility to enable advance refinancing of existing loans.

<b>Borrowing Limits</b>	<b>2012/13 Estimated £'000</b>	<b>2013/14 Estimated £'000</b>	<b>2014/15 Estimated £'000</b>	<b>2015/16 Estimated £'000</b>
Operational Limit	104,000	108,000	105,000	102,000
Authorised limit	114,000	118,000	115,000	112,000

- 2.8 The Chief Finance Officer reports that the Authority complied with these prudential indicators in the current year and does not envisage difficulties for the future.

### 3. INVESTMENT PRUDENTIAL INDICATORS

#### 3.1 Investment Projections 2012/13 – 2014/15

The table below sets out the estimates for the expected level of resource for investment or use to defer long term borrowing.

<b>2011/12 Outturn £'000</b>	<b>Year End Resources</b>	<b>2012/13 Revised £'000</b>	<b>2013/14 Estimate £'000</b>	<b>2014/15 Estimate £'000</b>	<b>2015/16 Estimate £'000</b>
49,481	Balances and Reserves	39,539	29,663	24,170	21,372
1,922	Provisions	315	315	315	315
<b>51,403</b>	<b>Total Core Funds</b>	<b>39,854</b>	<b>29,978</b>	<b>24,485</b>	<b>21,687</b>
21,895	Working Capital*	20,883	20,846	20,809	20,772
<b>73,298</b>	<b>Resources Available for Investment</b>	<b>60,737</b>	<b>50,824</b>	<b>45,294</b>	<b>42,459</b>
(39,768)	(Under)/over borrowing	(43,452)	(47,158)	(44,039)	(41,751)
<b>33,530</b>	<b>Expected Investments</b>	<b>17,285</b>	<b>3,666</b>	<b>1,255</b>	<b>708</b>

#### 3.2 Sensitivity to Interest Rate Movements

- 3.3 Sensitivity to Interest Rate Movements is a prudential indicator that the Authority is required to disclose. The table below highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. These forecasts are based on a prudent view of a +/- 1% change in interest rates for the full CFR. Equally for investments they are based on a prudent view of the total amount invested. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by short interest rate changes. As detailed in recommendation (v) in this report it is recommended that a “Treasury Management Risk Reserve” of £0.870m is established to manage this risk

<b>Impact on Revenue Budgets</b>	<b>2013/14 Estimated 1% £'000</b>	<b>2013/14 Estimated -1% £'000</b>
Interest on Borrowing	982	(982)
Investment income	(30)	30
<b>Net General Fund Borrowing Cost</b>	<b>952</b>	<b>(952)</b>

#### 4. COUNTERPARTY SELECTION CRITERIA

- 4.1 The Department for Communities and Local Government (CLG) issued investment guidance in 2010 and this forms the structure of the Council's policy below. The key intention of the Guidance is to maintain the current requirement for authorities to invest prudently and that priority is given to security and liquidity before interest return. This Council has adopted the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and applies its principles to all investment activity. In accordance with the Code, the Chief Finance Officer has produced Treasury Management Practices covering investment counterparty policy which requires approval each year.
- 4.2 The primary objectives of the Authority's investment strategy in order of importance are:
- safeguarding the re-payment of the principal and interest of its investments on time;
  - ensuring adequate liquidity; and,
  - investment return.
- 4.3 In the current economic climate the investment strategy has one over-riding risk consideration which is safeguarding the principal invested. As a result of this underlying concern the existing investment strategy nets down investments and borrowing. It also tightens the controls already in place in the approved investment strategy. This strategy restricts both the institutions the authority will invest in and the period of Investment. It is recommended that the authority continues to invest on a short term basis (i.e. up to 100 days) and restricts counterparties to the current investment list as detailed later in the report.
- 4.4 The Authority's criteria for providing a pool of high quality investment counterparties uses the credit rating information produced by the 3 major ratings agencies (Fitch, Moody's and Standard & Poor's) and is supplied by our treasury consultants. All active counterparties are checked against criteria outlined below to ensure that they comply with the criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered on a daily basis before investments are made. For instance a negative rating watch applying to a counterparty at the minimum Authority criteria will be suspended from use, with all others being reviewed in light of market conditions.
- 4.5 The **lowest common denominator** method of selecting counterparties and applying limits is used. This means that the application of the Authority's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the

Authority's criteria, the other does not, the institution will fall outside the lending criteria

4.6 The table below shows the proposed limits in 2013/14 for the Council:

Category	Fitch	Moody's	Standard & Poor's	Counterparty Limit	Time Limit
A	F1+/AA-	P-1/Aa3	A-1+/AA-	£10.0m	1 Year
B	F1/A-	P-1/A3	A-1/A-	£3.0m	1 Year
C	Unrated bank subsidiaries and building societies with assets over £1bn			£1.5m	6 months
D	Debt Management Office			£20m	1 Year
E	Part Nationalised Banks and Banks covered by UK Government Guarantee			£10m	1 Year
F	Other Local Authorities Individual Limits per Authority: <ul style="list-style-type: none"> <li>£4m County, Metropolitan or Unitary Councils</li> <li>£1m District Councils, Police or Fire Authorities.</li> </ul>			£15m	1 Year
G	The Council's Own Bank			£3.5m	1 Year
H	Money Market Funds (AAA)			£5m each	Liquid

4.7 The above limits set the overall framework for investment in “normal” market circumstances. In practice the Chief Finance Officer uses his delegated powers to set operational limits which further tighten the lending criteria as necessary in response to developments caused by the Global ‘credit crunch’. These actions reflect the Chief Finance Officer’s assessment of risk which is particularly important as credit ratings are not a guarantee of an organisation’s financial strength and can only provide a starting point for assessing risk. This flexibility is needed to take advantage of opportunities arising where maximum security can be obtained to reduce the risk of financial loss, while still benefitting from competitive rates of return.

4.8 Following the increased risk and uncertainty arising from the unprecedented recent economic crisis the Chief Finance Officer has continued to adopt an even more vigilant approach resulting in what is effectively a ‘named’ list. This consists of a very select number of counterparties that are considered to be the lowest risk. This has involved the Council temporarily suspending making new deposits with all building societies.

4.9 The Council’s approach of suspending building societies from the counterparty list has proven prudent as the ratings for all building societies have been downgraded owing to continuing concerns about their financial stability and exposure to property loans.

- 4.10 Note that the above criteria only includes UK institutions and therefore has never included Icelandic banks, owing to the risk that if these banks ran into financial difficulties the Icelandic Government may not have been able to underwrite depositors funds. The Authority has also continued to exclude all foreign banks, including Irish banks from the investment list owing to the Chief Finance Officer's assessment of risk. Again this action has proven appropriate as evidence by the downgrading of the country's sovereign rating.
- 4.11 The credit rating of counterparties is monitored regularly. The Council receives credit rating advice from its advisers, Sector, on a daily basis, and as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Finance Officer and if required new counterparties which meet the criteria will be added to the list.
- 4.12 **Specified and Non-Specified Investments**
- 4.13 CLG regulations classify investments as either Specified or Non-Specified. A Specified Investment is Sterling denominated with maturities up to a maximum of one year whereas a Non-Specified Investment is any investment not meeting the Specified definition.
- 4.14 The investment criteria outlined above is different to that used to define Specified and Non-Specified investments. This is because it is intended to create a pool of high quality counterparties for the Authority to use rather than defining what its investments are.
- 4.15 Specified Investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within twelve months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:
- The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
  - Other Councils
  - Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies
  - A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society. This covers bodies with a minimum rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies.

- 4.16 Non-specified Investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any investments with:
- Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings.
  - Any bank or building society that has a minimum long term credit rating of A- for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).
- 4.17 In the normal course of the Authority's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.
- 4.18 The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where the Authority's liquidity requirements are safeguarded. This will also be limited by the longer term investment limits.
- 4.19 **Benchmarking**
- 4.20 A requirement in the revised Codes and the CLG consultation paper is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Security and liquidity benchmarks are new requirements to the Member reporting and benchmarks in these areas are significantly less developed. The application of these is also more subjective in nature.
- 4.21 These benchmarks are simple targets (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is to assist monitoring and illuminate any changes to the strategy. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report
- 4.22 The benchmark for monitoring security is based on the historical risk of default associated with the credit rating of an organisation. The higher rated counterparties have a lower rate of historic default.
- 4.23 The table below sets out the historic default percentages for each type of credit rated institution and the period of deposit.

	Maturity Period				
Years	1	2	3	4	5
AAA	0.00%	0.02%	0.06%	0.09%	0.13%
AA	0.02%	0.04%	0.14%	0.28%	0.36%
A	0.09%	0.25%	0.43%	0.60%	0.79%
BBB	0.23%	0.65%	1.13%	1.70%	2.22%
BB	0.93%	2.47%	4.21%	5.81%	7.05%
B	3.31%	7.89%	12.14%	15.50%	17.73%
CCC	23.15%	32.88%	39.50%	42.58%	45.48%

- 4.24 The Authority has an extremely cautious investment strategy and this has avoided investment default. As a result the Authority has never suffered investment loss as institutions such as Icelandic banks have not been on the approved investment list. It is expected that the continuation of this investment strategy will avoid investment default. However the Authority still needs to set a formal limit. It is therefore suggested that the Authority will aim to ensure that the historic default probability of its investment portfolio will not exceed 0.2%.
- 4.25 An additional proposed benchmark is the average risk of default. This is based on the historic risk of default multiplied by the value of each investment. It does not constitute the actual expectation of loss. Rather it is intended to give a guide as to the relative security of investments. For the forthcoming year this is expected not to exceed £100,000.
- 4.26 To ensure adequate Liquidity the Authority maintains a bank overdraft facility of £1.5m. In addition the Authority will make use of call accounts to enable cash to be obtained with immediate notice. The proposed benchmark for monitoring liquidity is 'Weighted Average Life'. This reflects the average number of days to maturity for investments and therefore gives an indication of the liquidity profile of investments held. For the forthcoming year because of the lack of value obtainable for deposits exceeding 12 months and the need to ensure maximum security this benchmark is expected to be 0.5 years, with a maximum of 3 years.

## 5. TREASURY MANAGEMENT LIMITS ON ACTIVITY

- 5.1 There are four further treasury activity limits and the purpose of these are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance.
- 5.2 The limits are:
- i) Upper limits on variable interest rate exposure – This identifies a maximum limit for the percentage of the Authority's borrowing and



investments that are held with variable interest rates. The proposed limits are detailed in the table below.

Limits on Variable Interest Rates	2013/14 Upper £'000	2014/15 Upper £'000	2015/16 Upper £'000
Borrowing	78,000	75,000	72,000
Investments	30,000	25,000	20,000

- ii) Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit for the percentage of the Authority's borrowing and investments that are held with fixed interest rates.

Limits on Fixed Interest Rates	2013/14 Upper £'000	2014/15 Upper £'000	2015/16 Upper £'000
Borrowing	108,000	105,000	102,000
Investments	60,000	50,000	40,000

- iii) Maturity structure of borrowing – this limit is detailed in paragraph 5.3 below.

- iv) Maximum principal sums invested – this limit is detailed in paragraph 5.5 below.

- 5.3 Limits for the 'Maturity Structure of Borrowing' are intended to reduce exposure to large fixed rate sums falling due for refinancing. In the opinion of the Chief Finance Officer limits on fixed and variable rates for **borrowing** are unhelpful and could lead to unnecessary higher costs of borrowing. Previous experience has shown that it is possible to move from a position of predominantly fixed rate borrowing to variable rate borrowing and then back to fixed rate borrowing over a period of two years. In the Chief Finance Officer's opinion this proactive management of investments and borrowing continues to provide the most cost effective strategy for the authority, whilst not exposing the authority to unnecessary risk. The Authority should ensure maximum flexibility to minimise costs to the revenue budget in the medium term. These limits are detailed in the table below.

<b>Maturity Structure of fixed interest rate borrowing 2013/14</b>				
	<b>2012/13 £000</b>	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2013/14 £000</b>
	<b>Lower Limit</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
Under 12 months	0	94,000	0	98,000
12 months to 2 years	0	104,000	0	108,000
2 years to 5 years	0	104,000	0	108,000
5 years to 10 years	0	104,000	0	108,000
10 years to 20 years	0	104,000	0	108,000
20 years to 30 years	0	104,000	0	108,000
30 years to 40 years	0	104,000	0	108,000
40 years to 50 years	0	104,000	0	108,000
50 years to 60 years	0	104,000	0	108,000
60 years to 70 years	0	104,000	0	108,000

- 5.4 The limits allow for borrowing up to the Capital Financing Requirement at either variable or fixed rates. The intention is to move to fixed rate borrowing when rates are at an appropriate level and may require the temporary use of variable rate borrowing in the interim.
- 5.5 Total principal funds invested for greater than 364 days – These limits are set with regard to the Authority's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

<b>Limit for Maximum Principal Sums Invested &gt; 364 days</b>			
	<b>1 year £000</b>	<b>2 years £000</b>	<b>3 years £000</b>
Maximum	0	0	0

## 5.6 Performance Indicators

- 5.7 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. The Authority will produce the following performance indicators for information and explanation of previous treasury activity:

- Average rate of borrowing for the year compared to average available
- Debt – Average rate movement year on year
- Investments – returns above the 7 day LIBID rate

## 6. TREASURY MANAGEMENT ADVISORS

- 6.1 The authority uses Sector as its treasury management consultants. The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;

- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings/market information service comprising the three main credit rating agencies;

6.2 Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Authority. This service is subject to regular review

