

**Budget for Best Value 2014/2015
&
Capital Programme to 2016/2017**



Hartlepool Borough Council

**Budget for Best Value 2014/2015
&
Capital Programme to 2016/2017**

**C. LITTLE
CHIEF FINANCE OFFICER
FINANCE DIVISION**

ISSUED APRIL 2014

MEDIUM TERM FINANCIAL STRATEGY 2014/2015 TO 2016/2017

SUMMARY OF CONTENTS

	<u>Page No</u>
MESSAGE FROM COUNCILLOR CHRISTOPHER AKERS-BELCHER, LEADER OF THE COUNCIL	1-4
SECTION A - Council 6th February 2014	5-176
Council 6th February 2014 - Report (Medium Term Financial Strategy)	7-24
Council 6th February 2014 - Finance and Policy Committee 31st January 2014 - Medium Term Financial Strategy and Supporting Appendices	25-124
Council 6th February 2014 - Medium Term Financial Strategy Supplementary Report	125-146
Council 6th February 2014 - Minutes	147-162
Council 27th February 2014 - Report (Council Tax Setting)	163-168
Council 27th February 2014 - Minutes	169-176
SECTION B - Detailed Savings Schedules Submitted to Individual Policy Committees	177-294
Child and Adult Services - Adult Services	179-192
Child and Adult Services - Education	193-204
Child and Adult Services - Children's Services	205-218
Chief Executive's	219-232
Regeneration and Neighbourhood Services - Resources Division	233-244
Regeneration and Neighbourhood Services - Neighbourhood Management Section	245-254
Regeneration and Neighbourhood Services - Neighbourhood Division	255-264
Regeneration and Neighbourhood Services - Regeneration Services	265-280
Regeneration and Neighbourhood Services - Community Services	281-294
SECTION C - Detailed Revenue Budgets By Department	295-352
Statement Of General Fund Requirements 2014/2015 To 2016/2017	297-298
Chief Executives	299-310
Child & Adult Services	311-324
Public Health	325-332
Regeneration & Neighbourhoods	333-352
SECTION D - Treasury Management Strategy 2014/2015	353-374
Treasury Management Strategy 2014/2015 included as Appendix C to the Council Business Report on 6th February 2014	355-374
SECTION E - Capital Programme 2014/2015 to 2016/2017	375-380
Forecast Capital Resources and Expenditure Commitments 2014/2015 to 2016/2017	377-380

MESSAGE FROM COUNCILLOR CHRISTOPHER AKERS-BELCHER, LEADER OF THE COUNCIL

We began planning the 2014/15 budget in May 2013 to provide as long as possible to develop a detailed strategy for addressing continuing Government grant cuts. The Government did not issue details of the provisional 2014/15 and 2015/16 grant allocations for individual Councils until 19th December 2013, which makes financial planning extremely difficult. In response to this announcement I wrote to the Government to express my concerns that Hartlepool again faces significantly higher spending cuts than more affluent areas of the Country. I also asked the Government to reconsider these proposals to provide a fairer grant settlement for all Councils and the communities they serve.

In January 2014 the Government confirmed the provisional grant cuts for 2014/15 and 2015/16 will be implemented. For Hartlepool, this means there will be further significant grant cuts over the next two years, on top of the cuts made in the previous three years. In cash terms the grant cut in 2014/15 is approximately £6m, a cut of 9.6% and in 2015/16 is £8.2m a cut of 14.6%. By 2015/16 the total Grant cuts since 2010/11 will be **£30.6m, a cut of 39%**. To put this figure into context this is approximately the amount we will raise in Council Tax this year.

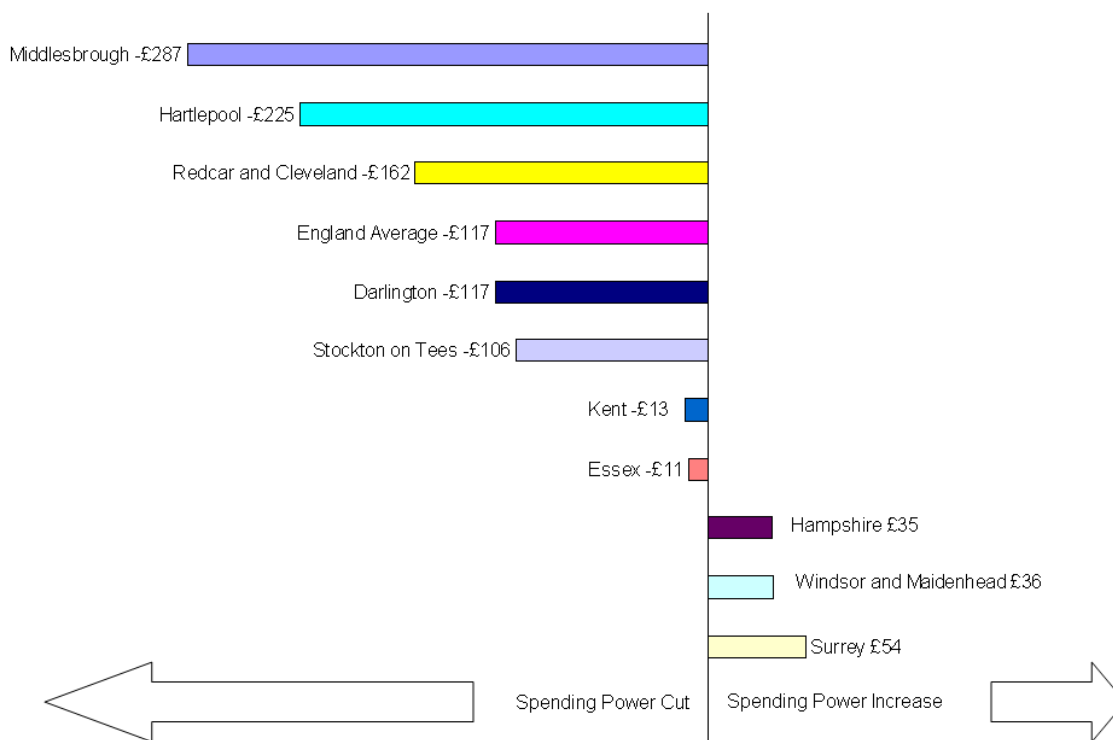
As a result of these additional Grant cuts the Council has had to make difficult decisions to balance the 2014/15 budget. Even more difficult decisions will need to be made to balance the 2015/16 budget. Future cuts will increasingly impact on the services we provide as the Council will need to prioritise services which protect vulnerable people, including children in care, people with disabilities and older people.

There are some positive benefits within the 2014/15 budget, including the continuation of funding to pay for the Hartlepool Living wage of £7.26 per hour – which is funded from the reduced cost Councillors' Allowances and additional funding to increase the number of apprenticeships. The Capital Programme also provides investment in the future of the town through self funding schemes to invest in Street Light replacement, provide an additional 35 low rent social houses and the development of a new Centre for Independent Living.

The information shown overleaf provides more detailed information on the Council's financial position.

How does the cut in Hartlepool’s funding compare with other Councils?

Using the Government’s figures Hartlepool’s total cut in Spending Power in 2014/15 and 2015/16 is nearly twice the national average. Some areas of the country will benefit from increased ‘Spending Power’ over the next two years. The following table shows how Hartlepool’s position compares to other areas of the country.



How are the Council managing the 2014/15 and 2015/16 Grant cuts?

Over the next two years the amount of Grant the Council receives from the Government will be cut by nearly one quarter, which is a reduction of £14.2m. As part of the strategy for addressing the grant cuts in 2014/15 the Council has implemented a number of initiatives to reduce costs and protect frontline services. This includes savings in excess of £700,000 from retendering the contract for IT services, reductions in senior management costs of £300,000 and nearly £200,000 savings from the rationalisation of office accommodation.

Owing to the scale of the Government grant cuts these measures only offset part of the funding cut. Consequently, reductions in front line services of £4.2m have had to be made. These savings include reductions in pay costs of £1.9m which have resulted in reducing the number of staff by 80, although around 50 redundancies have been achieved voluntarily. The savings also include proposals to increase income by nearly £0.6m. The remaining savings of £1.7m have been made from other budgets and the Council has tried to minimise the impact on services, although some difficult decisions have been made.

The financial position for 2015/16 is even more challenging as the Council will need to make cuts of £6 million as a result of Government grant cuts continuing for a fifth successive year. Work on developing a detailed strategy to address the 2015/16 budget deficit will commence in the next few months.

How is the Council planning to use reserves?

As part of the approach for managing the Government grant cuts since 2011/12 the Council has adopted a long-term strategy to manage its resources, including the monies held in reserves. This strategy earmarked one-off resources to either cover one-off costs not funded from the main revenue budget or to protect against specific financial risks. These resources can only be spent once. The Council's approach is essential in a period of significantly reducing Government funding and designed to avoid the need for unplanned cuts, which would be more difficult to achieve and have a more damaging impact on services.

The 2014/15 budget the Council has earmarked £4.1m to support the budget over the next three years, with approximately £1.7m allocated per year to support the budget in 2015/16 and 2016/17. This strategy reduces the budget cuts which will need to be made in these years.

Specific reserves have also been set aside to manage changes to the funding system for Councils introduced by the Government in April 2013, which increased the financial risks individual Councils have to manage. These risks include the impact of reductions in the Business Rates collected. This is a significant issue for Hartlepool as 17% of Business Rates are paid by the Power Station and are dependent on the amount of electricity generated. The Council will only receive help from the Government if the annual shortfall in Business Rates collected is greater than £1.9m and then only for the shortfall above this limit. The Council also faces risks if the costs of the Local Council Tax Support scheme increase as a result of a rise in unemployment. In 2013/14 neither of these events occurred, although this is not to say this will be the position in 2014/15 and future years. Therefore, specific reserves have been earmarked to manage these risks.

The Council also holds a 'General Fund Reserve' of around £4m, which equates to around 2.5% of the total gross annual budget. This is an uncommitted reserve

and held to manage unexpected events which may arise and require additional expenditure not covered within the annual revenue budget. For example, the costs of major events such as a flood, which would require an immediate response and then subsequent repairs to roads and other facilities or an unusual seasonal increase in the number of older people supported by the Council or an increase in child protection caseloads.

SECTION A

Council 6th February 2014 and Finance and Policy Committee
31st January 2014 - Medium Term Financial Strategy and
Supporting Appendices

COUNCIL REPORT

6 February 2014



Report of: Finance and Policy Committee

Subject: MEDIUM TERM FINANCIAL STRATEGY 2014/2015
TO 2016/2017 – **REPLACEMENT REPORT**

1. PURPOSE OF REPORT

1.1 To provide an update of the proposed Medium Term Financial Strategy (MTFS) 2014/15 to 2016/17 (previously referred to as the Budget and Policy Framework) following the Finance and Policy Committee meeting on 31st January 2014.

2. BACKGROUND AND UPDATE FOLLOWING FINANCE AND POLICY COMMITTEE MEETING ON 31st JANUARY 2014

2.1 As detailed in the original report issued with the agenda papers for this meeting the Finance and Policy Committee had not met when the agenda papers for this meeting had to be issued. Following the Finance and Policy Committee meeting on 31st January 2014 there is one change to the proposals detailed in the original report, as detailed in paragraph 2.5. The other sections of the previous report are repeated in this replacement report to provide all the information for the Council meeting in one report.

2.2 In accordance with the Constitution the Finance and Policy Committee is responsible for preparing the final MTFS proposals, which reflect feedback from individual Policy Committees on the initial budget proposals and feedback from 'face the public' budget consultation meetings. The final MTFS proposals also include the proposed Council Tax level for 2014/2015, which are then referred to Council for consideration.

2.3 The final stages for completing the budget 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 2014/15 Local Government Finance Settlement until 19th December 2013. Councils had until 15th January 2014 to submit responses on the provisional Local Government Finance Settlement. At the time this report was prepared the Government had not provided a date for the final 2014/15 Settlement. The impact of addressing this late announcement on the final stage of the budget process is detailed in section 3.

2.4 In terms of the key dates for completing the 2014/15 budget process these are as follows:

- Finance and Policy Committee 31st January 2014 – approve the MTFS proposals to be referred to Council;
- Council 6th February 2014 – consider the Finance and Policy Committee's MTFS proposals, including the Council's own Council Tax for 2014/2015;
- Council 27th February 2014 – approves the overall Council Tax levels, including Fire and Police Authority precepts.
- Council Tax and Business Rate billing – provisionally scheduled for 1st and 2nd March 2013

2.5 Update following Finance and Policy Committee on 31st January 2014

2.5.1 A supplementary MTFS report was submitted to the Finance and Policy Committee to update Members on the revised recommendations made by the Children's Services Committee in relation to the proposed 2014/15 Discretionary School Transport saving of £125,000. The revised proposal would remove this saving from the 2014/15 budget proposals and phase this saving in over a 5 years period commencing 2015/16. A copy of the Finance and Policy Committee report is attached at Annex 1.

2.5.2 The Chief Finance Officer and Corporate Management Team advised the Finance and Policy Committee that the removal of this saving in 2014/15 will need to be funded from an increase in the use of one off resources allocated to support the 2014/15 budget. Members were also advised that the resulting adverse impact on the 2015/16 budget deficit highlights the importance of achieving planned savings in each year of the MTFS as any delay in achieving planned savings uses the limited one-off resources earlier, which means that in future years additional cuts need to be made to offset both the lost saving from earlier years and the earlier use of one-off resources.

2.5.3 The impact of the strategy recommended by the Chief Finance Officer and Corporate Management Team for managing the removal of the Discretionary School Transport saving from the 2014/15 savings proposals on the MTFS is summarised in the table overleaf:

Revised Forecast Deficits 2014/15 to 2016/17

	2014/ 15	2015 /16	2016/ 17	15/16 and 16/17 Total
	£'000	£'000	£'000	£'000
Savings to be identified (reported 03.01.14)	0	6,030	8,797	14,827
Original 2015/16 permanent savings continuing in 2016/17	0	0	6,030	
Revised 2015/16 permanent savings continuing in 2016/17	0	0	(6,252)	
Deletion Discretionary School Transport saving	125	125	125	
Phasing Discretionary School Transport saving	0	(19)	(45)	
Contribution from schools towards 2015/16 savings shortfall	0	(9)	0	
Re-phased use of one-off resources	(125)	125	0	
Savings to identified	0	6,252	8,655	14,907
Increase/(decrease) in 2015/16 and 2016/17 deficit report 03.01.14		222	(142)	80

2.5.4 The Finance and Policy Committee considered this issue and determined to recommend that the Discretionary School Transport saving is not implemented in 2014/15 and to increase the use of one-off resources to offset this shortfall as recommended by officers, recognising the impact on the 2015/16 budget position.

2.5.5 The detailed recommendations detailed later in this report (specifically recommendations 20.10 and 20.21) have been updated to reflect the removal of this saving and the revised use of one-off resources in 2014/15.

2.5.6 Sections 3 and 4 of the original report are not affected by these changes and are repeated in this report for completeness.

3. FINAL BUDGET PROPOSALS TO BE APPROVED BY FINANCE AND POLICY COMMITTEE FOR REFERRAL TO COUNCIL

3.1 Owing to the timing of meetings the Finance and Policy Committee had not met to finalise the 2014/15 budget proposals before the agenda papers for Council had to be issued. To enable all Members to familiarise themselves with the issues affecting next year's budget a copy of the detailed 2014/2015 to 2016/2017 MTFS Report submitted to the Finance and Policy Committee on 31st January 2014 is included in a separate booklet with the agenda papers for today's meeting. The booklet also includes the detailed savings reports considered by individual Policy Committees and Departmental budgets for 2014/15.

- 3.2 The key issues to be considered by the Finance and Policy Committee on 31st January 2014 have previously been considered by the Finance and Policy Committee at meetings between May 2013 and January 2014.
- 3.3 The detailed 2014/15 budget proposals are based on the provisional grant allocations provided by the Government before Christmas. It is not anticipated there will be any significant change when the final figures are issued. However, a final 2014/15 grant figure is needed to complete the detailed statutory calculations which underpin the budget recommendations proposed by the Finance and Policy Committee.
- 3.4 In relation to managing the financial impact of a minor change in the provisional 2014/15 grant allocation it is recommended that if this arises this is managed by increasing, or decreasing the use of one-off resources. In relation to managing the approval of the statutory budget calculations which underpin the budget recommendations proposed by the Finance and Policy Committee it is recommended that this is managed by either:
- Option 1 – submission of a supplementary report to Council on 6th February setting out the statutory calculations, if the final grant allocation **is known** before this meeting; or
 - Option 2 – submission of a supplementary report to Council on 27th February setting out the statutory calculations, if the final grant allocation **is not known** before the 6th February 2014 Council meeting.

Under both options the detailed recommendations in section 5 of this report (which include the impact of the removal of the Discretionary School Transport saving detailed in section 2.5) will be unchanged, with the exception of the recommendation numbered 20.21 which will need to be revised to reflect any necessary change in the value of one-off resources allocated to support the 2014/15 budget as a result any minor increase/decrease in the final 2014/15 grant allocation.

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 2014/2015 budget the Finance and Policy Committee will consider the advice of the Chief Finance Officer as detailed at paragraph 16 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 the Finance and Policy Committee Cabinet are robust. This opinion is based on consideration of the following factors:
- The overall strategic approach being adopted to develop and implement a robust multi-year approach to managing the Council's financial

position. This includes the approach to 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.

- The assumption that Members will approve the proposals for bridging the 2014/15 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 2014/15. 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 2014/15. 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 2014/15 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 MTF5 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 2014;
- A prudent provision for inflation on non pay budgets and income budgets during 2014/2015;
- 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 towards managing additional risks and support of the 2014/15 budget detailed in section 4;

- An assessment of financial risks and the measure to mitigate these risks as detailed in Appendix M;
- An assessment of the key financial assumptions underpinning the 2014/15 budget as detailed in Appendix N;
- Previous reports identified a number of 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. These risks remain and strategies adopted for managing these issues also underpin the Chief Finance Officers advice on the robustness of the budget. These issues cover the following:

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 2014/15 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. Therefore, the existing provision for redundancy and early retirement costs is still the level recommended by the Chief Finance Officer and the Corporate Management Team.

There is a risk that changes to the Local Government Pension Scheme to be implemented from 1st April 2014 may increase the cost of granting Early Retirement in future years. The position will need to be assessed once the detailed regulations have been issued by the Government and the Pension Fund has provided guidance on the impact.

ii) Capital Receipts target of £6.5m (includes £2m for Brierton Developments)

These resources are allocated to fund capital schemes which have already commenced, including £4.5m to fund the completion of Housing Market Renewal (HMR) schemes. Previous reports have advised Members that achieving these targets will be challenging in the current climate and will need careful management. A comprehensive review of these issues was reported on 18th October 2013 and the position will continue to be managed carefully and regular updates reported to Members.

The latest review indicated that there has been no change in the overall forecast HMR expenditure commitments. However, this expenditure will be incurred later than previously forecast, which is beneficial in financial terms.

Similarly, the position on capital receipts has been reviewed and whilst it is anticipated the necessary capital receipts target will be achieved, the land sales will take longer to achieve than previously anticipated. This therefore, increases the risk that there may be a potential shortfall in the level of capital receipts actually achieved which will need to be funded from Prudential Borrowing.

The latest update report indicated that there will be a temporary funding shortfall in 2013/14 owing to the phasing of capital receipts. This shortfall will need to be funded from temporary Prudential Borrowing, which it is anticipated will be repaid in 2014/15 when capital receipts are achieved, as summarised below:-

Forecast Phasing of capital expenditure and capital receipts

	2013/14 £'m	2014/15 £'m	2015/16 £'m	Total £'m
Forecast capital expenditure commitments	4.256	0.920	1.130	6.306
Less Capital Receipts:				
- Received 2012/13 (net of £0.11m used in 2012/13 for HMR costs)	(0.376)			(0.376)
- Received 2013/14	(0.922)			(0.922)
- Forecast 2013/14	(0.863)			(0.863)
- Forecast 2014/15	0	(3.285)		(3.285)
2014/15 Capital Receipts carried forward to 2015/16		0.270	(0.270)	0
Forecast funding shortfall to be funded from temporary Prudential Borrowing)/Repayment of Prudential borrowing	(2.095)	2.095	0	0
Shortfall in funding	0	0	0.860	0.860

The above table also anticipates that there will be a shortfall in funding in 2015/16 which will need to be managed pending the achievement of further capital receipts. There is a potential risk that the 2015/16 shortfall in the capital receipts increases from £860,000 to £2,655,000 if planned capital receipts are not achieved by 2015/16, which would need to be funded by Prudential Borrowing. There would then be an unbudgeted revenue costs from the use of Prudential Borrowing.

At this stage this is not an issue for the 2014/15 budget. However, progress in achieving the overall capital receipts target will need to be closely monitored to ensure this does not become an issue for 2015/16. The following table highlights the unbudgeted 2015/16 revenue pressures for the potential capital receipts shortfalls in this year:

Capital Receipts Shortfall	£860,000	£2,655,000
Unbudgeted Revenue Pressure 2015/16 (based on forecast interest rates)	£70,000	£215,000

As the actual position on the phasing of capital expenditure and the phasing of capital receipts becomes more certain in 2014/15 and 2015/16 it may be necessary to earmark revenue resources to temporarily fund the forecast Prudential Borrowing costs, pending the delayed achievement of capital receipts. This strategy would avoid an unbudgeted revenue pressure in 2015/16 which will be the most challenging financial year the Council has faced as a Unitary Authority. It is therefore essential that the planned capital receipts targets are achieved.

In assessing the overall financial risks relating to the achievement of the 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) Jacksons Landing Development

The redevelopment of this site is a key issue for the Council and the continued viability and development of the Marina. The opportunity to purchase this site using a 2 year interest free 'Growing Places' loan provided the Council with an opportunity to secure the redevelopment of this site without incurring interest costs. The Growing Places loan is scheduled for repayment in November 2015. Officers are currently working on the development of a detailed master plan for this site.

The report approving the purchase of Jacksons Landing highlighted the existing capital receipts risk being managed by the Council (as detailed in (ii) above) and the potential medium term financial risk to the Council if this site is not developed, or an onward sale completed before the Growing Places loan needs to be repaid in August 2015. In this situation the Council would need to take out an alternative loan to repay the Growing Places loan and this would result in an unbudgeted revenue budget pressure in 2015/16 of around £25,000 for the part year and a full year cost of £50,000 from 2016/17, based on forecast interest rates.

In view of the combined impact of the capital risks relating to the achievement of the £6.5m capital receipts target and Jacksons Landing it was previously recommended that resources are set aside to manage these risks and the following resources have been identified for this purpose:

- Right to Buy income of £191,000;
- One-off Government Grant refund in relation to the New Homes Bonus adjustment £211,000;
- Uncommitted 'Major Regeneration Reserve' of £100,000; and
- Unused Prudential borrowing approval (repayment costs covered within the existing revenue budget) for 'Major Regeneration Projects' of £393,000.

At the Committee meeting in August, Members approved the above proposals and noted that the position will be reviewed on a regular basis to determine if/when these resources can be un-earmarked and made available for other priorities determined by Members. The trigger points for this review will be progress in achieving the capital receipts target and progress on the Jacksons Landing project.

iv) Business Rate Retention

The key risk relates to the safety net arrangements and thresholds for managing in-year reductions in business rates collected by individual councils. Under these arrangements the Council only receives Government support for **annual** shortfalls above **£1.9m** from 2014/15 (£1.7m in 2013/14), and is required to fund shortfalls below this amount from its own resources. 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, as the Power Station accounts for **17%** of the Council's retained business rates. The potential impact of this risk and the recommended strategy for managing this position is detailed in paragraph 4.3. This position will be reviewed regularly and update reports presented to Members.

v) Local Council Tax Support (LCTS) Scheme

The Council will continue to face potential additional costs from increased in-year demand if more working age people become eligible for support under the Local Council Tax Support scheme than anticipated when the budget is set.

There is also a risk that collection rates for the LCTS scheme may be less than the planning assumption built into the budget forecasts. For 2013/14 this has not been an issue and this reflects the support provided by the Council limiting the LCTS cut to 8.5%. As the level of cuts in LCTS increases in future years it will become increasingly difficult to collect Council Tax from low income working age households, particularly when the weekly Council Tax payment exceeds the maximum attachment to benefit limit of £3.60 per week. For example, a 20% LCTS scheme will require most working age households to pay between £4.32 and £5.04 per week.

vi) Local Land Charges

The August MTFS report identified an emerging additional corporate risk in relation to a national legal challenge against 374 authorities in England and Wales in respect of search fees paid to Local Authorities for property searches carried out in Local Land Charges departments. If successful these claims could potentially result in local authorities having to make refunds dating back to 2005. Negotiations are currently ongoing at a national level regarding these claims with the objective of settling the claims without court proceedings if possible. In addition to this,

discussions are taking place with Central Government regarding the awarding of further New Burdens funding to cover potential claims for refunds. Central Government have not agreed to make any further contribution at present, but have agreed to consider re-opening the New Burdens process if Authorities can provide compelling evidence to show that a further grant should be made. Submissions are being drafted by external solicitors on behalf of all Authorities. At this stage, it is not clear whether any New Burdens grant will be made at all. If Local Authorities are required to make refunds they will be significant across the Country.

5. PROPOSALS

- 5.1 This report provides the detailed information to support the 2014/2015 budget proposals referred to Council by the Finance and Policy Committee following their meeting on 31st January 2014.
- 5.2 Details of the issues to be recommended by the Finance and Policy Committee and referred to Council are provided in section 20 of the MTFS report which is included in the separate booklet (section A) issued with the agenda papers. Recommendations 20.10, 20.21 and 20.33 have been updated to reflect the removal of the 2014/15 Discretionary Transport saving (the original figures are included to highlight which figures have changed). For Members convenience these issues are detailed below and for ease of reference the paragraph numbers detailed are the same as the MTFS Report. 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 Council agenda.

Extract from Finance and Policy Committee Report

20. FINANCE AND POLICY COMMITTEE PROPOSALS

- 20.1 At the time this report was prepared the final Local Government Finance Settlement for 2014/15 had not been issued by the Government. It is not anticipated that there will be any significant changes to the provisional grant allocations issued before Christmas. In the event of any minor change in the final grant for 2014/15 is recommended this is addressed by increasing, or decreasing the use of one-off resources.
- 20.2 For Members convenience the detailed recommendations are provided in the following paragraphs on the basis of the individual sections in this report which require recommendations.
- 20.3 **2013/14 Outturn Issues, including Review of Reserves (details in section 4 and 5)**
- 20.4 Approve the allocation of the available one-off funding of £2.640m (which includes £0.680m from the 2012/13 Uncommitted Outturn, £0.860m Uncommitted Equal Pay Provision and £1.1m from the 2013/14 forecast

General Fund Outturn,) to support the following issues, which for completeness includes £0.2m to support the Highways Maintenance Programme which was approved by Council on 25th July 2013:

Items to be approved by Finance and Policy Committee 31.01.14 and referred to Council 06.02.14	
- Business Rates risks	£0.900m
- Support of Local Council Tax Support scheme	£0.860m
- Support of MTFS 2014/15 to 2016/17	£0.680m
Item approved by Council 25.07.13	
- Support for Highways Maintenance Programme	£0.200m
	£2.640m

- 20.5 Approve the forecast General Fund Outturn and one-off commitments detailed in Appendix C, which includes £0.729m to support the 2014/15 to 2016/17 MTFS;
- 20.6 Note that the higher forecast General Fund Outturn detailed in Appendix C cannot be relied upon when setting the 2014/15 budget and if this higher outturn is achieved a strategy for using the uncommitted outturn will be developed as part of the 2015/16 budget proposals for approval by Members.
- 20.7 Approve the allocation of the one-off surplus of £130,000 achieved on the Future Jobs Fund scheme as detailed in paragraph 4.9 to support the current level of demand for Business Grants in 2014/15 and 2015/16.
- 20.8 Approve the allocation of the one-off funding arising from Core Revenue grant changes linked to the Education Services Grant of £2.720m to support Regeneration Priorities £0.4m (as detailed in recommendation 20.41) and the core revenue budget £2.320m as follows:
- 2014/15 - £0.32m
 - 2015/16 - £1.0m
 - 2016/17 - £1.0m
- 20.9 Note that the forecast one-off funding of £2.720m which will be received in 2013/14 and 2014/15.

- 20.10 To note that assuming Members approve the above recommendations, **which underpin the financial strategy recommended in this report and are reflected in the budget deficits detailed in this report**, these resources will be held in a '2014/15 to 2015/16 MTFS Budget Support Fund Reserve'. For completeness the table includes one-off resources approved in the 2013/14 MTFS to show the total value of one-off funding being used over the next three years to support the revenue budget:

Summary of contributions to 2014/15 to 2016/17 MTFS Budget Support Fund

	£'000
Items recommended as part 2014/15 MTFS	
(a) 2012/13 Uncommitted outturn – paragraph 20.4	680
(b) 2013/14 Forecast Outturn – paragraph 20.5	729
(b) Core Revenue Grant changes linked to ESG – paragraph 20.8	2,320
Previously approved as part 2013/14 MTFS	
(a) Delayed Collaboration savings reserve	133
(b) 2013/14 Budget Support Fund	200
	4,062

Summary of planned use of 2014/15 to 2015/16 MTFS Budget Support Fund

Original proposal reported in main MTFS report £'000		Revised Finance and Policy Committee Proposal 31.01.14 £'000
671	Support of 2014/15 Budget	796
1,743	Support of 2015/16 Budget	1,618
1,648	Support of 2016/17 Budget	1,648
4,062	Total budget support 2014/15 to 2016/17	4,062

20.11 Funding for Local Council Tax Support (LCTS) Scheme and Local Welfare Support (details in section 7.8 and 7.24 respectively)

- 20.12 Note the Government's decision that from 2014/15 the specific grant to support for Local Council Tax Support schemes will be included in the Core Revenue Grant. This change will require individual Council's to determine how the Core Revenue Grant is allocated between support for the LCTS scheme and General Fund Services.
- 20.13 As a result of this change it is recommended that for 2014/15 the amount of grant allocated towards the MTFS is maintained at the same level as 2013/14, which underpins the recommended 2014/15 LCTS scheme to be referred to Council on 30th January 2014.
- 20.14 For 2015/16 it is recommended that the 2015/16 grant cut is shared across the General Fund budget and the LCTS scheme, which will reduce the 2015/16 General Fund budget cuts by approximately **£1.4m**. The forecasts in this report assume Members will confirm this proposal.

- 20.15 Note the Government's decision to withdraw the Local Welfare Support funding from 2015/16.
- 20.16 Approve the allocation of the available Local Welfare Support funding of £0.78m (i.e. forecast 2013/14 uncommitted outturn of £0.145m and 2014/15 grant allocation of £0.635m) to provide the following annual allocations over the period of the MTFS. To note this strategy does not provide a permanent funding solution and the position for 2017/18 will need to be reviewed when the MTFS is rolled forward to include this year.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	Total £'000
Staffing resources *	80	80	80	240
Grants/support to individuals	180	180	180	540
	260	260	260	780

20.17 **General Fund Revenue Budget 2014/15 to 2016/17 (details in section 8)**

20.18 2014/15 Issues

- 20.19 Note the actual grant cut for 2014/15 of **£5.984m**, which is a reduction of **9.4%**.
- 20.20 Approve the budget pressures detailed in Appendix E.
- 20.21 Approve the following package of measures (detailed in the column headed Revised Finance and Policy Committee Proposal 31.01.14) to fund the 2014/15 gross budget deficit of £9.117m:

Original proposal reported in main MTFS report £'000		Revised Finance and Policy Committee Proposal 31.01.14 £'000
9,117	Gross Budget deficit 2014/15	9,117
(1,797)	Changes in Planning assumption (paragraph 8.3)	(1,797)
(500)	Public Health Funding	(500)
(500)	Full Year ICT saving (includes potential rental income)	(500)
6,320	Sub Total	6,320
(1,273)	Additional changes in Planning Assumptions (paragraph 8.10)	(1,273)
(4,376)	Planned savings	(4,251)
671	Sub Total	796
(671)	Use of one-off funding	(796)
0	Net budget deficit 2014/15	0

- 20.22 To note the use of one-off funding of £0.796m defers part of the budget deficit to 2015/16, which provides a longer lead time and is reflected in the 2015/16 forecast deficit.
- 20.23 Confirm that having reconsidered on 19th December 2013 the issues referred from the extraordinary Council on 19th November 2013 that the following recommendations are included in the Budget proposals to be submitted to Council on 6th February 2014:

- i) That option 3 is approved and that any unallocated Ward Member budget funds be carried forward and put in a reserve to continue Ward Member budgets for future years.

To note that based on the forecast Ward Member budget outturn for 2013/14 it is anticipated £100,000 will be uncommitted and then carried forward to 2014/15, although the final outturn will depend on the value of schemes approved before the year end.

- ii) That in response to the recommendation of Council at their Extraordinary meeting on 19th November 2013, a proportion of unspent Ward Member budget 2013/14 funds should not be allocated to support Hartlepool Voluntary Development Agency (HVDA) for the provision of Capacity and Resource Building in the VCS from 2014/15. Individual Ward Councillors had already made commitments to allocate £14,500 to HVDA and should other Councillors wish to do the same that was for them to decide individually as agreed at the Extraordinary meeting of Council.
- iii) That Ward Member funding be reduced in 2014/15 to fund the Environmental Apprenticeship Scheme of £34,000, as recommended by the Regeneration Services Committee on 26th September 2013.

This proposal commits £34,000 from the 2013/14 overall Corporate outturn as detailed in Appendix C and is reflected in recommendation (v) below.

- iv) That Finance and Policy Committee having reconsidered the Community Pool Funding Programme allocation for 2014/15, as previously determined by Finance and Policy Committee on 18 October 2013, in line with the proposal agreed by Council at their extraordinary meeting on 19th November, indicates that no variation to that decision be made.
- v) That the 2014/15 total Ward Member budget be set at £132,000 and funded from the overall corporate outturn as detailed in Appendix C. This will provide a budget of £4,000 for each Member, which is a reduction of 20% on the 2013/14 budget of £165,000.

- 20.24 Approve the proposal to earmark the temporary employers' pension contribution saving in 2014/15 in relation to the Chief Executive's post of

£30,000 to increase the number of apprenticeships by 2 and to allocate these places to young people who have chosen to stay in care or care leavers.

20.25 Note that in line with the Government funding conditions for the Better Care Fund the detailed strategy for using these resources will be approved by the Health and Well Being Board and details will be reported to a future meeting of the Finance and Policy Committee and to note that the 2014/15 'Better Care Fund' includes £1.794m of existing grant which is used to fund continuing Adult Social care expenditure commitments. At this stage it is unclear what commitments need to be funded from the additional 2014/15 grant of £0.503m. For planning purposes, it is not anticipated that this will benefit the General Fund budget in 2014/15. However, there may be some limited scope to enable existing Adult Care services that contribute to the Better Care Fund priorities to be funded from this grant subject to the detailed grant conditions and details will be reported to a future Finance and Policy Committee.

20.26 Council Tax 2014/15 and 2015/16 (details in section 10)

20.27 Approve a Council Tax freeze for 2014/15

20.28 To note that on 15th January 2014 the Department for Communities and Local Government wrote to Councils stating - *"Ministers have agreed that the funding for 2014/15 (including 2015/16) freeze grant should be built into the spending review baseline. This gives as much certainty as possible at this stage that the extra funding for freezing Council Tax will remain available"*.

20.29 Approve an indicative Council Tax freeze for 2015/16, and to note that the final decision will be made in February 2015 and the Government will bring forward proposals for a 2014/15 Council Tax freeze scheme in due course.

20.30 Approve the production of an explanatory Council Tax leaflet for 2014/15 to provide information on the Councils' financial position and note the cost of approximately £1,800 can be funded from existing budgets.

20.31 2015/16 and 2016/17 Issues (details in section 11)

20.32 Note the actual Core Revenue grant cuts for 2015/16 of **£8.213m**, which is a reduction of **14.6%** and anticipated further cuts in 2016/17.

20.33 Note that after reflecting the strategy detailed in this report the Council will need to make cuts of **£6.252m in 2015/16** and forecast cuts in **2016/17 of £8.655m**.

20.34 Early Intervention Grant (EIG) (details in section 13)

20.35 Approve the proposed savings detailed in Appendix K which are required to address the Government EIG grant cut of £1.512m - a 25% cut;

20.36 Public Health (details in section 14)

20.37 Approve the allocation of the forecast 2013/14 Public Health saving of £0.5m as an earmarked reserve to manage in-year Public Health risks in the first year of operating these services. In the event these monies are not needed in 2013/14 it is recommended that they are set aside to manage ongoing financial risk in this area.

20.38 To note that the use of Public Health funding of £0.5m in 2014/15 and future years to fund eligible General Fund expenditure is only sustainable whilst the existing grant continues and there is a potential risk that this grant is reduced in future years.

20.39 Capital Programme 2014/15 (details in section 15)

The following recommendations will be implemented once approved by the Finance and Policy Committee on 31st January 2014 and Council on 6th February 2014 unless otherwise stated as requiring a further report.

20.40 Note the detailed ring fenced Government Capital allocations for 2014/15, as detailed in the following table and delegate authority to the relevant Policy Committee to approve detailed proposals for using these ring fenced funds.

2013/14 Capital Grant £'000		2014/15 Capital Grant £'000
1,351	Local Transport Plan	1,556
269	Adult Social Services	275
1,144	Schools Capital Programme*	950

* estimate pending notification of actual allocation.

20.41 Approve the proposals for using the 2014/15 Council Capital Fund of £1.0m (funded from £0.6m of Prudential Borrowing and £0.4m of one-off resources) as detailed in Appendix L to fund:

- Regeneration schemes of £0.45m and delegate authority to the Finance and Policy Committee to approve detailed proposals for using these resources; and
- Property Schemes of £0.55m and delegate authority to the Finance and Policy Committee to approve virement between individual schemes if necessary once final costings are known.

20.42 Note that £0.185m of 2013/14 Council Capital Fund allocated for potential works to the Indoor Bowls Club will be carried forward as uncommitted at the year end. Any decision on the use of these resources will be subject to a separate report to the Finance and Policy Committee and subsequent referral to full Council for approval. These resources will be held as

uncommitted until the detailed master planning for the Mill House site has been completed.

- 20.43 Note the inclusion of £2.095m with the 2013/14 Prudential Borrowing to temporary fund previously approved capital expenditure on HMR pending the completion of land sales in 2014/15 and the receipt of capital income.
- 20.44 Approve the Street Lamp Replacement scheme at a capital cost of £4.98m which will be funded from Prudential Borrowing and from 2015/16 achieve a minimum General Fund budget saving of £40,000 (net of annual loan repayment costs). To note that the major financial risk relates to the equipment costs which make up 75% (£3.6m) of the overall scheme cost. This risk will be managed through the procurement process and if this cost exceeds £3.6m plus 5% a further report will be submitted before the scheme progresses.
- 20.45 Approve the provision of car parking facilities at Macaulay Road at a capital cost of £0.145m to be funded from forecast capital receipts.
- 20.46 Approve the proposal to develop a detailed business case to extend the Social Housing development project, which it is envisaged will provide an additional 35 to 40 properties. If Members support this proposal the detailed business case will be submitted to a future Finance and Policy Committee and then referred to Council. The business case will outline a strategy to achieve value for money from the available Prudential Borrowing through the appropriate mix of buying and refurbishing run down properties, or the purchase of 'ready to let' properties not requiring renovation. The business case will also be linked into wider regeneration objectives, including the Housing Market Renewal project where this is appropriate.
- 20.47 Approve the proposal to build an Independent Living Centre at Burbank Street and note that a detailed business case on the recommended option for achieving this development will be reported to a future Finance and Policy Committee and Council for final approval.
- 20.48 Approve the capital budget for the replacement of the following Operational Equipment
- Vehicles Replacement Programme – 2014/15 capital expenditure £1,115,000
 - Replacement of Wheelie Bins – 2014/15 capital expenditure of £60,000
- 20.49 **Robustness of Budget forecasts (details in section 16)**
- 20.50 Note the detailed advice provided by the Chief Finance Officer in section 16 and the following specific recommendations underpinning this advice.

20.51 Approve the strategy for managing capital receipts risks, including the Jacksons Landing project, detailed in paragraph 16.3 (iii) and the earmarking of the following resources to manage this risk:

- Right to Buy income of £191,000;
- One-off Government Grant refund in relation to the New Homes Bonus adjustment £211,000;
- Uncommitted 'Major Regeneration Reserve' of £100,000; and
- Unused Prudential borrowing approval (repayment costs covered within the existing revenue budget) for 'Major Regeneration Projects' of £393,000.

20.52 Approve that the earmarking of the above resources is reviewed on a regular basis to determine if/when these resources can be un-earmarked and made available for other priorities determined by Members. It is recommended that the trigger points for this review will be progress in achieving the capital receipts target and progress on the Jacksons Landing project.

6. STATUTORY BUDGET CALCULATIONS

6.1 Council is requested to note that if the final 2014/15 grant allocation is not known when this report is considered it is recommended by the Chief Finance Officer and Corporate Management Team that any minor increase/decrease in the final grant allocation is managed by increasing, or decreasing the use of one-off resources. Council is also requested to note that one of the following options will be adopted for reporting and approving the statutory budget calculations which underpin the budget recommendations proposed by the Finance and Policy Committee:

- Option 1 – submission of a supplementary report to Council on 6th February setting out the statutory calculations, if the final grant allocation **is known** before this meeting; or
- Option 2 – submission of a supplementary report to Council on 27th February setting out the statutory calculations, if the final grant allocation **is not known** before the 6th February Council meeting.

Under both options the detailed recommendation set out in section 5 of this report will be unchanged, with the exception of the recommendation numbered 20.21 which will need to be revised to reflect any necessary change in the value of one-off resources allocated to support the 2014/15 as a result of change in the provisional grant allocation for 2014/15.

7. CONTACT OFFICER

Chris Little
Chief Finance Officer
Email: chris.little@hartlepool.gov.uk
Tel: 01429 523003

FINANCE AND POLICY COMMITTEE

31 January 2014



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2014/15 to 2016/17

1. TYPE OF DECISION/APPLICABLE CATEGORY

Budget and Policy Framework decision.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to:-

- i) Update the MTFS to reflect the impact of the 2014/15 Local Government Finance Settlement and local decisions reached by Members over the past few months; and
- ii) To enable Members to finalise the detailed 2014/15 budget proposals and recommendations to be referred to Council on 6th February 2014.

2.2 The report was prepared before the Government confirmed the 2014/15 Local Government Finance Settlement which was subject to consultation over the period 19th December 2013 to 15th January 2014. It is not anticipated that there will be any significant change in the provisional grant announced by the Government in December 2013.

3. BACKGROUND

3.1 This is the final budget report which will be submitted to this Committee during the current financial year to enable Members to approve the final 2014/15 budget proposals to be referred to full Council in February 2014. Previous reports were considered on 31st May 2013, 2nd August 2013, 19th December 2013 and 3rd January 2014 and outlined the scale of the budget deficits facing the Council over the next three years.

3.2 The previous reports enabled this Committee to consider detailed savings proposals for 2014/15 and refer these proposals to individual Policy Committees for detailed consideration. Feedback from individual Policy

Committees was reported to the Committee on 29th November 2013 and is summarised in Appendix A. In broad terms the Policy Committees have expressed concerns regarding the budget cuts the Council will be required to make over the next few years as a result of continuing Government funding reductions and in the circumstances reluctantly support the 2014/15 savings proposals.

3.3 The previous MTFs reports provided a comprehensive assessment of the financial challenges and risks facing the Council over the 3 years commencing 2014/15. These issues are covered in detail in this report and in summary the Council is facing the most challenging financial position since becoming a Unitary Authority in 1996, which reflects:

- The impact of additional cuts in the core General Fund grant in 2014/15 and 2015/16 (including mainstreaming of funding for Council Tax Support) recently announced by the Government. By 2015/16 the Council's core General Fund grant will be **£30.6m** lower than in 2010/11 - a cash reduction of **39%**.
- The abolition from 1st April 2013 of the national Council Tax Benefit system and the transfer of financial responsibility for Council Tax Support to individual Councils, with a 10% national funding cut (13% for Hartlepool when account is taken of actual caseloads);
- The implementation of the Business Rates Retention system from 1st April 2013, which has transferred significant financial risks to individual Councils owing to the impact of the 'safety net' system. This risk is particularly significant for Hartlepool owing to the impact of the business rates paid by the Power Station, which contributes **17%** of the total Business Rates collected by the Council.
- Individual Councils face potential costs relating to 50% of back-dated Business Rates appeals;
- The impact of cuts in specific grants, including a cut in the Early Intervention Grant of **£1.512m** - a reduction of **25%**.

4. One-off resources, including 2013/14 Outturn and Review of Reserves

4.1 One-off resources

4.2 The previous MTFs reports (May 2013 and August 2013) identified one-off resources of £2.64m, as summarised below:

	£'000
2012/13 Uncommitted outturn	680
Uncommitted Equal Pay Provision	860
Initial 2013/14 Forecast Outturn	1,100
Total one-off resources	2,640

4.3 The early identification of these one-off resources enabled Members to consider and approve proposals for the use of these resources which address financial risks, underpinned the development of the Local Council Tax Support Scheme, support the MTFs and address highways maintenance priorities, as summarised below and detailed in Appendix B:

	£'000
Business Rates risk	900
Support for Local Council Tax Support scheme	860
Support for MTFs 2014/15 to 2016/17	680
Highways Maintenance Programme	200
Total one-off resources	2,640

4.4 **2013/14 Outturn and Review of Reserves**

4.5 As detailed in the previous paragraphs the earlier MTFs reports highlighted the robust action taken by the Corporate Management Team to manage the 2013/14 revenue budget to achieve underspends through a combination of:

- Holding posts vacant, which will help reduce the number of compulsory redundancies in 2014/15;
- Achieving planned 2014/15 savings earlier;
- Careful management of budgets to avoid expenditure where this does not have an adverse impact on services;
- Savings in interest costs as a result of current interest rate structures.

4.6 As a result of these actions a significant managed underspend will be achieved in the current year. There will also be a one-off financial benefit arising from the review of reserves and the risks reserves are held to manage. Details of this review were reported to this Committee on 19th September 2013 and are reflected in Appendix D. Section 16 of this report provides further information on the robustness of the budget forecasts which is underpinned by the strategy for using reserves to manage financial risks.

4.7 There are a number of unavoidable one-off financial commitments which will need to be funded from the outturn resources/reserves review, which have previously been reported in the detailed Financial Management reports, or in the case of one off capital costs associated with the Registration Service accommodation reported separately to the Committee on 19th December 2013. After reflecting these commitments the latest forecast is an uncommitted 2013/14 under spend of £0.729m and £1.160m, as summarised in Appendix C. The range reflects the impact of seasonal and demand led budgets where actual expenditure over the last three months of the financial year remains uncertain.

4.8 As a minimum the lower forecast 2013/14 uncommitted under spend of £0.729m should be available to support the MTFs over the period 2014/15 and 2016/17. Therefore, this is the planning assumption recommended and used later in the report. In the event that the higher outturn is achieved details will be reported to a future meeting, alongside details of progress in

achieving the necessary 2015/16 budget reductions which will be significantly more difficult and risky to achieve.

- 4.9 There is a separate report on the agenda regarding 'Financial Assistance Provided to Businesses' which advises Members that a surplus of £130,000 has been generated on the Future Jobs Fund scheme which concluded in 2011/12. This scheme successfully delivered all of the necessary outputs and it has now been confirmed that, after the cut off date of 30th November 2013, this funding can be retained by the Council. Although the grant conditions do not require this funding to be used to support other Economic Development schemes, it is considered appropriate to do so and this would reinforce the Council's commitment to supporting future employment schemes. This funding was not reflected in the forecast General Fund outturns previously reported to Members as the position was uncertain until the cut off date was passed and the separate report had been complete. The proposed recommendation is to use the surplus of £130,000 to provide one off funding required to meet the current demand on business grants for a further two years.

5. Core Revenue Support Grant and linkages to Education Service Grant

- 5.1 The August 2013 MTFS report provided details of work which had been completed to assess the impact of changes in the Council's core Revenue Support Grant and linkages to the Education Services Grant (ESG), previously known as the Local Authority Central Services Education Grant (LACSEG). This work also reviewed those areas funded from the ESG grant.
- 5.2 In terms of the grant changes and linkages to the core grant allocation these are better for 2013/14 and 2014/15 than initially assessed when the current years budget was prepared. At that time the Government indicated the ESG would be top sliced from the Revenue Support Grant and for planning purposes this reduction was reflected in the MTFS. Following clarification of the initial funding announcements by the Government it is now clear this planning assumption was too pessimistic and the Council will receive higher funding in 2013/14 and 2014/15 than anticipated. **These changes retain funding which it was anticipated would be top sliced from the Core Revenue Grant allocation and do not impact on the funding available for schools from the Dedicated Schools Grant, which is a separate ring fenced grant.** The level of the additional funding retained by the Council in these years will depend on the number, timing and type of schools (i.e. primary or secondary) which convert to academies in 2013/14 and 2014/15. For planning purposes conversion rates of 50%, 75% and 100% have been used to assess the potential financial impact to the Council.
- 5.3 In addition, the Council also benefitted from the **refund of Core Revenue Support Grant** deducted in 2011/12 and 2012/13 by the Government to transfer funding from Local Authorities to academies. These arrangements meant Hartlepool lost funding even though it had no academies in these years. These resources had previously been earmarked to mitigate the

anticipated impact of the ESG reductions in 2013/14 and future years. The actual amount refunded for 2012/13 is slightly higher than the provisional allocations provided by the Government. These changes return funding top sliced from previous Revenue Support Grant allocations **and do not impact on the funding available for schools from the Dedicated Schools Grant.**

- 5.4 In total these proposals provide a **one-off benefit** of between £2.72m and £3.6m **as the Council’s core Revenue Grant will not be cut to the extent forecast in February 2013.** The range of this one-off benefit reflects the forecast rate for schools converting to academies.

	Academy conversion rate 2014/15 – 50%	Academy conversion rate 2014/15 – 75%	Academy conversion rate 2014/15 – 100%
Forecast one-off funding	3,600	3,160	2,720

- 5.5 The changes to the ESG mean that if all schools convert to academies the Council will receive a residual ESG of £0.214m per year, based on current Government proposals. This amount is provided to fund the statutory functions remaining with Councils, which includes the Director of Education and associated direct support costs, prosecutions for non-attendance, child employment enforcement, maintenance and development of local school funding formula and Standing Advisory Council for Religious Education. The residual grant allocation may not be sufficient to cover the costs which remain with the Council. Therefore, whilst the Council will receive a one-off benefit in 2013/14 and 2014/15, the linkages between these changes and the Revenue Support Grant mean there maybe additional budget pressure in 2015/16 and future years which isnot reflected in the MTFS. Further work will be carried out in 2014/15 to assess this risk.

- 5.6 In terms of a strategy for using these one-off resources this Committee previously approved the recommendation that the Council only commits the lower forecast of £2.72m until the actual position is more certain and the funding has been received by the Council. Members previously indicated they wished to allocate this amount as follows:

- £2.32m to support the revenue budget over the period of the 2014/15 to 2016/17 MTFS; and
- £0.4m to support Regeneration Priorities and this issue is covered later in the report.

6. Autumn Statement

- 6.1 The Chancellor made his Autumn Statement on 5th December 2013 and the key issues impacting on Councils are summarised below.

- Local Government funding – the Chancellor announced that Local Government has been protected from new further departmental funding

cuts of £2 billion in 2014/15 and 2015/16. The Chancellor also stated this is to encourage Councils to take up the Council Tax freeze offer.

The Chancellors statement needs to be considered in the context of the 'Local Government Finance Settlement 2014/15 and 2015/16' issued in December 2013 which provided details of significant grant cuts for the next two years. These grant cuts are higher than announced in the June 2013 Spending Review, particularly for 2015/16 and are reflected in the figures included in this report;

- The proposed £300 million national top slice of the New Homes Bonus towards the 'Growth Fund' will not be implemented. However, this funding will now come from other decentralised funds.
- The 3.2% Retail Prices Inflation increase in Business Rates will be reduced to 2%;
- There will be a range of measures to reduce the burden of business rates, including a £1,000 discount for all retail, pubs cafes (excluding banks and betting offices) with rateable values below £50,000 for two years, the continuation of Small Business Rate Relief for two years and 12 monthly instalment arrangements.
- There will be a consultation on reforms to the business rates appeals process and a commitment to clear 95% of the September 2013 backlog of appeals before July 2015.
- There will be an additional £40 million in 2014/15 and 2015/16 for Discretionary Housing Payments;
- There will be funding of £450 million in 2014/15 and £635 million in 2015/16 to fund free school meals for all infant school children from September 2014 and disadvantaged college students.

7. Provisional Local Government Finance Settlement Announcement 2014/15 and 2015/16

- 7.1 The previous MTFS report advised Members that the Government's June 2013 Spending Review indicated that Local Government funding cuts for 2014/15 and 2015/16 would be higher than previously indicated by the Government. However, the position at that stage was complicated as there were a number of other factors within the Spending Review which needed to be taken into account in assessing the impact on the budget forecasts for 2014/15 and 2015/16. This included the statement in the Spending Review that **'the Government will consult on the local government finance settlement for 2015/16 in the normal way, recognising that some local authorities are more dependent on central government funding than others'**.

7.2 The Secretary of State for Communities and Local Government presented details of the 2014/15 provisional Local Government Finance Settlement to Parliament on 18th December 2013. Councils had until 15th January 2014 to submit responses on the provisional Local Government Finance Settlement. It is anticipated that the final Local Government Finance Settlement will be issued at the end of January 2014. Owing to the timescale for responding to the Provisional 2014/15 Local Government Finance Settlement consultation a response was agreed with the Leader of Councillor.

7.3 The Settlement Announcement covers two financial years, 2014/15 and 2015/16. However, the figures for 2015/16 will be subject to formal consultation next year. There is a potential risk that these figures may change, which is what happened with the previous years' grant allocation announced in December 2012. The key issues covered by the Settlement Announcement are covered in the following paragraphs.

7.4 **Core Revenue Grant cuts 2014/15 and 2015/16**

7.5 The actual grant cuts are slightly different to the forecasts in the December MTFs report as summarised below. The table also shows the cumulative grant cuts from the 2010/11 baseline, which highlights the significant impact on Hartlepool:

	2014/15 £'000	2014/15 Percentage cut	2015/16 £'000	2015/16 Percentage cut
Actual Grant cut	5,984	9.6%	8,213	14.6%
Forecast Grant cut	5,992	9.6%	8,127	14.4%
Increase/(decrease)in grant cut	(8)		86	
Cumulative Grant cut since 2010/11	£22.365m	28%	£30.578m	39%

7.6 The Government use 'Spending Power' as the basis for showing funding reductions. 'Spending Power' includes the Core Revenue Grant and other significant funding streams, including the ring fenced Public Health Grant. The inclusion of these other funding streams in 'Spending Power' reduces the headline funding cut and for the Council and shows a reduction of **4.4%** for 2014/15. **However, the key issue for the Council is the level of the Core Revenue Grant cut included in the 'Spending Power' calculation as this is what is driving the budget cuts required over the next 3 years, which is 9.6% for 2014/15.** The following table highlights the key issues in relation to the make-up of the Spending Power cut.

Description of Funding	2013/14	2014/15	Increase/ (decrease)	Increase/ (decrease)
	£'000	£'000	£'000	Percent
Core Revenue Grant	62,571	56,587	(5,984)	(9.6%)
Council Tax income	30,788	31,102	314	1.0%
Public Health Grant	8,255	8,486	231	2.8%
Better Care Funding *	1,794	2,297	503	28.0%
Housing Benefit Admin Grant	1,065	983	(82)	(7.7%)
New Homes Bonus	1,188	1,332	144	12.1%
Other Grants#	1,217	955	(262)	(21.5%)
Indicative 2014/15 Council Tax Freeze Grant	0	412	412	n/a
Total Spending Power	106,878	102,154	(4,724)	(4.4%)

* The 2014/15 'Better Care Fund' includes £1.794m of existing grant which is used to fund continuing Adult Social care expenditure commitments. At this stage it is unclear what commitments need to be funded from the additional 2014/15 grant and details will be reported as soon as possible. For planning purposes it is not anticipated that this will benefit the General Fund budget in 2014/15. However, there may be some limited scope to enable existing Adult Care services that contribute to the Better Care Fund priorities to be funded from this grant subject to the detailed grant conditions.

This includes Local Welfare Support funding of £0.645m for 2013/14 and £0.635m for 2014/15. This funding is being removed after 2014/15 and further details are provided in paragraph 7.14.

7.7 Using Department for Communities and Local Government (DCLG) information the following table provides details of the Spending Power and Core Revenue percentage cuts for 2014/15 for England and the 12 North East Councils. It should be noted that using the DCLG figures there is a slightly higher cut in Core Revenue Grant for Hartlepool than indicated in the previous table i.e. 10.2% compared to 9.6%. This is owing to the different treatment of the 2013/14 Council Tax freeze grant within the DCLG figures. The 9.6% figure is the correct figure. Notwithstanding, this minor technical difference the table below highlights that Core Revenue Grant cuts are significantly higher than Spending Power cuts.

It is also worth noting that Core Revenue Grant cuts continue to have a disproportionate impact on Councils which are more dependent on grant funding as these cuts result in higher cash reductions and therefore greater cuts in services.

Summary of 2014/15 Spending Power and Core Revenue Grant cuts

Local Authority	Spending Power Cut 2014/15	Core Revenue Grant cut 2014/15
England	2.9%	9.8%
Middlesbrough	5.3%	10.5%
Stockton-on-Tees	3.3%	10.4%
Redcar and Cleveland	4.0%	10.3%
Hartlepool	4.4%	10.2%
Durham	3.7%	10.1%
Newcastle upon Tyne	4.6%	10.0%
Darlington	3.5%	9.9%
South Tyneside	4.7%	9.8%
Gateshead	4.3%	9.8%
North Tyneside	3.6%	9.7%
Sunderland	4.7%	9.7%
Northumberland	2.9%	9.6%

For 2015/16 Hartlepool's Spending Power cut is 4.7%, compared to the average for England of 1.8%. Similarly, in 2015/16 the Councils Core Revenue Grant cut is 14.4% compared to the average for England of 14%.

7.8 Funding for Local Council Tax Support (LCTS) Schemes

7.9 Previous reports have highlighted the additional financial risk to Councils arising from the abolition of the national Council Tax Benefit scheme in April 2013 and its replacement with LCTS schemes, with a national 10% funding cut and a requirement to protect low income pensioners. The additional financial risks for Councils from managing LCTS schemes were highlighted in a recent National Audit Office report published on 13th December 2013 which stated:

- *“Local authorities now bear the financial risk of providing support, potentially contributing further to the overall pressures on their financial sustainability. The impact of this will vary widely depending on local authorities’ financial situation and local factors, and the impact of other funding and welfare changes. The Department must satisfy itself that local*

authorities can manage the cumulative impact of funding changes, so that it can make informed decisions about future funding”.

- 7.10 The Government has confirmed that from 2014/15 a separate funding allocation will no longer be provided for LCTS schemes and this funding has been included in the Core Revenue Grant for 2014/15. The previous MTFs highlighted the implications of this change and the difficult policy decision individual Councils must now make on the use of the Core Revenue Grant. This is choice between supporting services and providing LCTS support to low income households.
- 7.11 Following consideration of the 2014/15 LCTS scheme by the Finance and Policy Committee on 29th November 2013, Members determined to consult on a 2014/15 LCTS cut of 12%. This will still provide more support than the other 4 Tees Valley Councils which implemented cuts of 20% in 2013/14. The Council has only been able to limit the LCTS cuts in 2013/14 and 2014/15 as a result of forward planning and the allocation of one-off monies to phase in the reduction in LCTS. A final report on the 2014/15 LCTS scheme, incorporating the results of the consultation was submitted on 24th January 2014 to enable Members to approve the final proposals to be referred to full Council on 30th January 2014.
- 7.12 With regard to the 2015/16 LCTS scheme the Finance and Policy Committee agreed to share the grant cut across the General Fund and the LCTS scheme, which will reduce the 2015/16 General Fund budget cuts by approximately **£1.4m**. This decision will require a LCTS cut of 20% in 2015/16. This is two years earlier than previously anticipated and reflects the higher grant cuts implemented in 2014/15 and 2015/16 than previously announced by the Government.
- 7.13 Members were advised that significantly higher cuts in LCTS support are also likely to be required in 2016/17 and future years as Councils will find it increasingly difficult to balance supporting LCTS schemes and General Fund services if grant cuts continue.
- 7.14 Council Tax referendum threshold and Council Tax freeze grant**
- 7.15 The Local Government Minister has made the following written statement in relation to the Council Tax freeze grant and referendum threshold.

Local Government Minister Statement

“From April 2014, funding for 2011 to 2012 and 2013 to 2014 freezes is now in the main local government settlement total for future years. I can also announce that the Secretary of State has agreed with the Chancellor that the funding for the next 2 freeze years will also be built into the spending review baseline. We hope this will give maximum possible certainty for councils that the extra funding for freezing Council Tax will remain available, and there will not be a ‘cliff edge’ effect from the freeze grant disappearing in due course.

We have done our part – we now expect councils to do theirs in helping hard-working people with the cost of living.

We will announce the Council Tax referendum threshold principles separately in the New Year. We are particularly open to representations suggesting that some lower threshold be applied to all or some categories of authorities, given the strong need to protect taxpayers wherever possible from unreasonable increases in bills, and given next year's elections on 22 May across the country allow for referendums to be held at minimal cost. We should trust the people.

The final referendum principles will then be subject to the approval of the House of Commons. In addition, subject to approval by Parliament of the Local Audit and Accountability Bill, which is currently before Parliament, the principles will include levies and will therefore be based on the level of Band D Council Tax. This will mean the principle will relate to the actual increase which appears on people's bills – again reducing costs for taxpayers”.

- 7.16 As Members have previously indicated they wish to freeze the 2014/15 Council Tax, the above statement will not have an impact on the 2014/15 budget.
- 7.17 In relation to the Local Government Minister's comments that the previous Council Tax freeze grants have been built into the spending review baseline this is reflected in the grant allocations detailed earlier in the report. Clearly, if this had not been done the Council would have received a higher grant cut. Whilst, the position avoids an even higher grant cut it would be preferable if the previous freeze grants had continued as separate grant allocations outside the Core Revenue Grant, as this would provide greater transparency in future years grant allocations.
- 7.18 New Homes Bonus (NHB)**
- 7.19 In response to concerns expressed by the Local Government Association and individual Local Authorities, including Hartlepool, the Government has determined not to top slice NHB allocated to Councils outside London to fund Local Enterprise Partnerships. However, other decentralised funding will be cut to provide this funding and it is not yet known if this will impact on Councils. Within London £70 million of NHB resources will be given to the capital's local enterprise panel.
- 7.20 Owing to the uncertainty over the 2014/15 NHB allocation a prudent estimate was included in the MTFS forecasts. The actual allocation is £1.332m, which is £0.144m higher than forecast.
- 7.21 As indicated in the previous MTFS the 2014/15 NHB allocation of £1.332m needs to be seen in the context of a permanent Core Revenue grant cut since the NHB was introduced in 2011/12 of £22.365m.

7.22 Funding to compensate Councils for the 2% Business Rates cap

7.23 The Autumn Statement (5th December 2013) announced that the small business rates multiplier would be capped at 2%, rather than increased by the September 2013 Retail Price Index of 3.2%. As this change will impact on the business rates retained by Councils the Government has determined to provide a specific grant to compensate Councils. The Settlement announcement states this grant will be paid in 2014/15 and 2015/16 and the Council will receive £0.269m in each year. This additional grant is reflected in the updated forecasts detailed in section 8. For planning purposes it is assumed, although not guaranteed, the grant will continue in 2016/17 to provide permanent compensation for the ongoing income reduction.

7.24 Local Welfare Support

7.25 The Department for Works and Pensions (DWP) issued the following statement in January 2014:-

- *“Community care grants and crisis loans were poorly targeted and failing to help those most in need, so in April last year we transferred the funding to local authorities so they could deliver new local support as part of their existing services. This was on a non ring-fenced basis. From 2015, local authorities will be able to continue to offer support from within their General Fund. Local councils are the best judge of needs and priorities within their areas, so it is right for them to choose how much funding to allocate to local welfare provision services and how to provide such support”*

7.26 The comment in the above statement that *‘local authorities will be able to continue to offer support from within their General Fund’* goes against the new ‘doctrine funding principle’ as it fails to recognise the existing commitments transferred from the DWP, increasing pressures and funding cuts on the General Fund budget from 2015.

7.27 The decision by the DWP means the 2014/15 funding allocation of £0.635m will be the final funding the Government provides to the Council for this new responsibility.

7.28 As reported previously the Council has managed this new responsibility significantly more effectively than DWP and targeted financial support where it is needed. This approach enabled the Council to use uncommitted funding of £346,000 to provide one-off support for those households affected by the under occupancy change to Housing Benefit (also known as the ‘bedroom tax’). This policy provided 16 weeks support to households. Funding of £4,000 was also provided for the Food Bank. At the time this strategy was approved Members were advised of the continuing financial risks of managing this new responsibility and a contingency was allocated to manage this risk. Members were advised that a further report would be submitted when the overall outturn position was more certain.

7.29 In view of the recent DWP announcement withdrawing this funding after 2014/15 an earlier review of the 2013/14 outturn position has been completed, including the impact of higher potential demand over the Christmas/early New Year period. This review indicates the final uncommitted outturn is anticipated to be slightly higher than previously anticipated as there has not been a significant increase in applications for support over the level previously experienced in the first five months of the financial year. One of the factors which it is believed underpins this position is the decision to provide local help with the bedroom tax changes. The outturn assessment also reflects an initial assessment of an announcement by the DWP on 10th January 2014 of an error they had made implementing these changes. This will provide one-off Government funding in 2013/14 in the order of £15,000, which will reduce the cost of local bedroom tax support provided. This amount is reflected in the outturn forecast, although the final amount will depend on the detailed Government regulations.

7.30 In view of the DWP decision to withdraw the Local Welfare Support funding after 2014/15 and the significant budget deficits facing the Council in 2015/16 and 2016/17 (detailed in section 8) a strategy needs to be developed for using the available funding £0.78m i.e. forecast 2013/14 uncommitted outturn of £0.145m and 2014/15 allocation of £0.635m. This strategy will need to reflect the proposal detailed in the Advice and Guidance report elsewhere on the agenda as part of the existing funding is allocated to fund staff administrating Local Welfare Support and Discretionary Housing Payments which it is recommended transfer to the Advice and Guidance Hub.

7.31 Therefore, in order to avoid a budget pressure over the period of the current MTFS, which will increase the budget cuts which need to be made and to provide a sound basis for the commencement of the Advice and Guidance Hub it is recommended the available funding is used over the period of the MTFS. Based on experience in 2013/14 this strategy should enable existing Local Welfare Support to continue for the next three years, as summarised below:

	2014/15 £'000	2015/16 £'000	2016/17 £'000	Total £'000
Staffing resources *	80	80	80	240
Financial support to individuals	180	180	180	540
	260	260	260	780

* Staffing costs reflect support of both Local Welfare Support and Discretionary Housing Payments.

7.32 The recommended strategy does not provide sustainable funding beyond the current MTFS and a permanent solution will need to be developed when the MTFS is rolled forward to include 2017/18.

8. Impact of Local Government Finance Settlement 2014/15 and 2015/16 on the MTFS

- 8.1 After reflecting the 2014/15 grant announcement there is a gross budget deficit for 2014/15 of **£9.117m** (which is broadly in line with the forecast reported in December 2013 of £9.125m). This figure includes unavoidable budget pressures of £0.97m (marginally less than the initial assessment included in the February 2013 forecasts of £1m) as detailed in Appendix E. The key pressures cover an income shortfall on the Shopping Centre of £0.424m and cost pressures for Looked after Children of £0.4m. In previous years both these issues have been managed from one-off resources, but now need to be addressed on a permanent basis within the 2014/15 base budget.
- 8.2 It should be noted that an additional four social workers will be required to address capacity issues in Children's Social Care and in 2014/15 this pressure will be funded from existing departmental reserves. This strategy will provide time to assess ongoing staffing and workload levels in this area.
- 8.3 As part of the strategy for addressing the forecast deficit a detailed assessment of the initial planning assumptions for 2013/14 had been undertaken to reflect changing circumstances and a range of budget reductions were reported in previous MTFS reports. Some of these factors arise from current economic conditions and whilst it is possible to take a permanent saving in 2014/15 the position may change in the medium term, which may increase a future years' budget deficit. Conversely, if these 'contingency' budgets are maintained the Council will underspend, which will mean that permanent cuts are made earlier than necessary. Balancing these issues is not easy and the key issue for Members to recognise is the potential financial risk in future years. These issues can still be taken into account to reduce the 2014/15 budget deficit and total £1.797m as detailed in Appendix F and as summarised overleaf:

Changes in Planning Assumptions Reported 19th December 2013

	Decrease/ (increase) in budget deficit £'000
Reduce budget provision for April 2014 Pay award	600
Gas and Electric Budgets	150
Job Evaluation budget	150
Insurance Premium saving	60
General Fund Public Health Contribution	40
Members Allowances (1)	0
Accommodation budgets	170
Employers' Pension Contribution saving	250
Terms and Conditions Review (2)	0
Senior Management Structure Review	330
Reduction in 2012/13 & 2013/14 budget pressures	223
Reduction in provision for 14/15 budget pressures	30
Reduction in External Audit Fees	19
Increase in IT procurement saving	25
Deletion of forecast collaboration saving (3)	(250)
Net decrease in budget deficit	1,797

- (1) The revised planning assumptions for 2014/15 exclude the Members Allowances savings of £0.131m which Council has determined will be earmarked to substantially fund the costs of introducing a 'Hartlepool Living Wage' of £0.155m. The 2013/14 Members Allowances part year saving will be carried forward to fund the residual Hartlepool Living Wage cost in 2014/15. It is anticipated that from 2015/16 this shortfall will be a first call on savings achieved from the Terms and Conditions Review.
- (2) This area is more challenging than anticipated and changes will take longer to agree and implement than initially envisaged. Therefore, it is anticipated these savings will not be achieved until 2015/16.
- (3) The forecast collaboration savings initially anticipated for 2014/15 will not be achieved and this reflects the impact of other savings proposals for 2014/15, including the Senior Management Structure Review savings. The Council will continue in a range of service areas to explore the potential benefits from working collaboratively with others. The opportunities in these areas will be considered as part of the overall budget strategy and will be determined on there being a benefit to the Council from being part of such arrangement. The exploration of such opportunities will include detailed consideration around the Better Care Fund, but will not be limited to this.