## SECTION C

### Detailed Revenue Budgets By Department



**STATEMENT OF GENERAL FUND REQUIREMENTS 2013/14 TO 2016/2017**

	2013/14 Budget	2014/2015 PROJECTED BUDGET	2015/2016 PROJECTED BUDGET	2016/2017 PROJECTED BUDGET
	£m.	£m.	£m.	£m.
<b><u>DEPARTMENTAL REQUIREMENTS</u></b>				
Adult and Community Services	34.173	35.041	35.931	36.843
Chief Executives Department	3.674	3.823	3.978	4.14
Rent Allowances/C.Tax benefit not subsidised	1.506	1.544	1.583	1.623
Rent Allowances Grant	(1.277)	(1.309)	(1.342)	(1.376)
Children's Services	22.715	21.780	22.068	22.625
Regen & Neighbourhoods	20.706	21.235	21.777	22.336
<b>TOTAL DEPARTMENTAL REQUIREMENTS</b>	<b>81.497</b>	<b>82.114</b>	<b>83.995</b>	<b>86.191</b>
Property Budgets	3.058	3.134	3.212	3.292
<b><u>EXTERNAL REQUIREMENTS</u></b>				
Magistrates, Probation and Coroners Court	0.207	0.212	0.217	0.222
North Eastern Sea Fisheries Levy	0.027	0.028	0.029	0.03
Flood Defence Levy	0.072	0.074	0.076	0.078
Discretionary NNDR Relief	0.145	0.149	0.153	0.157
<b><u>CORPORATE COMMITMENTS</u></b>				
I.T.	3.992	4.092	4.195	4.300
Audit Fees	0.186	0.191	0.196	0.201
Centralised Estimates	6.25	6.015	6.007	5.990
Insurances	0.306	0.314	0.322	0.332
Designated Authority Costs	0.045	0.046	0.047	0.048
Pensions	0.441	0.452	0.463	0.475
Members Allowances	0.323	0.331	0.339	0.347
Mayoral Allowance	0.075	0.077	0.079	0.081
50% Contribution to Director of Public Health	0.043	0.044	0.045	0.046
Emergency Planning	0.075	0.077	0.079	0.081
2012/13 Strategic Contingency	0.162	0.166	0.170	0.174
Job Evaluation and Pay Awards April 2012	1.006	0.881	0.853	0.824
Headroom for 2014/15 Pressures	0.000	1.000	1.000	1.000
Parish Precepts	0.027	0.028	0.029	0.030
Pressure from loss of funding for academies programme	0.280	0.280	0.280	0.280
BT efficiencies 2012/13	(0.020)	(0.021)	(0.022)	(0.023)
Collaboration savings proposals 2013/14 and 2014/15	(0.250)	(0.250)	(0.250)	(0.250)
ICT Contract 2013/14	(0.300)	(0.300)	(0.300)	(0.300)
ICT Contract 2014/15	0.000	(0.400)	(0.400)	(0.400)
<b>Revised Planning Assumptions 2013/14 base budget</b>				
- Pay Award saving April 2014, 2015 and 2016	0.000	(0.650)	(0.650)	(0.650)
- Increase in CTB costs arising from planned Council Tax increase/demand	0.185	0.585	0.585	0.585
- Additional CTB costs arising lower ongoing grant allocation from 2014/15	0.000	0.140	0.140	0.140
Additional cost of limiting Council Tax Benefit Cut to 8.5%	0.160	0.000	0.000	0.000
Additional cost of limiting Council Tax Benefit Cut to 8.5% funded by Grant	0.260	0.000	0.000	0.000
Establishment of Treasury Management Risk Reserve	0.870	0.000	0.000	0.000
LACSEG Saving	0.000	(0.034)	(0.397)	(0.397)
<b>GROSS BASE BUDGET REQUIREMENT</b>	<b>99.122</b>	<b>98.775</b>	<b>100.492</b>	<b>102.884</b>
Council Tax Percentage Increase		2.00%	2.50%	2.50%
Local Council Tax Support Grant	9.803	9.604	9.604	9.604
Council Tax - freeze grant 2011/12 regime - payable until 2014/15	0.991	0.991	0.000	0.000
Council Tax - freeze grant 2013/14 regime - 2 year grant	0.399	0.399	0.000	0.000
Formula Grant	42.181	36.867	35.024	33.272
Formula Grant - transfer of Learning Disability and Health Reform Funding	2.066	2.118	2.012	1.911
Formula Grant - transfer of Lead Local Flood Authority Funding	0.115	0.115	0.109	0.104
Formula Grant - transfer of Homelessness Prevention Funding	0.074	0.073	0.069	0.066
Formula Grant - estimated LACSEG transfer	1.955	1.955	1.955	1.955
Formula Grant - EIG	5.116	4.789	4.550	4.322
	62.700	56.911	53.323	51.235
Contribution from LACSEG Reserve	0.397	0.363	0.000	0.000
Transitional Council Tax Support Grant - Limiting cut to 8.5%	0.260	0.000	0.000	0.000
New Homes Bonus	1.188	1.188	1.188	1.188
Council Tax - base income	30.788	31.419	32.204	33.009
Council Tax - Precept Income	0.022	0.026	0.026	0.026
Contribution from 2011/12 outturn to partly offset removal 12/13 C Tax freeze grant	0.348	0.379	0.000	0.000
Collection Fund Surplus/(deficit) - normal activity	0.738	0.110	0.000	0.000
Contribution from 2012/13 Outturn to fund Budget Deficit	0.028	0.000	0.000	0.000
Contribution from 2012/13 EIG Reserve	1.276	0.255	0.000	0.000
Contribution from Family Poverty Reserve to Council Tax Benefit Scheme	0.160	0.000	0.000	0.000
Contribution from 2012/13 outturn strategy to offset additional grant cuts in 2013/14 arising from formula changes and use of updated population figures	0.850	0.000	0.000	0.000
Contribution from 2012/13 outturn strategy to offset delayed People Collaboration savings	0.367	0.000	0.000	0.000
<b>BUDGET LIMIT</b>	<b>99.122</b>	<b>90.651</b>	<b>86.741</b>	<b>85.458</b>
<b>DEFICIT/(SURPLUS)</b>	<b>(0.000)</b>	<b>8.124</b>	<b>13.751</b>	<b>17.426</b>
<b>Less Cumulative cuts in previous years</b>	<b>0.000</b>	<b>0.000</b>	<b>(8.124)</b>	<b>(13.751)</b>
<b>Forecast Budget Deficit</b>	<b>(0.000)</b>	<b>8.124</b>	<b>5.627</b>	<b>3.675</b>
<b>Forecast Gaps Based on Known 2014/15 Grant Cuts and Forecast 2015/16 and 2016/17 Grant cuts of 5%</b>	<b>0.000</b>	<b>8.124</b>	<b>6.627</b>	<b>4.675</b>



**CHIEF EXECUTIVE'S**

**DETAILED REVENUE BUDGETS 2013/2014**





**2013/2014 BUDGET - CHIEF EXECUTIVES SUMMARY**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2013/2014 (2+3+4+5+6 +7+8)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000
1,193	Corporate Finance	1,204	0	(134)	0	0	20	(20)	1,070
(428)	Benefits	(635)	0	0	0	0	63	(63)	(635)
(1,520)	Central Administration Recharges	(1,558)	0	0	0	0	0	0	(1,558)
937	Hartlepool Connect	965	0	(10)	0	0	15	(15)	955
919	Corporate Strategy & Public Consultation	934	0	(7)	0	0	55	(55)	927
(153)	Council Tax & Housing Benefits	32	0	0	0	0	0	0	32
191	Democratic	191	0	(4)	0	0	0	0	187
126	Fraud	127	0	0	0	0	0	0	127
557	Human Resources & Health and Safety	568	0	(15)	0	0	70	(70)	553
223	Internal Audit	227	0	0	0	0	0	0	227
489	Legal Services	498	0	(2)	0	0	0	0	496
181	Municipal Elections and Registration of Electors	184	0	0	0	0	0	0	184
80	Other Office Services	77	0	0	0	0	0	0	77
99	Public Relations	98	0	(15)	0	0	0	0	83
(93)	Registration Services	(96)	0	0	0	0	10	(10)	(96)
881	Revenues	880	0	(5)	0	0	0	0	875
(84)	Revenue & Benefits Central	(69)	0	(15)	0	0	0	0	(84)
744	Shared Services	750	0	(5)	0	0	32	(32)	745
(785)	Shopping Centre	(805)	24	0	0	0	0	0	(781)
119	Support to Members	125	0	(3)	0	0	0	0	122
37	Training & Equality	37	0	0	0	0	0	0	37
415	Corporate Management Running Expenses	417	0	(57)	0	0	0	0	360
<b>4,128</b>	<b>Net Budget Requirement</b>	<b>4,151</b>	<b>24</b>	<b>(272)</b>	<b>0</b>	<b>0</b>	<b>265</b>	<b>(265)</b>	<b>3,903</b>

**2013/2014 BUDGET - SERVICE UNIT: CORPORATE FINANCE**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Corporate Finance</b>							
1,604	Direct costs - Employees	1,621	0	(134)	0	0	20	1,507
97	- Other	100	0	0	0	0	0	100
1,701	Total Direct Cost	1,721	0	(134)	0	0	20	1,607
0	Support Recharges	0	0	0	0	0	0	0
(508)	Income	(517)	0	0	0	0	0	(517)
1,193	Gross Budget Requirement	1,204	0	(134)	0	0	20	1,090
0	Use Of Departmental Reserves						(20)	(20)
1,193	Net Budget Requirement	1,204	0	(134)	0	0	0	1,070

**Budget Reductions**

This relates to permanent savings by restructuring services, and working arrangements. This has resulted in the deletion of the 4 posts.

**One off costs Funded from Department Reserves**

To fund maternity cover, which falls over two financial years.

**2013/2014 BUDGET - SERVICE UNIT: BENEFITS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Benefits</b>							
748	Direct costs - Employees	748	0	0	0	0	0	748
37	- Other	38	0	0	0	0	63	101
785	Total Direct Cost	786	0	0	0	0	63	849
0	Support Recharges	0	0	0	0	0	0	0
(1,213)	Income	(1,421)	0	0	0	0	0	(1,421)
(428)	Gross Budget Requirement	(635)	0	0	0	0	63	(572)
0	Use Of Departmental Reserves						(63)	(63)
(428)	Net Budget Requirement	(635)	0	0	0	0	0	(635)

**One off costs Funded from Department Reserves**

To fund IT development cost including new DWP Security requirements and funding towards BAC's and DD's software project developments.

**2013/2014 BUDGET - SERVICE UNIT: CENTRAL ADMINISTRATION RECHARGES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Central Administration Recharges</b>							
0	Direct costs - Employees	0	0	0	0	0	0	0
0	- Other	0	0	0	0	0	0	0
0	Total Direct Cost	0	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0	0
(1,520)	Income	(1,558)	0	0	0	0	0	(1,558)
(1,520)	Gross Budget Requirement	(1,558)	0	0	0	0	0	(1,558)
0	Use Of Departmental Reserves						0	0
(1,520)	Net Budget Requirement	(1,558)	0	0	0	0	0	(1,558)

**2013/2014 BUDGET - SERVICE UNIT: HARTLEPOOL CONNECT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Hartlepool Connect</b>							
831	Direct costs - Employees	856	0	(10)	0	0	15	861
107	- Other	110	0	0	0	0	0	110
938	Total Direct Cost	966	0	(10)	0	0	15	971
1	Support Recharges	1	0	0	0	0	0	1
(2)	Income	(2)	0	0	0	0	0	(2)
937	Gross Budget Requirement	965	0	(10)	0	0	15	970
0	Use Of Departmental Reserves						(15)	(15)
937	Net Budget Requirement	965	0	(10)	0	0	0	955

**Budget Reductions**

This relates to the deletion of part of a vacant post after the review of resources within Support Services.

**One off costs Funded from Department Reserves**

To fund additional training requirements identified after a review during 2012-13.

**2013/2014 BUDGET - SERVICE UNIT: CORPORATE STRATEGY & PUBLIC CONSULTATION**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Corporate Strategy &amp; Public Consultation</b>							
869	Direct costs - Employees	883	0	(7)	0	0	0	876
59	- Other	60	0	0	0	0	55	115
928	Total Direct Cost	943	0	(7)	0	0	55	991
0	Support Recharges	0	0	0	0	0	0	0
(9)	Income	(9)	0	0	0	0	0	(9)
919	Gross Budget Requirement	934	0	(7)	0	0	55	982
0	Use Of Departmental Reserves						(55)	(55)
919	Net Budget Requirement	934	0	(7)	0	0	0	927

**Budget Reductions**

This represents the removal of staffing budget of staff who work reduced hours.

**One off costs Funded from Department Reserves**

To fund system development costs and associated costs of system upgrades and version releases not encompassed elsewhere.

**2013/2014 BUDGET - SERVICE UNIT: COUNCIL TAX & HOUSING BENEFITS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Council Tax &amp; Housing Benefits</b>							
0	Direct costs - Employees	90	0	0	0	0	0	90
47,170	- Other	49,093	0	0	0	0	0	49,093
47,170	Total Direct Cost	49,183	0	0	0	0	0	49,183
0	Support Recharges	0	0	0	0	0	0	0
(47,323)	Income	(49,151)	0	0	0	0	0	(49,151)
(153)	Gross Budget Requirement	32	0	0	0	0	0	32
0	Use Of Departmental Reserves						0	0
(153)	Net Budget Requirement	32	0	0	0	0	0	32

**2013/2014 BUDGET - SERVICE UNIT: DEMOCRATIC**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Democratic</u>							
173	Direct costs - Employees	173	0	(4)	0	0	0	169
19	- Other	19	0	0	0	0	0	19
192	Total Direct Cost	192	0	(4)	0	0	0	188
0	Support Recharges	0	0	0	0	0	0	0
(1)	Income	(1)	0	0	0	0	0	(1)
191	Gross Budget Requirement	191	0	(4)	0	0	0	187
0	Use Of Departmental Reserves							0
191	Net Budget Requirement	191	0	(4)	0	0	0	187

**Budget Reductions**

This represents the removal of staffing budget of staff who work reduced hours.

**2013/2014 BUDGET - SERVICE UNIT: FRAUD**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Fraud</u>							
118	Direct costs - Employees	118	0	0	0	0	0	118
8	- Other	9	0	0	0	0	0	9
126	Total Direct Cost	127	0	0	0	0	0	127
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
126	Gross Budget Requirement	127	0	0	0	0	0	127
0	Use Of Departmental Reserves							0
126	Net Budget Requirement	127	0	0	0	0	0	127

**2013/2014 BUDGET - SERVICE UNIT: HUMAN RESOURCES & HEALTH AND SAFETY**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Human Resources &amp; Health and Safety</u>							
872	Direct costs - Employees	889	0	(15)	0	0	42	916
22	- Other	71	0	0	0	0	6	77
894	Total Direct Cost	960	0	(15)	0	0	48	993
0	Support Recharges	0	0	0	0	0	20	20
(337)	Income	(392)	0	0	0	0	2	(390)
557	Gross Budget Requirement	568	0	(15)	0	0	70	623
0	Use Of Departmental Reserves						(70)	(70)
557	Net Budget Requirement	568	0	(15)	0	0	0	553

**Budget Reductions**

This relates to savings owing to the vacant Head of Human Resources.

**One off costs Funded from Department Reserves**

To fund the Workplace Health Improvement Specialist from specific grant carried forward, along with the support of the loss of School Buy Back income.

**2013/2014 BUDGET - SERVICE UNIT: INTERNAL AUDIT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Internal Audit</u>							
237	Direct costs - Employees	242	0	0	0	0	0	242
14	- Other	14	0	0	0	0	0	14
251	Total Direct Cost	256	0	0	0	0	0	256
0	Support Recharges	0	0	0	0	0	0	0
(28)	Income	(29)	0	0	0	0	0	(29)
223	Gross Budget Requirement	227	0	0	0	0	0	227
0	Use Of Departmental Reserves							0
223	Net Budget Requirement	227	0	0	0	0	0	227

**2013/2014 BUDGET - SERVICE UNIT: LEGAL SERVICES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Legal Services</u>							
574	Direct costs - Employees	585	0	(1)	0	0	0	584
37	- Other	38	0	(1)	0	0	0	37
611	Total Direct Cost	623	0	(2)	0	0	0	621
0	Support Recharges	0	0	0	0	0	0	0
(122)	Income	(125)	0	0	0	0	0	(125)
489	Gross Budget Requirement	498	0	(2)	0	0	0	496
0	Use Of Departmental Reserves							0
489	Net Budget Requirement	498	0	(2)	0	0	0	496

**Budget Reductions**

This relates to a reduction in Legal advertising and training budget.

**2013/2014 BUDGET - SERVICE UNIT: MUNICIPAL ELECTIONS AND REGISTRATION OF ELECTORS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Municipal Elections and Registration of Electors</u>							
123	Direct costs - Employees	125	0	0	0	0	0	125
59	- Other	60	0	0	0	0	0	60
182	Total Direct Cost	185	0	0	0	0	0	185
0	Support Recharges	0	0	0	0	0	0	0
(1)	Income	(1)	0	0	0	0	0	(1)
181	Gross Budget Requirement	184	0	0	0	0	0	184
0	Use Of Departmental Reserves							0
181	Net Budget Requirement	184	0	0	0	0	0	184

**2013/2014 BUDGET - SERVICE UNIT: OTHER OFFICE SERVICES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Other Office Services</b>							
203	Direct costs - Employees	203	0	0	0	0	0	203
1	- Other	1	0	0	0	0	0	1
204	Total Direct Cost	204	0	0	0	0	0	204
7	Support Recharges	7	0	0	0	0	0	7
(131)	Income	(134)	0	0	0	0	0	(134)
80	Gross Budget Requirement	77	0	0	0	0	0	77
0	Use Of Departmental Reserves						0	0
80	Net Budget Requirement	77	0	0	0	0	0	77

**2013/2014 BUDGET - SERVICE UNIT: PUBLIC RELATIONS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Public Relations</b>							
128	Direct costs - Employees	128	0	0	0	0	0	128
65	- Other	66	0	0	0	0	0	66
193	Total Direct Cost	194	0	0	0	0	0	194
0	Support Recharges	0	0	0	0	0	0	0
(94)	Income	(96)	0	(15)	0	0	0	(111)
99	Gross Budget Requirement	98	0	(15)	0	0	0	83
0	Use Of Departmental Reserves						0	0
99	Net Budget Requirement	98	0	(15)	0	0	0	83

**Budget Reductions**

This relates to increased income from the provision of PR services to external organisations.

**2013/2014 BUDGET - SERVICE UNIT: REGISTRATION SERVICES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Registration Services</b>							
18	Direct costs - Employees	18	0	0	0	0	0	18
9	- Other	9	0	0	0	0	10	19
27	Total Direct Cost	27	0	0	0	0	10	37
0	Support Recharges	0	0	0	0	0	0	0
(120)	Income	(123)	0	0	0	0	0	(123)
(93)	Gross Budget Requirement	(96)	0	0	0	0	10	(86)
0	Use Of Departmental Reserves						(10)	(10)
(93)	Net Budget Requirement	(96)	0	0	0	0	0	(96)

**One off costs Funded from Department Reserves**

To fund redecoration of new marriage/ceremonies room at the Borough Hall and some software integrations/upgrades.

**2013/2014 BUDGET - SERVICE UNIT: REVENUES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Revenues</b>							
725	Direct costs - Employees	725	0	0	0	0	0	725
186	- Other	186	0	0	0	0	0	186
911	Total Direct Cost	911	0	0	0	0	0	911
0	Support Recharges	0	0	0	0	0	0	0
(30)	Income	(31)	0	(5)	0	0	0	(36)
881	Gross Budget Requirement	880	0	(5)	0	0	0	875
0	Use Of Departmental Reserves							0
881	Net Budget Requirement	880	0	(5)	0	0	0	875

**Budget Reductions**

This relates to a contribution from Business Improvement District (BID) scheme towards administration costs directly related to running this scheme.

**2013/2014 BUDGET - SERVICE UNIT: REVENUE & BENEFITS CENTRAL**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Revenue &amp; Benefits Central</b>							
204	Direct costs - Employees	231	0	0	0	0	0	231
164	- Other	164	0	(15)	0	0	0	149
368	Total Direct Cost	395	0	(15)	0	0	0	380
0	Support Recharges	0	0	0	0	0	0	0
(452)	Income	(464)	0	0	0	0	0	(464)
(84)	Gross Budget Requirement	(69)	0	(15)	0	0	0	(84)
0	Use Of Departmental Reserves							0
(84)	Net Budget Requirement	(69)	0	(15)	0	0	0	(84)

**Budget Reductions**

This relates to reduced printing costs arising from the replacement of a colour Council Tax Leaflet with a black and white leaflet and more competitive prices for a range of printing requirements.

**2013/2014 BUDGET - SERVICE UNIT: SHARED SERVICES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Shared Services</b>							
887	Direct costs - Employees	895	0	0	0	0	0	895
214	- Other	219	0	0	0	0	32	251
1,101	Total Direct Cost	1,114	0	0	0	0	32	1,146
0	Support Recharges	0	0	0	0	0	0	0
(357)	Income	(364)	0	(5)	0	0	0	(369)
744	Gross Budget Requirement	750	0	(5)	0	0	32	777
0	Use Of Departmental Reserves						(32)	(32)
744	Net Budget Requirement	750	0	(5)	0	0	0	745

**Budget Reductions**

This relates to an insurance procurement saving.

**One off costs Funded from Department Reserves**

To fund IT projects integral to Corporate IT changes including the implementation of HR Insight.



**2013/2014 BUDGET - SERVICE UNIT: SHOPPING CENTRE**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Shopping Centre</b>							
0	Direct costs - Employees	0	0	0	0	0	0	0
0	- Other	0	0	0	0	0	0	0
0	Total Direct Cost	0	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0	0
(785)	Income	(805)	24	0	0	0	0	(781)
(785)	Gross Budget Requirement	(805)	24	0	0	0	0	(781)
0	Use Of Departmental Reserves						0	0
(785)	Net Budget Requirement	(805)	24	0	0	0	0	(781)

**Budget Reductions**

This is a Corporate Pressure that relates to a reduction in the inflation on the Council's share of rental income owing to the current economic climate.

**2013/2014 BUDGET - SERVICE UNIT: SUPPORT TO MEMBERS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Support to Members</b>							
67	Direct costs - Employees	67	0	(2)	0	0	0	65
44	- Other	50	0	(1)	0	0	0	49
111	Total Direct Cost	117	0	(3)	0	0	0	114
8	Support Recharges	8	0	0	0	0	0	8
0	Income	0	0	0	0	0	0	0
119	Gross Budget Requirement	125	0	(3)	0	0	0	122
0	Use Of Departmental Reserves						0	0
119	Net Budget Requirement	125	0	(3)	0	0	0	122

**Budget Reductions**

This relates to a reduction in Members Services overtime budget.

**2013/2014 BUDGET - SERVICE UNIT: TRAINING & EQUALITY**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Training &amp; Equality</b>							
15	Direct costs - Employees	15	0	0	0	0	0	15
22	- Other	22	0	0	0	0	0	22
37	Total Direct Cost	37	0	0	0	0	0	37
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
37	Gross Budget Requirement	37	0	0	0	0	0	37
0	Use Of Departmental Reserves						0	0
37	Net Budget Requirement	37	0	0	0	0	0	37

**2013/2014 BUDGET - SERVICE UNIT: CORPORATE MANAGEMENT RUNNING EXPENSES**

These are 5 budgets, lettered from (A) to (E), which either do not fall within a specific Service unit, or are recharged to service units as a support charge.

Approved Budget 2012/2013  (1) £'000	Service Unit	Budget Projection 2013/2014  (2) £'000	Corporate Budget Pressures  (3) £'000	Corporate Budget Reductions  (4) £'000	Dept Budget Pressures  (5) £'000	Dept Budget Reductions to Fund Pressures  (6) £'000	One Off Costs  (7) £'000	Total Budget 2013/2014 (2+3+4+5 +6+7)  (8) £'000
	<u>Victoria Park</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
0	- Other	0	0	0	0	0	0	0
0	Total Direct Cost	0	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0	0
(18)	Income	(18)	0	0	0	0	0	(18)
(18)	Gross Budget Requirement A	(18)	0	0	0	0	0	(18)
	<u>Corporate Management Running Expenses</u>							
287	Direct costs - Employees	287	0	(57)	0	0	0	230
12	- Other	12	0	0	0	0	0	12
299	Total Direct Cost	299	0	(57)	0	0	0	242
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
299	Gross Budget Requirement B	299	0	(57)	0	0	0	242
	<u>Trade Union Representative</u>							
44	Direct costs - Employees	44	0	0	0	0	0	44
0	- Other	0	0	0	0	0	0	0
44	Total Direct Cost	44	0	0	0	0	0	44
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
44	Gross Budget Requirement C	44	0	0	0	0	0	44
	<u>Central Council Expenses</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
95	- Other	97	0	0	0	0	0	97
95	Total Direct Cost	97	0	0	0	0	0	97
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
95	Gross Budget Requirement D	97	0	0	0	0	0	97
	<u>Smallholdings</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
0	- Other	0	0	0	0	0	0	0
0	Total Direct Cost	0	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0	0
(5)	Income	(5)	0	0	0	0	0	(5)
(5)	Gross Budget Requirement E	(5)	0	0	0	0	0	(5)
415	Gross Budget Requirement of (A) to (E)	417	0	(57)	0	0	0	360
0	Use Of Departmental Reserves							
415	Net Budget Requirement	417	0	(57)	0	0	0	360

**Budget Reductions**

This relates to the permanent savings of £35k from the reduction in the Chief Executive's salary. It also includes some temporary savings as the appointment was at the bottom of the grade.



**CHILD & ADULT SERVICES**

**DETAILED REVENUE BUDGETS 2013/2014**



**2013/2014 BUDGET - CHILD AND ADULT SERVICES SUMMARY**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2013/2014 (2+3+4+5+6 +7+8)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000
	<b>Child</b>								
1,490	Access to Education	1,523	0	(117)	6	(6)	247	(247)	1,406
707	Central Support Services	734	0	0	0	0	0	0	734
11,491	Children & Families	11,738	96	(136)	96	(96)	500	(500)	11,698
144	Children's Fund	147	0	(147)	0	0	0	0	0
0	Early Intervention Grant	6,392	0	(122)	184	(184)	180	(180)	6,270
55	Information, Sharing and Assessment	58	0	0	0	0	0	0	58
568	Other School Related Expenditure	582	0	(60)	0	0	0	0	522
0	Play & Care	0	0	0	9	(9)	0	0	0
685	Raising Educational Achievement	688	0	(143)	159	(159)	0	0	545
305	Special Educational Needs	310	0	(42)	89	(89)	106	(106)	268
371	Strategic Management	379	0	(51)	26	(26)	0	0	328
463	Youth Offending	463	0	0	7	(7)	0	0	463
411	Integrated Youth Service	423	0	0	169	(169)	0	0	423
0	Dedicated Schools Grant - Early Years Block	0	0	0	0	0	0	0	0
1	Dedicated Schools Grant - Schools Block	0	0	0	42	(42)	0	0	0
0	Dedicated Schools Grant - High Needs Block	0	0	0	105	(105)	0	0	0
<b>16,692</b>	<b>Sub-Total Child</b>	<b>23,437</b>	<b>96</b>	<b>(818)</b>	<b>892</b>	<b>(892)</b>	<b>1,032</b>	<b>(1,032)</b>	<b>22,715</b>
	<b>Adult</b>								
0	Adult Education	0	0	0	0	0	0	0	0
24	Archaeology	23	0	0	24	(24)	0	0	23
220	Carers & Assistive Technology	228	0	(80)	0	0	30	(30)	148
3,730	Commissioning - Adults	3,617	0	0	0	0	0	0	3,617
1,287	Commissioning - Mental Health	1,458	0	0	0	0	3	(3)	1,458
9,777	Commissioning - Older People	10,247	0	(120)	495	(495)	19	(19)	10,127
5,764	Commissioning - Working Age Adults	7,665	0	(40)	279	(279)	18	(18)	7,625
115	Community Centres	118	0	(3)	10	(10)	0	0	115
170	Complaints, Investigations & Public Information	184	0	0	0	0	0	0	184
529	Cultural Services	539	0	(62)	0	0	0	0	477
27	DAT Pooled Budget	26	0	0	0	0	0	0	26
1,241	Departmental Running Costs	1,282	0	0	0	0	0	0	1,282
1,334	Direct Care & Support Team	1,346	0	(200)	0	0	110	(110)	1,146
6	Grants to Comm & Vol Organisations	6	0	0	0	0	0	0	6

**2013/2014 BUDGET - CHILD AND ADULT SERVICES SUMMARY**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2013/2014 (2+3+4+5+6 +7+8)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000
361	Learning Disability & Transition Social Work Teams	374	0	0	0	0	0	0	374
1,244	Libraries	1,279	0	(35)	8	(8)	0	0	1,244
2,273	Locality & Safeguarding Social Work Teams	2,333	0	0	0	0	0	0	2,333
913	Mental Health Services	932	0	(302)	0	0	0	0	630
1,152	Occupational Therapy Services & Disability Equipment	1,181	0	(100)	0	0	0	0	1,081
891	Sport, Leisure & Recreational Facilities	899	0	(50)	0	0	15	(15)	849
270	Workforce Planning & Development	276	0	(3)	0	0	0	0	273
1,146	Working Age Adults Day Services	1,173	0	(18)	0	0	0	0	1,155
<b>32,474</b>	<b>Sub-Total Adult</b>	<b>35,186</b>	<b>0</b>	<b>(1,013)</b>	<b>816</b>	<b>(816)</b>	<b>195</b>	<b>(195)</b>	<b>34,173</b>
<b>49,166</b>	<b>Net Budget Requirement</b>	<b>58,623</b>	<b>96</b>	<b>(1,831)</b>	<b>1,708</b>	<b>(1,708)</b>	<b>1,227</b>	<b>(1,227)</b>	<b>56,888</b>

**2013/2014 BUDGET - SERVICE UNIT: ACCESS TO EDUCATION**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b><u>Buildings and School Places</u></b>							
38	Direct costs - Employees	38	0	0	0	0	145	183
23	- Other	23	0	(4)	0	0	102	121
61	Total Direct Cost	61	0	(4)	0	0	247	304
28	Support Recharges	29	0	(6)	0	0	0	23
0	Income	0	0	0	0	0	0	0
89	Gross Budget Requirement	90	0	(10)	0	0	247	327
	<b><u>Home to School Transport</u></b>							
306	Direct costs - Employees	311	0	0	0	0	0	311
1,188	- Other	1,218	0	(100)	0	0	0	1,118
1,494	Total Direct Cost	1,529	0	(100)	0	0	0	1,429
15	Support Recharges	15	0	0	0	0	0	15
(152)	Income	(156)	0	0	0	0	0	(156)
1,357	Gross Budget Requirement	1,388	0	(100)	0	0	0	1,288
	<b><u>Attendance and Behaviour</u></b>							
286	Direct costs - Employees	286	0	0	0	0	0	286
82	- Other	43	0	(7)	0	(6)	0	30
368	Total Direct Cost	329	0	(7)	0	(6)	0	316
0	Support Recharges	0	0	0	0	0	0	0
(324)	Income	(284)	0	0	6	(0)	0	(278)
44	Gross Budget Requirement	45	0	(7)	6	(6)	0	38
1,490	Total Gross Budget Requirement	1,523	0	(117)	6	(6)	247	1,653
0	Use Of Departmental Reserves						(247)	(247)
1,490	Net Budget Requirement	1,523	0	(117)	6	(6)	0	1,406

**Budget Reductions**

These mainly relate to savings within Home to School Transport arising from a review of all routes, the use of the Council yellow buses on 3 existing routes and a retendering exercise

**One off costs Funded from Department Reserves**

These relate to the costs of the Schools Transformation Team.



**2013/2014 BUDGET - SERVICE UNIT: CENTRAL SUPPORT SERVICES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Central Support Services</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
0	- Other	0	0	0	0	0	0	0
0	Total Direct Cost	0	0	0	0	0	0	0
1,060	Support Recharges	1,087	0	0	0	0	0	1,087
(353)	Income	(353)	0	0	0	0	0	(353)
707	Gross Budget Requirement	734	0	0	0	0	0	734
0	Use Of Departmental Reserves						0	0
707	Net Budget Requirement	734	0	0	0	0	0	734

**2013/2014 BUDGET - SERVICE UNIT: CHILDREN & FAMILIES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Children &amp; Families</u>							
4,943	Direct costs - Employees	5,023	95	0	0	(34)	400	5,484
6,830	- Other	7,000	1	(136)	60	(54)	100	6,971
11,774	Total Direct Cost	12,023	96	(136)	60	(88)	500	12,455
124	Support Recharges	127	0	0	0	(8)	0	119
(407)	Income	(412)	0	0	36	0	0	(376)
11,491	Gross Budget Requirement	11,738	96	(136)	96	(96)	500	12,198
0	Use Of Departmental Reserves						(500)	(500)
11,491	Net Budget Requirement	11,738	96	(136)	96	(96)	0	11,698

**Budget Pressure**

Increased demand for children's social care services and workload pressures have resulted in the need for additional capacity within social work teams to manage demand and ensure caseloads remain at a safe level.

**Budget Reductions**

This mainly relates to the removal of the Care Matters budget for children looked after, a revised service specification for child and adolescent mental health services (CAMHS) and the consolidation of various non-pay budgets.

**Department Budget Pressures**

This mainly relates to a reduction in an external training grant.

**Department Budget Reductions to Fund Pressures**

These mainly relate to the contracts ending of two temporary posts funded by external training grant.

**One Off Costs Funded from Department Reserves**

The new Children's Home will be open during 2013/14 and this will be funded from Reserves ahead of achieving any expected budget savings arising from placing children 'in-house' rather than with external providers.

**2013/2014 BUDGET - SERVICE UNIT: CHILDREN'S FUND**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Children's Fund</u>							
43	Direct costs - Employees	43	0	(43)	0	0	0	0
101	- Other	103	0	(103)	0	0	0	0
144	Total Direct Cost	147	0	(147)	0	0	0	0
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
144	Gross Budget Requirement	147	0	(147)	0	0	0	0
0	Use Of Departmental Reserves						0	0
144	Net Budget Requirement	147	0	(147)	0	0	0	0

**Budget Reductions**

These relate to transfer of funding and services within the Early Intervention Grant.