8.4 In addition, the budget deficit can also be reduced on a permanent basis as a result of Public Health funding changes and the full year ICT savings. There will also be a temporary benefit from the use of one-off resources in 2014/15, although this defers this element of the budget deficit until 2015/16.

8.5 **Changes in Local Planning assumptions reported 3rd January 2014**

8.6 There are a number of additional factors which can now be reflected in the MTFS forecasts following the recent completion of detailed external and internal tasks, which could not have been reflected in the December MTFS report.

8.7 **External Factor** – notification has been received that the Pension Fund triennial valuation has been completed. This sets the employers pension contributions for 2014/15 to 2016/17. Hartlepool's contribution will reduce by 2%, compared to 1% for the other Tees Valley Councils. Individual Councils Pension rates reflect a variety of factors, with one of the main items being the age profile of the workforce.

This change will provide a permanent budget saving. On the downside Pension contributions become payable on overtime payments from April 2014. In overall terms the estimated net benefit is **£0.56m** (this is also net of the pension savings already built into the MTFS from the 2014/15 departmental pay budget savings).

There is a potential future risk of increased Pension costs when the Council completes the implementation of 'auto enrolment' in October 2017. This risk will only materialise if those employees who have currently opted out of the pension scheme remain in after 'auto enrolment' is implemented and this could have an annual cost of £0.3m. This is probably a low risk as individual employees will have had their own reasons for opting out of the pension scheme. A period of 3 successive pay freezes, followed by a 1% pay increase in April 2013 and an expectation of further pay restraint over the next few years will not change this position.

8.8 **Internal Factors – permanent issue.** There is a separate report on the agenda to set the 2014/15 Council Tax. This is a complex calculation involving the assessment of Council Tax discounts (the main one being the number of single person discounts), the assessment of Council Tax exemptions (e.g. disabled exemptions) and an assessment of in-year Council Tax collection rates. Assuming Members approve a 12% cut in the Local Council Tax Support scheme this will increase Council Tax income by **£0.15m**, which can be reflected in the budget. It will be challenging to collect this additional income within the financial year. If a 12% Local Council Tax Support scheme is not approved this income will not be achieved.

8.9 **Internal Factor – one off issue.** An assessment of the forecast Collection Fund outturn for 2013/14 needs to be completed before the 2014/15 budget is set. The Collection Fund accounts for all Council Tax income (for the Council, Cleveland Fire Authority and Cleveland Police) and Business Rate

income which in total amounts to approximately £60 million in 2013/14. An initial outturn estimate was prepared earlier in the year and a surplus of £0.11m built into the MTFS for 2014/15. A further review has recently been completed and the year end surplus is forecast to be £0.26m. This provides an additional one off resource to support the 2014/15 budget of **£0.15m**.

- 8.10 In summary the above factors, provide the following benefits to support the 2014/15 budget:

	£'000
Permanent benefits	
- Pension saving	560
- Increased income from Council Tax base	150
- New Homes Bonus	144
- Business Rate cap compensation grant	269
Total Permanent benefits	1,123
One off benefits – Collection Fund	150
Total Permanent and one-off benefits	1,273

- 8.11 In summary after reflecting the actual 2014/15 grant cut and the measures detailed in the previous paragraphs the gross budget deficit for 2014/15 can largely be eliminated from a combination of these measures and the implementation of budget cuts of £4.376m. However, there remains a residual gap of £0.671m which it is recommended is funded from one-off resources. The use of one-off resource is significantly lower than the amount recommended in the December MTFS report and affects the additional planning assumption changes detailed in paragraph 8.10. The position for 2014/15 is summarised below:

Budget Deficit 2014/15

	£'000
Gross Budget deficit 2014/15	9,117
Changes in Planning assumption (paragraph 8.3)	(1,797)
Public Health Funding	(500)
Full Year ICT saving (includes rental income)	(500)
Sub Total	6,320
Additional changes in Planning Assumptions (paragraph 8.10)	(1,273)
Planned savings	(4,376)
Sub Total	671
Use of one-off funding	(671)
Net budget deficit 2014/15	0

- 8.12 As reported previously detailed savings proposals had been developed by the Corporate Management Team and provide total savings of **£4.376m** if all items are implemented as detailed in Appendices G to J as follows:

- Appendix G - Chief Executives Department
- Appendix H - Child and Adult Services Department
- Appendix I - Regeneration and Neighbourhoods' Department
- Appendix J – Public Health (General Fund)

These proposals have been considered by individual Policy Committees and feedback on these proposals is summarised in Appendix A.

- 8.13 Within the Chief Executive's Department savings proposals, additional savings have been identified to offset the higher actual cut in the Housing Benefit Administration Grant of 10%, a reduction of £88,000, compared to a forecast cut of £64,000.
- 8.14 The proposed savings also include a full year saving of £0.125m from reviewing School Transport arrangements and these proposals were subject to consultation. The results of the consultation was reported to the Children's Services Committee on 23rd January 2014 to enable these issues to be considered before a final decision on this proposed saving can be made. As the papers for this meeting needed to be finalised before the Children's Services Committee meeting an update report will be provided if the Children's Services Committee recommend any changes to this saving proposal, for example to phase over more than one financial year, as this will impact on the overall budget strategy.
- 8.15 The recommended savings include proposals in relation to the 'Community Pool Programme' allocation to reduce the budget and changes to the categories supported. These proposals were considered at the extraordinary Council on 19th November 2013 and Council requested that this Committee consider the following proposal:
- 'It was proposed, therefore, that in considering the 2014/15 budget proposals, the Finance and Policy Committee reconsider the Community Pool Programme Allocation 2014/15 and look to finding at least 50% of the current year's contribution to support Category 3 of the Community Pool funding "Capacity and resource building in the Voluntary and Community" to support the work undertaken by HVDA with voluntary and community groups in Hartlepool with the suggestion that any under spend in the Member Ward budgets in 2013/14 contribute to the funding'.

Having reconsidered the above issues on 19th December 2013 this Committee determined that the following recommendations are included in the Budget proposals to be submitted to Council on 6th February 2014:

- i) That option 3 is approved and that any unallocated Ward Member budget funds be carried forward and put in a reserve to continue Ward Member budgets for future years.

Based on the forecast Ward Member budget outturn for 2013/14 it is anticipated £100,000 will be uncommitted and then carried forward to

2015/16, although the final outturn will depend on the value of schemes approved before the year end.

- ii) That in response to the recommendation of Council at their Extraordinary meeting on 19th November 2013, a proportion of unspent Ward Member budget 2013/14 funds should not be allocated to support Hartlepool Voluntary Development Agency (HVDA) for the provision of Capacity and Resource Building in the VCS from 2014/15. Individual Ward Councillors' had already made commitments to allocate £14,500 to HVDA and should other Councillors' wish to do the same that was for them to decide individually as agreed at the Extraordinary meeting of Council.
- iii) That Ward Member funding be reduced in 2014/15 to fund the Environmental Apprenticeship Scheme, as recommended by the Regeneration Services Committee on 26th September 2013.

This proposal commits £34,000 and is reflected in recommendation (v).

- iv) That Finance and Policy Committee having reconsidered the Community Pool Funding Programme allocation for 2014/15, as previously determined by Finance and Policy Committee on 18th October 2013, in line with the proposal agreed by Council at their extraordinary meeting on 19th November 2013, indicates that no variation to that decision be made.
- v) That the 2014/15 total Ward Member budget be set at £132,000 and funded from the overall corporate outturn as detailed in Appendix C. This will provide a budget of £4,000 for each Member, which is a reduction of 20% on the 2013/14 budget of £165,000.

- 8.16 Details of the Library Service Review were considered by the Regeneration Service Committee on the 5th December 2013 and the Committee approved the implementation of option 1, which achieves a £25,000 saving, namely:
- The cessation of the Community Outreach Service element delivered by the Mobile Library vehicle from April 2014 and the disposal of the current vehicle;
 - Implementation of alternative service delivery model, including the purchase of a much smaller vehicle and associated staff restructure to provide improved Community Outreach Services.
- 8.17 The proposed savings from Adult Services includes a saving of £188,000 linked to revising the Contribution Policy for non residential services and generating increased income. The consultation outcome was reported to Adult Services Committee on 6 January 2014 and the Committee reconfirmed that this saving should be included in the final budget proposals to be submitted to Council.
- 8.18 There will be a temporary employers' pension contribution saving in 2014/15 in relation to the Chief Executive's post of £30,000. As this is only a

temporary saving it is not recommended that this amount is used to support the 2014/15 budget. Members have indicated that they wish to use this saving to increase the number of apprenticeships by 2 and to allocate these places to children looked after/care leavers.

- 8.19 As reported in December the 2014/15 strategy assumed the use of £1.952m of one-off resources. The strategy did not include the additional resources summarised in paragraph 8.10 of **£1.273m**. In line with the multi-year approach to managing the impact of continuing Government grant cuts it is recommended that these resources are used to continue this strategy. In 2014/15 this enables the use of planned one-off resources needed to balance the budget to be reduced by this amount. The unused one-off resources can then be carried forward to support the 2015/16 and 2016/17 budgets, **which will be the most difficult financial years so far faced by the Council**. It is recommended that the one-off resources of £1.281m are used on a phased basis over the next two years to avoid deferring an unmanageable deficit until 2016/17, with £0.743m allocated to support the 2015/16 budget and £0.538m to support the 2016/17 budget.
- 8.20 In 2015/16 the budget position will also benefit from the permanent changes continuing from 2014/15 which total £1.123m (as detailed in paragraph 8.10). Therefore, in 2015/16 these measures, plus the one-off resources carried from the 2013/14 outturn reduce the 2015/16 budget gap from £7.818m to £6.030m, a reduction of **£1.788m** (net of the additional 2015/16 grant cut).
- 8.21 In 2016/17 there is a marginal increase in the budget gap of **£0.197m**, owing to the impact of using a higher level of one-off resources in the previous year. Over the period of the MTFS there is a reduction in the budget gap of **£1.591m**.
- 8.22 In summary the benefits of this strategy are:
- A reduction in the budget deficit over the period of the MTFS of **£1.591m**;
 - A reduction in the 2015/16 budget deficit of **£1.788m**.
- 8.23 On the downside the strategy defers an additional deficit of **£0.197m** until 2016/17, which increases the total forecast deficit in this year to **£8.797m**.
- 8.24 The table overleaf summarises the impact of the above strategy. The forecast used for 2015/16 is the worst case planning assumption reported in the previous MTFS report. This planning assumption is now considered to be the appropriate starting point for 2015/16 following the assessment of the most recent information issued by the Government on the new Better Care Fund. As detailed earlier in the report it is unclear what commitments need to be funded from this additional grant and details will be reported as soon as possible. For planning purposes it is not anticipated that this will benefit the General Fund budget in 2014/15. However, there may be some limited scope to enable existing Adult Care services that contribute to the Better

Care priorities to be funded from this grant subject to the detailed grant conditions.

Table 2 - Revised Forecast Deficits 2014/15 to 2016/17

(table shows worst case deficits, which for 2015/16 is based on a 10% grant cut)

	2014/15	2015/16	2016/17	2015/16 and 2016/17 Total
	£'000	£'000	£'000	£'000
Net budget deficit (as detailed in table 1)	0	7,818	8,600	16,418
Impact 2014/15 Settlement announcement – Increase/(decrease) in <u>forecast</u> Core grant cut	(8)	78	70	
Initial 2015/16 permanent savings continuing in 2016/17 and future years	0	0	7,818	
Revised 2015/16 permanent savings continuing in 2016/17 and future years	0	0	(6,030)	
Permanent Pension Saving	(560)	(560)	(560)	
Permanent increase in Council Tax base	(150)	(150)	(150)	
Additional 2014/15 New Homes Bonus	(144)	(144)	(144)	
Business Rate Cap - compensation grant	(269)	(269)	(269)	
Collection Fund Surplus (one –off)	(150)	0	0	
Re-phased use of one-off resources	1,281	(743)	(538)	
Savings to identified	0	6,030	8,797	14,827
Increase/(decrease) in 2015/16 and 2016/17 deficit		(1,788)	197	(1,591)

8.25 The above table shows the 2016/17 budget deficit based on a 10% grant cut, which is the current worst case planning forecast. The December MTFs report also indicated a best case planning forecast based on a 7.5% grant cut, which would reduce the 2016/17 deficit to **£7.6m**.

9. Risk assessment of proposed 2014/15 savings

9.1 The detailed savings reports include a risk assessment section detailing financial and non financial risks of achieving the proposed savings. In terms

of financial risk 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	259	138	60	457
Child and Adult Services	712	1,004	238	1,954
Regeneration & Neighbourhoods	919	763	180	1,862
Public Health (General Fund budgets)	0	0	103	103
Total	1,890	1,905	581	4,376
Savings as percentage of total	43%	44%	13%	100%

9.2 The above table indicates that 43% of the overall savings will be achieved by reducing pay budgets. Further analysis of the proposed pay savings has identified that £0.468m (25%) 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 2014/15 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 become increasingly difficult to make budget cuts.

9.3 With regard to the 2014/15 pay savings which cannot be achieved by deleting vacant posts 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 where this is possible.

10. Council Tax 2014/15 and 2015/16

10.1 As part of the June 2013 Spending Review the Government indicated that for 2014/15 and 2015/16 Council Tax referendum thresholds will be set at 2% and a 1% grant will be paid to Authorities that freeze Council Tax. At that time it was not clear what period the Council Tax freeze grant will be paid for. Therefore, based on experience in previous years, it was assumed for planning purposes that the 2014/15 and 2015/16 freeze grant will be paid for 2 financial years. The continued national pressure for Council Tax restraint whilst helpful for households is an additional financial challenge for Councils at a time of continuing significant grant cuts and further reduces the resource base and financial sustainability of Councils in future years.

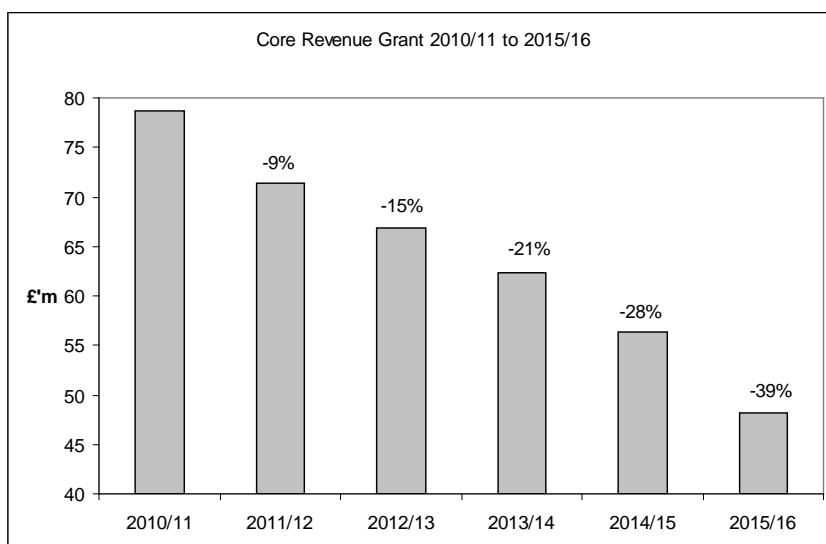
- 10.2 On the basis previous Governments' announcements the Committee considered the following two options and Members determined to recommend freezing Council Tax for 2014/15 and 2015/16, subject to the 2015/16 position being reviewed as part of the 2015/16 budget process.
- Option 1 - increase Council Tax by 1.99% in 2014/15 and 2015/16, which is just below the referendum threshold of 2%, set in previous years;
 - Option 2 – Freeze Council Tax in 2014/15 and 2015/16.
- 10.3 Members previous decision to freeze Council Tax in the next two years is reflected in the budget forecasts detailed in this report.
- 10.4 As detailed in section 7 the December 2013 Local Government Settlement announcement confirmed the 1% freeze grant. On 15th January 2014 the Department for Communities and Local Government wrote to Councils stating - *“Ministers have agreed that the funding for 2014/15 (including 2015/16) freeze grant should be built into the spending review baseline. This gives as much certainty as possible at this stage that the extra funding for freezing Council Tax will remain available”*. The Councils also benefit slightly from the Government's decision to calculate the Council Tax freeze grant based on the gross Council Tax base before the adjustment for the LCTS. For Hartlepool the 2014/15 Council Tax freeze grant is £0.4m, which is amount the Council would raise with a 1.3% increase on the net Council Tax base after reflecting the LCTS adjustment. If the Council Tax freeze grant was based on the net Council Tax base the grant would be £0.3m.
- 10.5 At the time this report was prepared details of referendum thresholds for 2014/15 had not been issued by the Government. It is expected these will be set lower than the 2% initially indicated by the Government and which applied in previous years.
- 10.6 In 2013/14 the Government removed the statutory requirement to produce an explanatory Council Tax leaflet. In 2013/14 the Council determined to produce a leaflet as this provides an opportunity to explain the financial position of the Council, including the impact of grant cuts and the decisions which have been made in relation to budget cuts. It is recommended that a leaflet is prepared for 2014/15 and Members note the cost of approximately £1,800 can be funded from existing budgets.

11. Update of 2015/16 and 2016/17 budget forecasts

- 11.1 The December 2014 Local Government Funding announcement provided a two year settlement for 2014/15 and 2015/16. Grant figures for 2016/17 will not be known until after the General Election in 2015. If the current Government is re-elected it is anticipated Local Government will continue to face continuing grant cuts and if previous patterns continue Councils more dependent on Government grant will continue to face disproportionate grant cuts.

11.2 If an alternative Government is elected it is anticipated that there will continue to be public sector cuts and Local Government is still likely to suffer continuing cuts as the sector is a lower priority for national politicians than Education and Health. At best under a change of Government the most that Councils which are most dependant on Government grant can hope for is a change in the distribution of grants after 2016/17, reflecting local circumstances such as deprivation and ability to fund services locally from Council Tax. However, any potential changes will be from a much lower base as a result of the cuts built into the system over the five years covering 2011/12 to 2015/16.

11.3 In relation to the Council's 2014/15 and 2015/16 Core Revenue Grant (including mainstreamed Council Tax Support Funding) the December announcement confirmed significant grant cuts in these years. As a result by 2015/16 grant funding will be **£48.097m**, compared to **£78.683m** in 2010/11, a cut of **£30.578m** – which equates to a **39%** cut, which is unprecedented. The following graph details the annual Core Revenue Grant allocations since 2010/11 and shows the cumulative percentage grant cut.



11.4 The 2015/16 grant cut is higher than forecast on the basis of information provided by the Government in the June 2013 Spending Review. Nationally the 2015/16 Core Review Grant cut is £1 billion higher than indicated in the June 2013 Spending Review, which equates to a cut of 15%.

11.5 Funding for Local Council Tax Support (LCTS) Schemes 2014/15 and future years

11.6 The December 2013 announcement also confirmed that from 2014/15 the funding to support Local Council Tax Support (LCTS) schemes has been included in the Core Revenue Grant for 2014/15 and future years. From a Local Authority perspective the continuation of a separate LCTS grant would have ensured transparency for the unprecedented shift in financial responsibility of a major Welfare Benefit from Central Government to Local Government

- 11.7 As a result of this change individual Councils must now make an extremely difficult policy decision on the use of the overall Core Revenue Grant between supporting the LCTS scheme and spending on General Fund services. This is a more difficult decision for Councils, including Hartlepool, with higher levels of deprivation, higher demand for services, a population with greater dependency on LCTS support and facing continued disproportionate Core Revenue Grant cuts. This means that Councils face having to implement LCTS cuts significantly above 20% over the next few years. Cuts in LCTS greater than 20% will need careful assessment, both in terms of:
- the impact on low income working age adults; and
 - the Council's financial position as even if cuts above 20% are approved it will be extremely difficult to collect this increased income and the General Fund budget will face increased costs in collecting this income and from making provision for increasing debts which cannot be collected.
- 11.8 Essentially this is a choice between protecting low income working age households in receipt of LCTS support (many in low paid employment) and the level of cuts in services. **There is no impact on low income pensioners eligible for LCTS support as they continue to be fully protected from these funding changes.**
- 11.9 For planning purposes both the 2014/15 MTFS and 2014/15 LCTS are based on the planning assumption of allocating £9.6m of the Core Revenue Grant to fund the LCTS. This is the same level of grant funding allocated to the 2013/14 LCTS scheme. This planning assumption underpinned the Committee's decision to consult on a LCTS cut of 12% for 2014/15, compared to the 8.5% LCTS cut in 2013/14. An LCTS cut of 12% in 2014/15 will still provide more support to low income working age households than the other 4 Tees Valley Councils which it is anticipated will retain LCTS cuts of 20% in 2014/15 i.e. the level implemented in 2013/14.
- 11.10 The sustainability of allocating £9.6m of the available Core Revenue Grant towards the LCTS scheme in 2015/16 has been reviewed to provide a basis for developing the 2015/16 MTFS (including the level of service cuts which will be required) and developing/consulting on the 2015/16 LCTS. Two options have been examined:
- Option 1 - Continue to allocate £9.6m of the Core Revenue Grant to the LCTS scheme in 2015/16
 - Option 2 – Reduce the share of the Core Revenue Grant allocated to the LCTS scheme by 14.4% (i.e. the percentage cut in the Core Revenue Grant) in 2015/16
- 11.11 Members previously approved the recommendation that **Option 2 for the 2015/16 LCTS scheme** is adopted as the planning assumption, which will reduce the service cuts which will need to be made in 2015/16 by **£1.4m**. Adopting this option will provide a basis for the Corporate Management Team to develop a savings plan for 2015/16. A final decision on the 2015/16 LCTS scheme will then be made in January 2015.

11.12 Under both options a further review of the LCTS scheme will need to be undertaken for **2016/17**. This will become an increasingly difficult decision and will need to balance the competing priorities of:

- Implementing a sustainable LCTS scheme, both in terms of the impact on individual households and the collectability of increased income from these households on the resources available to fund services;
- Avoiding an additional financial burden on the General Fund from supporting the LCTS either by bearing the whole of the overall Core Revenue Grant cut and / or funding a budget pressures to limit the LCTS cut.

The impact of these issues will need careful assessment for 2016/17 and will be subject to future reports. In broad terms for 2016/17 the financial decision facing Members will be between making additional budget cuts of £1.3m to maintain a 20% LCTS scheme in 2016/17, or avoiding these additional cuts and implementing LCTS cuts significantly greater than 20%.

11.13 2015/16 and 2016/17 General Fund Budget

11.14 The budget forecasts for 2015/16 have been updated to reflect the impact of:

- the grant cuts announced by the Government for 2015/16;
- the local decision Members make in relation to the amount of the Core Revenue Grant allocated toward the 2015/16 LCTS scheme;
- the review of a range of local planning assumptions to identify potential reductions in the 2015/16;
- the impact of the strategy recommended earlier in the report (summarised in table 2 at paragraph 8.24 for using the additional changes in planning assumptions to reduce the 2015/16 budget deficit;
- the forecasts for 2015/16 and future years include no provision for additional budget pressures, which will increase the forecast deficits if pressures arise;
- It was also reported in the August and December 2013 MTFS reports that a budget pressure of around £0.5m per year in relation to services for older people is currently not reflected in the General Fund budget forecasts. It is anticipated that from 2015/16 that there may be some support from the Better Care Fund to offset this pressure, but this is subject to the Better Care Fund being used to fund investment in services that transform health and social care and reduce hospital activity. A specific reserve has previously been earmarked to temporarily manage increased in-year demand from an aging population above the level forecast in the base budget in 2014/15. Whilst this strategy may mitigate an additional unfunded budget pressure to a degree over the period of the MTFS this is an increasing risk due to increasing demographic pressures.

11.15 As detailed in section 8 the Council faces significant budget deficits in 2015/16 and 2016/17. The 2015/16 budget deficit of approximately **£6m** equates to cuts of between around **6%** of the overall net General Fund budget. In practice, it will not be possible to cut all budgets by this level owing to the

nature of the service, which will mean that other areas need to make higher cuts. The Corporate Management Team has commenced the process of looking at the budget position for 2015/16. As part of this process consideration is being given to the extent to which cuts can continue to be made universally across the budget, with consideration needing to be given to prioritising cuts where they need to be made, assessing the impact, the statutory basis for services and the nature of some services. The objective of this initial work is to assess the real extent of the cuts which will be needed in 2015/16. Further work needs to be completed over the next few months to refine this initial analysis and to build in Members priorities and details will be reported to a future meeting after the 2014/15 budget has been approved. This will then enable work to commence on developing a detailed strategy to address the 2015/16 budget deficit. It will be essential that this work commences in the early part of 2014/15 to provide the necessary lead in time to make these additional cuts, which will inevitably be more difficult to achieve.

11.16 In relation to 2016/17 the forecast deficit is based on a forecast grant cut of 10%, which reflects an assessment of information in the June 2013 Spending Review. On this basis the Council faces a deficit in 2016/17 of **£8.8m**. If the grant cut in this year reduced to 7.5% there would still be a budget deficit of **£7.6m**.

11.17 It should be noted that at this stage it is not possible to assess the impact of the Care Bill, which is expected to be implemented in 2015, on the MTFs. However, this is likely to have a significant financial impact for Local Authorities. The proposed changes include increased rights for carers to access support rather than just an assessment (as is currently the case). The draft eligibility criteria also remove the requirement for a carer to provide 'regular and substantial care' in order to access an assessment meaning that a far greater number of carers will be eligible to have their needs assessed, and those needs met. It is also anticipated that the implementation of Care Accounts and the Dilnot 'care costs cap' will create a significant amount of new work in relation to financial assessments, working with people who currently fund their own care and support and the introduction of deferred payments for the costs of care at home. As the Bill is not yet finalised, it is not possible to quantify the additional pressure that will be created locally. Nationally it has been estimated that the costs of introducing a capped cost funding scheme for care and support will cost up to £2.05 billion due to the additional assessments, care management and reviews required. It is also estimated that the cost of implementing the new eligibility criteria for carers is likely to be around £1.75 million (Personal Social Services Research Unit). Members will be updated as more information becomes available.

12. Ward Members Budgets

12.1 A separate report on this issue was considered by the Finance and Policy Committee on 19th December 2013, including the issues referred from the Extraordinary Council on 19th November 2013 and the following proposals were approved:

- i) That option 3 is approved and that any unallocated Ward Member budget funds be carried forward and put in a reserve to continue Ward Member budgets for future years.

To note that based on the forecast Ward Member budget outturn for 2013/14 it is anticipated £100,000 will be uncommitted and then carried forward to 2014/15, although the final outturn will depend on the value of schemes approved before the year end.

- ii) That in response to the recommendation of Council at their Extraordinary meeting on 19th November 2013, a proportion of unspent Ward Member budget 2013/14 funds should not be allocated to support Hartlepool Voluntary Development Agency (HVDA) for the provision of Capacity and Resource Building in the VCS from 2014/15. Individual Ward Councillors had already made commitments to allocate £14,500 to HVDA and should other Councillors wish to do the same that was for them to decide individually as agreed at the Extraordinary meeting of Council.
- iii) That Ward Member funding be reduced in 2014/15 to fund the Environmental Apprenticeship Scheme of £34,000, as recommended by the Regeneration Services Committee on 26th September 2013.

This proposal commits £34,000 from the 2013/14 overall Corporate outturn as detailed in Appendix C and is reflected in recommendation (v) below.

- iv) That Finance and Policy Committee having reconsidered the Community Pool Funding Programme allocation for 2014/15, as previously determined by Finance and Policy Committee on 18 October 2013, in line with the proposal agreed by Council at their extraordinary meeting on 19th November, indicates that no variation to that decision be made.
- v) That the 2014/15 total Ward Member budget be set at £132,000 and funded from the overall corporate outturn as detailed in Appendix C. This will provide a budget of £4,000 for each Member, which is a reduction of 20% on the 2013/14 budget of £165,000.

13. Early Intervention Grant (EIG)

- 13.1 The Government reduced EIG funding in 2013/14. The 2013/14 MTFS had earmarked one-off resources from previous years EIG managed outturns to temporarily offset the EIG grant cut in 2013/14. The strategy was designed to provide a longer lead time for managing the **£1.512m i.e. 25%** cut in the EIG grant.
- 13.2 A comprehensive report was considered by the Committee on 18 October 2013 outlining proposals to address the impact of the grant cut and these proposals are summarised at Appendix K. Members had previously

requested additional information on a number of the proposed savings, which has been provided and is summarised within Appendix K.

14. Public Health

- 14.1 From 1 April 2013 Local Authorities became responsible for managing Public Health and received a ring fenced grant to pay for these services. As reported previously the Council received a better than expected initial grant allocation for 2013/14 and 2014/15. However, there is a risk that in future years this grant allocation will be reduced significantly through the Government's 'pace of change' agenda which will seek to equalise Public Health funding.
- 14.2 In 2013/14 the majority of the available ring fenced Public Health grant is committed to fund existing priorities and contractual commitments.
- 14.3 An assessment has also been completed to identify those existing Council services which contribute towards delivering the Public Health agenda and should therefore now be funded from the Public Health Grant, rather than the General Fund budget. In total this has identified costs of £0.5m which should be funded from the Public Health Grant from 1 April 2013.
- 14.4 In 2013/14 it is recommended this saving is earmarked to manage in-year Public Health risks in the first year of operating these services, or set aside to manage ongoing financial risk in this area.
- 14.5 In relation to the position for 2014/15 it is recommended that the eligible costs currently funded by the General Fund are charged to the Public Health Grant. The resulting reduction in General Fund costs of £0.5m has therefore reduced the 2014/15 budget deficit. It needs to be recognised that beyond 2014/15 this approach is not without risk as Public Health funding allocations may be cut, which would then increase the budget deficit in 2015/16.
- 14.6 The Public Health 2014/15 budget will reflect the continuation of commitments and priorities from the current year. In addition, the financial strategy for managing this grant will avoid longer term financial commitments which may not be affordable if the Public Health Grant reduces significantly in 2015/16.

15. Capital Programme 2014/15

- 15.1 There are two elements to the capital programme, namely schemes funded from specific Government capital allocations and locally funded schemes.
- 15.2 Schemes funded from Specific Government capital allocations**
- 15.3 Details of specific 2014/15 capital grant allocations for the Local Transport Plan and Adult Social Care have recently been provided by the Government. The funding allocation for the 2014/15 Schools Capital Programme has not

been provided and an estimate of the 2014/15 allocation has been made. These details are summarised below and it is recommended that detailed proposals for using these resources will be reported to the relevant Policy Committees for approval.

2013/14 Capital Grant £'000		2014/15 Capital Grant £'000
1,351	Local Transport Plan	1,556
269	Adult Social Services	275
1,144	Schools Capital Programme	950

15.4 Locally funded schemes

15.5 These schemes contribute to the continued development and/or well being of the town and are generally based on self funding business cases for specific projects which will be funded using Prudential Borrowing. Details of individual proposals are provided in the following paragraphs.

15.6 Schemes funded from the Council Capital Fund

15.7 As part of the recommended 2014/15 General Fund budget proposals a revenue budget pressures of £50,000 has been included which will support capital expenditure of £0.6m.

15.8 In addition, as detailed early in the report (paragraph 5.6) a one-off resource of £0.4m has been identified for Regeneration projects. This increases the available resources for capital projects to £1m.

15.9 In terms of the Council's overall asset base and the level of required investment this amount is insignificant. It is therefore essential that these resources are targeted to address the highest capital expenditure priorities. Detailed priorities have therefore been identified using a detailed scoring system and are detailed in Appendix L. It is recommended that Members approve these proposals.

15.10 It should be noted that £0.185m of 2013/14 Council Capital Fund allocated for potential works to the Indoor Bowls Club will be carried forward as uncommitted at the year end. Any decision on the use of these resources will be subject to a separate report to the Finance and Policy Committee and subsequent referral to full Council for approval. These resources will be held as uncommitted until the detailed master planning for the Mill House site has been completed.

15.11 Schemes funded from forecast capital receipts

15.12 As detailed in the report submitted to the Finance and Policy Committee on 18th October 2013 it is anticipated that there will be temporary capital receipts shortfalls in 2013/14 and 2014/15. This position reflects the timing

of capital expenditure commitments funded from capital receipts and is not unexpected. Therefore, to address these forecast temporary capital receipts shortfalls the Council will need to use temporary Prudential Borrowing in 2013/14 and 2014/15. Accordingly, full Council approval will be needed for a temporary increase in the 2013/14 Prudential Borrowing limit of £2.095m, pending the repayment of this amount in 2014/15 from forecast capital receipts.

The temporary Prudential Borrowing requirement reflects the phasing of capital expenditure commitments and capital receipts. As the Council cannot avoid incurring the capital expenditure funded from forecast capital receipts previous reports have highlighted the financial impact if the necessary capital receipts are not achieved from having to fund this expenditure on a permanent basis from prudential borrowing. The latest assessment of this risk is detailed in section 16.

15.13 Street Lamp Replacement scheme

- 15.14 The detailed business case for this scheme was reported to the Neighbourhood Services Committee on 14th October 2013. The business case requires a capital investment of £4.98m to replace all existing street lights with LED's (Light Emitting Diodes), which are more cost effective to run and will also reduce the Council's CO2 emissions. The major financial risk relates to the equipment costs which make up 75% (£3.6m) of the overall scheme cost. This risk will be managed through the procurement process and if this cost exceeds £3.6m plus 5% a further report will be submitted before the scheme progresses.

In financial terms the capital investment will be funded from Prudential Borrowing and the annual loan repayment costs funded from the forecast energy saving. It is anticipated that after reflecting the annual loan repayment costs there will be a minimum saving to the 2015/16 General Fund budget of £40,000.

The business case report also identified the need to replace street lighting columns between 30 and 40 years old. This issue is subject to a separate business case being developed and reported to Members; although this will not impact on the minimum saving from replacing the existing lighting units with LED's and may provide a further ongoing saving from reduced maintenance costs.

15.15 Brierton Development

- 15.16 As part of the overall Brierton Development a number of options have been examined in relation to the provision of car parking facilities. Members have determined that the preferred solution is to provide car parking bays at Macaulay Road at a cost of £145,000. This requirement was not included in the original Brierton Development as there was insufficient funding available at the time. However, following the success in securing grant funding towards the 3G pitch and the sale of the land at the former EDC site, this

cost can now be funded from the forecast Brierton land sales. There still remains a risk around the achievement of the capital receipt from the Brierton land. However, the approval of funding of £145,000 does not significantly increase the financial risk being managed by the Council.

15.17 Social Housing Development

- 15.18 The Council is currently implementing a scheme to develop 100 low rent social houses using a combination of Homes and Community Agency (HCA) capital grant and Prudential Borrowing, repaid from the rental income. The business case for this scheme indicated the development was only viable as a result of the HCA grant, as rental income is not sufficient to fund borrowing costs associated with acquiring and refurbishing individual properties.
- 15.19 The business case also indicated that if the average cost of acquiring and refurbishing individual properties was £55,000 that the current scheme would provide a subsidy to extend the existing scheme. The existing scheme is progressing well and 75 properties have been purchased and refurbished at an average cost of £54,000. It is anticipated the remaining properties will also come in on budget. On this basis a further phase of this scheme can be completed.
- 15.20 The number of additional properties will depend on the final outturn for the current scheme and the estimated cost of acquiring and refurbishing additional properties. Further work is needed to assess these costs, although it is currently anticipated that it may be possible to provide an additional 35 to 40 properties. If Members support the proposed extension of this scheme a detailed business case will be prepared and reported to this Committee and then full Council for approval.
- 15.21 The business case will outline a strategy to achieve value for money from the available Prudential Borrowing through the appropriate mix of buying and refurbishing run down properties, or the purchase of 'ready to let' properties not requiring renovation. The business case will also link into wider regeneration objectives, including the Housing Market Renewal project where this is appropriate.