**2012/2013 BUDGET - SERVICE UNIT: EARLY INTERVENTION GRANT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Early Intervention Grant</u>							
2,792	Direct costs - Employees	2,785	0	0	75	(39)	80	2,901
4,523	- Other	3,729	0	(100)	59	(145)	100	3,643
7,315	Total Direct Cost	6,514	0	(100)	134	(184)	180	6,544
1	Support Recharges	1	0	0	0	0	0	1
(7,315)	Income	(123)	0	(22)	50	0	0	(95)
0	Gross Budget Requirement	6,392	0	(122)	184	(184)	180	6,450
0	Use Of Departmental Reserves						(180)	(180)
0	Net Budget Requirement	6,392	0	(122)	184	(184)	0	6,270

The reduction between years reflects the transfer of the free nursery entitlement for 2 year olds into Dedicated Schools Grant.

The actual EIG to be received in 2013/14 has been reduced by £1.276m - Council have agreed to fund this from the EIG Reserve to enable a full review of the service to be undertaken during 2013/14.

**Budget Reductions**

This relates to the remodelling of child and adolescent mental health services meaning a contribution to Health towards two mental health workers is no longer required and the expected receipt of Youth Justice Board funding towards substance misuse.

**Department Budget Pressures**

The pressure mainly relates to staffing changes within the One Stop Shop, reduction in grant income relating to Promotion of Breast Feeding and pressures across various supplies and services budgets

**Department Budget Reductions to Fund Pressures**

The budget reductions mainly relate to no longer paying the grant in relation to Promotion of Breast Feeding as a result of the grant income ending, the staffing changes within the One Stop Shop and reductions across various supplies and services budgets.

**One Off Costs Funded from Department Reserves**

These relate to reserves for specific projects created in previous years, including promotion of breast feeding, childhood accident prevention, child poverty local duties and Children's Fund Special Projects.

In addition, the EIG Reserve will be used to fund the remaining months of the Commissioning Officers posts.

**2013/2014 BUDGET - SERVICE UNIT: INFORMATION SHARING & ASSESSMENT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Information Sharing &amp; Assessment</u>							
46	Direct costs - Employees	48	0	0	0	0	0	48
10	- Other	10	0	0	0	0	0	10
55	Total Direct Cost	58	0	0	0	0	0	58
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
55	Gross Budget Requirement	58	0	0	0	0	0	58
0	Use Of Departmental Reserves						0	0
55	Net Budget Requirement	58	0	0	0	0	0	58

**2013/2014 BUDGET - SERVICE UNIT: OTHER SCHOOL RELATED EXPENDITURE**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Other School Related Expenditure</u>							
602	Direct costs - Employees	616	0	(59)	0	0	0	557
3,579	- Other	3,579	0	(1)	0	0	0	3,578
4,181	Total Direct Cost	4,195	0	(60)	0	0	0	4,135
0	Support Recharges	0	0	0	0	0	0	0
(3,612)	Income	(3,613)	0	0	0	0	0	(3,613)
568	Gross Budget Requirement	582	0	(60)	0	0	0	522
0	Use Of Departmental Reserves						0	0
568	Net Budget Requirement	582	0	(60)	0	0	0	522

**Budget Reductions**

These relate to reductions in Premature Retirement costs and changes to the Primary swimming programme.

**2013/2014 BUDGET - SERVICE UNIT: PLAY & CARE**

Approved Budget 2012/2013  (1) £'000	Service Unit	Budget Projection 2013/2014  (2) £'000	Corporate Budget Pressures  (3) £'000	Corporate Budget Reductions  (4) £'000	Dept Budget Pressures  (5) £'000	Dept Budget Reductions to Fund Pressures  (6) £'000	One Off Costs  (7) £'000	Total Budget 2013/2014 (2+3+4+5+6+7)  (8) £'000
	<u>Play &amp; Care</u>							
106	Direct costs - Employees	108	0	0	0	0	0	108
44	- Other	45	0	0	2	(4)	0	43
150	Total Direct Cost	153	0	0	2	(4)	0	151
0	Support Recharges	0	0	0	0	0	0	0
(150)	Income	(153)	0	0	7	(5)	0	(151)
0	Gross Budget Requirement	0	0	0	9	(9)	0	0
0	Use Of Departmental Reserves						0	0
0	Net Budget Requirement	0	0	0	9	(9)	0	0

**2013/2014 BUDGET - SERVICE UNIT: RAISING EDUCATIONAL ACHIEVEMENT**

Approved Budget 2012/2013  (1) £'000	Service Unit	Budget Projection 2013/2014  (2) £'000	Corporate Budget Pressures  (3) £'000	Corporate Budget Reductions  (4) £'000	Dept Budget Pressures  (5) £'000	Dept Budget Reductions to Fund Pressures  (6) £'000	One Off Costs  (7) £'000	Total Budget 2013/2014 (2+3+4+5+6+7)  (8) £'000
	<u>Raising Educational Achievement</u>							
1,042	Direct costs - Employees	1,049	0	(75)	1	(3)	0	972
813	- Other	820	0	(65)	31	(130)	0	656
1,854	Total Direct Cost	1,869	0	(140)	32	(133)	0	1,628
5	Support Recharges	5	0	0	0	(2)	0	3
(1,174)	Income	(1,186)	0	(3)	127	(24)	0	(1,086)
685	Gross Budget Requirement	688	0	(143)	159	(160)	0	545
685	Total Gross Budget Requirement	688	0	(143)	159	(160)	0	545
0	Use Of Departmental Reserves						0	0
685	Net Budget Requirement	688	0	(143)	159	(160)	0	545

**Budget Reductions**

These mainly relate to reductions in the School Improvement and Advice budget to reflect revised operational and funding arrangements and funding changes and reduced costs at Carlton Outdoor Centre.

**Department Budget Pressures**

These mainly relate to reductions or cessation in various specific grant funded schemes, including Young Parents to be, Raising Participation and Young Apprenticeships which are matched by a corresponding reduction/cessation in expenditure on these schemes

**Department Budget Reductions to Fund Pressures**

These mainly relate to reductions/cessation of various schemes such as Young People to be, Raising Participation and Young Apprenticeships arising from the ending of grant income

**2013/2014 BUDGET - SERVICE UNIT: SPECIAL EDUCATIONAL NEEDS**

Approved Budget 2012/2013  (1) £'000	Service Unit	Budget Projection 2013/2014  (2) £'000	Corporate Budget Pressures  (3) £'000	Corporate Budget Reductions  (4) £'000	Dept Budget Pressures  (5) £'000	Dept Budget Reductions to Fund Pressures  (6) £'000	One Off Costs  (7) £'000	Total Budget 2013/2014 (2+3+4+5+6+7)  (8) £'000
	<u>Special Educational Needs</u>							
713	Direct costs - Employees	654	0	(42)	75	0	64	751
16	- Other	17	0	0	14	(1)	0	30
730	Total Direct Cost	671	0	(42)	89	(1)	64	781
0	Support Recharges	0	0	0	0	0	42	42
(425)	Income	(361)	0	0	0	(88)	0	(449)
305	Gross Budget Requirement	310	0	(42)	89	(89)	106	374
0	Use Of Departmental Reserves						(106)	(106)
305	Net Budget Requirement	310	0	(42)	89	(89)	0	268

**Department Budget Pressures**

The pressures relate to the extension of temporary contracts and the continued employment of trainee psychologists within the Education Psychology team which are funded from school buy-back income.

**Department Budget Reductions to Fund Pressures**

This mainly relates to increased buy-back income from schools reflecting the full year impact of the current 2 year agreement to provide an enhanced service.

**One Off Costs Funded from Department Reserves**

The Reserve relates to Education Psychology to ensure continuation of the Autism service to schools for the 2013/14 Academic Year.

**2013/2014 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Strategic Management</b>							
540	Direct costs - Employees	513	0	(27)	0	(26)	0	460
93	- Other	93	0	(9)	0	0	0	84
633	Total Direct Cost	606	0	(36)	0	(26)	0	544
0	Support Recharges	0	0	0	0	0	0	0
(262)	Income	(227)	0	(15)	26	0	0	(216)
371	Gross Budget Requirement	379	0	(51)	26	(26)	0	328
0	Use Of Departmental Reserves							0
371	Net Budget Requirement	379	0	(51)	26	(26)	0	328

**Budget Reductions**

These mainly relate to savings in support services such as mobile phones and supplies and services, the transfer of funding and services within the Early Intervention Grant and income from provision of appeals service to a neighbouring authority.

**Department Budget Pressures**

The pressure relates to reduced buy-back income from schools in respect of Governor Support services.

**Department Budget Reductions to Fund Pressures**

This relates to the deletion of a vacant post within the Governor Support Service arising from reduced buy-back income.

**2013/2014 BUDGET - SERVICE UNIT: YOUTH OFFENDING**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Youth Offending</b>							
840	Direct costs - Employees	843	0	0	0	0	0	843
271	- Other	275	0	0	0	(7)	0	268
1,111	Total Direct Cost	1,118	0	0	0	(7)	0	1,111
0	Support Recharges	0	0	0	0	0	0	0
(648)	Income	(655)	0	0	7	0	0	(648)
463	Gross Budget Requirement	463	0	0	7	(7)	0	463
0	Use Of Departmental Reserves							0
463	Net Budget Requirement	463	0	0	7	(7)	0	463

**2013/2014 BUDGET - SERVICE UNIT: INTEGRATED YOUTH SERVICE**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Integrated Youth Service</b>							
758	Direct costs - Employees	770	0	0	73	(91)	0	752
95	- Other	97	0	0	6	(10)	0	93
853	Total Direct Cost	867	0	0	79	(101)	0	845
0	Support Recharges	0	0	0	0	0	0	0
(442)	Income	(444)	0	0	90	(68)	0	(422)
411	Gross Budget Requirement	423	0	0	169	(169)	0	423
0	Use Of Departmental Reserves							0
411	Net Budget Requirement	423	0	0	169	(169)	0	423

**Department Budget Pressures**

The Pressures mainly relate to Rossmere SkatePark and Teenage Pregnancy which were funded from Reserves in 2012/13 and to reduced contributions from Early Intervention Grant towards Youth Participation and Training.

**Department Budget Reductions to Fund Pressures**

The above pressures are mainly funded from contributions from the Early Intervention Grant towards the SkatePark and Teenage Pregnancy and to the non-continuation of the Youth Participation Project.

**2013/2014 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - EARLY YEARS BLOCK**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Dedicated Schools Grant - Early Years Block</u>							
2,628	ISB	2,623	0	0	0	0	0	2,623
79	Direct costs - Employees	85	0	0	0	0	0	85
279	- Other	1,590	0	0	0	0	0	1,590
2,986	Total Direct Cost	4,298	0	0	0	0	0	4,298
0	Support Recharges	25	0	0	0	0	0	25
(2,986)	Income	(4,323)	0	0	0	0	0	(4,323)
0	Gross Budget Requirement	0	0	0	0	0	0	0
0	Use Of Departmental Reserves							0
0	Net Budget Requirement	0	0	0	0	0	0	0

From 2013/14 the DfE have introduced significant changes to schools funding which results in the DSG being split into three separate Blocks.  
For comparison purposes the 2012/13 DSG has also been split into the equivalent Blocks.

The reason for the increase between years is the transfer of responsibility and funding for free nursery entitlement to the most deprived two year olds from the Early Intervention Grant into the DSG.

**2013/2014 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - SCHOOLS BLOCK**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Dedicated Schools Grant - Schools Block</u>							
60,399	ISB	60,905	0	0	0	0	0	60,905
462	Direct costs - Employees	462	0	0	0	0	0	462
1,381	- Other	1,216	0	0	42	(14)	0	1,244
62,242	Total Direct Cost	62,583	0	0	42	(14)	0	62,611
1,142	Support Recharges	536	0	0	0	(1)	0	535
(63,383)	Income	(63,119)	0	0	0	(27)	0	(63,146)
1	Gross Budget Requirement	0	0	0	42	(42)	0	0
0	Use Of Departmental Reserves							0
1	Net Budget Requirement	0	0	0	42	(42)	0	0

From 2013/14 the DfE have introduced significant changes to schools funding which results in the DSG being split into three separate Blocks.  
For Comparison purposes the 2012/13 DSG has also been split into the equivalent Blocks.

**2013/2014 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - HIGH NEEDS BLOCK**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Dedicated Schools Grant - High Needs Block</u>							
5,554	ISB	5,111	0	0	0	(105)	0	5,006
550	Direct costs - Employees	462	0	0	8	0	0	470
3,204	- Other	3,244	0	0	97	0	0	3,341
9,309	Total Direct Cost	8,817	0	0	105	(105)	0	8,817
263	Support Recharges	578	0	0	0	0	0	578
(9,572)	Income	(9,395)	0	0	0	0	0	(9,395)
0	Gross Budget Requirement	0	0	0	105	(105)	0	0
0	Use Of Departmental Reserves							0
0	Net Budget Requirement	0	0	0	105	(105)	0	0

From 2013/14 the DfE have introduced significant changes to schools funding which results in the DSG being split into three separate Blocks.  
For Comparison purposes the 2012/13 DSG has also been split into the equivalent Blocks.

### **2013/2014 BUDGET - SERVICE UNIT: ADULT EDUCATION**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Adult Education</u>							
831	Direct costs - Employees	831	0	0	0	0	0	831
252	- Other	252	0	0	0	0	0	252
1,083	Total Direct Cost	1,083	0	0	0	0	0	1,083
333	Support Recharges	333	0	0	0	0	0	333
(1,416)	Income	(1,416)	0	0	0	0	0	(1,416)
0	Gross Budget Requirement	0	0	0	0	0	0	0
0	Use Of Departmental Reserves						0	0
0	Net Budget Requirement	0	0	0	0	0	0	0

### **2013/2014 BUDGET - SERVICE UNIT: ARCHAEOLOGY**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Archaeology</u>							
91	Direct costs - Employees	91	0	0	0	0	0	91
43	- Other	44	0	0	0	(19)	0	25
134	Total Direct Cost	135	0	0	0	(19)	0	116
12	Support Recharges	12	0	0	0	0	0	12
(122)	Income	(124)	0	0	24	(5)	0	(105)
24	Gross Budget Requirement	23	0	0	24	(24)	0	23
0	Use Of Departmental Reserves						0	0
24	Net Budget Requirement	23	0	0	24	(24)	0	23

#### **Department Budget Pressures**

The Archaeology budget has been set in line with the Partnership funding for 2013-2014.

#### **Department Budget Reductions to Fund Pressures**

Supplies & services budgets have been adjusted accordingly to fund the pressure for 2013-2014.

### **2013/2014 BUDGET - SERVICE UNIT: CARERS AND ASSISTIVE TECHNOLOGY**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Carers and Assistive Technology</u>							
45	Direct costs - Employees	47	0	0	0	0	0	47
259	- Other	265	0	(80)	0	0	30	215
304	Total Direct Cost	312	0	(80)	0	0	30	262
0	Support Recharges	0	0	0	0	0	0	0
(84)	Income	(84)	0	0	0	0	0	(84)
220	Gross Budget Requirement	228	0	(80)	0	0	30	178
0	Use Of Departmental Reserves						(30)	(30)
220	Net Budget Requirement	228	0	(80)	0	0	0	148

#### **Corporate Budget Reductions**

This budget reduction is following a service review in this area enabling the Carer's service to be recommissioned at a lower cost.

#### **One off costs funded from dept reserves**

Part of a two year reserve utilised to help Carers into employment.

**2013/2014 BUDGET - SERVICE UNIT: COMMISSIONING - ADULTS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Commissioning - Adults</u>							
1,382	Direct costs - Employees	1,401	0	0	0	0	0	1,401
2,977	- Other	2,959	0	0	0	0	0	2,959
4,359	Total Direct Cost	4,360	0	0	0	0	0	4,360
196	Support Recharges	201	0	0	0	0	0	201
(825)	Income	(944)	0	0	0	0	0	(944)
3,730	Gross Budget Requirement	3,617	0	0	0	0	0	3,617
0	Use Of Departmental Reserves						0	0
3,730	Net Budget Requirement	3,617	0	0	0	0	0	3,617

**2013/2014 BUDGET - SERVICE UNIT: COMMISSIONING - MENTAL HEALTH**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Commissioning - Mental Health</u>							
26	Direct costs - Employees	29	0	0	0	0	0	29
1,755	- Other	1,951	0	0	0	0	3	1,954
1,781	Total Direct Cost	1,980	0	0	0	0	3	1,983
0	Support Recharges	0	0	0	0	0	0	0
(494)	Income	(522)	0	0	0	0	0	(522)
1,287	Gross Budget Requirement	1,458	0	0	0	0	3	1,461
0	Use Of Departmental Reserves						(3)	(3)
1,287	Net Budget Requirement	1,458	0	0	0	0	0	1,458

**One off costs funded from dept reserves**

Year two of a three year reserve used to deliver priorities for Carers support.

**2013/2014 BUDGET - SERVICE UNIT: COMMISSIONING - OLDER PEOPLE**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Commissioning - Older People</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
17,742	- Other	18,607	0	(120)	465	0	19	18,971
17,742	Total Direct Cost	18,607	0	(120)	465	0	19	18,971
0	Support Recharges	0	0	0	0	0	0	0
(7,965)	Income	(8,360)	0	0	30	(495)	0	(8,825)
9,777	Gross Budget Requirement	10,247	0	(120)	495	(495)	19	10,146
0	Use Of Departmental Reserves						(19)	(19)
9,777	Net Budget Requirement	10,247	0	(120)	495	(495)	0	10,127

**Corporate Budget Reductions**

This budget reduction is following a review of day opportunities for Older People. The service has been recommissioned at a lower cost without any impact on service users.

**Departmental Budget Pressures**

This pressure relates to increased costs for residential and community based care owing to demographic pressures.

**Departmental Budget Reductions to Fund Pressures**

This budget reduction relates to additional income from service users contributions.

**One off costs funded from dept reserves**

Year two of a three year reserve used to deliver priorities for Carers support.

**2013/2014 BUDGET - SERVICE UNIT: COMMISSIONING - WORKING AGE ADULTS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Commissioning - Working Age Adults</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
10,134	- Other	10,388	0	(40)	214	0	18	10,580
10,134	Total Direct Cost	10,388	0	(40)	214	0	18	10,580
0	Support Recharges	0	0	0	0	0	0	0
(4,370)	Income	(2,723)	0	0	65	(279)	0	(2,937)
5,764	Gross Budget Requirement	7,665	0	(40)	279	(279)	18	7,643
0	Use Of Departmental Reserves						(18)	(18)
5,764	Net Budget Requirement	7,665	0	(40)	279	(279)	0	7,625

**Corporate Budget Reductions**

This budget reduction is a result of a review of high cost placements for people with learning disabilities. Services have been recommissioned based upon individual assessed needs.

**Department Budget Pressures**

This pressure relates to additional expenditure for community based packages.

**Department Budget Reductions to Fund Pressures**

This budget reduction relates to additional income from the former PCT and additional contributions from service users.

**One off costs funded from dept reserves**

Year two of a three year reserve used to deliver priorities for Carers support.

**2013/2014 BUDGET - SERVICE UNIT: COMMUNITY CENTRES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Community Centres</u>							
128	Direct costs - Employees	131	0	0	0	0	0	131
18	- Other	19	0	(3)	1	(4)	0	13
146	Total Direct Cost	150	0	(3)	1	(4)	0	144
0	Support Recharges	0	0	0	0	0	0	0
(31)	Income	(32)	0	0	9	(6)	0	(29)
115	Gross Budget Requirement	118	0	(3)	10	(10)	0	115
0	Use Of Departmental Reserves						0	0
115	Net Budget Requirement	118	0	(3)	10	(10)	0	115

**Corporate Budget Reductions**

This reduction in budget reflects the decision to maintain non-pay budgets at 2012-13 levels.

**Department Budget Pressures**

This pressure relates to unachievable income across the Community Centres.

**Department Budget Reductions to Fund Pressures**

Various supplies and services budgets have been reduced across Community Centres to fund the income pressures.

**2013/2014 BUDGET - SERVICE UNIT: COMPLAINTS, INVESTIGATIONS & PUBLIC INFORMATION**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Complaints, Investigations &amp; Public Information</u>							
79	Direct costs - Employees	81	0	0	0	0	0	81
91	- Other	160	0	0	0	0	0	160
170	Total Direct Cost	241	0	0	0	0	0	241
0	Support Recharges	0	0	0	0	0	0	0
0	Income	(57)	0	0	0	0	0	(57)
170	Gross Budget Requirement	184	0	0	0	0	0	184
0	Use Of Departmental Reserves						0	0
170	Net Budget Requirement	184	0	0	0	0	0	184



**2013/2014 BUDGET - SERVICE UNIT: CULTURAL SERVICES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Cultural Services</u>							
810	Direct costs - Employees	828	0	(5)	0	0	0	823
417	- Other	427	0	(114)	0	0	0	313
1,227	Total Direct Cost	1,255	0	(119)	0	0	0	1,136
0	Support Recharges	0	0	0	0	0	0	0
(698)	Income	(716)	0	57	0	0	0	(659)
529	Gross Budget Requirement	539	0	(62)	0	0	0	477
0	Use Of Departmental Reserves						0	0
529	Net Budget Requirement	539	0	(62)	0	0	0	477

**Corporate Budget Reductions**

This budget reduction reflects new income streams for this area and the cessation of the biennial Maritime Festival.

**2013/2014 BUDGET - SERVICE UNIT: DAT POOLED BUDGET**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>DAT Pooled Budget</u>							
328	Direct costs - Employees	328	0	0	0	0	0	328
2,813	- Other	2,820	0	0	0	0	0	2,820
3,141	Total Direct Cost	3,148	0	0	0	0	0	3,148
0	Support Recharges	0	0	0	0	0	0	0
(3,114)	Income	(3,122)	0	0	0	0	0	(3,122)
27	Gross Budget Requirement	26	0	0	0	0	0	26
0	Use Of Departmental Reserves						0	0
27	Net Budget Requirement	26	0	0	0	0	0	26

**2013/2014 BUDGET - SERVICE UNIT: DEPARTMENTAL RUNNING COSTS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Departmental Running Costs</u>							
999	Direct costs - Employees	1,032	0	0	0	0	0	1,032
237	- Other	244	0	0	0	0	0	244
1,236	Total Direct Cost	1,276	0	0	0	0	0	1,276
5	Support Recharges	6	0	0	0	0	0	6
0	Income	0	0	0	0	0	0	0
1,241	Gross Budget Requirement	1,282	0	0	0	0	0	1,282
0	Use Of Departmental Reserves						0	0
1,241	Net Budget Requirement	1,282	0	0	0	0	0	1,282

**2013/2014 BUDGET - SERVICE UNIT: DIRECT CARE & SUPPORT TEAM**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Direct Care &amp; Support Team</b>							
1,316	Direct costs - Employees	1,328	0	(200)	0	0	76	1,204
88	- Other	88	0	0	0	0	34	122
1,404	Total Direct Cost	1,416	0	(200)	0	0	110	1,326
0	Support Recharges	0	0	0	0	0	0	0
(70)	Income	(70)	0	0	0	0	0	(70)
1,334	Gross Budget Requirement	1,346	0	(200)	0	0	110	1,256
0	Use Of Departmental Reserves						(110)	(110)
1,334	Net Budget Requirement	1,346	0	(200)	0	0	0	1,146

**Corporate Budget Reductions**

This budget reduction is the result of a restructure across a range of in-house service provision within Direct Care and Support, Mental Health Services and Working Age Adults Day Services. Bringing the specific services together under provider services will reduce management costs and enable more flexible working.

**One off costs funded from dept reserves**

Part of a 3 year reserve to fund additional dedicated support in an overnight response team for vulnerable people living in their own homes.

**2013/2014 BUDGET - SERVICE UNIT: GRANTS TO COMMUNITY & VOLUNTARY ORGANISATIONS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Grants to Community &amp; Voluntary Organisations</b>							
0	Direct costs - Employees	0	0	0	0	0	0	0
6	- Other	6	0	0	0	0	0	6
6	Total Direct Cost	6	0	0	0	0	0	6
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
6	Gross Budget Requirement	6	0	0	0	0	0	6
0	Use Of Departmental Reserves						0	0
6	Net Budget Requirement	6	0	0	0	0	0	6

**2013/2014 BUDGET - SERVICE UNIT: LEARNING DISABILITY & TRANSITIONS SOCIAL WORK TEAMS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Learning Disability &amp; Transitions Social Work Teams</b>							
353	Direct costs - Employees	366	0	0	0	0	0	366
8	- Other	8	0	0	0	0	0	8
361	Total Direct Cost	374	0	0	0	0	0	374
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
361	Gross Budget Requirement	374	0	0	0	0	0	374
0	Use Of Departmental Reserves						0	0
361	Net Budget Requirement	374	0	0	0	0	0	374

**2013/2014 BUDGET - SERVICE UNIT: LIBRARIES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Libraries</u>							
891	Direct costs - Employees	916	0	(27)	0	(1)	0	888
380	- Other	390	0	(8)	4	0	0	386
1,271	Total Direct Cost	1,306	0	(35)	4	(1)	0	1,274
5	Support Recharges	6	0	0	0	0	0	6
(32)	Income	(33)	0	0	4	(7)	0	(36)
1,244	Gross Budget Requirement	1,279	0	(35)	8	(8)	0	1,244
0	Use Of Departmental Reserves						0	0
1,244	Net Budget Requirement	1,279	0	(35)	8	(8)	0	1,244

**Corporate Budget Reductions**

The majority of this budget reduction relates to a review of staffing including the deletion of two vacant posts.

**Department Budget Pressures**

This pressure relates to a number of supplies and services budgets across Libraries that have increased in excess of inflation.

**Department Budget Reductions to Fund Pressures**

Increased income from charges, admission fees and sale of stock have funded these pressures.

**2013/2014 BUDGET - SERVICE UNIT: LOCALITY & SAFEGUARDING SOCIAL WORK TEAMS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Locality &amp; Safeguarding Social Work Teams</u>							
2,171	Direct costs - Employees	2,270	0	0	0	0	0	2,270
258	- Other	223	0	0	0	0	0	223
2,429	Total Direct Cost	2,493	0	0	0	0	0	2,493
0	Support Recharges	0	0	0	0	0	0	0
(156)	Income	(160)	0	0	0	0	0	(160)
2,273	Gross Budget Requirement	2,333	0	0	0	0	0	2,333
0	Use Of Departmental Reserves						0	0
2,273	Net Budget Requirement	2,333	0	0	0	0	0	2,333

**2013/2014 BUDGET - SERVICE UNIT: MENTAL HEALTH SERVICES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Mental Health Services</u>							
791	Direct costs - Employees	807	0	(284)	0	0	0	523
122	- Other	125	0	(18)	0	0	0	107
913	Total Direct Cost	932	0	(302)	0	0	0	630
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
913	Gross Budget Requirement	932	0	(302)	0	0	0	630
0	Use Of Departmental Reserves						0	0
913	Net Budget Requirement	932	0	(302)	0	0	0	630

**Corporate Budget Reductions**

This budget reduction is the result of a restructure across a range of in-house service provision within Direct Care and Support, Mental Health Services and Working Age Adults Day Services. Bringing the specific services together under provider services will reduce management costs and enable more flexible working.

**2013/2014 BUDGET - SERVICE UNIT: OCCUPATIONAL THERAPY SERVICES & DISABILITY EQUIPMENT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Occupational Therapy Services &amp; Disability Equipment</b>							
620	Direct costs - Employees	637	0	0	0	0	0	637
651	- Other	663	0	(100)	0	0	0	563
1,271	Total Direct Cost	1,300	0	(100)	0	0	0	1,200
0	Support Recharges	0	0	0	0	0	0	0
(119)	Income	(119)	0	0	0	0	0	(119)
1,152	Gross Budget Requirement	1,181	0	(100)	0	0	0	1,081
0	Use Of Departmental Reserves						0	0
1,152	Net Budget Requirement	1,181	0	(100)	0	0	0	1,081

**Corporate Budget Reductions**

This is a reduction in the budget available for equipment and adaptations that enable people to retain their independence and stay in their own homes for longer.

**2013/2014 BUDGET - SERVICE UNIT: SPORT, LEISURE & RECREATIONAL FACILITIES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Sport, Leisure &amp; Recreational Facilities</b>							
1,452	Direct costs - Employees	1,475	0	(33)	0	0	0	1,442
286	- Other	293	0	(26)	0	0	15	282
1,738	Total Direct Cost	1,768	0	(59)	0	0	15	1,724
0	Support Recharges	0	0	0	0	0	0	0
(847)	Income	(869)	0	9	0	0	0	(860)
891	Gross Budget Requirement	899	0	(50)	0	0	15	864
0	Use Of Departmental Reserves						(15)	(15)
891	Net Budget Requirement	899	0	(50)	0	0	0	849

**Corporate Budget Reductions**

This budget reduction reflects the decision to maintain non-pay budgets at 2012-13 levels, a review of management and staff at Summerhill and a reduction in opening hours at the Headland Sports Hall.

**One off costs funded from dept reserves**

Reserve to fund community & voluntary activities, health and physical activity.

**2013/2014 BUDGET - SERVICE UNIT: WORKFORCE PLANNING & DEVELOPMENT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Workforce Planning &amp; Development</b>							
176	Direct costs - Employees	180	0	(3)	0	0	0	177
130	- Other	133	0	0	0	0	0	133
306	Total Direct Cost	313	0	(3)	0	0	0	310
0	Support Recharges	0	0	0	0	0	0	0
(36)	Income	(37)	0	0	0	0	0	(37)
270	Gross Budget Requirement	276	0	(3)	0	0	0	273
0	Use Of Departmental Reserves						0	0
270	Net Budget Requirement	276	0	(3)	0	0	0	273

**Corporate Budget Reductions**

This budget reduction reflects a minor staffing change within this area.

**2013/2014 BUDGET - SERVICE UNIT: WORKING AGE ADULTS DAY SERVICES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Working Age Adults Day Services</u>							
818	Direct costs - Employees	837	0	(18)	0	0	0	819
404	- Other	414	0	0	0	0	0	414
1,222	Total Direct Cost	1,251	0	(18)	0	0	0	1,233
2	Support Recharges	2	0	0	0	0	0	2
(78)	Income	(80)	0	0	0	0	0	(80)
1,146	Gross Budget Requirement	1,173	0	(18)	0	0	0	1,155
0	Use Of Departmental Reserves						0	0
1,146	Net Budget Requirement	1,173	0	(18)	0	0	0	1,155

**Corporate Budget Reductions**

This budget reduction is the result of a restructure across a range of in-house service provision within Direct Care and Support, Mental Health Services and Working Age Adults Day Services. Bringing the specific services together under provider services will reduce management costs and enable more flexible working.