15.22 Centre for Independent Living

- 15.23 At the Finance and Policy Committee on 19th December 2013 Members supported in principle the development of a new centre for Independent Living at Burbank Street and approved the preparation of a detailed business case to determine the financial viability and preferred option for financing the development.
- 15.24 It had been hoped to complete this work in time to include in the budget proposals to be referred to full Council in February 2014. However, this has not been possible owing to the work involved in developing the business case and other significant additional commitments in developing the 'Better Care Fund' strategy submission within the very limited time frame imposed

by the Government. Work is progressing on developing the business case for the Burbank development and will be reported separately to Finance and Policy Committee and then full Council.

15.25 Operational Equipment replacement

15.26 These schemes will be funded from Prudential Borrowing and the loan repayment costs repaid from existing revenue budgets, including Trading Accounts. These schemes cover the following issues:

- Vehicles Replacement Programme – 2014/15 capital expenditure £1,115,000
This expenditure relates to the replacement of operational vehicles as detailed in Appendix L, table 5.
- Replacement of Wheelie Bins – 2014/15 capital expenditure of £60,000
This expenditure covers the replacement of existing wheelies bins.

16. Robustness of Budget forecasts – Chief Finance Officer’s Professional Advice

16.1 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 not a situation that I would expect to arise for this Authority.

16.2 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.

16.3 The Chief Finance Officer can advise Members that in his professional opinion the budget proposals for 2014/15 are robust and this advice is based on the following factors being in place:

- The overall strategic approach being adopted to develop and implement a robust multi-year approach to managing the Council’s financial position. This includes the approach to 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.

- The assumption that Members will approve the proposals for bridging the 2014/15 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 2014/15. 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 2014/15. 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 2014/15 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 2014;
- A prudent provision for inflation on non pay budgets and income budgets during 2014/2015;
- 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 towards managing additional risks and support of the 2014/15 budget detailed in section 4;
- An assessment of financial risks and the measure to mitigate these risks as detailed in Appendix M;
- An assessment of the key financial assumptions underpinning the 2014/15 budget as detailed in Appendix N;
- Previous reports identified a number of 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. These risks remain and strategies adopted for managing these issues also underpin the Chief

Finance Officers advice on the robustness of the budget. These issues cover the following:

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 2014/15 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. Therefore, the existing provision for redundancy and early retirement costs is still the level recommended by the Chief Finance Officer and the Corporate Management Team.

There is a risk that changes to the Local Government Pension Scheme to be implemented from 1st April 2014 may increase the cost of granting Early Retirement in future years. The position will need to be assessed once the detailed regulations have been issued by the Government and the Pension Fund has provided guidance on the impact.

ii) Capital Receipts target of £6.5m (includes £2m for Brierton Developments)

These resources are allocated to fund capital schemes which have already commenced, including £4.5m to fund the completion of Housing Market Renewal (HMR) schemes. Previous reports have advised Members that achieving these targets will be challenging in the current climate and will need careful management. A comprehensive review of these issues was reported on 18th October 2013 and the position will continue to be managed carefully and regular updates reported to Members.

The latest review indicated that there has been no change in the overall forecast HMR expenditure commitments. However, this expenditure will be incurred later than previously forecast, which is beneficial in financial terms.

Similarly, the position on capital receipts has been reviewed and whilst it is anticipated the necessary capital receipts target will be achieved, the land sales will take longer to achieve than previously anticipated. This therefore, increases the risk that there may be a potential shortfall in the level of capital receipts actually achieved which will need to be funded from Prudential Borrowing.

The latest update report indicated that there will be a temporary funding shortfall in 2013/14 owing to the phasing of capital receipts. This shortfall will need to be funded from temporary Prudential Borrowing, which it is anticipated will be repaid in 2014/15 when capital receipts are achieved, as summarised below:-

Forecast Phasing of capital expenditure and capital receipts

	2013/14 £'m	2014/15 £'m	2015/16 £'m	Total £'m
Forecast capital expenditure commitments	4.256	0.920	1.130	6.306
Less Capital Receipts:				
- Received 2012/13 (net of £0.11m used in 2012/13 for HMR costs)	(0.376)			(0.376)
- Received 2013/14	(0.922)			(0.922)
- Forecast 2013/14	(0.863)			(0.863)
- Forecast 2014/15	0	(3.285)		(3.285)
2014/15 Capital Receipts carried forward to 2015/16		0.270	(0.270)	0
(Forecast funding shortfall to be funded from temporary Prudential Borrowing)/Repayment of Prudential borrowing	(2.095)	2.095	0	0
Shortfall in funding	0	0	0.860	0.860

The above table also anticipates that there will be a shortfall in funding in 2015/16 which will need to be managed pending the achievement of further capital receipts. There is a potential risk that the 2015/16 shortfall in the capital receipts increases from £860,000 to £2,655,000 if planned capital receipts are not achieved by 2015/16, which would need to be funded by Prudential Borrowing. There would then be an unbudgeted revenue costs from the use of Prudential Borrowing.

At this stage this is not an issue for the 2014/15 budget. However, progress in achieving the overall capital receipts target will need to be closely monitored to ensure this does not become an issue for 2015/16. The following table highlights the unbudgeted 2015/16 revenue pressures for the potential capital receipts shortfalls in this year:

Capital Receipts Shortfall	£860,000	£2,655,000
Unbudgeted Revenue Pressure 2015/16 (based on forecast interest rates)	£70,000	£215,000

As the actual position on the phasing of capital expenditure and the phasing of capital receipts becomes more certain in 2014/15 and 2015/16 it may be necessary to earmark revenue resources to temporarily fund the forecast Prudential Borrowing costs, pending the delayed achievement of capital receipts. This strategy would avoid an unbudgeted revenue pressure in 2015/16 which will be the most challenging financial year the

Council has faced as a Unitary Authority. It is therefore essential that the planned capital receipts targets are achieved.

In assessing the overall financial risks relating to the achievement of the 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) Jacksons Landing Development

The redevelopment of this site is a key issue for the Council and the continued viability and development of the Marina. The opportunity to purchase this site using a 2 year interest free 'Growing Places' loan provided the Council with an opportunity to secure the redevelopment of this site without incurring interest costs. The Growing Places loan is scheduled for repayment in November 2015. Officers are currently working on the development of a detailed master plan for this site.

The report approving the purchase of Jacksons Landing highlighted the existing capital receipts risk being managed by the Council (as detailed in (ii) above) and the potential medium term financial risk to the Council if this site is not developed, or an onward sale completed before the Growing Places loan needs to be repaid in August 2015. In this situation the Council would need to take out an alternative loan to repay the Growing Places loan and this would result in an unbudgeted revenue budget pressure in 2015/16 of around £25,000 for the part year and a full year cost of £50,000 from 2016/17, based on forecast interest rates.

In view of the combined impact of the capital risks relating to the achievement of the £6.5m capital receipts target and Jacksons Landing it was previously recommended that resources are set aside to manage these risks and the following resources have been identified for this purpose:

- Right to Buy income of £191,000;
- One-off Government Grant refund in relation to the New Homes Bonus adjustment £211,000;
- Uncommitted 'Major Regeneration Reserve' of £100,000; and
- Unused Prudential borrowing approval (repayment costs covered within the existing revenue budget) for 'Major Regeneration Projects' of £393,000.

At the Committee meeting in August, Members approved the above proposals and noted that the position will be reviewed on a regular basis to determine if/when these resources can be un-earmarked and made available for other priorities determined by Members. The trigger points for this review will be progress in achieving the capital receipts target and progress on the Jacksons Landing project.

iv) Business Rate Retention

The key risk relates to the safety net arrangements and thresholds for managing in-year reductions in business rates collected by individual councils. Under these arrangements the Council only receives Government support for **annual** shortfalls above **£1.9m** from 2014/15 (£1.7m in 2013/14), and is required to fund shortfalls below this amount from its own resources. 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, as the Power Station accounts for **17%** of the Council's retained business rates. The potential impact of this risk and the recommended strategy for managing this position is detailed in paragraph 4.3. This position will be reviewed regularly and update reports presented to Members.

v) Local Council Tax Support (LCTS) Scheme

The Council will continue to face potential additional costs from increased in-year demand if more working age people become eligible for support under the Local Council Tax Support scheme than anticipated when the budget is set.

There is also a risk that collection rates for the LCTS scheme may be less than the planning assumption built into the budget forecasts. For 2013/14 this has not been an issue and this reflects the support provided by the Council limiting the LCTS cut to 8.5%. As the level of cuts in LCTS increases in future years it will become increasingly difficult to collect Council Tax from low income working age households, particularly when the weekly Council Tax payment exceeds the maximum attachment to benefit limit of £3.60 per week. For example, a 20% LCTS scheme will require most working age households to pay between £4.32 and £5.04 per week.

vi) Local Land Charges

The August MTFs report identified an emerging additional corporate risk in relation to a national legal challenge against 374 authorities in England and Wales in respect of search fees paid to Local Authorities for property searches carried out in Local Land Charges departments. If successful these claims could potentially result in local authorities having to make refunds dating back to 2005. Negotiations are currently ongoing at a national level regarding these claims with the objective of settling the claims without court proceedings if possible. In addition to this, discussions are taking place with Central Government regarding the awarding of further New Burdens funding to cover potential claims for refunds. Central Government have not agreed to make any further contribution at present, but have agreed to consider re-opening the New Burdens process if Authorities can provide compelling evidence to show that a further grant should be made. Submissions are being drafted by external solicitors on behalf of all Authorities. At this stage, it is not clear whether any New

Burdens grant will be made at all. If Local Authorities are required to make refunds they will be significant across the Country.

17. Equality Impact Assessments

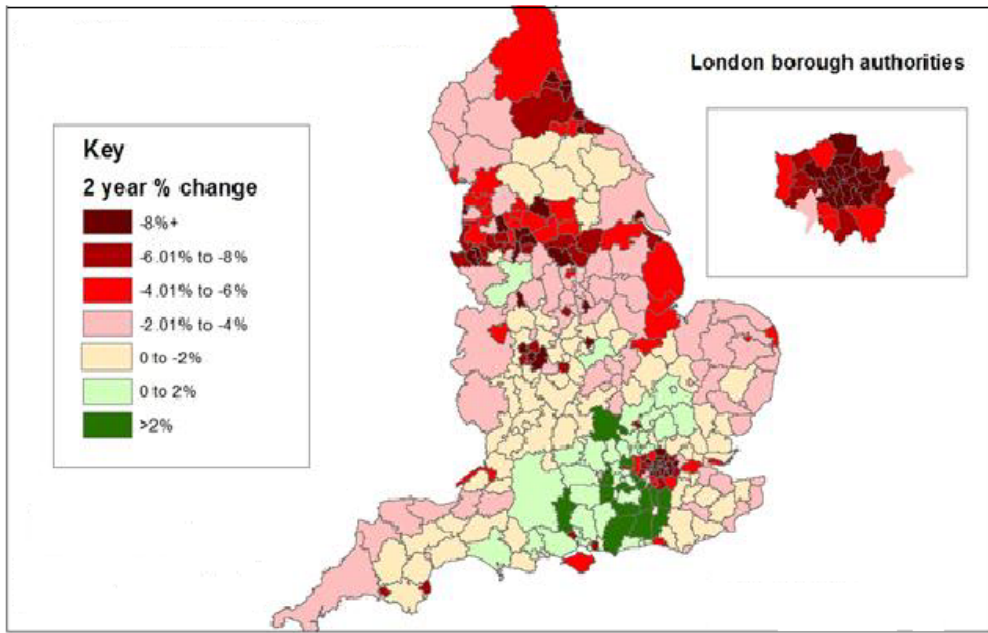
- 17.1** Members are aware from previous MTFS reports that in making financial decisions the Council is required to demonstrate that those decisions are made in a fair, transparent and accountable way, considering the needs and the rights of different members of the community. This is achieved through 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 decisions-makers which has been used by Officers assessing the impact of individual savings proposals.
- 17.2** Equality Impact Assessments (EIA) have therefore been undertaken and reviewed by Officers for each proposed saving and details reported to individual Committees within the savings reports to enable Members to satisfy themselves that they are able to consider fully the proposed changes and the likely impact at the point of making decisions.
- 17.3** 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.
- 17.4** Although the greatest overall potential impact is in relation to Age and Disability strands it has been assessed that there is no requirement to arrange further corporate consultation in relation to the budget proposals. The EIAs specify actions that will be undertaken to ensure impact is minimised and arrangements are in place to ensure those actions are regularly monitored, reviewed and updated if any adverse impact is identified during monitoring.

18. Consultation Feedback

- 18.1** Budget consultation meetings have been held with the Trade Unions and Business Sector in October 2013 and January 2014. Minutes from the October meetings were included in the December MTFS report and minutes from the January 2014 meetings are attached at Appendix O.

19. CONCLUSION

- 19.1 The Council has had to manage significant funding cuts over the last three years both in relation to specific funding regimes and the General Fund Budget. The cuts in specific funding regimes have had to be managed by reducing spending to the level of the reduced grant, or where the grant has been removed completely the service has been stopped. This position reflects the pressure on the General Fund Budget which cannot afford to replace this funding owing to the impact of Government funding cuts.
- 19.2 The cuts to the General Fund Budget up to 2013/14 have been achieved without the level of compulsory redundancies, or the adverse impact on services, which would have been expected with this level of grant cut. However, this should not be interpreted as understating the scale of the challenges the Council has addressed, but reflects the proactive approach adopted to managing this position.
- 19.3 This position has been repeated across the Country as all Councils have a legal responsibility to set a balanced budget. It has been recognised that Councils have been at the forefront of the Government's deficit reduction plan – although not out of choice. **However, despite the cuts in funding managed by Councils over the last few years, Local Government faces further significant funding cuts in 2014/15 and 2015/16.** These additional grant cuts will increasingly result in more difficult decisions for individual Councils and visible service cuts to the public.
- 19.4 There is a danger that the Council's ability to manage the grant cuts imposed up to 2013/14 undermines the scale of the financial challenges facing the Council in 2014/15 and the following two years from continuing grant cuts. It is therefore essential that Members recognise that 2014/15 is a watershed year and will require the Council to begin making even more difficult decisions than has been the case over the last three years.
- 19.5 The Provisional Local Government Settlement was issued on 19th December 2013 and provides details of the Core Revenue grant cuts for 2014/15 and 2015/16. The Government continues to present these funding cuts as reductions in 'spending power', which reduces the headline percentage reduction. However, 'spending power' cuts still have a disproportionate impact on Councils more dependent on Government grant in recognition of the needs of the local community and the ability to raise funding locally. The following heat map (produced by Newcastle City Council) shows the combined changes in 'spending power' for 2014/15 and 2015/16 across England (a colour copy of the heat map will be provided at the Committee meeting to better highlight the regional differences).



19.6 In terms of the impact of the Government funding announcement for the next two years **the key issue for the Council is the actual Core Revenue grant cuts for 2014/15 and 2015/16, which are significant and confirm the planning assumptions the Council has been working to as summarised in the following table:-**

	2014/15 £'000	2014/15 Percentage cut	2015/16 £'000	2015/16 Percentage cut
Actual Grant cut	5,984	9.6%	8,213	14.6%
Forecast Grant cut	5,992	9.6%	8,127	14.4%
Increase/(decrease)in grant cut	(8)		86	
Cumulative Grant cut since 2010/11	£22.365m	28%	£30.578m	39%

19.7 The Core Revenue Grant cuts continue to have a disproportionate impact on Councils which are more dependent on grant funding as these cuts result in higher cash reductions and therefore greater cuts in services.

19.8 The continuing Core Revenue grant cuts mean that the budget cuts identified for 2014/15 need to be implemented to avoid deferring an unmanageable budget deficit until 2015/16. In 2015/16 the Council faces the most difficult year so far.

- 19.9 The report provides an update on a range of planning assumption changes identified since the December MTFS report was prepared, which include the results of the recently announced triennial pension fund valuation and local calculations recently completed in relation to the Council Tax base and the Collection Fund. Whilst, the Council Tax base and Collection Fund provide additional resources to support the 2014/15 budget, these calculations could have produced a budget pressure, particularly the Collection Fund.
- 19.10 The Chief Finance Officer and the Corporate Management Team have considered the impact of the changes in planning assumptions and officers' professional advice is to use these resources to continue the multi-year approach to managing the financial challenges facing the Council over the next 3 years. This approach is designed to provide a sound financial strategy for managing continuing cuts in Government funding, which by 2015/16 will result in grant funding being **£30.5m (39%)** lower than it was in 2010/11. Further grant cuts are anticipated in 2016/17.
- 19.11 The strategy recommended by the Chief Finance Officer and Corporate Management Team is designed to:
- Provide a longer lead time to implement the more difficult budget cuts which will be required in 2015/16 and 2016/17;
 - Balance the level of cuts (as far as is practical) between 2015/16 and 2016/17 to ensure there continues to be sufficient management capacity to ensure planned savings, many requiring complex service redesign, are implemented on time. Any delays in achieving planned savings will have an adverse impact on the Council's financial position and require replacement in-year cuts to be implemented, which would be more difficult to achieve and have an adverse impact on services.
- 19.12 The recommended strategy provides additional support for the 2015/16 and 2016/17 budgets from a combination of the permanent planning assumption changes and the additional one-off resources which can be carried forward. These measures reduce the budget cuts which will need to be implemented in **2015/16 to £6.030m**, a reduction of £1.788m. Achieving this level of budget cuts will be extremely challenging. Detailed proposals will be identified early in the new financial year to enable Members to develop a savings programme and ensure there is an adequate lead time to implement these cuts.
- 19.13 It needs to be recognised that the proposed strategy for 2014/15 and 2015/16 will defer an additional budget deficit of £0.197m until 2016/17 and require savings in **2016/17 of up to £8.797m**, based on current forecasts. However, the strategy does reduce the total forecast budget cuts in 2015/16 and 2016/17 from **£16.4m to £14.8m**, a reduction of **£1.6m**.
- 19.14 From 2015/16 budget decisions required to address grant cuts will be increasingly more difficult to explain to the public. This will be particularly the case in the context of how Council Tax is spent, as the services which will need to be prioritised are not universally used by all residents and cover the

social care services that many people do not realise the Council provides. This is not just an issue for Hartlepool, although it particularly affects those Councils suffering disproportionate grant cuts. This is anticipated to require increasing numbers of compulsory redundancies as the measures implemented in previous years to delete vacant posts and restructure management roles cannot continue in the same manner to provide the mitigation which has been achieved in previous years.

- 19.15 As a result of the Government's decision to mainstream funding for LCTS schemes one of the most difficult policy choices facing individual Councils is how to allocate the available (and reducing) Core Revenue Grant. Essentially this is a choice between protecting low income working age households in receipt of LCTS support (many in low paid employment) and the level of cuts in services. **There is no impact on low income pensioners eligible for LCTS support as they continue to be fully protected from these funding changes.**
- 19.16 For Hartlepool the LCTS funding changes underpin the recommended 2014/15 LCTS cut of 12%. In 2015/16 the impact of higher cuts in the Core Revenue Grant mean that Members will need to decide whether to protect the funding allocated towards the LCTS in 2015/16, or to share the funding cut across the LCTS and the General Fund budget. The Corporate Management Team recommended the grant cut is shared as this reduces the budget cuts in 2015/16 by **£1.4m**, which will be the most difficult budget to set so far. At the Finance and Policy Committee on 19th December 2013 Members supported this option and this is the planning assumption used in this report. Members have recognised that this will require a 20% LCTS cut in 2015/16.
- 19.17 Over the last few years the Council has adopted a multi-year approach to managing the various financial challenges the Council faces. This approach has been designed to protect services as far as possible and to avoid exposing the Council to unnecessary financial risk, which could result in the need to make in-year budget cuts. Given the increasing financial challenges and risks facing the Council it is essential this approach continues and the proposals detailed in this report are designed to continue this approach as far as is possible in the current financial climate. The report therefore recommends a strategy which allocates additional one-off resources to address risks, support the General Fund Budget over the next three years and provide additional LCTS support. Therefore, protecting the medium term financial position and services.

20. RECOMMENDATIONS

- 20.1 At the time this report was prepared the final Local Government Finance Settlement for 2014/15 had not been issued by the Government. It is not anticipated that there will be any significant changes to the provisional grant allocations issued before Christmas. In the event of any minor change in the final grant for 2014/15 is recommended this is addressed by increasing, or decreasing the use of one-off resources.

20.2 For Members convenience the detailed recommendations are provided in the following paragraphs on the basis of the individual sections in this report which require recommendations

20.3 **2013/14 Outturn Issues, including Review of Reserves (details in section 4 and 5)**

20.4 Approve the allocation of the available one-off funding of £2.640m (which includes £0.680m from the 2012/13 Uncommitted Outturn, £0.860m Uncommitted Equal Pay Provision and £1.1m from the 2013/14 forecast General Fund Outturn,) to support the following issues, which for completeness includes £0.2m to support the Highways Maintenance Programme which was approved by Council on 25th July 2013:

Items to be approved by Finance and Policy Committee 31.01.14 and referred to Council 06.02.14	
- Business Rates risks	£0.900m
- Support of Local Council Tax Support scheme	£0.860m
- Support of MTFS 2014/15 to 2016/17	£0.680m
Item approved by Council 25.07.13	
- Support for Highways Maintenance Programme	£0.200m
	£2.640m

20.5 Approve the forecast General Fund Outturn and one-off commitments detailed in Appendix C, which includes £0.729m to support the 2014/15 to 2016/17 MTFS;

20.6 Note that the higher forecast General Fund Outturn detailed in Appendix C cannot be relied upon when setting the 2014/15 budget and if this higher outturn is achieved a strategy for using the uncommitted outturn will be developed as part of the 2015/16 budget proposals for approval by Members.

20.7 Approve the allocation of the one-off surplus of £130,000 achieved on the Future Jobs Fund scheme as detailed in paragraph 4.9 to support the current level of demand for Business Grants in 2014/15 and 2015/16.

20.8 Approve the allocation of the one-off funding arising from Core Revenue grant changes lined to the Education Services Grant of £2.720m to support Regeneration Priorities £0.4m (as detailed in recommendation 20.41) and the core revenue budget £2.320m as follows:

- 2014/15 - £0.32m
- 2015/16 - £1.0m
- 2016/17 - £1.0m

20.9 Note that the forecast one-off funding of £2.720m which will be received in 2013/14 and 2014/15.

- 20.10 To note that assuming Members approve the above recommendations, **which underpin the financial strategy recommended in this report and are reflected in the budget deficits detailed in this report**, these resources will be held in a '2014/15 to 2015/16 MTFS Budget Support Fund Reserve'. For completeness the table includes one-off resources approved in the 2013/14 MTFS to show the total value of one-off funding being used over the next three years to support the revenue budget:

Summary of contributions to 2014/15 to 2016/17 MTFS Budget Support Fund

	£'000
Items recommended as part 2014/15 MTFS	
(a) 2012/13 Uncommitted outturn – paragraph 20.4	680
(b) 2013/14 Forecast Outturn – paragraph 20.5	729
(b) Core Revenue Grant changes linked to ESG – paragraph 20.8	2,320
Previously approved as part 2013/14 MTFS	
(a) Delayed Collaboration savings reserve	133
(b) 2013/14 Budget Support Fund	200
	4,062

Summary of planned use of 2014/15 to 2015/16 MTFS Budget Support Fund

	£'000
Support of 2014/15 Budget	671
Support of 2015/16 Budget	1,743
Support of 2016/17 Budget	1,648
Total budget support 2014/15 to 2016/17	4,062

20.11 Funding for Local Council Tax Support (LCTS) Scheme and Local Welfare Support (details in section 7.8 and 7.24 respectively)

- 20.12 Note the Government's decision that from 2014/15 the specific grant to support for Local Council Tax Support schemes will be included in the Core Revenue Grant. This change will require individual Council's to determine how the Core Revenue Grant is allocated between support for the LCTS scheme and General Fund Services.
- 20.13 As a result of this change it is recommended that for 2014/15 the amount of grant allocated towards the MTFS is maintained at the same level as 2013/14, which underpins the recommended 2014/15 LCTS scheme to be referred to Council on 30th January 2014.
- 20.14 For 2015/16 it is recommended that the 2015/16 grant cut is shared across the General Fund budget and the LCTS scheme, which will reduce the

2015/16 General Fund budget cuts by approximately **£1.4m**. The forecasts in this report assume Members will confirm this proposal.

- 20.15 Note the Government's decision to withdraw the Local Welfare Support funding from 2015/16.
- 20.16 Approve the allocation of the available Local Welfare Support funding of £0.78m (i.e. forecast 2013/14 uncommitted outturn of £0.145m and 2014/15 grant allocation of £0.635m) to provide the following annual allocations over the period of the MTFS. To note this strategy does not provide a permanent funding solution and the position for 2017/18 will need to be reviewed when the MTFS is rolled forward to include this year.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	Total £'000
Staffing resources *	80	80	80	240
Grants/support to individuals	180	180	180	540
	260	260	260	780

20.17 **General Fund Revenue Budget 2014/15 to 2016/17 (details in section 8)**

20.18 2014/15 Issues

- 20.19 Note the actual grant cut for 2014/15 of **£5.984m**, which is a reduction of **9.4%**.
- 20.20 Approve the budget pressures detailed in Appendix E.
- 20.21 Approve the following package of measures to fund the 2014/15 gross budget deficit of £9.117m:

	£'000
Gross Budget deficit 2014/15	9,117
Changes in Planning assumption (paragraph 8.3)	(1,797)
Public Health Funding	(500)
Full Year ICT saving (includes potential rental income)	(500)
Sub Total	6,320
Additional changes in Planning Assumptions (paragraph 8.10)	(1,273)
Planned savings	(4,376)
Sub Total	671
Use of one-off funding	(671)
Net budget deficit 2014/15	0

- 20.22 To note the use of one-off funding of £0.671m defers part of the budget deficit to 2015/16, which provides a longer lead time and is reflected in the 2015/16 forecast deficit.

20.23 Confirm that having reconsidered on 19th December 2013 the issues referred from the extraordinary Council on 19th November 2013 that the following recommendations are included in the Budget proposals to be submitted to Council on 6th February 2014:

- i) That option 3 is approved and that any unallocated Ward Member budget funds be carried forward and put in a reserve to continue Ward Member budgets for future years.

To note that based on the forecast Ward Member budget outturn for 2013/14 it is anticipated £100,000 will be uncommitted and then carried forward to 2014/15, although the final outturn will depend on the value of schemes approved before the year end.

- ii) That in response to the recommendation of Council at their Extraordinary meeting on 19th November 2013, a proportion of unspent Ward Member budget 2013/14 funds should not be allocated to support Hartlepool Voluntary Development Agency (HVDA) for the provision of Capacity and Resource Building in the VCS from 2014/15. Individual Ward Councillors had already made commitments to allocate £14,500 to HVDA and should other Councillors wish to do the same that was for them to decide individually as agreed at the Extraordinary meeting of Council.

- iii) That Ward Member funding be reduced in 2014/15 to fund the Environmental Apprenticeship Scheme of £34,000, as recommended by the Regeneration Services Committee on 26th September 2013.

This proposal commits £34,000 from the 2013/14 overall Corporate outturn as detailed in Appendix C and is reflected in recommendation (v) below.

- iv) That Finance and Policy Committee having reconsidered the Community Pool Funding Programme allocation for 2014/15, as previously determined by Finance and Policy Committee on 18 October 2013, in line with the proposal agreed by Council at their extraordinary meeting on 19th November, indicates that no variation to that decision be made.

- v) That the 2014/15 total Ward Member budget be set at £132,000 and funded from the overall corporate outturn as detailed in Appendix C. This will provide a budget of £4,000 for each Member, which is a reduction of 20% on the 2013/14 budget of £165,000.

20.24 Approve the proposal to earmark the temporary employers' pension contribution saving in 2014/15 in relation to the Chief Executive's post of £30,000 to increase the number of apprenticeships by 2 and to allocate these places to young people who have chosen to stay in care or care leavers.

- 20.25 Note that in line with the Government funding conditions for the Better Care Fund the detailed strategy for using these resources will be approved by the Health and Well Being Board and details will be reported to a future meeting of the Finance and Policy Committee and to note that the 2014/15 'Better Care Fund' includes £1.794m of existing grant which is used to fund continuing Adult Social care expenditure commitments. At this stage it is unclear what commitments need to be funded from the additional 2014/15 grant of £0.503m. For planning purposes, it is not anticipated that this will benefit the General Fund budget in 2014/15. However, there may be some limited scope to enable existing Adult Care services that contribute to the Better Care Fund priorities to be funded from this grant subject to the detailed grant conditions and details will be reported to a future Finance and Policy Committee.
- 20.26 **Council Tax 2014/15 and 2015/16 (details in section 10)**
- 20.27 Approve a Council Tax freeze for 2014/15
- 20.28 To note that on 15th January 2014 the Department for Communities and Local Government wrote to Councils stating - *"Ministers have agreed that the funding for 2014/15 (including 2015/16) freeze grant should be built into the spending review baseline. This gives as much certainty as possible at this stage that the extra funding for freezing Council Tax will remain available"*.
- 20.29 Approve an indicative Council Tax freeze for 2015/16, and to note that the final decision will be made in February 2015 and the Government will bring forward proposals for a 2014/15 Council Tax freeze scheme in due course.
- 20.30 Approve the production of an explanatory Council Tax leaflet for 2014/15 to provide information on the Councils' financial position and note the cost of approximately £1,800 can be funded from existing budgets.
- 20.31 **2015/16 and 2016/17 Issues (details in section 11)**
- 20.32 Note the actual Core Revenue grant cuts for 2015/16 of **£8.213m**, which is a reduction of **14.6%** and anticipated further cuts in 2016/17.
- 20.33 Note that after reflecting the strategy detailed in this report the Council will need to make cuts of **£6.030m in 2015/16** and forecast cuts in **2016/17 of £8.797m**.
- 20.34 **Early Intervention Grant (EIG) (details in section 13)**
- 20.35 Approve the proposed savings detailed in Appendix K which are required to address the Government EIG grant cut of £1.512m - a 25% cut;
- 20.36 **Public Health (details in section 14)**
- 20.37 Approve the allocation of the forecast 2013/14 Public Health saving of £0.5m as an earmarked reserve to manage in-year Public Health risks in the first

year of operating these services. In the event these monies are not needed in 2013/14 it is recommended that they are set aside to manage ongoing financial risk in this area.

20.38 To note that the use of Public Health funding of £0.5m in 2014/15 and future years to fund eligible General Fund expenditure is only sustainable whilst the existing grant continues and there is a potential risk that this grant is reduced in future years.

20.39 **Capital Programme 2014/15 (details in section 15)**

The following recommendations will be implemented once approved by the Finance and Policy Committee on 31st January 2014 and Council on 6th February 2014 unless otherwise stated as requiring a further report.

20.40 Note the detailed ring fenced Government Capital allocations for 2014/15, as detailed in the following table and delegate authority to the relevant Policy Committee to approve detailed proposals for using these ring fenced funds.

2013/14 Capital Grant £'000		2014/15 Capital Grant £'000
1,351	Local Transport Plan	1,556
269	Adult Social Services	275
1,144	Schools Capital Programme*	950

* estimate pending notification of actual allocation.

20.41 Approve the proposals for using the 2014/15 Council Capital Fund of £1.0m (funded from £0.6m of Prudential Borrowing and £0.4m of one-off resources) as detailed in Appendix L to fund:

- Regeneration schemes of £0.45m and delegate authority to the Finance and Policy Committee to approve detailed proposals for using these resources; and
- Property Schemes of £0.55m and delegate authority to the Finance and Policy Committee to approve virement between individual schemes if necessary once final costings are known.

20.42 Note that £0.185m of 2013/14 Council Capital Fund allocated for potential works to the Indoor Bowls Club will be carried forward as uncommitted at the year end. Any decision on the use of these resources will be subject to a separate report to the Finance and Policy Committee and subsequent referral to full Council for approval. These resources will be held as uncommitted until the detailed master planning for the Mill House site has been completed.

- 20.43 Note the inclusion of £2.095m with the 2013/14 Prudential Borrowing to temporary fund previously approved capital expenditure on HMR pending the completion of land sales in 2014/15 and the receipt of capital income.
- 20.44 Approve the Street Lamp Replacement scheme at a capital cost of £4.98m which will be funded from Prudential Borrowing and from 2015/16 achieve a minimum General Fund budget saving of £40,000 (net of annual loan repayment costs). To note that the major financial risk relates to the equipment costs which make up 75% (£3.6m) of the overall scheme cost. This risk will be managed through the procurement process and if this cost exceeds £3.6m plus 5% a further report will be submitted before the scheme progresses.
- 20.45 Approve the provision of car parking facilities at Macaulay Road at a capital cost of £0.145m to be funded from forecast capital receipts.
- 20.46 Approve the proposal to develop a detailed business case to extend the Social Housing development project, which it is envisaged will provide an additional 35 to 40 properties. If Members support this proposal the detailed business case will be submitted to a future Finance and Policy Committee and then referred to Council. The business case will outline a strategy to achieve value for money from the available Prudential Borrowing through the appropriate mix of buying and refurbishing run down properties, or the purchase of 'ready to let' properties not requiring renovation. The business case will also be linked into wider regeneration objectives, including the Housing Market Renewal project where this is appropriate.
- 20.47 Approve the proposal to build an Independent Living Centre at Burbank Street and note that a detailed business case on the recommended option for achieving this development will be reported to a future Finance and Policy Committee and Council for final approval.
- 20.48 Approve the capital budget for the replacement of the following Operation Equipment
- Vehicles Replacement Programme – 2014/15 capital expenditure £1,115,000
 - Replacement of Wheelie Bins – 2014/15 capital expenditure of £60,000

20.49 Robustness of Budget forecasts (details in section 16)

20.50 Note the detailed advice provided by the Chief Finance Officer in section 16 and the following specific recommendations underpinning this advice.

20.51 Approve the strategy for managing capital receipts risks, including the Jacksons Landing project, detailed in paragraph 16.3 (iii) and the earmarking of the following resources to manage this risk:

- Right to Buy income of £191,000;
- One-off Government Grant refund in relation to the New Homes Bonus adjustment £211,000;
- Uncommitted 'Major Regeneration Reserve' of £100,000; and
- Unused Prudential borrowing approval (repayment costs covered within the existing revenue budget) for 'Major Regeneration Projects' of £393,000.

20.52 Approve that the earmarking of the above resources is reviewed on a regular basis to determine if/when these resources can be un-earmarked and made available for other priorities determined by Members. It is recommended that the trigger points for this review will be progress in achieving the capital receipts target and progress on the Jacksons Landing project.

21 REASONS FOR RECOMMENDATIONS

21.1 To enable the Finance and Policy Committee to approve 2014/15 Budget and Policy Framework proposals, which provide a robust financial basis for 2014/15 and future years, to be referred to Council in February to enable the 2014/15 Budget and Council Tax to be set.

22. BACKGROUND PAPERS

22.1 Medium Term Financial Strategy 2014/15 to 2016/17 reports – Finance and Policy Committee 31st May 2013, 2nd August 2013, 19th December 2013 and 3rd January 2014. Review of Reserves report - Finance and Policy Committee 19th September 2013.