**REGENERATION & NEIGHBOURHOODS**

**DETAILED REVENUE BUDGETS 2013/2014**



**2013/2014 BUDGET - REGENERATION AND NEIGHBOURHOODS SUMMARY**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2013/2014 (2+3+4+5+6 +7+8)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000
102	Asset Management	100	0	0	0	0	0	0	100
(51)	Building Consultancy	(73)	0	(53)	0	0	0	0	(126)
(60)	Building Control	(63)	0	(5)	0	0	0	0	(68)
80	CADCAM	82	0	0	0	0	0	0	82
(703)	Car Parking	(706)	37	0	0	0	0	0	(669)
(20)	Cems and Crems	(24)	0	0	0	0	0	0	(24)
624	Consumer Services	620	0	0	0	0	0	0	620
0	Council Housing	0	0	0	0	0	0	0	0
1,045	Economic Regeneration	1,054	0	(49)	0	0	27	(27)	1,005
0	Economic Regeneration - External Funded	0	0	0	0	0	252	(252)	0
429	Engineering & Design	547	0	(50)	0	0	50	(50)	497
10	Environmental Protection	10	0	(40)	0	0	0	0	(30)
869	Facilities Management	944	0	0	0	0	0	0	944
32	General Allotments	33	0	0	0	0	0	0	33
1,881	Grounds Maintenance	1,924	0	0	0	0	0	0	1,924
1,361	Highway Maintenance	1,395	0	(36)	0	0	0	0	1,359
533	Highways Liability	547	0	0	0	0	0	0	547
(211)	Highways Trading	(211)	0	0	0	0	0	0	(211)
526	Highways Traffic & Transport Management	526	0	(34)	0	0	0	0	492
614	Housing Services	685	0	(48)	0	0	123	(123)	637
58	ITU Passenger Transport	59	0	(69)	0	0	45	(45)	(10)
306	ITU Road Safety	307	0	(34)	0	0	0	0	273
(160)	ITU Vehicle Fleet	(160)	0	(34)	0	0	20	(20)	(194)
(4)	Logistics	(4)	0	(80)	0	0	40	(40)	(84)
(2)	NDORS	(2)	0	0	0	0	0	0	(2)
16	Neighbourhood Management	16	0	0	0	0	0	0	16
1,167	Network Infrastructure	1,196	0	0	0	0	0	0	1,196
827	North & Coastal Neighbourhood Forum	838	0	0	0	0	50	(50)	838
415	Parks & Countryside	416	0	0	0	0	0	0	416
133	Procurement	131	0	(24)	0	0	0	0	107
(78)	Property Management	(83)	0	0	0	0	0	0	(83)
(34)	Reprographics	(36)	0	0	0	0	0	0	(36)
1,747	Street Cleansing	1,769	0	0	0	0	0	0	1,769
2,409	Sustainable Transport	2,369	0	0	0	0	0	0	2,369
4,811	Waste & Environmental Services	4,895	308	(400)	0	0	0	0	4,803
1,013	Strategic Management, Admin & Services Development	1,145	0	(76)	0	0	0	0	1,069
667	South & Central Neighbourhood Forum	784	55	0	7	(7)	38	(38)	839
(82)	Outdoor Markets	(84)	0	0	0	0	0	0	(84)
458	Planning Services	449	0	(57)	0	0	0	0	392
<b>20,728</b>	<b>Net Budget Requirement</b>	<b>21,395</b>	<b>400</b>	<b>(1,089)</b>	<b>7</b>	<b>(7)</b>	<b>645</b>	<b>(645)</b>	<b>20,706</b>



**2013/2014 BUDGET - SERVICE UNIT: ASSET MANAGEMENT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Asset Management</b>							
162	Direct costs - Employees	162	0	0	0	0	0	162
73	- Other	74	0	0	0	0	0	74
235	Total Direct Cost	236	0	0	0	0	0	236
97	Support Recharges	100			0	0	0	100
(230)	Income	(236)			0	0	0	(236)
102	Gross Budget Requirement	100	0	0	0	0	0	100
0	Use Of Departmental Reserves							0
102	Net Budget Requirement	100	0	0	0	0	0	100

**2013/2014 BUDGET - SERVICE UNIT: BUILDING CONSULTANCY**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Building Consultancy</b>							
857	Direct costs - Employees	857	0	(53)	0	0	0	804
61	- Other	62	0	0	0	0	0	62
918	Total Direct Cost	919	0	(53)	0	0	0	866
0	Support Recharges	0	0	0	0	0	0	0
(969)	Income	(992)	0	0	0	0	0	(992)
(51)	Gross Budget Requirement	(73)	0	(53)	0	0	0	(126)
0	Use Of Departmental Reserves							0
(51)	Net Budget Requirement	(73)	0	(53)	0	0	0	(126)

**Budget Reductions**

Relates to reduction in technical/surveying staff in Building Design and Management and reduction of hours of Legionella Team leader.

**2013/2014 BUDGET - SERVICE UNIT: BUILDING CONTROL**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Building Control</b>							
189	Direct costs - Employees	193	0	0	0	0	0	193
28	- Other	28	0	0	0	0	0	28
217	Total Direct Cost	221	0	0	0	0	0	221
9	Support Recharges	9			0	0	0	9
(286)	Income	(293)		(5)	0	0	0	(298)
(60)	Gross Budget Requirement	(63)	0	(5)	0	0	0	(68)
0	Use Of Departmental Reserves							0
(60)	Net Budget Requirement	(63)	0	(5)	0	0	0	(68)

**Budget Reductions**

Increased fee income from expanding the partnering service with builders and developers operating outside the Borough - this could be through offering a remote plan checking service etc.

**2013/2014 BUDGET - SERVICE UNIT: CADCAM**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>CADCAM</b>							
0	Direct costs - Employees	0	0	0	0	0	0	0
80	- Other	82	0	0	0	0	0	82
80	Total Direct Cost	82	0	0	0	0	0	82
0	Support Recharges	0						0
0	Income	0						0
80	Gross Budget Requirement	82	0	0	0	0	0	82
0	Use Of Departmental Reserves							0
80	Net Budget Requirement	82	0	0	0	0	0	82

**2013/2014 BUDGET - SERVICE UNIT: CAR PARKING**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Car Parking</b>							
309	Direct costs - Employees	331	0	0	0	0	0	331
441	- Other	452	0	0	0	0	0	452
750	Total Direct Cost	783	0	0	0	0	0	783
9	Support Recharges	10	0	0	0	0	0	10
(1,462)	Income	(1,499)	37	0	0	0	0	(1,462)
(703)	Gross Budget Requirement	(706)	37	0	0	0	0	(669)
0	Use Of Departmental Reserves							0
(703)	Net Budget Requirement	(706)	37	0	0	0	0	(669)

**Budget Pressures**

Owing to the current economic climate there has been no inflation increase in car parking charges.

**2013/2014 BUDGET - SERVICE UNIT: CEMS AND CREMS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Cems and Crems</b>							
131	Direct costs - Employees	131	0	0	0	0	0	131
528	- Other	541	0	0	0	0	0	541
659	Total Direct Cost	672	0	0	0	0	0	672
9	Support Recharges	9						9
(688)	Income	(705)						(705)
(20)	Gross Budget Requirement	(24)	0	0	0	0	0	(24)
0	Use Of Departmental Reserves							0
(20)	Net Budget Requirement	(24)	0	0	0	0	0	(24)

**2013/2014 BUDGET - SERVICE UNIT: CONSUMER SERVICES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Consumer Services</u>							
798	Direct costs - Employees	798	0	0	0	0	0	798
150	- Other	154	0	0	0	0	0	154
948	Total Direct Cost	952	0	0	0	0	0	952
16	Support Recharges	16	0	0	0	0	0	16
(340)	Income	(348)	0	0	0	0	0	(348)
624	Gross Budget Requirement	620	0	0	0	0	0	620
0	Use Of Departmental Reserves							0
624	Net Budget Requirement	620	0	0	0	0	0	620

**2013/2014 BUDGET - SERVICE UNIT: COUNCIL HOUSING**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Council Housing</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
386	- Other	386	0	0	0	0	0	386
386	Total Direct Cost	386	0	0	0	0	0	386
2	Support Recharges	2	0	0	0	0	0	2
(388)	Income	(388)	0	0	0	0	0	(388)
0	Gross Budget Requirement	0	0	0	0	0	0	0
0	Use Of Departmental Reserves							0
0	Net Budget Requirement	0	0	0	0	0	0	0

**2013/2014 BUDGET - SERVICE UNIT: ECONOMIC REGENERATION**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Economic Regeneration</u>							
712	Direct costs - Employees	713	0	(42)	0	0	23	694
599	- Other	613	0	(7)	0	0	4	610
1,311	Total Direct Cost	1,326	0	(49)	0	0	27	1,304
5	Support Recharges	5	0	0	0	0	0	5
(271)	Income	(277)	0	0	0	0	0	(277)
1,045	Gross Budget Requirement	1,054	0	(49)	0	0	27	1,032
0	Use Of Departmental Reserves						(27)	(27)
1,045	Net Budget Requirement	1,054	0	(49)	0	0	0	1,005

**One off costs Funded from Department Reserves**

£23k is ring fenced grant earmarked for the Connect to Work programme which is over more than one year. (Supporting C & A priorities).

£4k reserve funding previously earmarked to support development/continuation of Jobsmart Test Centre.

**Budget Reductions**

Relates to removal of one post and reduction in marketing budget.

**2013/2014 BUDGET - SERVICE UNIT: ECONOMIC REGENERATION - EXTERNAL FUNDED**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Economic Regeneration - External Fund</b>							
61	Direct costs - Employees	61	0	0	0	0	0	61
8	- Other	8	0	0	0	0	252	260
69	Total Direct Cost	69	0	0	0	0	252	321
0	Support Recharges	0	0	0	0	0	0	0
(69)	Income	(69)	0	0	0	0	0	(69)
0	Gross Budget Requirement	0	0	0	0	0	252	252
0	Use Of Departmental Reserves						(252)	(252)
0	Net Budget Requirement	0	0	0	0	0	0	0

**One off costs Funded from Department Reserves**

£200k Reserve Funding is from Seaside Grant received in a prior year which was set aside to fund expenditure commitments on a the Seaton Masterplan..

The use of £27k earmarked reserve created for the Baden Street Project approved by Members.

Use of the £25k reserve created for the Furniture Project which will provide a cash injection for the Credit Union to implement a Furniture Loans fund.

**2013/2014 BUDGET - SERVICE UNIT: ENGINEERING & DESIGN**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Engineering &amp; Design</b>							
385	Direct costs - Employees	385	0	0	0	0	0	385
428	- Other	529	0	0	0	0	50	579
813	Total Direct Cost	914	0	0	0	0	50	964
17	Support Recharges	18	0	0	0	0	0	18
(401)	Income	(385)	0	(50)	0	0	0	(435)
429	Gross Budget Requirement	547	0	(50)	0	0	50	547
0	Use Of Departmental Reserves						(50)	(50)
429	Net Budget Requirement	547	0	(50)	0	0	0	497

**One off costs Funded from Department Reserves**

This is earmarked to fund the risk of a potential reduction in income arising from fees on capital schemes as grant funding for these schemes is contracting.

**Budget Reductions**

Relates to a target for extra income achieved by the continuation of additional contracts over the 13/14 period

**2013/2014 BUDGET - SERVICE UNIT: ENVIRONMENTAL PROTECTION**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Environmental Protection</b>							
0	Direct costs - Employees	0	0	(32)	0	0	0	(32)
33	- Other	34	0	0	0	0	0	34
33	Total Direct Cost	34	0	(32)	0	0	0	2
0	Support Recharges	0	0	0	0	0	0	0
(23)	Income	(24)	0	(8)	0	0	0	(32)
10	Gross Budget Requirement	10	0	(40)	0	0	0	(30)
0	Use Of Departmental Reserves						0	0
10	Net Budget Requirement	10	0	(40)	0	0	0	(30)

**Budget Reductions**

Relates to additional income generation from new commercial contracts for pest control and removal of a post

**2013/2014 BUDGET - SERVICE UNIT: FACILITIES MANAGEMENT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Facilities Management</b>							
4,894	Direct costs - Employees	4,894	0	0	0	0	0	4,894
4,100	- Other	4,144	0	0	0	0	0	4,144
8,994	Total Direct Cost	9,038	0	0	0	0	0	9,038
(47)	Job Costing Contra	(46)	0	0	0	0	0	(46)
896	Support Recharges	900	0	0	0	0	0	900
(8,974)	Income	(8,948)	0	0	0	0	0	(8,948)
869	Gross Budget Requirement	944	0	0	0	0	0	944
0	Use Of Departmental Reserves						0	0
869	Net Budget Requirement	944	0	0	0	0	0	944

**2013/2014 BUDGET - SERVICE UNIT: GENERAL ALLOTMENTS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>General Allotments</b>							
0	Direct costs - Employees	0	0	0	0	0	0	0
71	- Other	73	0	0	0	0	0	73
71	Total Direct Cost	73	0	0	0	0	0	73
0	Support Recharges	0	0	0	0	0	0	0
(39)	Income	(40)	0	0	0	0	0	(40)
32	Gross Budget Requirement	33	0	0	0	0	0	33
0	Use Of Departmental Reserves						0	0
32	Net Budget Requirement	33	0	0	0	0	0	33

**2013/2014 BUDGET - SERVICE UNIT: GROUNDS MAINTENANCE**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Grounds Maintenance</b>							
1,351	Direct costs - Employees	1,352	0	0	0	0	0	1,352
879	- Other	897	0	0	0	0	0	897
2,230	Total Direct Cost	2,249	0	0	0	0	0	2,249
576	Support Recharges	590	0	0	0	0	0	590
12	Job Costing Contra	42	0	0	0	0	0	42
(937)	Income	(957)	0	0	0	0	0	(957)
1,881	Gross Budget Requirement	1,924	0	0	0	0	0	1,924
0	Use Of Departmental Reserves						0	0
1,881	Net Budget Requirement	1,924	0	0	0	0	0	1,924

**2013/2014 BUDGET - SERVICE UNIT: HIGHWAYS MAINTENANCE**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Highways Maintenance</b>							
0	Direct costs - Employees	0	0	0	0	0	0	0
1,360	- Other	1,394	0	(36)	0	0	0	1,358
1,360	Total Direct Cost	1,394	0	(36)	0	0	0	1,358
1	Support Recharges	1	0	0	0	0	0	1
0	Income	0	0	0	0	0	0	0
1,361	Gross Budget Requirement	1,395	0	(36)	0	0	0	1,359
0	Use Of Departmental Reserves							0
1,361	Net Budget Requirement	1,395	0	(36)	0	0	0	1,359

**Budget Reductions**

Relates to savings on verge signage £10,000 and winter maintenance £25,000

**2013/2014 BUDGET - SERVICE UNIT: HIGHWAYS LIABILITY**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Highways Liability</b>							
0	Direct costs - Employees	0	0	0	0	0	0	0
533	- Other	547	0	0	0	0	0	547
533	Total Direct Cost	547	0	0	0	0	0	547
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
533	Gross Budget Requirement	547	0	0	0	0	0	547
0	Use Of Departmental Reserves							0
533	Net Budget Requirement	547	0	0	0	0	0	547

**2013/2014 BUDGET - SERVICE UNIT: HIGHWAYS TRADING**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Highways Trading</b>							
730	Direct costs - Employees	683	0	0	0	0	0	683
683	- Other	730	0	0	0	0	0	730
1,413	Total Direct Cost	1,413	0	0	0	0	0	1,413
744	Support Recharges	744	0	0	0	0	0	744
13	Job Costing Contra	13	0	0	0	0	0	13
(2,381)	Income	(2,381)	0	0	0	0	0	(2,381)
(211)	Gross Budget Requirement	(211)	0	0	0	0	0	(211)
0	Use Of Departmental Reserves							0
(211)	Net Budget Requirement	(211)	0	0	0	0	0	(211)

**2013/2014 BUDGET - SERVICE UNIT: HIGHWAYS TRAFFIC & TRANSPORT MANAGEMENT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Highways Traffic &amp; Transport Management</b>							
523	Direct costs - Employees	523	0	0	0	0	0	523
25	- Other	26	0	(34)	0	0	0	(8)
548	Total Direct Cost	549	0	(34)	0	0	0	515
25	Support Recharges	26	0	0	0	0	0	26
(47)	Income	(49)	0	0	0	0	0	(49)
526	Gross Budget Requirement	526	0	(34)	0	0	0	492
0	Use Of Departmental Reserves							0
526	Net Budget Requirement	526	0	(34)	0	0	0	492

**Budget Reductions**

Relates to removal of a post

**2013/2014 BUDGET - SERVICE UNIT: HOUSING SERVICES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Housing Services</b>							
792	Direct costs - Employees	792	0	(48)	0	0	78	822
292	- Other	297	0	0	0	0	30	327
1,084	Total Direct Cost	1,089	0	(48)	0	0	108	1,149
47	Support Recharges	47	0	0	0	0	0	47
(517)	Income	(451)	0	0	0	0	15	(436)
614	Gross Budget Requirement	685	0	(48)	0	0	123	760
0	Use Of Departmental Reserves						(123)	(123)
614	Net Budget Requirement	685	0	(48)	0	0	0	637

**One off costs Funded from Department Reserves**

Reserve funding OF £93K is from Income generated from fees required to fund the scheme over a 5 year period.

The Reserve funding originates from Public Health Grant awarded in 11/12 to invest in improvements to housing to increase the quality of homes in the town.

£30K reserves funding relates to Public Health grant brought forward to invest in improvements to housing.

**Budget Reductions**

Reconfiguration of the service leading to a reduction of one post.

**2013/2014 BUDGET - SERVICE UNIT: ITU PASSENGER TRANSPORT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>ITU Passenger Transport</b>							
355	Direct costs - Employees	355	0	(35)	0	0	0	320
100	- Other	101	0	0	0	0	0	101
455	Total Direct Cost	456	0	(35)	0	0	0	421
315	Support Recharges	315	0	0	0	0	45	360
(712)	Income	(712)	0	(34)	0	0	0	(746)
58	Gross Budget Requirement	59	0	(69)	0	0	45	35
0	Use Of Departmental Reserves						(45)	(45)
58	Net Budget Requirement	59	0	(69)	0	0	0	(10)

**One off costs Funded from Department Reserves**

The reserve funding was created to manage the risk of income shortfalls in future years in a developing trading area of private hire.

It is expected that the reserve will be used in this year to develop the service in order to generate additional income in the future.

**Budget Reductions**

Relates to additional income generation from private hire and services to other organisations and reconfiguration of school crossing patrol service

**2013/2014 BUDGET - SERVICE UNIT: ITU ROAD SAFETY**

Approved Budget 2012/2013  (1) £'000	Service Unit	Budget Projection 2013/2014  (2) £'000	Corporate Budget Pressures  (3) £'000	Corporate Budget Reductions  (4) £'000	Dept Budget Pressures  (5) £'000	Dept Budget Reductions to Fund Pressures  (6) £'000	One Off Costs  (7) £'000	Total Budget 2013/2014 (2+3+4+5+6+7)  (8) £'000
	<u>ITU Road Safety</u>							
288	Direct costs - Employees	288	0	0	0	0	0	288
46	- Other	48	0	0	0	0	0	48
334	Total Direct Cost	336	0	0	0	0	0	336
0	Support Recharges	0	0	0	0	0	0	0
(28)	Income	(29)	0	(34)	0	0	0	(63)
306	Gross Budget Requirement	307	0	(34)	0	0	0	273
0	Use Of Departmental Reserves							0
306	Net Budget Requirement	307	0	(34)	0	0	0	273

**Budget reductions**

To be achieved by extra income generation

**2013/2014 BUDGET - SERVICE UNIT: ITU VEHICLE FLEET**

Approved Budget 2012/2013  (1) £'000	Service Unit	Budget Projection 2013/2014  (2) £'000	Corporate Budget Pressures  (3) £'000	Corporate Budget Reductions  (4) £'000	Dept Budget Pressures  (5) £'000	Dept Budget Reductions to Fund Pressures  (6) £'000	One Off Costs  (7) £'000	Total Budget 2013/2014 (2+3+4+5+6+7)  (8) £'000
	<u>ITU Vehicle Fleet</u>							
411	Direct costs - Employees	411	0	0	0	0	0	411
3,294	- Other	3,294	0	0	0	0	20	3,314
3,705	Total Direct Cost	3,705	0	0	0	0	20	3,725
359	Support Recharges	359	0	0	0	0	0	359
1	Job Costing Contra	1	0	0	0	0	0	1
(4,225)	Income	(4,225)	0	(34)	0	0	0	(4,259)
(160)	Gross Budget Requirement	(160)	0	(34)	0	0	20	(174)
0	Use Of Departmental Reserves						(20)	(20)
(160)	Net Budget Requirement	(160)	0	(34)	0	0	0	(194)

**One off costs Funded from Department Reserves**

Reserve created from a surplus on the Fleet account in 11/12. This is needed to cover operating costs over the whole life of the fleet so that annual charges to clients can remain static over the lifetime of the vehicle. An amount of £20k will be used to offset the capital financing costs of vehicles used by Horticulture, Parks & Countryside.

**Budget reductions**

To be achieved by extra income generation

**2013/2014 BUDGET - SERVICE UNIT: LOGISTICS**

Approved Budget 2012/2013  (1) £'000	Service Unit	Budget Projection 2013/2014  (2) £'000	Corporate Budget Pressures  (3) £'000	Corporate Budget Reductions  (4) £'000	Dept Budget Pressures  (5) £'000	Dept Budget Reductions to Fund Pressures  (6) £'000	One Off Costs  (7) £'000	Total Budget 2013/2014 (2+3+4+5+6+7)  (8) £'000
	<u>Logistics</u>							
415	Direct costs - Employees	415	0	0	0	0	0	415
1,344	- Other	1,344	0	0	0	0	40	1,384
1,759	Total Direct Cost	1,759	0	0	0	0	40	1,799
42	Support Recharges	42	0	0	0	0	0	42
(29)	Job Costing Contra	(29)	0	0	0	0	0	(29)
(1,776)	Income	(1,776)	0	(80)	0	0	0	(1,856)
(4)	Gross Budget Requirement	(4)	0	(80)	0	0	40	(44)
0	Use Of Departmental Reserves		0	0			(40)	(40)
(4)	Net Budget Requirement	(4)	0	(80)	0	0	0	(84)

**One off costs Funded from Department Reserves**

Reserve created to fund the costs associated with Plant Equipment over more than one year e.g. repairs and maintenance or replacement costs.

**Budget Reductions**

To be achieved by the use of stores services surplus and additional income through project work and selling services



**2013/2014 BUDGET - SERVICE UNIT: NDORS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>NDORS</u>							
33	Direct costs - Employees	33	0	0	0	0	0	33
404	- Other	404	0	0	0	0	0	404
437	Total Direct Cost	437	0	0	0	0	0	437
43	Support Recharges	43	0	0	0	0	0	43
(482)	Income	(482)	0	0	0	0	0	(482)
(2)	Gross Budget Requirement	(2)	0	0	0	0	0	(2)
0	Use Of Departmental Reserves							0
(2)	Net Budget Requirement	(2)	0	0	0	0	0	(2)

**2013/2014 BUDGET - SERVICE UNIT: NEIGHBOURHOOD MANAGEMENT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Neighbourhood Management</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
3	- Other	3	0	0	0	0	0	3
3	Total Direct Cost	3	0	0	0	0	0	3
13	Support Recharges	13	0	0	0	0	0	13
0	Income	0	0	0	0	0	0	0
16	Gross Budget Requirement	16	0	0	0	0	0	16
0	Use Of Departmental Reserves							0
16	Net Budget Requirement	16	0	0	0	0	0	16

**2013/2014 BUDGET - SERVICE UNIT: NETWORK INFRASTRUCTURE**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Network Infrastructure</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
1,167	- Other	1,196	0	0	0	0	0	1,196
1,167	Total Direct Cost	1,196	0	0	0	0	0	1,196
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
1,167	Gross Budget Requirement	1,196	0	0	0	0	0	1,196
0	Use Of Departmental Reserves							0
1,167	Net Budget Requirement	1,196	0	0	0	0	0	1,196

**2013/2014 BUDGET - SERVICE UNIT: NORTH & COASTAL NEIGHBOURHOOD FORUM**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>North &amp; Coastal Neighbourhood Forum</b>							
399	Direct costs - Employees	399	0	0	0	0	0	399
428	- Other	439	0	0	0	0	50	489
827	Total Direct Cost	838	0	0	0	0	50	888
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
827	Gross Budget Requirement	838	0	0	0	0	50	888
0	Use Of Departmental Reserves						(50)	(50)
827	Net Budget Requirement	838	0	0	0	0	0	838

**One off costs Funded from Department Reserves**

The Reserve was created from the underspend on the Community Grants Pool budget in 2011/12 as this expenditure is 'ring-fenced' by Members for contributing towards the community.

£20K relates to funding earmarked for the Rural Plan.

**2013/2014 BUDGET - SERVICE UNIT: PARKS & COUNTRYSIDE**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Parks &amp; Countryside</b>							
417	Direct costs - Employees	417	0	0	0	0	0	417
198	- Other	201	0	0	0	0	0	201
615	Total Direct Cost	618	0	0	0	0	0	618
0	Support Recharges	0	0	0	0	0	0	0
(200)	Income	(202)	0	0	0	0	0	(202)
415	Gross Budget Requirement	416	0	0	0	0	0	416
0	Use Of Departmental Reserves						0	0
415	Net Budget Requirement	416	0	0	0	0	0	416

**2013/2014 BUDGET - SERVICE UNIT: PROCUREMENT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Procurement</b>							
210	Direct costs - Employees	210	0	(24)	0	0	0	186
1	- Other	1	0	0	0	0	0	1
211	Total Direct Cost	211	0	(24)	0	0	0	187
0	Support Recharges	0	0	0	0	0	0	0
(78)	Income	(80)	0	0	0	0	0	(80)
133	Gross Budget Requirement	131	0	(24)	0	0	0	107
0	Use Of Departmental Reserves						0	0
133	Net Budget Requirement	131	0	(24)	0	0	0	107

**Budget Reductions**

Net saving after removal of vacant post and developing existing team.

**2013/2014 BUDGET - SERVICE UNIT: PROPERTY MANAGEMENT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Property Management</b>							
148	Direct costs - Employees	148	0	0	0	0	0	148
29	- Other	30	0	0	0	0	0	30
177	Total Direct Cost	178	0	0	0	0	0	178
0	Support Recharges	0	0	0	0	0	0	0
(255)	Income	(261)	0	0	0	0	0	(261)
(78)	Gross Budget Requirement	(83)	0	0	0	0	0	(83)
0	Use Of Departmental Reserves							0
(78)	Net Budget Requirement	(83)	0	0	0	0	0	(83)

**2013/2014 BUDGET - SERVICE UNIT: REPROGRAPHICS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Reprographics</b>							
78	Direct costs - Employees	78	0	0	0	0	0	78
220	- Other	226	0	0	0	0	0	226
298	Total Direct Cost	304	0	0	0	0	0	304
0	Support Recharges	0	0	0	0	0	0	0
(332)	Income	(340)	0	0	0	0	0	(340)
(34)	Gross Budget Requirement	(36)	0	0	0	0	0	(36)
0	Use Of Departmental Reserves							0
(34)	Net Budget Requirement	(36)	0	0	0	0	0	(36)

**2013/2014 BUDGET - SERVICE UNIT: STREET CLEANSING**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<b>Street Cleansing</b>							
912	Direct costs - Employees	912	0	0	0	0	0	912
305	- Other	312	0	0	0	0	0	312
1,217	Total Direct Cost	1,224	0	0	0	0	0	1,224
731	Support Recharges	749	0	0	0	0	0	749
(201)	Income	(204)	0	0	0	0	0	(204)
1,747	Gross Budget Requirement	1,769	0	0	0	0	0	1,769
0	Use Of Departmental Reserves							0
1,747	Net Budget Requirement	1,769	0	0	0	0	0	1,769

**2013/2014 BUDGET - SERVICE UNIT: SUSTAINABLE TRANSPORT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Sustainable Transport</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
2,409	- Other	2,369	0	0	0	0	0	2,369
2,409	Total Direct Cost	2,369	0	0	0	0	0	2,369
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
2,409	Gross Budget Requirement	2,369	0	0	0	0	0	2,369
0	Use Of Departmental Reserves							0
2,409	Net Budget Requirement	2,369	0	0	0	0	0	2,369

**2013/2014 BUDGET - SERVICE UNIT: WASTE & ENVIRONMENTAL SERVICES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Waste &amp; Environmental Services</u>							
1,470	Direct costs - Employees	1,471	0	0	0	0	0	1,471
3,257	- Other	3,339	308	(400)	0	0	0	3,247
4,727	Total Direct Cost	4,810	308	(400)	0	0	0	4,718
934	Support Recharges	957	0	0	0	0	0	957
(850)	Income	(872)	0	0	0	0	0	(872)
4,811	Gross Budget Requirement	4,895	308	(400)	0	0	0	4,803
0	Use Of Departmental Reserves						0	0
4,811	Net Budget Requirement	4,895	308	(400)	0	0	0	4,803

**Budget Pressures**

Relates to removal of the Non Fossil Fuel Obligation government credit of £279,000. Also £29,000 Landfill tax and loss of £55k LPSA Grant Funding.

**Budget Reductions**

Savings resulting from the new Recycling contract.

**2013/2014 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT, ADMIN & SERVICE DEVELOPMENT**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Strategic Management, Admin &amp; Service Development</u>							
1,738	Direct costs - Employees	1,733	0	(70)	0	0	0	1,663
161	- Other	160	0	(6)	0	0	0	154
1,899	Total Direct Cost	1,893	0	(76)	0	0	0	1,817
512	Support Recharges	525	0	0	0	0	0	525
(1,245)	Income	(1,273)	0	0	0	0	0	(1,273)
(153)	Vacancy Abatement Target	0	0	0				0
1,013	Gross Budget Requirement	1,145	0	(76)	0	0	0	1,069
0	Use Of Departmental Reserves		0	0			0	0
1,013	Net Budget Requirement	1,145	0	(76)	0	0	0	1,069

**Budget Reductions**

Relates to removal of a post (£15,000), reduced hours (£6,000) various non staff budgets (£6,000) and combining functions with a post is Public Protection (£13,000).

Also includes £36,000 savings on the Directors salary.

**2013/2014 BUDGET - SERVICE UNIT: SOUTH & CENTRAL NEIGHBOURHOOD FORUM**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>South &amp; Central Neighbourhood Forum</u>							
486	Direct costs - Employees	486	0	0	0	0	38	524
651	- Other	769	55	0	7	(7)	0	824
1,137	Total Direct Cost	1,255	55	0	7	(7)	38	1,348
52	Support Recharges	52	0	0	0	0	0	52
(522)	Income	(523)	0	0	0	0	0	(523)
667	Gross Budget Requirement	784	55	0	7	(7)	38	877
0	Use Of Departmental Reserves						(38)	(38)
667	Net Budget Requirement	784	55	0	7	(7)	0	839

**Budget Pressures**

Loss of LPSA funding re Independent Violence Advisor (£20k), Victims Services (£20k) and Mens Perpetrator Programme (£15k)

**Department Budget Pressures**

The £7k pressure is the result of Morrisons ending their annual contribution towards CCTV cameras.

**Department Budget Reductions to Fund Pressures**

The above pressure will be funded from savings in operating costs following installation of new wireless cameras.

**One off costs Funded from Department Reserves**

£15k is from Local Public Service Agreement Phase Reward Grant brought forward from 2011/12 and used for committed projects approved by Safer Hartlepool Partnership - Domestic Violence.

£23k is specific funding brought forward in relation to the Community Safety Grant (LSSG) administered and controlled by the Safer Hartlepool Partnership and earmarked to fund Victim Support Work in 2013/14.

**2013/2014 BUDGET - SERVICE UNIT: OUTDOOR MARKETS**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Outdoor Markets</u>							
1	Direct costs - Employees	1	0	0	0	0	0	1
22	- Other	22	0	0	0	0	0	22
23	Total Direct Cost	23	0	0	0	0	0	23
0	Support Recharges	0	0	0	0	0	0	0
(105)	Income	(107)	0	0	0	0	0	(107)
(82)	Gross Budget Requirement	(84)	0	0	0	0	0	(84)
0	Use Of Departmental Reserves						0	0
(82)	Net Budget Requirement	(84)	0	0	0	0	0	(84)

**2013/2014 BUDGET - SERVICE UNIT: PLANNING SERVICES**

Approved Budget 2012/2013	Service Unit	Budget Projection 2013/2014	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2013/2014 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Planning Services</u>							
824	Direct costs - Employees	824	0	(50)	0	0	0	774
73	- Other	75	0	(7)	0	0	0	68
897	Total Direct Cost	899	0	(57)	0	0	0	842
0	Support Recharges	0	0	0	0	0	0	0
(439)	Income	(450)	0	0	0	0	0	(450)
458	Gross Budget Requirement	449	0	(57)	0	0	0	392
0	Use Of Departmental Reserves						0	0
458	Net Budget Requirement	449	0	(57)	0	0	0	392

**Budget Reductions**

Removal of a post and other non staff savings as a result of consolidating budgets under one manager.