23 CONTACT OFFICER

Chris Little
Chief Finance Officer
01429 523003
Chris.little@hartlepool.gov.uk

APPENDIX A

DETAILS OF FEEDBACK FROM INDIVIDUAL POLICY COMMITTEES ON 2014/15 PROPOSED SAVINGS AND BUDGET PRESSURES

- 1 **Adult Services Committee** (4 November 2013)
 - 1.1 **Adult Services**
 - 1.2 The Adult Services Committee reluctantly agreed to the savings proposals relating to Adult Services. The Committee considered that there were no other alternative options and emphasised the need to try and maintain front line services as far as possible.
 - 1.3 Members expressed great concern at the scale of the cuts and the longer term implications that the cuts will have on services, staff and the community. Members also expressed concern at the potential implications of further cuts in 2015/16 and beyond.
 - 1.4 **Children's Services Committee** (5 November 2013)
 - 1.5 **Education**
 - 1.6 The Children's Services Committee reluctantly supported the savings proposals relating to Education, however, in relation to the saving proposed for discretionary transport, a separate report will be presented to the Committee in January for Members consideration / decision on this saving.
 - 1.7 The Committee made the following comments on the savings proposals:-

Educational Psychology – Members highlighted that the saving proposed for the Educational Psychology Service was on a balance of risk with the risk being whether the schools will buy the service. Members were reassured by the Assistant Director that the service can generate sufficient income and a business plan is in place.

Data Management Service – The Committee questioned whether the Local Authority could offer all the services schools require in relation to data management rather than schools purchasing services from this Local Authority and an another. The Assistant Director confirmed that this would be explored.
 - 1.8 **Children's Services**
 - 1.9 The Children's Services Committee reluctantly supported the savings proposals relating to Children's Services.

1.10 Finance and Policy Committee (8 November 2013)

1.11 The Finance and Policy Committee acknowledged the difficult financial position facing the Council in 2014/15 and the increasing challenges to be faced in coming years. The Committee went on to look in detail at the following saving programme areas for 2014/15:

- The Chief Executives Department; and
- The Resources Division of Regeneration and Neighbourhoods.

1.12 THE CHIEF EXECUTIVES DEPARTMENT

The Committee reluctantly supported the £457,000 of savings identified and noted that this exceeded the £338,000 savings target initially identified. During the course of discussions, the following comments were made.

Chief Solicitor's Division

1.13 Staffing Savings - The Committee was made aware of a letter submitted by UNISON expressing concerns regarding the impact of proposed 'staffing savings' within the Chief Solicitors Division. Concern was expressed that the impact of the new governance arrangements was not yet fully known and it was suggested that this saving could be met from the additional savings identified over and above the original £338,000 target.

1.14 In response to the issues raised, the Committee noted that the additional savings had been identified as part of an approach to protecting front line services and as such formed part of the Council's overall savings requirements. It was, however, agreed that the concerns raised would be discussed further with UNISON in the interim period between the Finance and Policy Committee meetings on the 8 November and the 29 November 2013.

Assistant Chief Executive's Division

1.15 Changes to Management Arrangements - In relation to proposed changes to management arrangements within the division, the Committee sought clarification as to the proposal for the retention of one post for 6 months of the 2014/15 financial year, to enable the full implementation of national changes.

1.16 Members welcomed confirmation that funding for the post would cease in April 2014 and that funding would be provided from 'one off' reserves to enable the post to continue for 6 months to enable the completion of the required work. Members were assured that the one-off monies, and any redundancy payments, would be paid up to the point when the post was no longer required (i.e. at the end of the 6 month period).

1.17 Absorption of Lost Schools Income – Members noted the intention in 2014/15 to absorb the lost schools income within the context of the savings

proposals and expressed concern that this was unsustainable in the longer term, placing pressure on other service areas. The Committee welcomed clarification that this was a one off proposal for 2014/15 to maintain the availability of services that can be sold to schools, leaving charges at their current rates to encourage schools not to change providers. Members were also assured that any future loss would be met by reductions in resources from those areas of the division delivering services to schools, with no impact on other service areas.

1.18 THE RESOURCES DIVISION OF REGENERATION AND NEIGHBOURHOODS

- 1.19 The Finance and Policy Committee reluctantly agreed to the savings proposals relating to the Resources Division of Regeneration and Neighbourhoods and Adult Services, with no specific issues raised.

Neighbourhood Services Committee (11 November 2013)

- 1.20 The Neighbourhood Services Committee acknowledged the difficult financial position facing the Council in 2014/15 and went on to look in detail at the following saving programme areas for 2014/15:

- Neighbourhood Management Section of the Regeneration and Neighbourhoods Department; and
- Neighbourhoods Division of the Regeneration and Neighbourhoods Department.

1.21 NEIGHBOURHOOD MANAGEMENT SECTION OF THE REGENERATION AND NEIGHBOURHOODS DEPARTMENT

- 1.22 The Committee highlighted the exceptional nature of the Councils workforce and reluctantly supported the savings identified for 2014/15. During the course of discussion the following issues were raised.

- 1.23 Engagement - Members drew particular attention to the effectiveness of the interface between themselves and the Neighbourhood Managers and requested that the Neighbourhood Management Team be specifically thanked for all their hard work.

- 1.24 Loss of Police Funding - Members reiterated their concerns regarding the financial challenge facing the Council and attention was drawn to the impact of the loss of police funding. Members noted that further discussions would be needed in relation to the impact of this funding reduction and it was agreed by the Committee that the most appropriate course of action would be for a further report to be presented to the Finance and Policy Committee. Officers were asked to ensure that Members of the Neighbourhood Services Committee are invited to participate in discussions at this meeting and are provided with a copy of the report.

1.25 NEIGHBOURHOODS DIVISION OF THE REGENERATION AND NEIGHBOURHOODS DEPARTMENT

- 1.26 The Committee reluctantly supported the savings identified for 2014/15 and during the course of discussion the following issues were raised.
- 1.27 Parks and Countryside (Grounds Maintenance / Cemeteries and Crematoria) – Members sought reassurance that the savings proposals would not result in an increase in cremation fees and if there would be a reduction in staff numbers. The Committee was advised that the intention was not to increase cremation fees as part of the savings programme for 2014/15, however, given the financial challenge facing the Council an increase in fees would be need to be considered as part of any future savings proposals. It was also noted that a reduction in staff numbers would be achieved through natural wastage.
- 1.28 Members sought clarity in relation to the need to balance savings in this division against the existing subsidy provided by income generation and fee charges. The Committee was advised that the trading accounts are reliant on income generation and fees, on this basis, there are risks in achieving income generation targets in an area where there is significant competition. It was emphasised that levels set for income generation against trading accounts are now at their maximum and should not be increased.
- 1.29 In relation to horticultural activities, Members queried the potential for residents to take over responsibility for the maintenance of areas of land and in particular what the position would be in terms of insurance. The Committee was advised that expressions of interest to work in partnership with the Council to take over such maintenance would be welcomed with insurance not expected to be a real issue. However, experience has shown that such arrangements were not always sustainable in the longer term.
- 1.30 School Crossing Patrol - Members sought clarification as to the provision of school crossing patrols at lunch time and were advised that as part of the proposals all lunch time provision would be removed. Members noted this element of the savings proposals and requested that where schools allow children to leave the premises at lunch time, they be asked to ensure that parents are made aware of the absence of a crossing patrol and the need to make their own appropriate arrangements.
- 1.31 It was highlighted that should schools wish to continue the provision of school crossing patrols outside their gates at lunch time, the option exists to either 'buy back' the Councils services or provide their own warden.
- 1.32 Regeneration Services Committee (12 November 2013)**
- 1.33 The Regeneration Services Committee acknowledged the difficult financial position facing the Council in 2014/15 and went on to look in detail at the following saving programme areas for 2014/15:

- Regeneration Services Division of the Regeneration and Neighbourhoods Department; and
- Community Services Division of the Regeneration and Neighbourhoods Department.

1.34 REGENERATION SERVICES DIVISION OF THE REGENERATION AND NEIGHBOURHOODS DEPARTMENT

1.35 The Committee reluctantly supported the savings identified for 2014/15 and during the course of discussion the following issues were raised.

1.36 Economic Regeneration - Members queried the position in relation to the TVU and were advised that the savings proposal included a reduction in the Councils overall contribution to the body, circa £16,000 which related to a reduction in rent, however, given the financial challenges facing the Council, further consideration would need to be given to a potential of a reduction in the Councils contribution to the TVU in future years. A report exploring this position will be presented to Members in due course and officers were asked to ensure that as part of this report details be included of funding levels and changes from the inception of the TVU to present day.

1.37 COMMUNITY SERVICES DIVISION OF THE REGENERATION AND NEIGHBOURHOODS DEPARTMENT

1.38 The Committee reluctantly supported the savings identified for 2014/15 and during the course of discussion the following issues were raised.

1.39 Members drew attention to a report recently deferred by the Finance and Policy Committee in relation to communication and public relations and highlighted the need to take into consideration the potential for the combination of marketing / promotion activities in to one expanded communication and public relations team. This may provide the opportunity to transfer staff to take up any new positions that may be created within the expanded team.

1.40 The Finance and Policy Committee is asked to note the views / comments expressed by the Policy Committees in the development of finalised savings proposals.

SCHEDULE OF ONE-OFF STRATEGIC PRIORITIES AND RISKS

APPENDIX B

	£'000
<p><u>Business Rates risks</u></p> <p>900</p> <p>The key risk relates to the level of the 'safety net' trigger point which will increase to £1.9m in 2014/15 (£1.7m in 2013/14) and the impact of unplanned closures at the Power Station. In 5 of the last 7 years there have been unplanned shutdowns and over time this risk will increase. It is therefore not a case of 'if', but 'when' this financial risk will arise. A reserve of £1m has previously been set aside to manage this risk, but this will only provide funding for an unplanned closure of around 5 months. Given the history of closures over the last seven years it is recommended that a higher risk reserve is needed.</p> <p>In addition to this ongoing risk there is also a risk in relation to the potential cost of successful back-dated rateable value appeals by the Power Station. Given the increase in the rateable value in 2010 it is expected there is a high probability this appeal will be successful. At this stage it is not possible to quantify this risk or the level of Government funding which will be provided towards funding this one-off cost. A further report will be submitted on this risk early in the new year.</p> <p>A recent meeting with the Council's allocated Valuation Office liaison officer confirms the outcome of this appeal will not be known in the near future and a decision will not be made for a number of years, owing to the number of outstanding appeals at a national level and the particular complexity of this appeal. This position increases uncertainty and potentially increases financial risk to the Council that Government funding does not cover the full cost of the back dated element of a successful appeal. Of more financial significance to the Council the delay in this appeal means there is uncertainty over the level of Business Rates retained by the Council, as a successful appeal will result in a reduction in Business Rates paid by the Power Station. At this stage this potential income loss cannot be quantified. However, the longer this appeal remains outstanding the greater the financial risk to the Council if the appeal is successful. The Valuation Office has provided the following information which puts the Rateable Value of the Power Station and the financial risk to the Council into context:</p> <ul style="list-style-type: none"> • Hartlepool Power station has the 4th highest gross rateable value of all Power Stations in England; • Hartlepool Power station has the 13th highest gross rateable value in England. <p>The meeting with the Valuation Office also highlighted an additional risk in relation to national appeals lodged by the major supermarkets against increased Rateable Values. Locally this may be a significant issue as 3 supermarkets account for 11% of the total Business Rates income retained by the Council. This position further underlines the financial risk which has transferred to individual Councils as a result of the re-localisation of Business Rates.</p> <p>In view of the above significant financial risks it was previously recommended to increase the Business Rate risk reserve to £1.9m. In relation to the impact of unplanned Power Station closures it is hoped that this reserve will be sufficient to cover any income shortfall below the 'safety net limit' for the period of the current MTFs, which will hopefully avoid the need to make additional in-year budget cuts over the next few years, although this cannot be guaranteed. In the unlikely event that the whole of the reserve is not committed over the period of the MTFs any unused resources will need to be carried forward to manage this ongoing risk, which will increase as the Power Station ages. It needs to be recognised that it will become increasingly difficult to set aside resources in future years to manage this increasing risk owing to the impact of ongoing significant grant cuts.</p> <p>The risks in relation to the Business Rates have been highlighted in a written submission and a meeting with Brandon Lewis, Parliamentary Under-Secretary of State. In response the Minister has subsequently stated that the safety net arrangements 'will provide support for authorities who experience a significant decline in business rates income, for example as a result of unplanned outage at large power stations'. From the Council's perspective this statement does not alter the fundamental financial risk facing the Council in relation to the power station and underpins the recommended strategy of earmarking resources to manage this risk.</p>	<p>900</p>

<p><u>Support of Local Council Tax Support scheme</u></p> <p>As previously reported the availability of this funding and the Leader's proposals to use the residual Family Poverty Reserve (£0.15m) to support the LCTS in 2014/15 enables the Council to phase cuts in Council Tax support over a slightly longer period.</p> <p>If this funding had not been available a 20% cut in support would not have had been avoided in 2013/14 or 2014/15.</p>	860
<p><u>Support of 2014/15 Revenue budget</u></p> <p>This funding will reduce the cuts which need to be implemented in 2014/15 and provide a longer lead time to identify permanent budget cuts.</p>	680
<p><u>Support for Highways Maintenance Programme</u></p> <p>The Leader of the Council asked officers to examine the implications of enhancing the existing 5 year planned highways maintenance programme. Allocating £0.2m towards this programme will enable some year 2 schemes to be brought forward. It should be noted that significant funding would be required to address highways conditions issues which have arisen over a number of years. In the current financial climate this will not be possible without an adverse impact on other services.</p>	200
<p>Total Commitments</p>	2,640

Budget	Description of Expenditure	Projected Outturn Adverse/ (Favourable) Worst Case	Projected Outturn Adverse/ (Favourable) Best Case	Comments
£'000		£'000	£'000	
31,482	Adult Committee	(546)	(569)	Underspends predominantly owing to staffing costs and management of contracted services mainly resulting from early achievement of 2014/15 planned savings. These are partly offset by demographic pressures for services.
21,290	Child Committee	393	190	Overspend predominantly relates to Children and Families pressures arising from increases in the numbers of looked after children. The range reflects the highly unpredictable and differing care needs within this area. The majority of the increase in outturn projection reflects new children's placements projected to the end of the financial year.
52,772	Total Child & Adult	(153)	(379)	
1,985	Finance & Policy Committee	10	(20)	Favourable variance on central departmental budgets £90k which is mainly owing to general fund salary underspends, Functions Catering upto £160k deficit, Building Maintenance deficit £50k , favourable variance on Logistics £80k and £50k School Catering favourable variance.
4,042	Regeneration Committee	(470)	(490)	Favourable variance of £150k relates to the planned contribution to the Major Repairs Reserve on Social Housing (see Table 1). Also included is a £240k surplus on the 'Going Forward' project following successful completion of outcomes. Surplus is to be used to create a reserve to extend existing economic development schemes to March '16. Adverse variance of £90k on Cultural Services relates to a shortfall in income at the Maritime Experience. Building Control and Development Control are projecting an adverse variance on income of between £100k and £240k but this will be covered by the existing income risk reserve.
17,617	Neighbourhoods Committee	(180)	(230)	Waste (recycling income and falling tonnages) £20k favourable, Concessionary Fares renegotiation £200k favourable, Car Parking £250k Adverse resulting from an increase in rates, service charge and maintenance costs. Surplus expected on Engineering Services and Coastal Defence budget £290k . A reserve of £100k will be created to support future Coastal Protection works on the Headland. Adverse variance on Grounds Maintenance £150k relating to additional works required in the Summer and a reduction in Trading Income. Favourable variance on Home to School Transport £30k. Community safety external funding of £50k to be rephased to 14/15 to support ongoing projects (included in contribution to reserves see Table 1).
23,644	Total Regeneration & Neighbourhoods	(640)	(740)	
4,807	Finance & Policy Committee	(860)	(860)	£350k Housing Benefit Subsidy, £70k Advanced 14/15 savings, £340k staffing vacancies, incremental drift, maternity leaves, £110k additional court costs awarded after an increase in court summons during year
4,807	Total Chief Executive	(860)	(860)	
1,514	Finance & Policy Committee	57	37	The adverse variance relates to a potential shortfall on licensing income (£15-£35k) and sport and recreation income (£22k) as previously reported. The increase in adverse variance relates to more accurate expectations following further information on licensing income.
(165)	Regeneration Committee	110	110	As previously reported the adverse variance relates to a projected income shortfall on Market income.
1,349	Total Public Health	167	147	
82,572	Sub-Total Departmental Budgets	(1,486)	(1,832)	

Budget £'000	Description of Expenditure	Projected Outturn Adverse/ (Favourable) Worst Case £'000	Projected Outturn Adverse/ (Favourable) Best Case £'000	Comments
82,572	Sub-Total Brought Forward	(1,486)	(1,832)	
(1,188)	Additional New Homes Bonus Grant	(211)	(211)	Councils received a one-off New Homes Bonus Grant to distribute monies held back by DCLG. This amount is earmarked towards the strategy for funding ongoing capital risks.
3,058	Property Running Costs	0	(135)	This reflects demand led and seasonal budget fluctuations.
9,406	Corporate Budgets	(3,491)	(3,491)	This underspend mainly consists of reduced capital financing costs and lower employee pensions costs. These items have been included as permanent savings in the 2014/15 MTFS. In addition, a contribution from Core Revenue Grant changes linked to the Education Services Grant has been included in the contribution to reserve in Table 1.
11,276	Total Corporate	(3,702)	(3,837)	
0	Reserve Review	(631)	(631)	On 19th September Finance and Policy Committee agreed to release £0.631m as a result of the review of reserves. It was also agreed that an additional £5,000 per Member would be allocated to Ward Member Budgets totalling £0.165m. This contribution is shown as a one off commitment below.
93,848	Sub-Total Corporate & Departmental	(5,819)	(6,300)	
	<u>Commitments to be funded from forecast underspend</u>			
	Commitments agreed MTFS 31.05.13	1,100	1,100	This amount is set aside to manage the Power Station Business Rates risk £0.9m. Highways £0.200m
	Proposed income risk reserve (Hartlepool Maritime Experience/ Building Control 2014/15)	200	200	In the current year 2013/14 these adverse income trends have been covered within the forecast Departmental outturns detailed above. As these underspends cannot be relied upon in 2014/15 it is recommended that a reserve is established from the 2013/14 overall outturn to offset these shortfall in 2014/15. In the event these trends continue beyond 2014/15 a permanent strategy for addressing these shortfalls will need to be developed as part of the 2015/16 budget.
	Contribution towards Capital Risk Strategy	211	211	As reported in the MTFS update on 02.08.13 the one-off New Homes Bonus grant is earmarked towards the strategy for funding ongoing capital risks.
	Local Plan Reserve	250	250	This reserve will cover estimated costs over the period 2014/15 and 2015/16. Actual costs against this provision will be managed carefully. If the full provision is not needed the details will be reported to Members to enable a strategy for using any uncommitted resources as part of the 2015/16 budget process.
	Creation of Departmental Reserves/Members Ward Budgets	3,329	3,379	Details are provided in Table 1.
93,848	Net uncommitted forecast outturn	(729)	(1,160)	

Table 1 - DEPARTMENTAL RESERVES

	Worst Case £'000	Best Case £'000
Chief Executives		
<u>Welfare Reform Grant</u>		
On the 28th June Members approved proposals for using one off Department for Works and Pensions Welfare Reform Funding to appoint for a 12 month period an additional Housing Benefits Assessment Officer, a Housing Advice Officer and a Revenues and Benefits Modern Apprentice. As these 12 month contracts will be spread over 2 financial years part of this funding will be carried forward as an Earmarked Reserve at the year end.	31	31
Child & Adult Services		
<u>Adoption Reform Grant</u>		
This is a DfE funded initiative to increase the supply of adopters. It is proposed to create a reserve for the remaining balance of this funding to continue to support this initiative in 2014/15.	170	170
<u>Local Safeguarding Children's Board</u>		
This is a partnership budget consisting of contributions from HBC and other partner agencies. It is proposed that any underspend against this budget is transferred to the existing LSCB reserve for use to support the work of the Board in future years.	10	10
<u>Psychology Reserve</u>		
It is proposed to create a reserve from additional external income generated by the Education Psychology Team.. The reserve would provide some temporary funding for the service in the event that schools convert to Academy status and cease to buy back the service.	50	100
<u>School Improvement Reserve</u>		
It is proposed to transfer savings generated in year from vacant posts and additional SLA income received from schools to support school improvement.	50	50
<u>Ring Fenced Grant Funding</u>		
Specific grant funding received in year in respect of "Going Forward" projects, which is planned to be spent in 2014/15.	18	18
Regeneration & Neighbourhoods		
<u>Social Housing Major Repairs Reserve</u>		
In line with the approved business case for this project, annual contributions need to be made to this reserve to fund future planned repairs to these properties to ensure houses remain in a good state of repair and the Council does not face unbudgeted repair costs in future years. Thereby, avoiding the repeat of underfunding of maintenance issues under the former HRA system. This amount has increased from £120k and this reflects the latest estimate of rental income generated in year from the 100 additional properties.	150	150
<u>Coastal Protection - Headland</u>		
It is proposed to create a reserve to support a future coastal defence scheme on the Headland. The Council is conducting a study into possible works required on the Headland and it is expected to deliver a major scheme in partnership with the Environment Agency. Any offer of grant funding is expected to require an element of match funding by the Council and it is proposed to earmark this funding for that purpose. The reserve can be created using a surplus which is expected to be generated in 2013/14 by the Engineering Design Team (£100k).	100	100
<u>Economic Regeneration Schemes</u>		
The 'Going Forward Project' is projected to generate a surplus this year as it is expected to over deliver on outcomes. It is proposed to use this surplus to create a reserve to fund other projects designed to reduce youth unemployment across Hartlepool and the Tees Valley sub-region. This will include funding contract extensions and additional hours for staff employed on the Tees Valley Works project until March 2016	240	240

	Worst Case £'000	Best Case £'000
<u>Safer Hartlepool Partnership</u> The reserve is earmarked to support cost of delivering the community safety re-offending strategy. This project is funded by a specific grant from the Police and Crime Commissioner and the project is expected to continue into the next financial year. In accordance with current accounting regulations it is necessary to create a specific ring fenced reserve to allow this funding to be carried forward into 2014/15. This reserve has increased from the £30k previously reported and this reflects the latest financial forecast for these projects.	50	50
<u>Business Grants</u> Surplus generated on the Future Jobs Fund project to be used to support Business Grants in 2014/15 & 2015/16, as per the report to Finance & Policy Committee 31.1.14.	130	130
<u>Community Pool</u> Projected underspend on category 5 to be carried forward into 14/15 as approved by Finance & Policy Committee on 18.10.13	10	10
Corporate <u>Environmental Apprenticeship Scheme</u> Recommended by the Regeneration Services Committee on the 26th September 2013. This reserve has been created to continue this initiative in 2014/15.	34	34
<u>Ward Member Budgets</u> This reserve will provide total funding for Ward Member Budgets for 2014/15 of £132,000, which is a 20% reduction on the 2013/14 budget allocation.	132	132
<u>Living Wage Reserve</u> This reserve was created from savings in Members Allowances to cover the cost of implementing the Living Wage as approved by Finance & Policy Committee 23rd August 2013	49	49
<u>Budget Support Fund 2014/15 to 2016/17</u> As detailed in the recommendations to this report this contribution will be funded from Core Revenue grant changes linked to the Education Services Grant, with the contributions being phased 2013/14 and 2014/15.	1,995	1,995
<u>Registration Services</u> This reserve has been created to fund one off capital costs associated with the Registration Service, as approved by Finance and Policy Committee on 19th December,2013.	90	90
<u>Public Relations</u> This reserve is created to partly fund a post in the Public Relations Section. The post will be required to assist in developing the necessary skills across the team to increase and improve the Councils social media communications.	10	10
<u>WWI Commemoration Reserve</u> This reserve has been created to fund costs in relation to this event.	10	10
TOTAL	3,329	3,379

SUMMARY OF RESERVES NOT COMMITTED OR HELD IN TRUST

Reserve	Revised Balance as at 1st April 2013	Reason for/purpose of the Reserve	Planned Use of Reserve - £000					Estimated Balance at 31/03/17
			2013/14	2014/15	2015/16	2016/17	Total Planned Use of Reserves	
Finance - IT Investment	62	Created to fund a number of IT projects.	(34)	(28)	0	0	(62)	0
Corporate Strategy - ICT System Development	55	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	(55)	0	0	(55)	0
People Framework Development	18	Provision for the implementation of the Workforce Strategy.	0	(18)	0	0	(18)	0
Contact Centre	15	Identified for staff training to ensure that they meet the revised essential criteria for posts.	(15)	0	0	0	(15)	0
Registrars	15	To be used for redecoration of marriage room and replacement software for certificate production/online certificate requests and contribution to corporate booking system	(5)	(10)	0	0	(15)	0
Corporate Strategy - Working from Home Surplus	13	Created to manage the costs of home working key fobs between financial years	0	(13)	0	0	(13)	0
Corporate Strategy - Performance Management	13	To support related costs for performance management e.g. covalent charges.	0	(6)	(7)	0	(13)	0
Hartlepool Partnership	10	To support the Household Survey costs due in 2013/14.	(10)	0	0	0	(10)	0
Corporate Strategy - Enhancing Council Profile	4	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.	0	(4)	0	0	(4)	0
Corporate Strategy - Corporate Consultation	8	To support the viewpoint panel, online survey system costs .	0	(8)	0	0	(8)	0
Demographic Pressures in Adult Social Care - SRR (previously Older People Reserve)	421	Reserve created from ringfenced grant. To be used as a contingency to fund demographic pressures on Older People services in future years.	0	(100)	(160)	(161)	(421)	0
Carers Funding from one-off PCT funds	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
C&F Local Safeguarding Board (Partners)	29	Ring-Fenced Reserve - This is Partnership Funding with other bodies so not all HBC funding; relates to underspends carried forward to support the work of the Board over the next few years.	10	0	(20)	(19)	(29)	0
Think Family	123	2010/11 balance of grant funding to be carried forward to assist future service delivery.	(91)	0	(32)	0	(123)	0
C & F Care Matters	155	Former grant funding set aside to contribute to various schemes including Blakelock Gardens and the Children's Home.	(50)	0	(50)	(55)	(155)	0
Child Poverty Local Duties	8	Allocation to fund targeted family work.	(8)	0	0	0	(8)	0
C&F Looked After Children	738	Contribution to the Safeguarding and Specialist Services for the development of Looked After Children in this volatile area; Contingency budget to fund pressures	(140)	(420)	(178)	0	(738)	0

Reserve	Revised Balance as at 1st April 2013	Reason for/purpose of the Reserve	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/17
			2013/14	2014/15	2015/16	2016/17			
C&F Donations	7	This Reserve has been created from the various grants and donations received to the LA to pay for various items and equipment for vulnerable children and children looked after.	0	0	(7)	0	(7)	0	
Children's Social Care & Early Intervention (previously known as Early Intervention Grant Reserve)	1,527	Reserve created from underspend against previous years Early Intervention Grant to support longer term funding changes for Early Intervention Services and Children's Social Care; usage to be determined based on future need and impact of budget reductions but will be utilised over the period of the MTFS	(849)	(175)	(250)	(253)	(1,527)	0	
Adoption Reform	0	Balance of un-ringfenced Grant Funding provided by the DfE in 2013/14 to increase the number of adopters and to enhance the adoption process; to be used in future years to continue the process undertaken during 2013/14	170	(149)	(21)	0	0	0	
Youth Offending	227	Ring-Fenced as YOS is a Partnership Budget. Created from planned underspend in previous years to fund YOS initiatives. Discussions are currently on-going with the Partnership Board to determine how these reserves will be used over the next few years to support the service over the period of the MTFS.	(29)	0	(100)	(98)	(227)	0	
School Attainment	200	Created to assist Secondary Schools in improving examination performance requires matched funding from Schools	0	(200)	0	0	(200)	0	
Educational Psychologists	150	Reserve created to ensure sustainability of service in future years as schools convert to Academy	50	(10)	(95)	(95)	(150)	0	
Workforce Development	25	This is income received from schools and other LAs towards the Newly Qualified Teacher Development Programme	(25)	0	0	0	(25)	0	
School Improvement	20	Reserve created to enhance and develop school improvement.	50	(70)	0	0	(20)	0	
Public Health (previously Drug Action Team)	588	Reserve created from slippage around placements for individuals and specific scheme commitments.	(70)	0	(518)	0	(588)	0	
Mill House	101	The reserve arose from a rates rebate following a review of the leisure centre rateable values in 2006/07.	(101)	0	0	0	(101)	0	
Selective Licensing	177	Income generated from fees required to fund the scheme over a 5 year period.	(93)	(84)	0	0	(177)	0	
Social Housing New Build	161	Ring-fenced reserve created from rental income which represents a contribution to the Major Repairs Fund. This funding is set aside to fund repairs over the lifetime of the housing stock. Expenditure will commence in 2016/17 in line with the detailed business case.	150	0	0	(150)	0	161	
Engineering Consultancy Reserve	100	Reserve created to manage Trading Activities over more than one year. This is earmarked to manage potential income shortfalls in future years or potential bad debts in this area.	0	0	(100)	0	(100)	0	
Fleet Reserve	100	Reserve needed to fund 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.	(40)	(40)	(20)	0	(100)	0	
Winter Maintenance	50	Funding to cover additional costs incurred during a bad Winter. Ongoing revenue budget is sufficient to cover normal weather conditions and this reserve provides a contingency for additional works which may be required.	(50)	0	0	0	(50)	0	

Reserve	Revised Balance as at 1st April 2013	Reason for/purpose of the Reserve	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/17
			2013/14	2014/15	2015/16	2016/17			
Passenger Transport Reserve	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	
Plant Replacement Reserve	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	
Archaeology Projects	22	Reserve to be used for specific archaeology projects over more than one year.	0	(22)	0	0	(22)	0	
Archaeology - Monograph Series	1	Creation of reserve to ensure completion of project and ensure no loss of external funding for the overall project.	0	(1)	0	0	(1)	0	
Tall Ships Reserve	87	This reserve has been set aside to support the residual costs of the Tall Ships event.	(87)	0	0	0	(87)	0	
Seaton CC 'Management'	108	Balance carried forward from previous years and represents surplus's generated by the Community Centre over years. This funding is expected to be used to support the cost of a community resource in Seaton.	0	0	(108)	0	(108)	0	
Bikeability - Childhood Injuries	25	Grant Awarded to contribute towards projects which are underway in 13/14	(25)	0	0	0	(25)	0	
Health & Safety Training	20	Legislative requirements for operational staff to be trained to HSE set standards.	0	(20)	0	0	(20)	0	
Community Grants Pool	17	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.	10	(27)	0	0	(17)	0	
Speed Cameras	16	Relates to the funding ring fenced for the Tees Valley Camera Partnership.	(16)	0	0	0	(16)	0	
Business Grants	0	Reserve created from a surplus on the Future Jobs Fund project to be used to support Business Grants in 2014/15 & 2015/16.	130	(65)	(65)	0	0	0	
Economic Regeneration Schemes	0	Surplus generated on the Going Forward Project which is to be used to support other projects designed to reduce youth unemployment in Hartlepool and the Tees Valley sub-region, including contract extensions for staff until March 2016.	240	(100)	(140)	0	0	0	
Right to Challenge	9	Funding allocated late in 12/13 to fund the costs associated with the additional legislative requirements. Work ongoing in 13/14.	(9)	0	0	0	(9)	0	
Right to Bid	5	Funding allocated late in 12/13 to fund the costs associated with the additional legislative requirements. Work ongoing in 13/14.	(5)	0	0	0	(5)	0	
Strategic One Off Costs - Redundancies	8,461	This reserve has been created to fund the estimated costs of redundancy /early retirement over the period of the MTFs and reflects experience of these costs over the last 4 financial years.	(2,400)	(3,300)	(2,761)	0	(8,461)	0	
Strategic One Off Costs - Council Capital Fund	650	This reserve is earmarked to fund Corporate Capital Fund commitments in 2013-14.	(582)	(68)	0	0	(650)	0	
Strategic One Off Costs - Housing Market Renewal	291	This reserves covers the commitments in relation to Housing Market Renewal.	(291)	0	0	0	(291)	0	
General Fund	5,946	This balance includes funding allocated to fund specific risks approved as part of the development of the 2014/15 MTFs and these amounts will be transferred to individual reserves during the current year, as part of the formal budget setting process. These issues cover funding allocated to manage the Business Rate risks (£0.9m), support for the 2014/15 budget (£0.680m) and to manage capital risks (£0.191m). When account is taken of these commitments the net uncommitted General Fund reserve is £4.175m.	(1,731)	0	0	0	(1,731)	4,215	

Reserve	Revised Balance as at 1st April 2013	Reason for/purpose of the Reserve	Planned Use of Reserve - £000					Estimated Balance at 31/03/17
			2013/14	2014/15	2015/16	2016/17	Total Planned Use of Reserves	
Insurance Fund	3,932	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. Phasing of claims on the Fund is difficult to predict and latest assessment of outstanding claims indicates the Fund will be fully committed over the period of the MTFs. For planning purposes the Fund is shown as phased on an equal basis over the period 2013/14 to 2016/17.	(1,000)	(1,000)	(1,000)	(932)	(3,932)	0
Strategic Risk Reserve	2,177	The risk reserve was set up to cover one-off equal pay costs which are subject to ongoing litigation. It is currently not possible to forecast the phasing of this reserve and the position will continue to be monitored closely.	0	0	0	0	0	2,177
Local Council Tax Support Scheme Reserve	1,197	This reserve will be used to support the cuts in Council Tax Benefits. Of the remaining balance Council approved in January 2013 to earmark £0520m to manage LCTS financial risks particularly the impact of higher than anticipated grant cuts, and Finance and Policy Committee on the 24th January 2014 agreed to earmark £0.267m to either delay the forecast 20% reduction in 2015/16 or help alleviate the LCTS General Fund pressure in 2016/17.	850	0	(1,100)	(153)	(403)	794
Business Rates Risk Reserve	1,000	This reserve is earmarked to manage in-year shortfalls in Business Rates and this is the amount set aside at the 31 st March 2013. As detailed in the recent MTFs an additional contribution to this reserve of £0.9m will be made in the current year and this will provide a total reserve of £1.9m to manage this risk. This is the level of the 'safety net' level for Hartlepool in 2014/15 and the Council is required to manage shortfall up to this level from its own resources. Business Rates shortfalls are a significant risk for the Council owing to the impact of the Power Station which contributes 17% of the annual Business Rates income. It is anticipated, based on previous experience over the last 7 years that shut downs at the Power Station will result in a reduction in the Business Rates received by the Council. It is difficult to predict which financial years this reserve will be used in, therefore for planning purposes it is assumed the reserve will be phased equally over the years 2014/15 to 2016/17.	900	(633)	(633)	(634)	(1,000)	0
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
Support for Local Council Tax Support Scheme	0	This reserve was created to manage the LCTS financial risks, particularly the impact of higher than forecast anticipated future grant cuts	860	(440)	(153)	(267)	0	0
Living Wage	0	This reserve was created from savings in Members Allowances to cover the cost of implementing the Living Wage as approved by Finance & Policy Committee 23rd August 2013	49	(49)	0	0	0	0
Supporting Family Poverty	309	This Reserve was created to support Family Poverty Initiatives in the town. Members agreed this funding could be used to support the Local Council Tax Support Scheme.	(160)	(149)	0	0	(309)	0
Pension actuarial reserve	232	This reserve was created to manage pension costs over 3 year period of the current actuarial valuation, which cover the period up to 2014/15.	0	0	0	0	0	232