## SECTION D

### Capital Programme 2013/2014 to 2015/2016

## FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2013/14 TO 2015/16

TABLE 1 - FORECAST CAPITAL RESOURCES 2013/14 to 2015/16

Total Resources 2012/13	Forecast Resources 2013/2014				Forecast Resources 2014/2015 (Provisional)				Forecast Resources 2015/2016 (Provisional)			
£'000	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Supported Service Specific Allocations</b>												
1,410 - Local Transport Plan	0	0	1,351	1,351	0	0	1,547	1,547	0	0	1,547	1,547
1,700 - Schools Capital Programme	0	0	1,700	1,700	0	0	1,700	1,700	0	0	1,700	1,700
258 - Adult Social Services	0	0	269	269	0	0	275	275	0	0	0	0
3,368 Total Supported Service Specific Allocations	0	0	3,320	3,320	0	0	3,522	3,522	0	0	3,247	3,247
<b>Unsupported Corporate Prudential Borrowing</b>												
0 Council Capital Fund (Table 3)	600	0	0	600	0	0	0	0	0	0	0	0
0	600	0	0	600	0	0	0	0	0	0	0	0
<b>Unsupported Departmental Prudential Borrowing</b>												
1,615 Silanton Crematoriums & Lodge	0	0	0	0	0	0	0	0	0	0	0	0
45 Replacement Wheelie Bins	45	0	0	45	45	0	0	45	45	0	0	45
0 CCTV - Replacements with Wireless	115	0	0	115	0	0	0	0	0	0	0	0
0 Recycling Bins*	680	0	0	680	0	0	0	0	0	0	0	0
0 Allotments (Table 4)	227	0	0	227	178	0	0	178	95	0	0	95
1,962 Vehicle Procurement (Table 5)	2,420	0	0	2,420	1,155	0	0	1,155	1,928	0	0	1,928
3,622	3,487	0	0	3,487	1,378	0	0	1,378	2,068	0	0	2,068
<b>Useable Capital Receipts and RCCO</b>												
628 Schools Capital Programme (Dedicated Schools Grant)	0	628	0	628	0	0	0	0	0	0	0	0
628	0	628	0	628	0	0	0	0	0	0	0	0
<b>Specifically Funded Schemes</b>												
815 Building Schools for the Future - ICT	0	0	0	0	0	0	0	0	0	0	0	0
433 Disabled Facilities Grant	0	0	433	433	0	0	433	433	0	0	433	433
200 Demolition of Brierton School	0	0	0	0	0	0	0	0	0	0	0	0
0 Aiming High for Disabled Children	0	0	0	0	0	0	0	0	0	0	0	0
244 Devolved Formula Capital (Schools)	0	0	244	244	0	0	244	244	0	0	244	244
0 Two year old Free Nursery Entitlement Capital Allocation	0	0	237	237	0	0	0	0	0	0	0	0
1,000 Council Capital Fund	0	0	0	0	0	0	0	0	0	0	0	0
60 Foggy Furze Site Replace Bowling Facility	0	0	0	0	0	0	0	0	0	0	0	0
125 Central Area Leisure Activities	0	0	0	0	0	0	0	0	0	0	0	0
2,000 Seaton Carew - Coastal Defence (Environment Agency)	0	0	1,800	1,800	0	0	0	0	0	0	0	0
1,200 Town Wall - Coastal Defence (Environment Agency)	0	0	280	280	0	0	0	0	0	0	0	0
0 Headland Structures (Environment Agency)	0	0	80	80	0	0	3,475	3,475	0	0	0	0
0 Block Sands (Environment Agency)	0	0	40	40	0	0	560	560	0	0	0	0
0 Empty Homes (Year 2)	1,572	0	1,348	2,920	0	0	0	0	0	0	0	0
1,794 Tees Valley Bus Network Infrastructure (TVBNI)	0	0	1,269	1,269	0	0	0	0	0	0	0	0
7,671	1,572	0	5,731	7,303	0	0	4,712	4,712	0	0	677	677
15,489 Total Forecast Resources	5,659	628	9,051	15,338	1,378	0	8,234	9,612	2,068	0	3,924	5,992

\*New bins have been procured following a review and tender of recycling provision. An appraisal of the financing options for the bins has identified that Prudential Borrowing rather than leasing is the most cost effective solution.

## FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2013/14 TO 2015/16

TABLE 2 - FORECAST CAPITAL EXPENDITURE COMMITMENTS 2013/14 TO 2015/16

Total Resources 2012/13 £'000	Forecast Expenditure Commitments 2013/2014				Forecast Expenditure Commitments 2014/2015 (Provisional)				Forecast Expenditure Commitments 2015/2016 (Provisional)			
	Non-Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000	Non-Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000	Non-Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000
<b>Specifically Funded Schemes</b>												
815 Building Schools for the Future - ICT	0	0	0	0	0	0	0	0	0	0	0	0
433 Disabled Facilities Grant	0	433	0	433	0	433	0	433	0	433	0	433
244 Devolved Formula Capital (Schools)	0	244	0	244	0	244	0	244	0	244	0	244
0 Two year old Free Nursery Entitlement Capital Allocation	0	237	0	237	0	0	0	0	0	0	0	0
0 Aiming High For Disabled Children	0	0	0	0	0	0	0	0	0	0	0	0
1,000 Council Capital Fund (Table 3)	600	0	0	600	0	0	0	0	0	0	0	0
1,794 Tees Valley Bus Network Infrastructure (TVBNI)	1,269	0	0	1,269	0	0	0	0	0	0	0	0
0 Empty Homes (HCA) Year 2	0	1,348	1,572	2,920	0	0	0	0	0	0	0	0
60 Foggy Furze Site Replace Bowling Facility	0	0	0	0	0	0	0	0	0	0	0	0
2,000 Seaton Carew - Coastal Defence (Environment Agency)	0	1,800	0	1,800	0	0	0	0	0	0	0	0
1,200 Town Wall - Coastal Defence (Environment Agency)	0	280	0	280	0	0	0	0	0	0	0	0
0 Headland Structures (Environment Agency)	0	80	0	80	0	3,475	0	3,475	0	0	0	0
0 Block Sands (Environment Agency)	0	40	0	40	0	560	0	560	0	0	0	0
125 Central Area Leisure Activities	0	0	0	0	0	0	0	0	0	0	0	0
200 Demolition of Brierton School	0	0	0	0	0	0	0	0	0	0	0	0
7,871	1,869	4,462	1,572	7,903	0	4,712	0	4,712	0	677	0	677
<b>Misc Schemes</b>												
628 Schools Capital Programme (Dedicated Schools Grant)	628	0	0	628	0	0	0	0	0	0	0	0
628	628	0	0	628	0	0	0	0	0	0	0	0
<b>Unsupported Departmental Prudential Borrowing</b>												
1,615 Stranton Lodge & Crematoriums	0	45	0	45	0	45	0	45	0	45	0	45
45 Replacement Wheelie Bins	0	115	0	115	0	0	0	0	0	0	0	0
0 CCTV - Replacements with Wireless	0	680	0	680	0	0	0	0	0	0	0	0
0 Recycling Bins	0	227	0	227	0	178	0	178	0	95	0	95
0 Allotments (Table 4)	0	2,420	0	2,420	0	1,155	0	1,155	0	1,928	0	1,928
1,962 Vehicle Procurement (Table 5)	0	0	0	0	0	1,378	0	1,378	0	2,068	0	2,068
3,622	0	3,487	0	3,487	0	0	0	0	0	0	0	0
<b>Supported Service Specific Priorities</b>												
1,410 - Local Transport Plan	1,351	0	0	1,351	1,547	0	0	1,547	1,547	0	0	1,547
1,700 - Schools Capital Programme	0	1,700	0	1,700	0	1,700	0	1,700	0	1,700	0	1,700
258 - Adult Social Services	0	269	0	269	0	275	0	275	0	0	0	0
3,368	1,351	1,969	0	3,320	1,547	1,975	0	3,522	1,547	1,700	0	3,247
15,489	3,848	9,918	1,572	15,338	1,547	8,065	0	9,612	1,547	4,445	0	5,992
Total Forecast Commitments												



## FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2013/14 TO 2015/16

TABLE 3 - COUNCIL CAPITAL FUND - PROPOSED CAPITAL FUNDING FOR 2013/14

Project	Description	Justification	Estimated cost (£000)
Multi Storey Car Park	Electrical works & rewire	Car parking provision can be maintained, ensuring health and safety	130
Underground Car Park	Electrical rewire	Car parking provision can be maintained, ensuring health and safety	50
Hart Primary School	Boundary wall structural works, Corporate liability	To maintain the asset boundary wall and ensure health and safety and longer term stability (Total Project cost £14k however £6k grant available, £8k net funding required).	8
A689	Highway reconstruction	Detailed condition surveys indicate that a section of the carriageway is now classified as 'red' on the condition survey criteria and requires reconstruction as soon as possible.	100
Children's Home 302 Stockton Road	Contribution to the refurbishment of the new Children's home.	To provide essential facilities in the new home supplementing other funding sources.	59
Maritime Experience	Renew failed LCD track lighting to the Fighting Ships exhibits	LCD floor lighting provides fire exit routes in darkened conditions. Significant areas are out of action	32
Mill House Leisure Centre	Renew main pool circulation and filtration pipe work, strainer boxes, calorifiers and rate of flow instrumentation.	Main pool circulation pipe work is defective. Pool filtration rates are reduced and the swimming pool's water quality is adversely affected.	114
Maritime Experience	Replace anti-corrosion system, dock gate seal and replace old balancing submersible pumps	Water levels in the Trincomalee dock must remain balanced The Dock gate seal has failed. Anti-corrosion system is required to protect gates and flotation tanks. Existing pumps are in poor condition and running constantly to maintain water levels within the Trincomalee dock.	30
Kitchen works	Further phase of School kitchen upgrades to ensure compliance with statutory obligations and operational requirements.	The kitchens will be modernised to bring them up to current health and safety standards and improve operations and service delivery	200
Hartlepool Enterprise Centre	Building improvements	Modifications and upgrade to the Reception area and 2 business units. These works are required to improve business delivery.	113
Indoor Bowls Centre	Upgrade external walls, cladding and roofing to maintain integrity and insulation values	<b>Sub-Total</b> The proposed budget allocation for the Bowls Club is included to 'reserve' funding for this scheme pending the assessment of the business case for this scheme. A separate report will be submitted to Cabinet and Council to enable Members to determine if they wish to support this scheme.	<b>836</b> 200
Unallocated		<b>Sub-Total</b>	<b>1,036</b>
		<b>Total</b>	<b>1,091</b>

# **FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2013/14 TO 2015/16**

**TABLE 4 - ALLOTMENT CAPITAL WORKS PROGRAMME**

Allotment Site	Works Required	2013/14 £000	2014/15 £000	2015/16 £000	Total
Briarfields	Track replacement	10	0	0	10
Brierton	Drainage works	15	0	0	15
	Perimeter fence installation	20	0	0	20
Burn Valley	Water supply replacement	0	0	20	20
Catcote	Drainage works	0	15	0	15
	Water supply replacement	0	15	0	15
Chester Road	Perimeter fence replacement	70	0	0	55
	Water supply replacement	0	25	0	25
Haswell Avenue	Drainage works	0	0	5	5
Nicolson Field	New gates, perimeter fence replacement	100	0	0	100
Station Lane	Track replacement	0	26	0	26
Stranton	Create central car park and barriers	0	0	40	40
	Water supply replacement	0	0	30	30
Thompson Grove	Replacement perimeter fence	12	0	0	12
Thornhill	Improvement to internal tracks	0	64	0	64
	Water supply replacement	0	20	0	20
Throston	Water supply replacement	0	13	0	13
<b>Grand Total</b>		<b>227</b>	<b>178</b>	<b>95</b>	<b>500</b>

The above works will be financed by Departmental Prudential Borrowing with repayment being funded from the additional income arising from allotment rent income increases as approved by the Portfolio holder for Culture & Leisure on 12th January, 2012. This scheme is therefore budget neutral with no impact on the General Fund.



**FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2012/13 TO 2014/15****TABLE 5 - VEHICLE REPLACEMENT PROGRAMME 2013/14 TO 2015/16****TABLE 5(A) 2013/14 VEHICLE REPLACEMENT PROGRAMME**

Type	Quantity	Department	£000
15,000kg RCV	2	Waste management	210
26,000kg RCV	2	Waste management	288
3,500kg DC tipper	1	Cleansing	19
3,500kg SC tippers	3	Horticulture	56
	1	Horticulture NA Team	19
	1	Horticulture SA Team	19
	1	NRF - Cleansing	19
6,500kg Box Body	3	Cleansing	150
7,500kg Tipper body	4	Highways	180
Cabin vans	1	Highways	14
	1	Libraries	14
Car	1	Chief Executive	20
Gang Mower	2	Parks	39
15t Gulley Emptier	1	Highways	80
15T 4 x 2 Refuse Vehicle with refurbished Body	2	Waste management	210
Large Bus 68 seats	3	Passenger Transport	420
Large Panel van	1	Sports Development	19
Large Sweeper	1	Cleansing	110
Medium Panel Van	1	Workshop	13
Mobile Education Unit	1	Youth Service	55
Plant - Double Drum Roller	1	Highways	12
Refuse Wagon	1	Waste management	35
Renault kangoo van	1	Community Safety	12
Ride on Mower	5	Horticulture	138
Small Panel van	1	Car parking	12
	1	Chief Executive	12
	2	Cleansing	24
	1	Community Services	12
	1	Public protection	12
Tractor 42hp	2	Horticulture	60
Trailers	2	Highways	14
	1	Highways	7
Contingency 5%			116
			<b>2,420</b>

**TABLE 5(B) 2014/15 VEHICLE REPLACEMENT PROGRAMME**

Type	Quantity	Department	£000
18,000kg Hookloader	4	Highways	320
18,000kg tipper	1	St Lighting	60
3,500kg SC Dropside	1	Cleansing	22
4x4 pick up	1	Parks & Countryside	15
6,500kg DC Tipper	1	Client Services	38
7,500kg Tipper body	1	Highways	45
Gritter Body	1	Highways	27
Large box van	1	Waste management	25
Medium Panel Vans	3	Mechanical & Engineering	42
	1	Parks & Countryside	14
	1	Housing	14
Minibus 17s	1	Carlton Outdoor Centre	23
Ride on Mower	3	Horticulture	196
Selfdrive flail	1	Horticulture	15
Small Panel Vans	2	Car parking	24
	2	Cleansing	24
	2	Community Services	24
	1	Highways	12
	2	Integrated Transport Unit	24
	4	Mechanical & Engineering	48
	3	Public protection	36
	1	Revenues & Benefits	12
Tractor mount flail	1	Horticulture	20
Tractor mount suction trailer	1	Horticulture	20
Contingency 5%			55
			<b>1,155</b>

**FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2013/14 TO 2015/16****TABLE 5(C) 2015/16 VEHICLE REPLACEMENT PROGRAMME**

Type	Quantity	Department	£000
Ride on Mower	4	Horticulture	64
26,000kg RCV	3	Waste management	495
4x4 parks buggy	1	Parks	15
Cabin van	1	Client Services	21
Compact sweeper	7	Cleansing	490
Gritter body	2	Highways	56
Large 360° excavator	1	Waste management	130
Medium sweeper	1	Cleansing	110
People Carrier	1	Community Transport	25
Small Panel van	1	Car parking	13
Sub Compact Sweeper	2	Cleansing	92
Welfare Bus 16 Seat	5	Community Transport	325
Contingency 5%			92
			<b>1,928</b>