Reserve	Revised Balance as at 1st April 2013	Reason for/purpose of the Reserve	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/17
			2013/14	2014/15	2015/16	2016/17			
ICT Reserve	200	Created to fund one off costs relating to the new ICT contract	(200)	0	0	0	(200)	0	
Members Ward Issues	194	Used to fund ward issues for Members	43	(132)	(105)	0	(194)	0	
Environmental Apprenticeship Scheme	0	Recommended by the Regeneration Services Committee on the 26/9/13. the reserve has been created to continue this imitative.	34	(34)	0	0	0	0	
Carbon Reduction	165	The Carbon Reduction Commitment is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. This reserve is set aside to fund the payment of Carbon Allowances in 2013/14 and 2014/15	(165)	0	0	0	(165)	0	
Business Transformation Set Up Costs	165	Funds set aside for Implementation costs of 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 MTFS on 04.10.12.	(69)	(96)	0	0	(165)	0	
Hartlepool Maritime Experience /Building Control Income Shortfall	140	This reserve was created to cover income shortfalls owing to the weakness in the economy.	60	(200)	0	0	(140)	0	
Property Reserve	107	This reserve was approved as part of the 2013/14 MTFS.	(107)			0	(107)	0	
ICT Contract	75	This Reserve is to cover the costs of implementing the new ICT contract	(75)	0	0	0	(75)	0	
Works in Default Empty Homes	50	This reserve was created to fund works in Default Empty Homes.	(28)	(22)	0	0	(50)	0	
Training for Staff on Redeployment Register	49	This reserve was originally allocated to train staff on the redeployment register. The Finance and Policy Committee has now recommended that amount is earmarked to provide funding for Modern Apprentices.	0	(49)	0	0	(49)	0	
Concessionary Fare	38	This reserve covers the tri-annual cost of replacing concessionary fares passes.	(38)	0	0	0	(38)	0	
Vodafone	37	This reserve was created to support a one off strategic review/ development of the Councils stores/ purchasing System for use with Services Direct.	0	(37)	0	0	(37)	0	
Seaton Carew Community Centre	5	This reserve was created to provide time to keep the Community Centre open for a temporary period until alternative provision as part of the overall Masterplan for Seaton Carew. The full amount was not needed as costs have been funded from the overall departmental outturn.	(5)	0	0	0	(5)	0	
Public Enquiry	20	This money is fully committed to fund the Public Enquiry.	(20)	0	0	0	(20)	0	
Salary Sacrifice	28	This reserve was created to capture NI and Pension Savings generated by the Salary Sacrifice for Cars scheme to fund future pensions liabilities	35	0	0	0	35	63	
NDC Fund	8	Reserve established from NDC under spend and will be transferred to the NDC Trust.	0	(8)	0	0	(8)	0	
Local Plan Reserve	0	This reserve will cover estimated costs over the period 2014/15 to 2015/16.	250	(125)	(125)	0	0	0	
Capital Risk Strategy	99	This reserve is fully committed towards the strategy for funding ongoing capital risks, as detailed in the MTFS report recommendation 20.51. For planning purposes this reserve is not shown as committed as it is dependant on the Jackson Landing Development progressing as planned. This reserve will be subject to regular review.	402	0	0	0	402	501	
GRAND TOTAL	31,937		(4,718)	(8,471)	(7,788)	(2,817)	(23,794)	8,143	

SUMMARY OF RESERVES COMMITTED OR HELD IN TRUST

Reserve	Revised Balance as at 1st April 2013	Reason for/purpose of the Reserve	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/17
			2013/14	2014/15	2015/16	2016/17			
Schools	5,608	Ring-fenced Schools Funding. Underspend against individual school budgets are carried forward at year end to enable individual schools to manage their budgets over more than one financial year. Schools will be determining phased usage as part of the 2014/15 budget setting.	0	0	0	0	0	5,608	
Extended Schools - Other Funding School Balances	420	This Reserve consists of the balances of schools funding which is outside main budget share e.g. NCSL. Planned usage will be determined as part of the 2014/15 budget setting.	0	0	0	0	0	420	
TOTAL SCHOOL BALANCES	6,028		0	0	0	0	0	6,028	
Financial Inclusion	38	Created to fund the Financial Inclusion Programme.	0	(38)	0	0	(38)	0	
Finance R & B	20	Created to fund IT development costs to cope with new DWP Security requirements.	(10)	(10)	0	0	(20)	0	
Finance R & B - Atlas Project	20	Created to fund the additional funding required to match DWP Atlas grant received to complete project.	0	(20)	0	0	(20)	0	
Finance R & B - Developments R & B	16	Created to fund IT development costs and security with Local Council Tax Support Scheme..	0	(16)	0	0	(16)	0	
Finance R & B - Corporate Booking System	10	Created to fund development work linked to 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.	0	(10)	0	0	(10)	0	
Finance R & B - FSM System	4	Created to fund costs of FSM System	(1)	(1)	(1)	(1)	(4)	0	
Finance R & B - Welfare Reforms Grant	0	Created to fund the implementation of Welfare Reforms.	32	(32)	0	0	0	0	
Strategic Ring Fenced Grant	237	The reserve relates to ringfenced grants received in respect of Housing Benefit and Council Tax reforms, this is due to be spent in 2013/14 and 2014/15. The Health and Wellbeing reserve is planned to be spent over future years up to 2016/17.	(75)	(66)	(48)	(48)	(237)	0	
Emergency Planning	212	Reserve held on behalf of 4 authorities for Emergency Planning and only a proportion belongs to Hartlepool.	0	(30)	(91)	(91)	(212)	0	
Supporting People	27	Reserve created from grant underspend to be used to fund transition arrangements.	0	(27)	0	0	(27)	0	
Social Care Reform	6	Reserve created from specific grant received in 10/11. To be used to fund project slippage.	0	(6)	0	0	(6)	0	
Supporting Social Care - NHS Funding (previously known as 'Reablement Funding') & including Stroke Clubs, Autism and Blind Welfare Reserves	355	CCG income which was originally to fund redundancy costs linked to time limited funding for reablement which has now been extended. Potentially required to fund HBC contribution to the Tees wide Safeguarding Adults Board and additional Social Work capacity in 2014/15 and beyond. Contingency to support demographic pressures within Adult Services over the period of the MTFs.	0	(9)	(159)	(187)	(355)	0	

Reserve	Revised Balance as at 1st April 2013	Reason for/purpose of the Reserve	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/17
			2013/14	2014/15	2015/16	2016/17			
Winter Pressures - DoH Funding	271	Specific grant funding received to support Home Care budgets in the winter months.	(110)	(110)	(51)	0	(271)	0	
PCT One Funding	616	Specific grant funding received from PCT to be used over next three years to enable continued provision of support for carers which has been reduced as part of 14/15 savings.	0	(200)	(200)	(216)	(616)	0	
Carers into Employment - PCT Funding	60	Reserve created from one-off funding received from the PCT to deliver priorities around vulnerable people.	(30)	(30)	0	0	(60)	0	
Hearing Loss Strategy - PCT Funding	64	Reserve created from one-off funding received from the PCT to deliver priorities around Hearing Loss Strategy.	(15)	0	(25)	(24)	(64)	0	
Breast Feeding Promotion	18	PCT Grant Income received in 11/12 to support Breast Feeding promotion activities over the period of the MTFS.	0	0	0	(18)	(18)	0	
Parenting Support	25	PCT Grant Income received in 12/13 to provide support to parenting programmes over the period of the MTFS.	0	0	(12)	(13)	(25)	0	
Young Peoples Substance Misuse	50	PCT Grant funding to provide on-going support for Young People's Substance Misuse services over the period of the MTFS.	0	0	0	(50)	(50)	0	
Accident Prevention	148	Reserve created from funding received in 2012/13 to support initiatives aimed at reducing injury from preventable accidents.	(48)	(100)	0	0	(148)	0	
NDC Ready for Baby/Learning Activities	4	NDC Grant Funding received to support Early Years activities	0	0	(4)	0	(4)	0	
Dedicated Schools Grant - LA underspend from previous years	1,874	The Dedicated Schools Grant (DSG) is a ring-fenced grant for use on 'schools' budgets only. The balance arises from under spends on the local authority elements of DSG, specifically Home and Hospital Teaching, PRU and salary abatements.	(600)	(304)	(970)	0	(1,874)	0	
Extended Schools - Out of School Care Balances	172	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	(86)	(86)	(172)	0	
Community Facilities in Schools - Schools Funding	73	This is the net surpluses/deficits from various School's 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	(36)	(37)	(73)	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 and the forum are happy with the level of reserve available should the need arise	(54)	0	0	0	(54)	0	
Ring Fenced Grant Funding	0	Going Forward grant funding for schools to be allocated in 14/15	18	(18)	0	0	0	0	
PCT General Health Grant Schools	13	Ringfenced grant funding to support health related school activities	0	(13)	0	0	(13)	0	
Sport and Recreation	63	Reserve created for specific PCT approved schemes. Additional year specific funding received in 2013/14 and expected 2014/15. Reserve usage deferred to 2015/16.	0	0	(63)	0	(63)	0	
Public Health - General Reserve	259	Reserve created for the continuation of existing schemes agreed by the former PCT.	(259)	0	0	0	(259)	0	

Reserve	Revised Balance as at 1st April 2013	Reason for/purpose of the Reserve	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/17
			2013/14	2014/15	2015/16	2016/17			
Public Health - British Heart Foundation	20	Reserve created for the continuation of BHF scheme.	(20)	0	0	0	(20)	0	
Regeneration & Planning - Grants	10	Funding earmarked to match fund other Grant Funded Schemes in 2013/14.	(10)	0	0	0	(10)	0	
Community Safety Grants	39	Specific Community Safety Grant funding carried forward. This funding is administered and controlled by the Safer Hartlepool Partnership and is earmarked to fund current projects over years.	50	(89)	0	0	(39)	0	
Neighbourhood Management - Grants	39	Specific grant funding allocated to fund Neighbourhood Management projects which are underway.	(35)	(4)	0	0	(39)	0	
Connect To Work Grant	23	Ring fenced grant earmarked for the Connect to Work programme which is over more than one year. (Supporting C & A priorities).	(23)	0	0	0	(23)	0	
High Street Innovation Fund	94	Specific funding carried forward to fund the project over years.	(94)	0	0	0	(94)	0	
Regeneration & Planning	25	Funding earmarked to support Regeneration schemes including Jobsmart Test Centre, Training etc.	(25)	0	0	0	(25)	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	(30)	0	0	(30)	0	
Public Health Housing Grants	81	Public Health Grant awarded in 11/12 & 12/13 to invest in improvements to housing to increase the quality of homes in the town.	(81)	0	0	0	(81)	0	
Seaside Grant	200	Funding set aside to fund expenditure commitments on a Capital Project.	(37)	(163)	0	0	(200)	0	
Coastal Protection	0	Reserve created in 2013/14 to provide match funding to support a future coastal defence scheme on the Headland.	100	(100)			0	0	
Baden Street	28	Funding set aside to implement the project approved by Members.	(28)	0	0	0	(28)	0	
Furniture Project	44	To implement the findings of the scrutiny review into reduction of child poverty and increasing access to affordable credit.	(25)	(19)	0	0	(44)	0	
CADCAM	38	Reserve to cover CADCAM liability which exists until 14/15.	(38)	0	0	0	(38)	0	
Adult Education	264	This reserve is fully committed to fund the running costs of the Adult Education accommodation.	(90)	(120)	(54)	0	(264)	0	
TOTAL RINGFENCED FUNDING	5,654		(1,508)	(1,575)	(1,800)	(771)	(5,654)	0	
Capital Funding Reserve	3,829	This reserve is fully committed to fund rephased capital expenditure.	(3,829)	0	0	0	(3,829)	0	
Capital Grants Unapplied	361	Capital grants received which are used to fund the Council's capital programme.	(361)	0	0	0	(361)	0	
TOTAL CAPITAL RESERVES	4,190		(4,190)	0	0	0	(4,190)	0	
Budget Support fund 2013/14	850	This reserve is fully committed to supporting the 2013/14 budget.	(850)	0	0	0	(850)	0	

Reserve	Revised Balance as at 1st April 2013	Reason for/purpose of the Reserve	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/17
			2013/14	2014/15	2015/16	2016/17			
2013/14 Income Shortfalls Reserve	500	This reserve is fully committed to supporting the 2013/14 budget.	(500)	0	0	0	(500)	0	
Delayed 13/14 Savings Reserve	367	This reserve is fully committed to support the 2013/14 budget.	(367)	0	0	0	(367)	0	
Budget Support Fund	1,481	This reserve is fully committed to support the budget over the period 2013/14 to 2016/17.	2,581	(671)	(1,743)	(1,648)	(1,481)	0	
TOTAL BUDGET SUPPORT	3,198		864	(671)	(1,743)	(1,648)	(3,198)	0	
George Pyman Fund	2	Donation received to be allocated in accordance with the agreed terms.	0	0	0	0	0	2	
Museums Acquisition Fund	71	To fund the purchase of museum exhibits over years.	0	0	(21)	(50)	(71)	0	
Civic Lottery	427	This reserve consists of the proceeds of the civic lottery and donations received. Interest earned each year is currently used to fund grants and donations to local organisations.	0	0	0	0	0	427	
TOTAL LOTTERY AND MUSEUM RESERVES	500		0	0	(21)	(50)	(71)	429	
GRAND TOTAL	19,570		(4,834)	(2,246)	(3,564)	(2,469)	(13,113)	6,457	

SCHEDULE OF 2014/15 PRESSURES

Description of pressure	Value of Budget pressure £'000
<p><u>Corporate Issues</u> <u>Council Capital Fund</u> The pressure would support Prudential Borrowing of approximately £0.6m in 2014/15 (actual value of capital spending depends on specific schemes approved which will have different operational lives). Detailed proposals for using part of this funding will be reported to a future Finance and Policy Committee.</p>	50
<p><u>Income pressure</u> - these issues relate the 2.5% inflation increase included in the MTFS forecast which is cannot be achieved for areas previously identified as shortfalls in the 2012/13 budget and addressed as budget pressures covering</p>	
<p><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 Shopping Centre ongoing income shortfall - 2013/14 addressed from reserve, but for 2014/15 need permanent solution.</p>	24 400
<p><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 2014/15. Furthermore, owing to the practicalities of setting an increase which generates increases in multiples of 5p a higher percentage increase than the 2.5% inflation increase in the MTFS would be required.</p>	37
<p><u>Child and Adult Services</u> <u>Looked After Children</u> Pressure of placements for looked after children remains, this has been funded from a specific reserve which will have been fully committed by the end of 2013/14. The pressure largely relates to placements for adolescents and those requiring specialist placements. In last year the implementation of the edge of care service has been successful in reducing the number of adolescents who become looked after by around 40%. This has ensured that during 2012/13 the number of looked after children has not increased. Nevertheless, there remains a high number of children looked after, the costs of which exceed the budget by approximately £400k. The service is opening a children's home which will reduce the need for residential placements from the independent sector, budget will need to be transferred to meet the costs of providing a Children's Home.</p>	400
<p><u>Regeneration and Neighbourhood Services</u> <u>Landfill Tax</u> Increase in Land Fill Tax.</p>	29
<p><u>Car Parking Business Rates</u> The increase in rates payable follows a review of the rateable value for Car Parks which takes into account income generated and the new Interchange parking facility.</p>	30
Total Pressure Identified	970

APPENDIX F

Revised Planning Assumptions

	£'000
<p><u>Reduce budget provision for April 2014 Pay award from 2.5% to 1%</u></p> <p>Assessment based on Government Policy of public sector pay restraint. If the actual pay award is higher than 1% then additional savings would need to be made.</p>	600
<p><u>Gas and Electric Budgets</u></p> <p>Actual costs for the last few years have been less than forecast; therefore a saving can be taken. However, if international economic conditions improve this could increase demand for energy and drive up costs in future years.</p>	150
<p><u>Job Evaluation budget</u></p> <p>This budget has been retained to fund outstanding job evaluation issues to ensure all areas could be funded at the top of the grade, including the impact of career graded posts in Children's Services and to lesser extend Adult Services and Regeneration and Neighbourhood services.</p>	150
<p><u>Insurance Premium saving</u></p> <p>Savings is sustainable for 2014/15. However, if claims history deteriorates this would increase future premiums and lead to a budget pressure in future years.</p>	60
<p><u>General Fund Public Health Contribution</u></p> <p>The base budget provided a 50% contribution towards the costs of the shared Director of Public Health post. For 2013/14 and future years it is assumed the whole of this cost can be funded from the Public Health Grant.</p>	40
<p><u>Members Allowances</u></p> <p>In line with the recent Council resolution the revised planning assumptions excludes the Members Allowances savings which will be set aside in a ring fenced living wage reserve until such a time as the Council has consulted on the merits of introducing a 'Living Wage' in Hartlepool.</p>	0
<p><u>Accommodation budgets</u></p> <p>Savings from the rationalisation of office accommodation will be taken as a corporate saving to reduce the gross budget gap.</p>	170
<p><u>Employers' Pension Contribution saving (provisional estimate)</u></p> <p>Work on implementing 'Pensions Auto-enrolment' has identified that significant numbers of employees have opted out of the pension scheme, but we generally continue to budget for the employers' pension contribution. In previous years this contributed to the achievement of departmental salary turnover targets. As these</p>	250

targets have been removed from the 2013/14 budget the employers' pension contribution savings can be taken as a corporate benefit (when it is quantified) and the ongoing risk of maintaining this savings also managed corporately.	
<u>Terms and Conditions Review (provisional estimate)</u> This area is more challenging than anticipated and changes will take longer to agree and implement than initially envisaged. Therefore, it is anticipated these savings will not be achieved until 2015/16.	0
<u>Structure Review (provisional estimate)</u> A comprehensive report was considered and approved by Cabinet (18 th March 2013) and full Council (11 th April 2013) setting out further reductions in respect of the Chief Officer Structure. These proposals provide an on going saving from 2014/15 and an in-year saving in 2013/14.	330
<u>Reduction in 2012/13 and 2013/14 budget pressures</u> Full details were reported to the Finance and Policy Committee on 2 nd August 2013 and the reduction reflects a review of previously approved pressures. The key reductions reflect lower commitments in relation to Concessionary Fares following successful contract negotiations and lower vehicle fuel prices.	223
<u>Reduction in provision for 2014/15 budget pressures</u> An initial provision for unavoidable 2014/15 pressures of £1m was included in the MTFS forecast. As detailed in Appendix C pressures identified total £0.970m.	30
<u>Reduction in External Audit Fees</u>	19
<u>Increase of forecast IT procurement saving</u> Additional saving in 2014/15 above the previously set savings target for this area £700,000.	25
<u>Deletion of forecast collaboration saving</u> Previous reports indicated that achieving these savings would be extremely challenging and this risk was recognised when the 2012/13 budget was approved. At that stage the MTFS forecast assumed that the full year saving of £250,000 would be achieved in 2014/15. This proposed saving is now not achievable and alternative proposals have been developed, including the Senior Management Structure savings.	(250)
Total budget reductions	1,797

Revenues & Benefits	29	Deletion of vacant Band 9 Fraud Investigator post and changes in working arrangements to ensure remaining staffing resources can deal with workload,	G
Revenues & Benefits	5	Formalise existing Rostering arrangements for Cashiers to reflect flexi working arrangements agreed with staff.	G
Revenues & Benefits	10	Deletion of budget provision used to fund External Credit Check Services pilot arrangement which will not provide the initially anticipated benefits as the Financial Industry will not share the level of information necessary to make this work.	G
Revenues & Benefits	5	Printing/ Mailing budget saving arising from Contract Renegotiation.	G
Revenues & Benefits	60	<p>Increase in Summons Costs chargeable on non-payment of Council Tax from £70 to £80, with effective from 01.04.14.</p> <p>These costs have remained frozen since 01.04.11 and are now in the lower quartile of Local Authority charges.</p> <p>Implementation of these changes will need to be managed carefully for all Council Tax payers to avoid increasing financial hardship. However, these charges need to reflect the higher costs of recovering Council Tax from those households who 'won't' pay without the Council actively pursuing recovery and those who 'can't' pay owing to their financial circumstances and may be eligible for support under the Local Council Tax Support scheme, but have not claimed.</p> <p>This will need particularly carefully management for households in receipt of Local Council Tax Support.</p>	A
Revenues & Benefits	10	Savings in equipment purchase/ repair/maintenance budget arising from the outsourcing of specialist bulk mailing requirements in relation to Council Tax and Business Rates. These arrangements enable staff resources to be concentrated on core activity and managed the increased workload of managing around 8,500 additional Council Tax accounts following the implementation of the Local Council Tax Support scheme in April 2013.	G
Shared Services	40	This saving will be achieved from the reassessment of requirements for the Payroll/HR system and the subsequent renegotiation of the contract.	G
Shared Services	39	Reduction in external Insurance premiums following Contract Negotiation.	G
Shared Services	10	Deletion of 0.4 FTE vacancies within Shared Services and changes in existing working practises to mitigate the impact on the delivery of services.	A
Shared Services	5	Postage savings from increased electronic remittance/correspondence with suppliers and increased transfer from cheque payments to BACS payments.	G

Corporate Finance	24	Revision of staffing arrangements following approval of a request for earlier retirement and the deletion of the post and realignment of duties within section. This is an additional saving from the proposals detailed in the December 2013 MTFs report and has been made to offset the increased Housing Benefit Admin. grant cut.	
Less allocated to offset Housing Benefit Admin. Grant cut	(88)	Part of the saving identified need to be allocated to offset the cut in the 2014/15 Housing Benefit Administration Grant. Provisionally this grant cut was estimated to be £64,000, a cut of 5%. The actual grant cut was confirmed as £88,000 and additional savings have been identified within the Finance Division to offset the higher cut and avoid a General Fund Budget pressure.	N/A
E learning and translation services	15	Reprocurement of e learning provider and translation services in conjunction with some limited changes in respect of the corporate training budget. A number of services have been reprocured and the changes in costs of this reprocurement are reflected in the savings.	G
Overtime and other related staffing Budgets	30	Not filling temporary posts and savings as a result of the change in rota arrangements in the contact centre including a review of the costs of apprenticeships given historic profile of the age of apprentices taken on by the service	G
General running costs	48	In bringing together the Corporate Strategy and Workforce Services divisions as part of the overall restructure the opportunity has been taken to revisit the running costs of the division and identify those areas where there has been a minor though ongoing under spend across the functions. This review has provided the opportunity to re base the budgets in line with this historic spend and identify a reduction in the running and support costs	G
Management and Staffing costs	91	<p>This saving is a combination of changes in the former Corporate Strategy and Workforce Services divisions that relate to staffing.</p> <p>The post of Strategy and Performance Officer Band 12 has been held vacant since the post holder left in line with an approach to minimise compulsory redundancies. The post will be deleted and reconsideration given to both the reprioritisation and cessation of some areas of non critical work. In addition to the cessation of some potential elements of work the scaling back and or alternative delivery of some elements of work will be further considered.</p> <p>Further revisions to the staffing and management arrangements in the division will deliver the additional savings required. These changes will require a revision in the operating arrangements in the division and the management of a range of potential risks in relation to the ongoing delivery of services. These risks can be managed.</p>	A

Democratic and members support	69	Revised proposals for the delivery of support across the democratic and members support functions in the new governance arrangements. Includes member's services, scrutiny and Democratic services including the deletion of currently vacant posts and some running costs.	A
Legal Services	25	Revision of staffing arrangements following a deletion of a vacant post (following retirement) and realignment of duties within section.	A
External subscriptions	30	Savings on a range of corporate subscriptions paid from the Chief Executives Departmental budget can be achieved as organisations respond to pressure on Council's budgets.	G
Total for Department	457		

Education			
Services to 11-19 Cohort	122	Reconfiguration of staffing arrangements and changes in how services are delivered to this cohort	A
Educational Psychology	50	Reduction in LA contribution	A
Resources and Support Services	150	Review and reconfiguration of delivery of business support across department	A
Performance and Achievement	40	Reconfiguration of staffing arrangements and changes in how services are delivered.	A
Total	362		
Adults Social Care			
Adult Social Care – Carers Services	200	NHS funding has been secured to support and maintain services for carers. This will enable a saving to be achieved with no impact on services for three years.	G
Adult Social Care – Contributions Policy	188	Review of Contributions Policy to increase the amount that people contribute to the cost of their care and support, subject to means testing.	A
Adult Social Care – OP Day Services	100	Re-commission day services for older people to achieve savings against current spend.	A
Adult Social Care – Housing Related Support	165	Further review of all housing related support contracts (including extra care) to achieve savings against current spend.	A
Adult Social Care – Low Level Services	150	Cease commissioning of low level services when the current contract ends (March 2014).	A
Adult Social Care - OT	108	Reconfiguration of Occupational Therapy services linked to developments around mobile working.	A
Adult Social Care – Review of Management Structures	171	Reconfiguration of adult social care management structures and support to HSAB.	A
Adult Social Care – Disability Services	143	Review of costs within day services (admin, accommodation etc), review of high cost residential placements and implementation of Teeswide arrangements for advocacy and for specialist care and support.	A
Adult Social Care – MH Day Services	50	Cease commissioning of day opportunity support for people with mental health needs when the current contract ends in September 2014. Full year saving to be achieved in	A

		2015/16.	
Adult Social Care – Workforce Development	50	Reduce adult social care workforce development budget and focus on essential training only (i.e. Safeguarding and Best Interest Assessment).	A
TOTAL	1,325		
Children’s Services			
Workforce development	50	Reduction of central training budget and consolidating various sections budgets for supporting workforce development and focusing on priority requirements.	G
Divisional management team	117	Reconfiguration of divisional management structures.	A
Resource team	30	Remove funding from the non-pay budget which has underspent in recent years due to prudent financial management and creative practice involving low cost activities.	G
Resource team	30	Delete vacant post likely to arise during 2013/14 due to worker qualifying and taking up SW post	G
Youth Service	40	The saving has been achieved through the review of the Early Intervention Strategy and savings proposals linked to reductions in Early Intervention funding.	A
TOTAL	267	Note – proposals for savings are not made in YOS and EIG (at more significant level) due to cuts expected in these service areas. £1.5m to be removed from EIG, revised funding formula expected in YOS which will require cuts to be made separately, notice of budget cuts always received very late.	
DEPARTMENTAL TOTAL	1,954		

Neighbourhoods Division	25	School Crossing Patrol Services – removal of staff from controlled crossing points on low level usage sites.	A
Neighbourhoods Division	50	Reduction of horticultural features: - consisting of the removal of high maintenance plots and replacing (where applicable) with lower maintenance alternatives e.g. annual bedding schemes, ornamental features.	A
Neighbourhoods Division	80	Reconfiguration of staffing restructures in this area.	G
Neighbourhoods Division	50	Additional income generation from Health partnership (Integrated Transport Unit)	A
Neighbourhoods Division	50	Additional income from external fees (Engineering Design and Management) -	A
Neighbourhoods Division	220	Waste Management reconfiguration of service (to be achieved from recycling changes and reduced waste disposal costs)	G
Neighbourhood Management / Community Safety	200	Review of existing Neighbourhood Management Model.	A
Community Pool	220	Review Community Pool criteria and priorities	A
Economic Regeneration & Planning & building control	110	Management restructure and re-alignment of services and of reduction in core funding contribution to Tees Valley Unlimited.	G
Property and Facilities Management	82	Review and centralisation of teams and functions within the re-configured department and across the Council.	G
Estates and Asset Management	125	Running costs of Bryan Hanson House	R
Building Design and Management and FM (Building Maintenance)	80	Review construction related teams and functions for 14 / 15. Further reconfiguration and service delivery options for 15 / 16 including income generation opportunities.	A/R
Facilities Management (Building Cleaning)	30	Revise specifications and reduce budget for 14 / 15. Further reconfiguration and service delivery options for 15 / 16.	A/R
Facilities Management (Function Catering)	25	Rationalise outlets and reduce overheads, undertaking options appraisal for future delivery of services.	A/R
Security Services	35	Review provision of security services and re-tender relevant elements.	
Departmental non-pay budget	20	Review non-pay management account budgets	G

R&N Budget / Inflation	50	Do not take inflation increase on non-pay budgets.	G
Support Services	100	Review structures and service provision across re-configured department, including review of non pay budgets.	A
Owton Manor CC	5	New tenant for 1 st floor offices	G
Library Service	68	Review of Library Service to include consideration of changes to the Mobile Library and branch network to safeguard services where possible. Services and usages are being finalised but seek to safeguard community based facilities within outlying residential estates with few alternative services. A statutory consultation process is required. Housebound and community homes provision would be retained. Savings will also be achieved through a review of the People's Network Library ICT contract and more efficient use of book stock.	R
Removal of post (E&CM) (currently vacant with part acting up in place)	30	Acting up arrangements confirmed leading to a saving of the balance of funding for a former section head post.	G
Museums, Libraries, Arts and Events	82	Revision of staffing arrangements across a range of services, including reviewing management posts and closer integration of specialist posts across these areas.	A
Performance and Achievement *	125	Review school transport including denominational transport provision and consideration of alternative service delivery arrangements.	R
TOTAL	1,862		

* A report will be presented to the Children's Services Committee on 23rd January 2014 to finalise the recommendation to be referred to the Finance and Policy Committee in relation to this saving. At this stage the saving of £125,000 is included in the overall savings figure in this report.

Division / Area	Savings 14/15 £'000's	Brief description of change	Risk
Neighbourhoods Division	25	School Crossing Patrol Services – removal of staff from controlled crossing points on low level usage sites.	A
Neighbourhoods Division	50	Reduction of horticultural features: - consisting of the removal of high maintenance plots and replacing (where applicable) with lower maintenance alternatives e.g. annual bedding schemes, ornamental features.	A
Neighbourhoods Division	80	Reconfiguration of staffing restructures in this area.	G
Neighbourhoods Division	50	Additional income generation from Health partnership (Integrated Transport Unit)	A
Neighbourhoods Division	50	Additional income from external fees (Engineering Design and Management) -	A
Neighbourhoods Division	220	Waste Management reconfiguration of service (to be achieved from recycling changes and reduced waste disposal costs)	G
Neighbourhood Management / Community Safety	200	Review of existing Neighbourhood Management Model.	A
Community Pool	220	Review Community Pool criteria and priorities	A
Economic Regeneration & Planning & building control	110	Management restructure and re-alignment of services and of reduction in core funding contribution to Tees Valley Unlimited.	G
Property and Facilities Management	82	Review and centralisation of teams and functions within the re-configured department and across the Council.	G
Estates and Asset Management	125	Running costs of Bryan Hanson House	R
Building Design and Management and FM (Building Maintenance)	80	Review construction related teams and functions for 14 / 15. Further reconfiguration and service delivery options for 15 / 16 including income generation opportunities.	A/R
Facilities Management (Building Cleaning)	30	Revise specifications and reduce budget for 14 / 15. Further reconfiguration and service delivery options for 15 / 16.	A/R
Facilities Management (Function Catering)	25	Rationalise outlets and reduce overheads, undertaking options appraisal for future delivery of services.	A/R
Security Services	35	Review provision of security services and re-tender relevant elements.	
Departmental non-pay budget	20	Review non-pay management account budgets	G

Division / Area	Savings 14/15 £'000's	Brief description of change	Risk
R&N Budget / Inflation	50	Do not take inflation increase on non-pay budgets.	G
Support Services	100	Review structures and service provision across re-configured department, including review of non pay budgets.	A
Owton Manor CC	5	New tenant for 1 st floor offices	G
Library Service	68	Review of Library Service to include consideration of changes to the Mobile Library and branch network to safeguard services where possible. Services and usages are being finalised but seek to safeguard community based facilities within outlying residential estates with few alternative services. A statutory consultation process is required. Housebound and community homes provision would be retained. Savings will also be achieved through a review of the People's Network Library ICT contract and more efficient use of book stock.	R
Removal of post (E&CM) (currently vacant with part acting up in place)	30	Acting up arrangements confirmed leading to a saving of the balance of funding for a former section head post.	G
Museums, Libraries, Arts and Events	82	Revision of staffing arrangements across a range of services, including reviewing management posts and closer integration of specialist posts across these areas.	A
Performance and Achievement *	125	Review school transport including denominational transport provision and consideration of alternative service delivery arrangements.	R
TOTAL	1,862		

* A report will be presented to the Children's Services Committee on 23rd January 2014 to finalise the recommendation to be referred to the Finance and Policy Committee in relation to this saving. At this stage the saving of £125,000 is included in the overall savings figure in this report.

Increased income in Sport & Recreation	72	Increased income generated due to increased patronage, developing Brierton site and capital investment into MHLC pool, leading to reduced costs and greater public programming. This relies in part on the investment from reserves of the 'boom' which has a 2 year pay back.	A
Carlton OEC	31	Removal of remaining subsidy to centre – this will meet the objective of Carlton being self financing from 2014/15. No change to terms & conditions to users. Prospects currently on track.	A
DEPARTMENTAL TOTAL	103		

APPENDIX K

SUMMARY OF PROPOSED EARLY INTERVENTION GRANT SAVINGS REPORTED TO FINANCE AND POLICY COMMITTEE 18.10.13

Service	Proposed Savings £'000	Staffing Implications
Reduce Marketing budget	30	
Early Years Foundation Stage Quality Improvement	50	1.2 post
Reduce Childcare budget	37	
Short Breaks	69	
Small Steps School Assistant	23	1 post
Remove Band 13 Principal Practitioner post	47	1 post
Reduction in Children's Centre operating costs	88	
Rationalisation of staffing group	162	1 post
Reduce family budgets	10	
Remove Healthy Eating Early Years settings post	34	1 post
Reduce staffing in Rainbow Cafe	20	1 post
Renegotiating IT system fees and reducing central costs	28	
Income generation of participation team	30	
Closure of Brinkburn and Jutland Road Youth Clubs	103	14 staff 3.6 FTE's
Reduction in sessional hours	95	All youth centre workers will have 30 minute reduction in working time.
Reduction of 1 Youth Work Manager post	41	1 post
Remove YCAP element of the grant	170	Further work required re delivered in house or commissioned
Reduce Youth Opportunities Fund	80	
Cease funding additional Speech and Language Services	120	
Transfer substance misuse service to Public Health	122	
Reduce mentoring and activities contract value by 10%	48	
Transfer parenting service in house	105	TUPE will apply
Total Proposed Savings	1,512	

Summary of additional information provided in response to Members question at the Finance and Policy Committee on 18th October 2013

Members requested further information in relation to three matters:

- a) the changes to youth service provision at Jutland Road, with the current provider of services, to extending the age range of services to match the statutory age range imposed on the Council;
- b) the changes to the Young People's Inspections in light of the comments made by the young people's representatives in relation to the charges made for their inspections; and
- c) that the 50% reduction in services provided through Families First be reconsidered.

Officers are looking at the options available in relation to (a) outlined above taking into consideration commissioning and staffing requirements. In relation to (b), the impact of revised charges will be monitored by the Youth Support Service and Young Inspectors to evaluate the impact of this upon the service. With regard to (c), the 50% reduction in the Toy Library service delivered by Families First has been reviewed by officers and the parent led forum and the budget commitments amended to reduce the level of reduction.

Finance and Policy Committee deferred a decision regarding the reduction in the marketing budget pending the receipt of further information. This information was circulated to Members of the Committee following the meeting and Committee is requested to agree the proposals outlined in the original report, i.e. that this allocated budget be cut from £67,500 to £37,500 providing a saving of £30,000. It is considered that the remaining allocated amount will be sufficient to enable the service to continue to meet its statutory requirement.

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2014/15 TO 2016/17

Total Resources 2013/14		Forecast Resources 2014/2015				Forecast Resources 2015/2016 (Provisional)				Forecast Resources 2016/2017 (Provisional)			
		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
	Service Specific Capital Grants												
1,351	- Local Transport Plan	0	0	1,556	1,556	0	0	0	0	0	0	0	0
1,144	- Schools Capital Programme*	0	0	950	950	0	0	130	130	0	0	137	137
269	- Adult Social Services	0	0	275	275	0	0	281	281	0	0	287	287
2,764	Total Supported Service Specific Allocations	0	0	2,781	2,781	0	0	411	411	0	0	424	424
	Corporate Prudential Borrowing - Funded from Specific Business Cases												
0	Development of Student Accommodation (Loan to Vela Group)**	2,218	0	0	2,218	0	0	0	0	0	0	0	0
0	Development of Morrison Hall (Loan to NDC Trust)**	450	0	0	450	0	0	0	0	0	0	0	0
600	Council Capital Fund (Table 1)	600	0	0	600	0	0	0	0	0	0	0	0
600	Total	3,268	0	0	3,268	0	0	0	0	0	0	0	0
	Departmental Prudential Borrowing - Funded from Specific Business Cases												
0	Street Lighting LED & Column Replacement	4,980	0	0	4,980	0	0	0	0	0	0	0	0
45	Replacement Wheelie Bins	60	0	0	60	60	0	0	60	60	0	0	60
115	CCTV - Replacements with Wireless	0	0	0	0	0	0	0	0	0	0	0	0
680	Recycling Bins	0	0	0	0	0	0	0	0	0	0	0	0
227	Allotments (Table 2)	182	0	0	182	91	0	0	91	0	0	0	0
0	Empty Homes - Phase 2***	1,130	0	0	1,130	0	0	0	0	0	0	0	0
2,420	Vehicle Procurement (Table 3)	1,155	0	0	1,155	1,928	0	0	1,928	1,668	0	0	1,668
3,487	Total	7,507	0	0	7,507	2,079	0	0	2,079	1,728	0	0	1,728
	Useable Capital Receipts and RCCO												
0	Brierton - Macauley Road Parking (capital receipt)	0	145	0	145	0	0	0	0	0	0	0	0
0	Council Capital Fund (Table 3)	0	400	0	400	0	0	0	0	0	0	0	0
0	Registration Service Accomodation	0	91	0	91	0	0	0	0	0	0	0	0
628	Schools Capital Programme (Dedicated Schools Grant)	0	628	0	628	0	628	0	628	0	628	0	628
628	Total	0	1,264	0	1,264	0	628	0	628	0	628	0	628
	Specifically Funded Schemes												
433	Disabled Facilities Grant	0	0	418	418	0	0	0	0	0	0	0	0
244	Devolved Formula Capital (Schools)****	0	0	202	202	0	0	202	202	0	0	202	202
0	Universal infant free school meals	0	0	103	103	0	0	0	0	0	0	0	0
237	Two year old Free Nursery Entitlement Capital Allocation	0	0	0	0	0	0	0	0	0	0	0	0
0	Priority School Building Programme (Holy Trinity)	0	190	0	190	0	0	0	0	0	0	0	0
1,800	Seaton Carew - Coastal Defence -Environment Agency (EA)	0	0	0	0	0	0	0	0	0	0	0	0
280	Town Wall - Coastal Defence (EA)	0	0	0	0	0	0	0	0	0	0	0	0
80	Headland Structures (EA)	0	0	0	0	0	0	0	0	0	0	0	0
40	Block Sands (EA)	0	0	0	0	0	0	0	0	0	0	0	0
2,920	Empty Homes	0	0	0	0	0	0	0	0	0	0	0	0
1,269	Tees Valley Bus Network Infrastructure (TVBNI)	0	0	0	0	0	0	0	0	0	0	0	0
7,303	Total	0	190	723	913	0	0	202	202	0	0	202	202
14,782	Total Forecast Resources	10,775	1,454	3,504	15,733	2,079	628	613	3,320	1,728	628	626	2,982

* Schools Capital Programme includes an estimate of £950k Capital Maintenance Grant for 2014/15 which at time of writing has not been announced by the Government. This is based on pupil numbers. From 2015/16 it is expected that funding allocations will be made based on condition need and there is less certainty surrounding future allocations and no estimate has been made. Capital grants shown in 2015/16 and 2016/17 is Basic Need grant, there was no allocation of Basic Need grant in 2014/15.

** As detailed in the business cases approved by Council on 5th December 2013.

*** Subject to future approval of a business case by Finance & Policy Committee.

**** Devolved Formula Capital allocation for Schools is an estimate as the Government has not announced the allocation at time of writing. This is based on pupil numbers.

Coastal Defence (Environment Agency)

Work is underway to identify schemes required as part of a wide ranging coastal defence strategy to be completed in 2014/15. The resulting schemes will span a number of years and funding will be sought from the Environment Agency.

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2014/15 TO 2016/17

APPENDIX L

TABLE 1 - COUNCIL CAPITAL FUND - PROPOSED CAPITAL FUNDING FOR 2014/15

Project	Description	Estimated cost (£000)
Carlton Outdoor Centre	Main Building re-roofing upgrade to extend the useful life.	30
Kitchen works	2 School kitchen upgrades/refurbishments to ensure compliance with statutory obligations and operational requirements. The kitchen will be modernised to bring them up to the current standards. This will comprise replacement equipment, fittings and fixtures. New ventilation and gas installations to comply with current gas regulations. Replacement lighting and power will also be installed. includes associated works to building fabric.	170
Newburn Bridge	There are a large number of vacant units at teh industrial estate. This is a result of a number of units needing various works carrying out to make them lettable. This will ensure that an income stream canbe generated from the units. Works include replacement windows, subdivision of larger units and re roofing.	30
Hartlepool Enterprise Centre	Boiler replacement as one of the two existing boilers has failed with a number of cracked sections. No replacement sections are available. The remaining boiler is but with significant risk of a similar failure and no replacement sections. The scheme includes the installation of four replacement boilers. Four boilers are being used for ease of access (H&S) in to the basement boiler room this allows for more flexibility and efficiency when matching the required load. The scheme also includes for a new chimney installation, pumps, pressurisation unit, local pipework modifications controls, stripping out, commissioning, flushing and miscellaneous ancillary items.	120
Hartlepool Enterprise Centre	The current IT, Communications and Connectivity infrastructure at HEC is obsolete and there is no fully functioning central switchboard system. The existing system is considered to be at the end of its useful life with replacement parts difficult to source. the current system has insufficient capacity to accomodate the Econmic Development staff who have relocated as part of the office rationalisation programme and re-letting of BHH.	70
Town Hall Theatre	Replacement of obsolete stage lighting controls to ensure theatre fit-for-purpose (Phase 1).	50
Borough Hall	To bring back into use the service provision. The project will provide an operational catering and severy only. Kitchen upgrade to include the installation of new appliances to increase catering capacity and profitability of the Borough Hall	50
		520
NOTE: 2013 Committed Spend £185k to Indoor Bowls Club to be carried forward. On hold pending outcome of Mill House Master Plan.		

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2014/15 TO 2016/17**APPENDIX L**

TABLE 2 - ALLOTMENT CAPITAL WORKS PROGRAMME

Allotment Site	Works Required	2014/15	2015/16	Total
Brierton	Drainage works	0	0	0
	Perimeter fence installation	0	0	0
Burn Valley	Security Fencing	0	31	31
Catcote	Drainage works	0	0	0
	Water supply replacement	0	0	0
Chester Road	Perimeter fence replacement	0	0	0
	Water supply replacement	0	0	0
Haswell Avenue	Security fencing	17	0	17
Nicolson Field	Security improvements	125	25	150
Station Lane	Track replacement	0	0	0
Stranton	Create central car park and barriers	40	0	40
	Drainage works		35	35
Thompson Grove	Replacement perimeter fence	0	0	0
Thornhill	Improvement to internal tracks	0	0	0
	Water supply replacement	0	0	0
Throston	Water supply replacement	0	0	0
Grand Total		182	91	273

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.

TABLE 3 - VEHICLE REPLACEMENT PROGRAMME 2014/15 TO 2016/17

Type	Quantity	Service Area	£000
18,000kg Hookloader	4	Highways	320
18,000kg tipper	1	St Lighting	60
3,500kg SC Droptside	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
			1,155

TABLE 3(B) 2015/16 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	£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
			1,928

TABLE 3(C) 2016/17 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	£000
Gritter body	2	Highways	60
16s Welfare Bus	5	Community Transport	325
4x4 Buggy	1	Parks	15
Cabin van	1	Client Services	21
Car - Electric	1	Fleet Services	27
Large 360° excavator	1	Waste Management	160
Large Panel van	1	Sports Development	19
Medium Panel Van - refrigerated	1	Client Services	25
People Carrier	1	Community Transport	25
Ride on Mower	10	Horticulture	228
Small Panel van - Electric	2	Fleet Services	54
Sweeper	9	Cleansing	582
Trailer	1	Cleansing	5
Trailer	1	Horticulture	5
Trailer	3	Sports Dev	15
Contingency 5%			80
			1,668

2014/15 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 Council's 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	2014/15 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Pay	Amber	48,346	55%	The MTFS includes provision for a 1% pay award from 1st April 2014. 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	5,713	7%	This budget covers annual principal repayments and net interest on the Council's borrowings and investments. Interest payable on Council's borrowings or interest earned on investments could be higher or lower than forecast. 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. There is still a risk that LOBO loans maybe recalled. However, as interest rates on these loans are now higher than 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. 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.
Planned Maintenance Budget	Amber	205	0.2%	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. The Revenue Budget Strategy includes £0.6m provision to support Prudential Borrowing and £0.4m revenue monies to fund £1m of capital priorities.
Schools Buy-Back Income	Amber	768	0.9%	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	1,750	2.0%	In 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. The grant is distributed between LA's and Academies pro-rata to the number of pupils for whom each is responsible. 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	2014/15 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	6,122	7.0%	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).
Dedicated Schools Grant - High Needs Block	Amber	9,300	10.6%	in 2013/14 changes to DSG funding regime were implemented. Schools now have to fund the first £6k of costs from their own budget and post-16 funding for all high needs students aged 0-25 years. There is a risk that insufficient funding exists to meet the needs of all high needs pupils.
Dedicated Schools Grant - De-Delegated Services	Amber	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	Red	9,892	11.3%	<p>Increasing number of elderly people, high percentage of chronic health problems and market pressures on price. 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. 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>Due to the implementation of 'Putting People First' and Better Care Fund LAs now directed to reconfigure services to include focus on prevention, universal services and early intervention. Ongoing risk in relation to Continuing Health Care (S256) disputes. Provision in medium term financial plans to minimise impact of</p>
Demographic changes in Working Age Adults	Red	7,723	8.8%	<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. supported living. 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 - CCG (previously PCT) specific Income	Amber	3,286	3.7%	<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	2014/15 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Car Parking	Amber	1,480	1.7%	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 as car parking income is falling nationally. This risk has diminished after the car parking income budget was reduced by using £392k of permanent funding in 2012/13.
Fee Income - Planning & Building Control	Amber	460	0.5%	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. A specific reserve has been earmarked to address an anticipated shortfall in this income in 2013/14.
Highways Maintenance	Amber	1,500	1.7%	A lack of major investment from Central Government is leading to a deterioration in the network. This is a national position and funding is needed to raise conditions generally. Maintenance budgets are under pressure as a result and the position will be closely monitored each month. Conditions surveys will be used to support the Highways Five Year Maintenance Programme and Capital and Revenue budgets will be applied accordingly.
Non-achievement of income targets - Community Services	Amber	1,522	1.7%	The nature of Cultural Services 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. The actual position against budget will be monitored closely throughout the year.
Trading Accounts	Amber	29,450	33.6%	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.

PUBLIC HEALTH

Financial Risk	Risk Rating	2014/15 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Non-achievement of income targets - Markets and Licensing	Amber	438	0.5%	Budget forecasts are based on historical charges with inflation applied. There is an expectation that this level of income may not be achieved particularly the income in relation to Markets. A report has been presented to Committee highlighting this issue and the position will continue to be monitored throughout the year.
Non-achievement of income targets - Sport, Leisure and Recreation	Amber	1,529	1.7%	The nature of Sport, Leisure and Recreation 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.

SUMMARY OF KEY FINANCIAL ASSUMPTIONS UNDERPINNING THE BUDGET

Budget Assumption	Financial Standing and Management
The treatment of inflation and interest rates	<p>The proposed resource allocations for 2014/15 include 2.5% for anticipated general inflation on non pay expenditure and 1% for pay expenditure. In addition, where it is anticipated that 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 Policy Chairs 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 2014/15 are departmental savings. Work undertaken during 2013/14 to deliver these savings in advance makes the 2014/15 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 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 1st April 2007. The Council has 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>

**BUDGET CONSULTATION MEETING WITH TRADE UNION
REPRESENTATIVES - Minutes of Meeting held on 09 January
2014**

Present: ***Hartlepool Borough Council Officers***
Councillor Christopher Akers-Belcher, Leader of the Council
Dave Stubbs, Chief Executive
Chris Little, Chief Finance Officer
Andrew Atkin, Assistant Chief Executive
Denise Ogden, Director of Regeneration and Neighbourhoods
Louise Wallace, Assistant Director, Health Improvement

Trade Union Representatives

Edwin Jeffries
Malcolm Sullivan
Debbie Kenny

Apologies:

Councillor Chris Simmons
Councillor Robbie Payne
Councillor Carl Richardson
Councillor Peter Jackson
Gill Alexander, Director (Child & Adult Services)
John Mennear, Assistant Director, Community Services
Lesley Hamilton
Steve Williams

Sam Durham, PA to CEMT (Minutes)

1.	Presentation
<p>Councillor Christopher Akers-Belcher welcomed the group and provided a brief update on Local Council Tax Support (LCTS) scheme and the recommended Council Tax Freeze for 2014/15.</p> <p>Chris Little reported on Hartlepool's financial position for 2014/15 – 2016/17 and provided a brief summary of the MTFs Savings reports submitted to Finance & Policy Committee 19th December 2013 and 3rd January 2014 highlighting the following;</p> <ul style="list-style-type: none">• 2014/15 Budget Strategy• 2014/15 Local Government Finance Settlement• Changes to Local Planning Assumptions• Summary of budget changes	

Comments Made	Response
Trade Unions queried potential removal of crisis loans and cost to the Council if agreed?	DS explained that the cost to the Council would be roughly £600K. CAB advised that the Council have another year to review options and look at reallocation of resources.
Trade Unions appreciate the ongoing savings work carried out by CMT/ DMT. Concern was raised regarding Council Tax baseline and the impact of freezing Council Tax.	CL explained that the Government has stated the freeze grant for 2014/15 will go into the grant funding baseline.
Councillor CAB thanked Trade Union Members for attending the presentation and the opportunity to discuss the future budget challenges facing the Council.	

**BUDGET CONSULTATION MEETING WITH TRADE UNION
REPRESENTATIVES - Minutes of Meeting held on 15 January
2014**

**Minutes of Meeting held on 15 January 2014
at 4pm in the Leader's Office, Level 2, Civic Centre**

Present: ***Hartlepool Borough Council Officers***
Councillor Peter Jackson
Councillor Chris Simmons
Dave Stubbs, Chief Executive
Denise Ogden, Director of Regeneration and Neighbourhoods
Chris Little, Chief Finance Officer
Andrew Atkin, Assistant Chief Executive
Louise Wallace, Director of Public Health

Business Representatives

Peter Olson
Adrian Liddell
Brian Beaumont
Thomas Chacko

Apologies:

Councillor Christopher Akers-Belcher
Councillor Robbie Payne
Councillor Carl Richardson
Gill Alexander, Director Child and Adult Services
Pam Hargreaves, Business Sector Representative

Minutes: *Emma Armstrong, PA to CEMT (Minutes)*

DS gave apologies on behalf of the Leader and other members detailed above.

1.	Presentation
<p>DS welcomed the group and provided a brief update on Local Council Tax Support (LCTS) scheme and the recommended Council Tax Freeze for 2014/15.</p> <p>CL reported on Hartlepool's financial position for 2014/15 – 2016/17 and provided a brief summary of reports submitted to Cabinet highlighting the following areas;</p> <ul style="list-style-type: none">• <i>Provisional of Local Government Finance Settlement</i>• <i>Impact on Hartlepool</i>• <i>Business Rate Localisation</i>• <i>Localisation of Council Tax Support</i> <p>DS noted that DO will be taking a report to Finance & Policy Committee to highlight a report which sets out some potential help for small businesses, in 2014/15 and</p>	

<p>2015/16 to continue the current level of support.</p> <p>DS commended the work of officers and CL in the accuracy of the budget for last year.</p> <p>This will be increasingly difficult as time goes on.</p>	
Comments Made	Response
It was asked if there was a recruitment freeze currently in force?	DS explained that there is a process to follow if posts need to be filled, which includes employees at risk of redundancy. Numerous posts of leavers have been deleted from the structure.
It was queried if new businesses rate free period affects HBC.	CL confirmed this does affect the income received by the Council.
What is the Councils wage profile?	45% of employees are over 48 years old.
Will changes to the infrastructure proposals for the coming year including Jacksons Landing work? Also, are there changes planned for Wynyard and the linked changes?	DS stated he was highly confident that these will work and at the very least the site could be sold for housing. This needs to link in to the visionary plan for that area and the growth for the town going forward. This plan will include improvements and developments at Wynyard.
Has the rejection of the Local Plan affected housing in HBC?	At present this hasn't affected housing plans much.
Has the change in the Council's system / leadership affected things?	DS – the current committee system works. This has made it more open and allows Councillors and the Public to raise views and be inclusive.
2015/16 looks to be bad for budgeting purposes, could HBC save any surplus funds now to help plug these gaps. Is any collaboration taking place?	DS – Yes, Tripartite working is taking place with Redcar, Darlington, but the authorities have slimmed down so combining is no longer viable. Various steps are being taken now to try and reduce the deficit for 2015/16, which includes setting aside one-off resources to help manage the position.
Are there more efficient ways of working?	Yes, HBC are currently working with trade unions to change employees terms and conditions, this may assist in more efficient ways of working. In addition changes have been made over the last few years to change working arrangements.

BB thanked all for a frank and open discussion once again.

FINANCE AND POLICY COMMITTEE

31 January 2014



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2014/15 to 2016/17 – **SUPPLEMENTARY REPORT**

1. TYPE OF DECISION/APPLICABLE CATEGORY

Budget and Policy Framework decision.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to:-

- i) Inform Members of the recommendations made by the Children's Service Committee on 23rd January 2014 in relation to the proposed 2014/15 Discretionary School Transport saving of £125,000; and
- ii) To enable Members to determine if they wish to reflect the recommendations of the Children's Service Committee in the detailed 2014/15 budget recommendations to be referred to Council on 6th February 2014.

3. BACKGROUND

3.1 The detailed savings proposals included in the main MTFS report (issued with the agenda papers for this meeting) indicated that the proposed savings for 2014/15 include a full year saving of £125,000 from reviewing Discretionary School Transport arrangements and these proposals were subject to consultation. The results of the consultation were reported to the Children's Services Committee on 23rd January 2014 to enable these issues to be considered before a final decision on this proposed saving could be made. The main MTFS report also indicated that an update report would be provided after the Children's Services Committee considered this issue if this impacted on the recommended savings proposals. This report provides an update on this proposed saving.

4. ISSUES CONSIDERED BY THE CHILDREN'S SERVICE'S COMMITTEE ON 23rd JANUARY 2014

4.1 A detailed report, attached at Appendix A, was considered by the Children's Services Committee which covered the following issues:

- Background, including the position in North East Authorities in relation to this service;
- Current Home to School Transport Policy;
- Total Number of Pupils Affected;
- Consultation Response;
- Options;
- Recommendations;
- Financial Considerations.

4.2 The Children's Service Committee made the following recommendations:

- i) That Members approve Option 4, the phased removal of Local Authority funded discretionary home to school transport from 2015, subject to a 50% contribution from the schools towards the Councils estimated 2014 savings shortfall of £19,000.
- ii) That the Local Authority and the Schools develop an appropriate transport offer for Local Authority funded low income family places and parental and/or school funded additional places.
- iii) That Finance and Policy Committee approval is sought to fund the savings shortfall in 2014/15 of £125,000.

4.3 The next section considers the financial impact of the above recommendations on the MTFs and enables this Committee to determine the final proposals to be included in the detailed budget proposals to be referred to full Council on 6th February 2014.

5. FINANCIAL IMPACT OF APPROVING RECOMMENDATION MADE BY THE CHILDREN'S SERVICES COMMITTEE

- 5.1 The main MTFS report recommended a strategy for using the additional resources identified in the 3rd January MTFS report to help manage the budget position over the period of the MTFS. This strategy reduces the budgets cuts required in 2015/16 and is designed to provide a longer lead time to address the impact of significant additional grant cuts in future years. The impact of this recommended strategy is summarised in the table below:

Extract from main MTFS report -Table 2 (paragraph 8.24) - Revised Forecast Deficits 2014/15 to 2015/16

	2014/15	2015/16	2016/17	2015/16 and 2016/17 Total
	£'000	£'000	£'000	£'000
Budget deficit (2014/15 assumes all savings proposals implemented. 2015/16 and 2016/17 before benefits of additional planning assumption changes reported on 3 rd January 2014 had been identified)	0	7,818	8,600	16,418
Revised Budget deficits (after additional planning assumption changes reported on 3 rd January 2014 have been reflected)	0	6,030	8,797	14,827
Increase/(decrease) in 2015/16 and 2016/17 deficit		(1,788)	197	(1,591)

The above table shows the 2016/17 budget deficit based on a 10% grant cut, which is the current worst case planning forecast. The December MTFS report also indicated a best case planning forecast based on a 7.5% grant cut, which would reduce the 2016/17 deficit to **£7.6m**.

- 5.2 If the recommendation made by the Children's Service Committee is approved the planned 2014/15 saving of £125,000 will not be achieved and this saving will be phased over 5 financial years as summarised below:

	2015/16	2016/17	2017/18	2018/19	2019/20
Total Annual Saving	£19,000	£45,000	£73,000	£104,000	£125,000

- 5.3 As detailed in the report to the Children's Services Committee the Chief Finance Officer and Corporate Management Team would advise that at this stage of the budget process it is too late to identify and implement an alternative saving if Members approve the recommendation of the Children's Services Committee not to implement the proposed 2014/15 Discretionary School Transport saving.

- 5.4 The Chief Finance Officer and Corporate Management Team therefore recommend that the resulting 2014/15 budget shortfall is funded from the additional resources identified in the 3rd January 2014 MTFS report. This proposal does not provide a permanent solution and will therefore increase the total budget gap for 2015/16 and 2016/17 by £80,000 (i.e. the difference between the full year Discretionary School Transport saving of £125,000 and the phased saving which will be achieved from 2016/17 of £45,000).
- 5.5 The major impact of the recommended strategy for 2014/15 is an increase in the 2015/16 budget deficit of £222,000, which reflects:
- the removal of the planned 2014/15 saving; and
 - the reduction of one-off resources available to support the 2015/16 budget owing to the higher use of these resources in 2014/15.
- 5.6 The adverse impact on the 2015/16 budget deficit highlights the importance of achieving planned savings in each year of the MTFS as any delay in achieving planned savings uses the limited one-off resources earlier, which means that in future years additional cuts need to be made to offset both the lost savings from earlier years and the earlier use of one-off resources.
- 5.7 The impact of the strategy recommended by the Chief Finance Officer and Corporate Management Team for managing the removal of the Discretionary School Transport from the 2014/15 savings proposals on the MTFS is summarised in the table below:

Revised Forecast Deficits 2014/15 to 2016/17

	2014/ 15	2015 /16	2016/ 17	15/16 and 16/17 Total
	£'000	£'000	£'000	£'000
Savings to be identified (reported 03.01.14)	0	6,030	8,797	14,827
Initial 2015/16 permanent savings continuing in 2016/17			6,030	
Revise 2015/16 permanent savings continuing in 2016/17			(6,252)	
Deletion Discretionary School Transport saving	125	125	125	
Phasing Discretionary School Transport saving	0	(19)	(45)	
Contribution from schools towards 2015/16 savings shortfall	0	(9)	0	
Re-phased use of one-off resources	(125)	134		
Savings to identified	0	6,252	8,655	14,907
Increase/(decrease) in 2015/16 and 2016/17 deficit report 03.01.14		222	(142)	80

6. CONCLUSION

- 6.1 Members need to consider the recommendations referred from the Children's Service Committee in relation to the proposed 2014/15 Discretionary School Transport savings, which if approved will remove this saving from the 2014/15 budget proposals.
- 6.2 As detailed in the previous section if Members approve this proposal the Chief Finance Officer and the Corporate Management Team recommend that in 2014/15 the removal of this saving is funded from an increase in the use of one off resources allocated to support the 2014/15. This proposal will increase the budget deficit in 2015/16, as detailed in paragraph 5.7.

7. RECOMMENDATIONS

- 7.1 It is recommended that Members either:
- i) Confirm the implementation of the 2014/15 Discretionary School Transport saving of £125,000, as detailed in the main MTFS report; or
 - ii) Approve the recommendations of the Children's Services Committee not to implement the 2014/15 Discretionary School Transport saving of £125,000; and
 - iii) If recommendation (ii) is approved the Chief Finance Officer and the Corporate Management Team recommend the removal of this saving in 2014/15 is funded by increasing the use of one-off resources in 2014/15, which will require the amendment of recommendation 20.21 detailed in the main MTFS report as follows:

Reported in main MTFS report £'000		<u>Revised proposal</u> £'000
9,117	Gross Budget deficit 2014/15	9,117
(1,797)	Changes in Planning assumption (paragraph 8.3)	(1,797)
(500)	Public Health Funding	(500)
(500)	Full Year ICT saving (includes potential rental income)	(500)
6,320	Sub Total	6,320
(1,273)	Additional changes in Planning Assumptions (paragraph 8.10)	(1,273)
(4,376)	Planned savings	(4,251)
671	Sub Total	796
(671)	Use of one-off funding	(796)
0	Net budget deficit 2014/15	0

iv) To note if recommendation (ii) is approved this increases the budget deficit in 2015/16 from £6.030m to £6.252m as detailed in paragraph 5.7.

8. REASONS FOR RECOMMENDATIONS

8.1 To enable the Finance and Policy Committee to consider the recommendations referred from the Children's Services Committee.

9. BACKGROUND PAPERS

9.1 Medium Term Financial Strategy 2014/15 to 2016/17 reports – Finance and Policy Committee 31st May 2013, 2nd August 2013, 19th December 2013, 3rd January 2014 and 31st January 2014. Review of Reserves report - Finance and Policy Committee 19th September 2013.

10. CONTACT OFFICER

Chris Little
Chief Finance Officer
01429 523003
Chris.little@hartlepool.gov.uk

CHILDREN'S SERVICES COMMITTEE

23 January 2014



Report of: Director of Child and Adult Services

Subject: DISCRETIONARY SCHOOL TRANSPORT:
SAVINGS OPTIONS

1. TYPE OF DECISION/APPLICABLE CATEGORY

Budget and Policy Framework.

2. PURPOSE OF REPORT

2.1 To consider the proposed efficiency savings in relation to discretionary school transport following the consultation carried out by the Local Authority between November 2013 and January 2014 with The English Martyrs School and Sixth Form College and St. Teresa's RC Primary School.

3. BACKGROUND

3.1 Hartlepool Borough Council, in common with all Councils, continues to face unprecedented financial pressures as a result of decreased grant from central government. It was reported to Finance and Policy Committee on 3rd January 2014 that the Government have confirmed the grant cuts for 2014/15 and 2015/16 and as a result the Council will need to make cuts of £19.2m over the next three years. This is in addition to significant savings the Council has had to deliver over the past three years.

3.2 As a consequence of this, Hartlepool Borough Council needs to continue to keep under review all areas of non statutory expenditure. Transport to faith schools is one of those areas. The current cost of denominational home to school transport to the Council is over £130,000 annually which covers free transport to The English Martyrs School and Sixth Form College and St. Teresa's RC Primary School

3.3 As a result of the previous statutory consultation carried out in relation to discretionary school transport, as part of the 2012/13 budget preparation the Council acknowledged that it is valued by the parents and schools who benefit from the provision. The Council has therefore protected the service in previous budget rounds. However, Hartlepool Borough Council is now one of the few Authorities in the North East to have retained the provision

(see **Appendix 4**). Given the continued financial pressures facing the Council there is now a requirement to re-consider options in relation to the continuation of this provision in the future.

- 3.4 At the Children's Services Committee meeting of 5th November 2013, the Assistant Director, Education presented a report which included the proposals for delivery of savings of £487,000 in the Education Service as part of the 2014/15 budget process. Details of how the savings target would be achieved were detailed in the report. The report highlighted that a review of the Discretionary Transport Plan, with a potential annual saving of over £130,000, was underway, subject to a consultation process with the Governing Bodies of The English Martyrs School and Sixth Form College and St. Teresa's RC Primary School. Following the consultation, a separate report would be submitted to a future meeting of the Committee with further detail. That consultation has now been undertaken and the Children's Services Committee can now formally consider the options contained in this report. An Equality Impact Assessment has been completed and is attached at **Appendix 5**.

4. CURRENT HOME TO SCHOOL TRANSPORT POLICY

- 4.1 The current home to school transport policy reflects both a statutory duty to provide free transport for children from low-income families and a discretionary rule to provide free transport on grounds of religion and belief.
- 4.2 The denominational discretionary rule allows the Council to provide free transport to secondary and primary faith schools. In practice, however, this only happens with English Martyrs School and Sixth Form College and St. Teresa's RC Primary School pupils, and not to other secondary or primary mainstream school children. Schools such as Dyke House purchase provision from the Integrated Transport Unit, in order to access pupils from the Seaton area to Dyke House School.
- 4.3 The current arrangement, whilst being popular, is a discretionary provision and the Council is not under a statutory duty to maintain such an arrangement. The arrangements are expensive to provide and it could be argued by other schools that they provide an inequality in the approach to free school transport.
- 4.4 The statutory duty upon the Council to safeguard school transport for low income families will be maintained as those pupils are unaffected by any decision concerning denominational transport.
- 4.5 Previous consultation responses have indicated that parents would be interested in the Council continuing to provide transport on a concessionary basis in order to continue attending their preferred school rather than look to move to an alternative school.

5. TOTAL NUMBER OF PUPILS AFFECTED

- 5.1 The following table represents the total number of pupils who currently receive free transport on grounds of religion and belief (2013):

Primary	Rec	YR1	YR2	YR3	YR4	YR5	YR6	Total
St. Teresa's	2	7	5	4	7	1	9	35
Secondary	YR7	YR8	YR9	YR10	YR11			Total
English Martyrs	68	75	67	63	67			340
Total Number								375

6. CONSULTATION RESPONSE

- 6.1 Statutory consultation on the future of discretionary school transport was undertaken with the Governing Bodies of The English Martyrs School and Sixth Form College and St. Teresa's RC Primary School over a 30 day period between 18th November 2013 and 9th January 2014. The consultation document is attached to this report as **Appendix 1**. The response to the consultation by the Governing Bodies is included as **Appendix 2**, with Local Authority Officer comments attached as **Appendix 3**.
- 6.2 The consultation response indicates that the provision of free discretionary school transport to the two schools is highly valued by the school communities and parents that benefit from it.
- 6.3 The consultation response raised issues around parental choice, attendance, pupil achievement, safe walking routes to school, increased traffic congestion and the future of Roman Catholic school partnerships in Hartlepool. **Appendix 3** details the Local Authority's response to these issues.
- 6.4 The schools were particularly concerned about parents that have already applied to the schools for 2014 entry on the understanding that free discretionary school transport would be provided and the impact there would be on the school population of a rapid removal of the current arrangements.
- 6.5 The consultation response also recognises the financial pressures facing the Council and accepts that there is a need to further explore a different service model for discretionary school transport involving parental contributions that enables the Council to achieve savings in this area of non- statutory responsibility.
- 6.6 The consultation response suggests that the schools would wish to work with the Local Authority to manage a phased removal of Local Authority financial

support for discretionary school transport over a five year period, beginning September 2015' and replacing it with parental and / or school contributions.

- 6.7 Given that the Local Authority remains committed to its statutory responsibility to provide school transport for pupils from low income families, and given the responses to the consultation process, it is suggested that a 'mixed economy' of phasing out Local Authority financial support and replacing it with parental and / or school financial contributions, whilst maintaining the service for low income families, is the most acceptable way to progress this issue.
- 6.8 Initial business modelling suggests that this model of delivery is feasible, however future work will need to be undertaken to develop the detailed business case that enables the two schools to take financial responsibility for school transport whilst continuing to use the expertise of the Local Authority in providing the service on a commercial basis. In addition, the schools will need to carry out a 'market testing' exercise to establish the number of parents wishing to utilise the service on a fee paying basis.

7. OPTIONS

- 7.1 The actual split of costs between discretionary transport and low-income transport is approximately 89% discretionary transport and 11% low-income transport. All options below are for discretionary transport only and include the continuation of low-income transport.
- 7.2 **Option 1:** Continue arrangements as they currently exist, providing free transport to denominational schools.
- 7.3 **Option 2:** Remove free transport to denominational schools for all pupils commencing in September 2014.
- 7.4 **Option 3:** Starting in September 2014, cease free discretionary transport for all new pupils. Existing pupils who already receive discretionary school transport would continue so to do until they move/leave school or change address. This would achieve a saving of £19,000 in 2014-15.
- 7.5 **Option 4:** Starting in September 2015, cease free discretionary transport for all new pupils. Existing pupils who already receive discretionary school transport would continue so to do until they move/leave school or change address. Work will commence on developing a detailed business case undertaking market testing for a mixed economy model. By adopting Option 4, however, the twelve month delay in phasing out discretionary transport means that the potential saving of £19,000 detailed in Option 3 is lost. It is, therefore, suggested that the school be requested to make a voluntary contribution of £9,500 (ie, 50%) towards the Council's saving target.

8. RECOMMENDATIONS

- 8.1 It is recommended that members approve Option 4, the phased removal of Local Authority funded discretionary home to school transport from 2015, subject to a 50% contribution from the schools towards the Councils estimated 2014 savings shortfall of £19,000.
- 8.2 It is recommended that the Local Authority and the Schools develop an appropriate transport offer for Local Authority funded low income family places and parental and/or school funded additional places.
- 8.4 It is recommended that Finance and Policy Committee approval is sought to fund the savings shortfall in 2014/15 of £125,000 as detailed in paragraph 11.3 below.

9. REASONS FOR RECOMMENDATIONS

- 9.1 To enable the Children's Services Committee to finalise the proposals to be recommended to the Finance and Policy Committee as part of the Medium Term Financial Strategy.

10. RISK

- 10.1 The consultation response submitted by the two schools detail a number of risks that were felt needed to be brought to the attention of the Local Authority. The Local Authority's response to these is detailed in **Appendix 3**.
- 10.2 In particular, the Local Authority will support the two schools in developing safer walking routes to school should any changes be made to the current discretionary transport provision.
- 10.3 The Local Authority is aware of the current congestion traffic issues in the busy Catcote Road area and will investigate further how best it can mitigate the risks detailed in the response.

11. LEGAL IMPLICATIONS

- 11.1 Local Authority duties in relation to Home to School transportation set out in Section 508A and Section 508B of the Education Act 1996.

12. FINANCIAL IMPLICATIONS

- 12.1 The Medium Term Financial Strategy reports considered by the Finance and Policy Committee over the past few months, including the report to the Finance and Policy Committee on 3rd January 2014, anticipates balancing

the 2014/15 budget by achieving total planned savings of £4.3. Appendix A a saving of £125,000 in relation to discretionary school transport.

- 12.2 Based on the consultation responses it is now recommended that this saving is not implemented in 2014/15. At this very late stage in the budget process it is not possible to indentify alternative savings as final budget proposals will be considered by the Finance and Policy Committee on 31st January 2014 and then referred to full Council on the 6th February 2014. It is therefore recommended that the Finance and Policy Committee notes this position and reflects the deletion of this saving from the 2014/15 proposals.
- 12.3 The Chief Finance Officer and Corporate Management Team submitted an MTFS update report to the Finance and Policy Committee on 3rd January 2014, which advised Members of positive changes in a number of planning assumptions which would assist manage the budget cuts over the period 2014/15 to 2016/17. Assuming the Finance and Policy Committee approve the recommendation not to implement the discretionary school transport saving, or require an alternative saving to be identified, the Chief Finance Officer and Corporate Management Team will recommend that the resulting budget shortfall, net of the contribution from the schools referred to in paragraph 8.1, in 2014/15 is funded from the additional resources indentified in the 3rd January 2014 report. This proposal does not provide a permanent solution and will therefore increase the budget gaps in 2015/16 and 2016/17. In addition, the proposal reduces the uncommitted one-off resources which can be carried forward from 2014/15 to support the 2015/16 and 2016/17 budget.

13. BACKGROUND PAPERS

- Cabinet Report – 5th December 2011
- Council Decision – 23rd February 2012
- Cabinet Report – 2nd April 2012
- Cabinet Report – 19th November 2012

14. CONTACT OFFICER:

Dean Jackson
Assistant Director (Education)
Child & Adult Services Department
Email: dean.jackson@hartlepool.gov.uk
Tel: 01429 523736

Appendix 1

CLASSIFICATION - UNCLASSIFIED

Gill Alexander, Director
Child and Adult Services
Civic Centre
Hartlepool
TS24 8AY

Contact Officer: Dean Jackson
Email: dean.jackson@hartlepool.gov.uk

21 November 2013

Mr M Lee
The English Martyrs School and Sixth Form College
Catcote Road
Hartlepool
TS25 4HA

Dear Colleague

BUDGET PROPOSALS: CONSULTATION ON FREE SCHOOL TRANSPORT TO DENOMINATIONAL SCHOOLS

Hartlepool Borough Council is proposing changes to the provision of free transport to faith schools. I am seeking your views on the Council's reasons for change and any alternative options you would like the Council to consider.

1. Reasons for considering change:

Hartlepool Borough Council, in common with all Councils, is facing unprecedented financial pressures as a result of decreased grant from central government. It was reported to Finance and Policy Committee on 2 August 2013 that over the next 3 years it was forecast Council will need to make cuts of £16.2m which equate to 18% of the existing General Fund budget whilst also having to maintain essential services. This is in addition to significant savings the Council has had to deliver over the past three years.

As a consequence of this, Hartlepool Borough Council needs to keep under review all areas of non statutory expenditure. Transport to faith schools is one of those areas. The current annual cost of denominational home to school transport to the Council is £133,000 which covers free transport to The English Martyrs School and Sixth Form College and St Teresa's RC Primary School

The Council has consulted on this area of expenditure in the past and recognises that it is valued by the parents and schools who benefit from the provision. As a result the Council has sought to protect the service in previous budget rounds. Hartlepool Borough Council is now one of the few authorities in the North East to have retained the provision. However, given the continued financial pressures facing the Council there is now a requirement to review options in relation to the continuation of this provision in the future.

Tel: 01429 523736
Fax: 01429 523908
www.hartlepool.gov.uk
DX 60669 Hartlepool - 1

Our Ref: DJ/JO/L/16
Your Ref:



When telephoning, please ask for:
Dean Jackson
Direct Line: (01429) 523736

2. Proposal

As part of the budget setting process for 2014/15 the Council will consider ceasing the provision of free denominational transport from September 2014 which under current legislation, is considered to be a non-statutory provision.

Free transport would be maintained for pupils who qualify because their families are on low incomes.

3. Consultation

We recognise from previous surveys and consultation that the service is highly valued by the schools and parents affected by this proposal. We also recognise that there are examples elsewhere of alternative service models and charging options that have been developed in partnership with schools, parents and local authorities to deliver home to school transport for parents who require it. The Council would be willing to work with the affected school communities to support the development of any alternative service options that would also enable the Council to secure the required efficiency savings.

This consultation is, therefore, seeking the views of the affected school communities via their Governing Bodies and Diocesan Authorities on the Council's reasons for change and inviting views on any alternative service models or charging options that would mitigate the impact of the changes.

The Council will consider the proposal to cease denominational transport from September 2014 as part of the budget setting process for 2014/15.

We are seeking your views on the reasons for change and any alternative options you would ask the Council to consider that would deliver the required efficiencies.

The consultation period will run from 18 November 2013 to 9 January 2014

Written responses should be submitted to:

Paul Robson
Integrated Transport Manager
Hartlepool Borough Council
Level 4
Civic Centre
Hartlepool
TS24 8AY.

Yours sincerely



DEAN JACKSON, Assistant Director (Education)

Children's Services Committee - 23 January 2014



The English Martyrs School and Sixth Form College

Catcote Road, Hartlepool TS25 4HA
Tel: 01429 273790 - Fax: 01429 273998
Headteacher M Lee BA (Hons)
Deputy Headteacher P McMahon BEd
Deputy Headteacher J Linden BEd (Hons)



MLLF

2nd December 2013

Mr D Jackson
Assistant Director of Education
Hartlepool Borough Council
Civic Centre
Victoria Road
Hartlepool

Dear Dean

Thank you for our letter regarding the revised Consultation on Free School Transport which we received on 20 November 2013. As you know this issue has been debated within Hartlepool over the last three years. We have been very unhappy about the unsatisfactory way this issue has been handled in the past and we hope that lessons have been learned from that.

Whilst we accept that some local authorities have decided to phase out denominational transport we would like to point out that several local authorities have decided to retain it and have done so for a variety of reasons. We feel that there are many reasons why Hartlepool should continue to provide denominational transport:

- Parents who make a choice of schools on the basis of faith should not be prevented from exercising that choice as a result of financial considerations.
- The removal of free transport will result in a fall in attendance at schools, already an issue of concern in Hartlepool.
- Falling attendance will inevitably lead to lower achievement.
- There will be an increase in the number of students taking a dangerous walking route to school.
- There will be increased traffic congestion on dangerous and busy roads. The Hartlepool Mail of 20th November 2013, for example, included a report on the dangers at the junction of Catcote Road and Calendar Road which is used by St Teresa's and English Martyrs' students. This can only be made worse by an increase in students making their own way to school or travelling by car.
- There will be a destabilisation of the close relationship which exists between ourselves and our partner schools, making the primary/secondary transition less effective.



Website: www.ems.hartlepool.sch.uk • E-mail: admin@ems.hartlepool.sch.uk

It is accepted that these are difficult times for local councils but recent spending decisions by the Council, much publicised in the local press, lead us to regard this as a question of priorities. We feel that getting students safely, and on time, to the school of their choice ought to be one of the first priorities of a local authority.

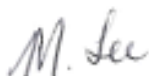
The Governors of The English Martyrs School and Sixth Form College and St Teresa's RC Primary School are willing to discuss any options but wish the following points to be noted:

- Your letter suggests a change to come into effect in September 2014. Since parents have already made their applications for school places this deadline is completely unrealistic and unacceptable.
- A change of this nature must be introduced on a phased approach. It would be unacceptable to change the travel arrangements for students mid-way through their education.
- Some local authorities have decided to run a service with parents making a contribution. It may be that we can find a way forward with this approach.
- We *would* like more information on how much the Council expects to save. The email of the 21st October 2013 which went to all schools (and was apparently withdrawn) referred to a cost of £137,000 while your letter of the 18th November 2013 refers to costs of £133,000. Your letter states that "free transport would be maintained for pupils who qualify because their families are on low incomes". We welcome this re-affirmation of your commitment to the statutory responsibility of the authority but cannot see how the Council would achieve savings since buses are clearly going to have to run for these students.

We would welcome the opportunity to discuss all options, and request that you clarify the points raised above so that we can have a basis for such discussions. We would, of course, need to involve parents in any consideration of changes to the current provision.

With every good wish

Yours sincerely



Michael Lee
Headteacher
The English Martyrs School and Sixth Form College



Mary Frain
Headteacher
St Teresa's RC Primary School

Local Authority Response to Discretionary Transport Consultation Response

CONSULTATION RESPONSE	LOCAL AUTHORITY RESPONSE
Parents who make a choice of schools on the basis of faith should not be prevented from exercising that choice as a result of financial considerations.	The LA acknowledges that the national rationale is to enhance choice of schools for parents but this has to be set alongside an equitable approach that ensures that all families, and especially low-income families, have a choice of school. There is currently an inequality in the system that favours families of the Roman Catholic faith which needs to be more closely aligned to the choices available to all families who make a choice of school on the basis of faith.
The removal of free transport will result in a fall in attendance at schools, already an issue of concern in Hartlepool.	The LA is not aware of any evidence of this happening elsewhere where free transport is removed. Attendance, generally, is an issue of concern in Hartlepool, as it is across all local authorities nationally. The LA believes that it has effective measures in place for ensuring that pupils attend school regularly. In addition, schools that attract high levels of parental support tend to have good levels of both attendance and achievement.
Falling attendance will inevitably lead to lower achievement.	See response above.
There will be an increase in the number of students taking a dangerous walking route to school.	The Local Authority will work closely with the schools affected to ensure that safe walking routes to school are established. The Local Authority has good expertise in working with schools where there are transport and road safety issues.
There will be increased traffic congestion on dangerous and busy roads. The Hartlepool Mail of 20 th November 2013, for example, included a report on the dangers at the junction of Catcote Road and Callendar Road which is used by ST Theresa's and English Martyrs' students. This can only be made worse by an increase in students making their own way to school or travelling by car.	The Local Authority is aware of this situation and will investigate further how best it can mitigate the risks described of busy roads and congestion.

<p>There will be a destabilisation of the close relationship which exists between ourselves and our partner schools, making the primary / secondary transition less effective.</p>	<p>Evidence from other Local Authorities where discretionary transport has been removed indicates that partner and transition arrangements between RC primary and secondary schools have been sustained.</p>
<p>We feel that getting students safely, and on time, to the school of their choice ought to be one of the first priorities of a local authority.</p>	<p>Paragraph 1 of the consultation letter issued by the Local Authority explains the 'unprecedented financial pressures' that the LA is facing. As a consequence, all options in areas of non-statutory expenditure ('priorities') are being reviewed.</p>
<p>Since parents have already made their applications for school places, this deadline (September 2014) is completely unrealistic and unacceptable.</p>	<p>The LA admissions guidance (<i>Education in Hartlepool, September 2014, pg 38 – Transport to a school because of your religion or belief</i>) states that '<i>...the above statement relating to religion and belief is currently under review and may be subject to change.</i>' Notwithstanding that, however, the Council may wish to consider phasing in the removal of discretionary transport from September 2015.</p>
<p>A change of this nature must be introduced on a phased approach.</p>	<p>See response above.</p>
<p>Some local authorities have decided to run a service with parents making a contribution. It may be that we can find a way forward with this approach.</p>	<p>The Local Authority welcomes this comment on introducing a parental contribution.</p>
<p>We would like more information on how much the Council expects to save. We welcome this re-affirmation of your commitment to the statutory responsibility of the authority but cannot see how the Council would achieve savings since buses are clearly going to have to run for these students (<i>of families on low incomes</i>).</p>	<p>As pupil numbers overall vary each year and, within that group, the number of low-income pupils also varies, it is estimated that the Council could potentially save between £131,907 and £165,219 each year if discretionary transport was completely removed. A phased approach would offer lower year-on-year savings. The LA would be happy to share this information with the schools.</p>

OTHER LOCAL AUTHORITY DECISIONS

A summary is shown below outlining where each Authority mentioned is at the moment with regard to the funding of denominational transport.

Local Authority	Remove	Sustain	When
Redcar & Cleveland	Full withdrawal		2012
Stockton		Currently under review	
Middlesbrough	phasing out	N/A	2013
Darlington	phasing out	N/A	2013
North Yorkshire	phasing out	N/A	2012
Durham	phasing out	N/A	2012
Newcastle	Reduced provision to nearest faith school		2014
Sunderland	Full withdrawal	N/A	2014
North Tyneside		To be sustained at present	
South Tyneside		To be sustained at present	
Gateshead		Currently under review. Out for consultation	
Northumberland		Currently under review	

Impact Assessment Form

Department	Division	Section	Owner/Officer
Child and Adult Services	Children's Services	Planning and Development	Dean Jackson
Function/Service	Review of denominational transport provision and possible cessation of concession other than 'eligible' children		
Information Available	<p>The policy change proposed would result in the removal of current discretionary transport provision in relation to St Teresa's Primary school and English Martyrs Secondary School both Faith based establishments.</p> <p>Currently, children baptised into a relevant Faith and attending their nearest appropriate Voluntary Aided Church school are entitled to receive free home to school travel support. Where the distance travelled exceeds 2 miles (primary) and 3 mile (secondary), pupils will be provided with home to school transport if they attend the nearest approved school of their parents' practising faith. The eligibility for school transport again relates to the statutory walking distances. This service is provided even though there may be other, nearer schools.</p> <p>The Council is only required by law to provide the current free home to school travel support to Faith schools for those children from low income families who satisfy the distance criteria above. Hartlepool does not attract Government funding for primary age pupils as schools are situated in close proximity which restricts the low income criteria being met. We do however attract funding in relation to secondary pupils. It is important to note that this provision will continue as a statutory Low Income duty. However, like many other Local Authorities, the Council has for many years offered discretionary provision to all children attending Faith schools eligible under the distance criteria.</p> <p>The Council intends to remove the discretionary concession and only provide home to school travel to denominational schools for statutory 'eligible' children. .</p> <p>Primary: At the present time, 36 children receive free home to school travel support on buses. The removal of the discretionary provision will impact on 35 children.</p> <p>Secondary: At the present time, 387 children receive free home to school travel support on buses. The removal of the discretionary provision will impact on 340 children</p>		
Relevance	Age		✓
Identify which strands are relevant to the area you are reviewing or	Disability		
	Gender Re-assignment		
	Race		

changing	Religion		✓
	Sex		
	Sexual Orientation		
	Marriage & Civil Partnership		
	Pregnancy & Maternity		
	Information Gaps	Opinions of children, young people.	
	What is the Impact	<p>The Equality Act 2010, Schedule 3, Part 2 provides an exemption to discrimination on the grounds of religion or belief in relation to transport to and from school.</p> <p>The Local Authority remains under a general duty to have regard to the wish of a parent for their child to be provided with education at a particular establishment on the grounds of the parents' religion or belief. Other than the statutory duty towards secondary school pupils who are from low income families, there is no duty to provide free transport to denominational schools for children generally.</p> <p>Primary: As previously outlined, 36 children attend St Teresa's Primary School receive free home to school travel support. The removal of the discretionary provision will impact on 35 children who currently attend the school and future attendees.</p> <p>Secondary: As previously outlined, 347 children attend English Martyrs Secondary School receive free home to school travel support. The removal of the discretionary provision will impact on 340 children who currently attend the school and future attendees.</p>	
	Aim 1: Eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the act.		
N/A			
Aim 2: Advance Equality of opportunity, between people who share protected characteristics and those who don't.			
N/A			
Aim 3: Foster good relations between people who share a protected characteristic and those who do not share it.			
N/A			
Addressing the impact	1. No Major Change		
	2. Adjust/Change		
	3. Continue as is		
	4. Stop/Remove		
Action identified	Responsible Officer	By When	How will this be evaluated?
Consultation carried out with appropriate schools,	Dean Jackson/Paul Robson	January 2014	Both Primary and Secondary schools have been consulted

			<p>Schools have been asked whether they think free travel should be stopped and if parents or the school are prepared to pay travel costs themselves.</p> <p>The results will be included in a report to Committee and will also impact on future provision.</p>
Date sent to Equality Rep for publishing		00/00/00	

COUNCIL

MINUTES OF PROCEEDINGS

6 February 2014

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	Atkinson
Barclay	Beck	Brash
Cook	Cranney	Dawkins
Fisher	Fleet	Gibbon
Griffin	Hall	James
Lauderdale	A Lilley	G Lilley
Loynes	Martin-Wells	Dr Morris
Payne	Richardson	Robinson
Shields	Simmons	Sirs
Thompson		

Officers: Dave Stubbs, Chief Executive
Peter Devlin, Chief Solicitor
Andrew Atkin, Assistant Chief Executive
Chris Little, Chief Finance Officer
Gill Alexander, Director of Child and Adult Services
Denise Ogden, Director of and Neighbourhoods Regeneration
Alastair Smith, Assistant Director, Neighbourhoods
Graham Frankland, Assistant Director, Resources
Louise Wallace, Director of Public Health
Amanda Whitaker and Angela Armstrong, Democratic Services Team

Prior to the commencement of business, Members stood in silence as a mark of respect following the recent death of Councillor Cath Hill. Tributes were paid to Councillor Hill's qualities as a Councillor, mentor and as a friend.

Members stood in silence also as a mark of respect following the recent death of former Mayoress Violet Burton.

116. APOLOGIES FOR ABSENT MEMBERS

Councillors Hargreaves, Jackson and Tempest.

117. DECLARATIONS OF INTEREST FROM MEMBERS

There were no declarations of interest at this point in the meeting. Declarations were made later in the meeting (minute 130 refers).

118. BUSINESS REQUIRED BY STATUTE TO BE DONE BEFORE ANY OTHER BUSINESS

None

119. PUBLIC QUESTION

Question from Mr Riddle to Chair of Finance and Policy Committee

“How many property assets has HBC disposed of since May and what is the total income to HBC from these deals?”

The Chair Finance and Policy Committee advised that the Council had sold 11 properties since May 2013 and the value was £1,844,228.

Question from Mr Riddle to Chair of Finance and Policy Committee

“Despite the scrapping of the local plan, HBC are still obliged to decide on where to accommodate a gypsy and traveller site in order to comply with European law. Do the council still intend to site it at Hart Village?”

The Chair of Finance and Policy Committee responded that at a meeting held on the 17th October 2013 Hartlepool Borough Council acting as Local Planning Authority had resolved to withdraw its Local Plan under Section 22(1) of the Planning and Compulsory Purchase Act 2004, as amended by Schedule 25 Part 17 of the Localism Act, 2011.

In line with the document Planning Policy for Travellers Sites published in March 2012 in the preparation of a Local Plan, Local planning authorities had a responsibility to set pitch targets for gypsies and travellers and plot targets for travelling showpeople which addressed the likely permanent and transit site accommodation needs of travellers in their area.

The Council was therefore undertaking a Gypsy and Traveller Needs Assessment to identify the needs for Gypsy and Travellers within the Borough. Should a need be established a site or sites would be identified during the formulation of the Local Plan. At this stage a site had not been identified, nor had a need been established from this piece of work.

During the debate, issues raised by the question were discussed. Reference was made to the previous Gypsy and Traveller Needs Assessment which had been endorsed by the Planning Inspector. Details were sought of that Needs Assessment and the Chair agreed that clarification should be provided to Members with regard to that Needs Assessment.

Question from Mr Pocklington to Chair Regeneration Services Committee

“Please report on the success or otherwise of the Council’s collective energy purchase scheme and whether or not it will be repeated this year?”

The Chair Regeneration Services Committee responded that Hartlepool had carried out its first Energy Switching Scheme between February and April 2013. Three other Local Authorities in the region and more nationwide had carried out Energy Switching schemes at the same time. Every household in Hartlepool had received information which had provided details of the scheme and how to apply. In an attempt to ensure that every resident was able to access the scheme, the Council’s contact centre staff had been available to provide assistance to those people who needed it. Radio and newspaper feeds had been used also to convey the message to local residents.

As a result of this extensive coverage, over 1500 households had registered an interest in the scheme and had received offers from the successful suppliers. This was a higher figure in percentage terms than any of the other local authorities in the region. Nationally, Hartlepool had the 4th highest number of people who registered an application when viewed as a percentage of households. The number of residents who had actually completed a switching application was fewer than hoped at 138. The probable cause of this was the way the offer was constructed by the successful supplier – it was structured to offer savings in the form of a rebate at the end of the contract period. Therefore although the prices received generally provided savings in energy costs the benefits were not immediately available. It was suggested that this could have deterred many people, especially those in fuel poverty, from accepting the offer. This was something that would be considered next time.

With regard to moving forward, the Council was considering carrying out another Energy Switching scheme at some time in the future. Developments in the industry were being looked at and information was awaited on a North Eastern regional switch from the North East Procurement Organisation which was looking at switching schemes on behalf of the Local Government Association. It was highlighted that there could be some benefits from economies of scale in this approach.

Question from Mr Pocklington to Chair Finance and Policy Committee

“Can this Council assure me and the people of Hartlepool that monies given to the Better Care Fund will be ring-fenced and not used for any other purpose whatsoever?”

The Chair of Finance and Policy Committee advised that the Better Care Fund (BCF) was a pooled budget that brought together a range of funding streams to better integrate adult social care services and health, focused particularly on older people. There was a requirement that plans for use of the pooled budget to be agreed by the Council and the Clinical Commissioning Group and formal approval by the Health & Wellbeing Board. Plans for use of the pooled budget were also required to identify how improvements would be delivered against national performance indicators focused on preventing avoidable admissions to hospital and residential care, reducing delayed hospital discharges and supporting people to live independently at home following a hospital stay. An element of the pooled budget was performance related and would not be released until there was evidence that progress was being made. The first draft BCF plan for Hartlepool would be considered by the Health & Wellbeing Board on 10 February with the final plan approved in March 2014 in order to meet the 4 April 2014 deadline for submission.

It was highlighted that this Council was committed to achieving the best possible outcomes for older people, fully supported the Better Care Fund principles and would ensure that the funding was used for the intended purpose. There were also governance arrangements associated with pooled budgets and performance arrangements linked to the Better Care Fund which would provide further assurance that the funding was used effectively.

During the debate, issues raised by the question were discussed including the wider determinants on health. Members accepted that considerable work had been undertaken previously and that wider health determinants were recognised in Council plans and strategies. It was acknowledged that the work already undertaken should be further developed and there was confidence that the Health and Wellbeing Board would make optimum use of the BCF funding.

120. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the meeting of Council held on 5 December 2013 and the Extraordinary meeting of Council held on 30th January 2014, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

The minutes were thereupon signed by the Chairman.

121. QUESTIONS FROM MEMBERS OF THE COUNCIL ON THE MINUTES OF THE PREVIOUS MEETING OF THE COUNCIL

None

122. QUESTIONS FROM MEMBERS OF THE COUNCIL

(a) Questions to Chairs of Committees and Forums

None

(b) Questions to Police and Crime Panel and Fire Authority issues

None

Minutes of the meeting of the Cleveland Fire Authority held on 18 October 2013 and 6 November 2013 had been circulated.

123. BUSINESS REQUIRED BY STATUTE

None

124. ANNOUNCEMENTS

None

125. TO DISPOSE OF BUSINESS (IF ANY) REMAINING FROM THE LAST MEETING AND TO RECEIVE THE REPORT OF ANY COMMITTEE TO WHICH SUCH BUSINESS WAS REFERRED FOR CONSIDERATION.

None

126. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES

None

127. TO CONSIDER ANY OTHER BUSINESS SPECIFIED IN THE SUMMONS OF THE MEETING

None

128. REPORT FROM THE POLICY COMMITTEES

(a) Proposal in relation to the Council's budget and policy framework

Medium Term Financial Strategy (MTFS) 2014/15 to 2016/17- Report of Finance and Policy Committee

The Chair of the Finance and Policy Committee presented details of the proposed Medium Term Financial Strategy (MTFS) 2014/15 to 2016/17. During the presentation, the Chair highlighted the significant challenges facing the Council as a result of the continued reduction in Government funding which would have a disproportionate impact on the Council and the people of

Hartlepool. The Chair advised that the Committee's report to Council provided all the relevant information to enable final decisions on next year's budget to be made at the meeting. During the presentation, the Chair highlighted achievements since May 2013 and the key issues affecting the Council's financial position for 2014/15

The Chief Executive advised Council that the final settlement announcement which covered 2014/15 and 2015/16 had been issued the previous afternoon. In relation to 2014/15 the final grant cut was approximately £7,000 less than the provisional figure which had been announced before Christmas. Therefore, in line with recommendation 20.1 included in the report, which recommended that any minor change in the final grant allocation for 2014/15 should be addressed by increasing, or decreasing the use of one-off resources, the figures included in paragraph 20.21 of the report required revising, so that:

- The Gross budget deficit was reduced by £7,000 from £9.117 million to £9.110 million; and
- The use of one-off funding is reduced by £7,000 from £796,000 to £789,000. The £7,000 of one-off funding not allocated in 2014/15 could be carried forward to support the 2015/16 budget.

In relation to 2015/16 there was no change and the grant cut of £8.213 million (14.6%) as detailed in the report was therefore confirmed.

Following the debate which followed the presentation, the Chair highlighted that a letter had been received from Brandon Lewis, Parliamentary Under Secretary of State at the Department for Communities and Local Government, regarding Recorded Votes at Budget Meetings. The Chair reminded Members that the recommended approach set out in the letter was the practice which had been adopted by this Council for a number of years.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the following recommendations of the Finance and Policy Committee:

2013/14 Outturn Issues, including Review of Reserves (details in section 4 and 5)

Approve the allocation of the available one-off funding of £2.640m (which includes £0.680m from the 2012/13 Uncommitted Outturn, £0.860m Uncommitted Equal Pay Provision and £1.1m from the 2013/14 forecast General Fund Outturn,) to support the following issues, which for completeness includes £0.2m to support the Highways Maintenance Programme which was approved by Council on 25th July 2013:

Items to be approved by Finance and Policy Committee 31.01.14 and referred to Council 06.02.14	
- Business Rates risks	£0.900m
- Support of Local Council Tax Support scheme	£0.860m

- Support of MTFS 2014/15 to 2016/17	£0.680m
Item approved by Council 25.07.13	
- Support for Highways Maintenance Programme	£0.200m
	£2.640m

Approve the forecast General Fund Outturn and one-off commitments detailed in Appendix C, which includes £0.729m to support the 2014/15 to 2016/17 MTFS;

Note that the higher forecast General Fund Outturn detailed in Appendix C cannot be relied upon when setting the 2014/15 budget and if this higher outturn is achieved a strategy for using the uncommitted outturn will be developed as part of the 2015/16 budget proposals for approval by Members.

Approve the allocation of the one-off surplus of £130,000 achieved on the Future Jobs Fund scheme as detailed in paragraph 4.9 to support the current level of demand for Business Grants in 2014/15 and 2015/16.

Approve the allocation of the one-off funding arising from Core Revenue grant changes linked to the Education Services Grant of £2.720m to support Regeneration Priorities £0.4m (as detailed in recommendation 20.41) and the core revenue budget £2.320m as follows:

- 2014/15 - £0.32m
- 2015/16 - £1.0m
- 2016/17 - £1.0m

Note that the forecast one-off funding of £2.720m which will be received in 2013/14 and 2014/15.

To note that assuming Members approve the above recommendations, which underpin the financial strategy recommended in this report and are reflected in the budget deficits detailed in this report, these resources will be held in a '2014/15 to 2015/16 MTFS Budget Support Fund Reserve'. For completeness the table includes one-off resources approved in the 2013/14 MTFS to show the total value of one-off funding being used over the next three years to support the revenue budget:

Summary of contributions to 2014/15 to 2016/17 MTFS Budget Support Fund

	£'000
Items recommended as part 2014/15 MTFS	
(a) 2012/13 Uncommitted outturn – paragraph 20.4	680
(b) 2013/14 Forecast Outturn – paragraph 20.5	729
(b) Core Revenue Grant changes linked to ESG – paragraph 20.8	2,320

Previously approved as part 2013/14 MTFS	
(a) Delayed Collaboration savings reserve	133
(b) 2013/14 Budget Support Fund	200
	4,062

Summary of planned use of 2014/15 to 2015/16 MTFS Budget Support Fund

Original proposal reported in main MTFS report £'000		Revised Finance and Policy Committee Proposal 31.01.14 £'000
671	Support of 2014/15 Budget	789
1,743	Support of 2015/16 Budget	1,625
1,648	Support of 2016/17 Budget	1,648
4,062	Total budget support 2014/15 to 2016/17	4,062

Funding for Local Council Tax Support (LCTS) Scheme and Local Welfare Support (details in section 7.8 and 7.24 respectively)

Note the Government's decision that from 2014/15 the specific grant to support for Local Council Tax Support schemes will be included in the Core Revenue Grant. This change will require individual Council's to determine how the Core Revenue Grant is allocated between support for the LCTS scheme and General Fund Services.

As a result of this change it is recommended that for 2014/15 the amount of grant allocated towards the MTFS is maintained at the same level as 2013/14, which underpins the recommended 2014/15 LCTS scheme to be referred to Council on 30th January 2014.

For 2015/16 it is recommended that the 2015/16 grant cut is shared across the General Fund budget and the LCTS scheme, which will reduce the 2015/16 General Fund budget cuts by approximately **£1.4m**. The forecasts in this report assume Members will confirm this proposal.

Note the Government's decision to withdraw the Local Welfare Support funding from 2015/16.

Approve the allocation of the available Local Welfare Support funding of £0.78m (i.e. forecast 2013/14 uncommitted outturn of £0.145m and 2014/15 grant allocation of £0.635m) to provide the following annual allocations over the period of the MTFS. To note this strategy does not provide a permanent funding solution and the position for 2017/18 will need to be reviewed when the MTFS is rolled forward to include this year.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	Total £'000
Staffing resources *	80	80	80	240
Grants/support to individuals	180	180	180	540
	260	260	260	780

General Fund Revenue Budget 2014/15 to 2016/17 (details in section 8)

2014/15 Issues

Note the actual grant cut for 2014/15 of **£5.977m**, which is a reduction of **9.4%**.

Approve the budget pressures detailed in Appendix E.

Approve the following package of measures (detailed in the column headed Revised Finance and Policy Committee Proposal 31.01.14) to fund the 2014/15 gross budget deficit of £9.117m:

Original proposal reported in main MTFS report £'000		Revised Finance and Policy Committee Proposal 31.01.14 £'000
9,117	Gross Budget deficit 2014/15	9,110
(1,797)	Changes in Planning assumption (paragraph 8.3)	(1,797)
(500)	Public Health Funding	(500)
(500)	Full Year ICT saving (includes potential rental income)	(500)
6,320	Sub Total	6,313
(1,273)	Additional changes in Planning Assumptions (paragraph 8.10)	(1,273)
(4,376)	Planned savings	(4,251)
671	Sub Total	789
(671)	Use of one-off funding	(789)
0	Net budget deficit 2014/15	0

To note the use of one-off funding of £0.789m defers part of the budget deficit to 2015/16, which provides a longer lead time and is reflected in the 2015/16 forecast deficit.

Confirm that having reconsidered on 19th December 2013 the issues referred from the extraordinary Council on 19th November 2013 that the following recommendations are included in the Budget proposals to be submitted to Council on 6th February 2014:

- i) That option 3 is approved and that any unallocated Ward Member budget funds be carried forward and put in a reserve to continue Ward Member budgets for future years.

To note that based on the forecast Ward Member budget outturn for 2013/14 it is anticipated £100,000 will be uncommitted and then carried forward to 2014/15, although the final outturn will depend on the value of schemes approved before the year end.

- ii) That in response to the recommendation of Council at their Extraordinary meeting on 19th November 2013, a proportion of unspent Ward Member budget 2013/14 funds should not be allocated to support Hartlepool Voluntary Development Agency (HVDA) for the provision of Capacity and Resource Building in the VCS from 2014/15. Individual Ward Councillors had already made commitments to allocate £14,500 to HVDA and should other Councillors wish to do the same that was for them to decide individually as agreed at the Extraordinary meeting of Council.
- iii) That Ward Member funding be reduced in 2014/15 to fund the Environmental Apprenticeship Scheme of £34,000, as recommended by the Regeneration Services Committee on 26th September 2013.

This proposal commits £34,000 from the 2013/14 overall Corporate outturn as detailed in Appendix C and is reflected in recommendation (v) below.

- iv) That Finance and Policy Committee having reconsidered the Community Pool Funding Programme allocation for 2014/15, as previously determined by Finance and Policy Committee on 18 October 2013, in line with the proposal agreed by Council at their extraordinary meeting on 19th November, indicates that no variation to that decision be made.
- v) That the 2014/15 total Ward Member budget be set at £132,000 and funded from the overall corporate outturn as detailed in Appendix C. This will provide a budget of £4,000 for each Member, which is a reduction of 20% on the 2013/14 budget of £165,000.

Approve the proposal to earmark the temporary employers' pension contribution saving in 2014/15 in relation to the Chief Executive's post of £30,000 to increase the number of apprenticeships by 2 and to allocate these places to young people who have chosen to stay in care or care leavers.

Note that in line with the Government funding conditions for the Better Care Fund the detailed strategy for using these resources will be approved by the Health and Well Being Board and details will be reported to a future meeting of the Finance and Policy Committee and to note that the 2014/15 'Better Care Fund' includes £1.794m of existing grant which is used to fund continuing Adult Social care expenditure commitments. At this stage it is unclear what commitments need to be funded from the additional 2014/15 grant of £0.503m. For planning purposes, it is not anticipated that this will benefit the General Fund budget in 2014/15. However, there may be some limited scope to enable existing Adult Care services that contribute to the Better Care Fund priorities to be funded from this grant subject to the detailed grant conditions and details will be reported to a future Finance and Policy Committee.

Council Tax 2014/15 and 2015/16 (details in section 10)

Approve a Council Tax freeze for 2014/15

To note that on 15th January 2014 the Department for Communities and Local Government wrote to Councils stating - *“Ministers have agreed that the funding for 2014/15 (including 2015/16) freeze grant should be built into the spending review baseline. This gives as much certainty as possible at this stage that the extra funding for freezing Council Tax will remain available”*.

Approve an indicative Council Tax freeze for 2015/16, and to note that the final decision will be made in February 2015 and the Government will bring forward proposals for a 2014/15 Council Tax freeze scheme in due course.

Approve the production of an explanatory Council Tax leaflet for 2014/15 to provide information on the Councils' financial position and note the cost of approximately £1,800 can be funded from existing budgets.

2015/16 and 2016/17 Issues (details in section 11)

Note the actual Core Revenue grant cuts for 2015/16 of **£8.213m**, which is a reduction of **14.6%** and anticipated further cuts in 2016/17.

Note that after reflecting the strategy detailed in this report the Council will need to make cuts of **£6.252m in 2015/16** and forecast cuts in **2016/17 of £8.655m**.

Early Intervention Grant (EIG) (details in section 13)

Approve the proposed savings detailed in Appendix K which are required to address the Government EIG grant cut of £1.512m - a 25% cut;

Public Health (details in section 14)

Approve the allocation of the forecast 2013/14 Public Health saving of £0.5m as an earmarked reserve to manage in-year Public Health risks in the first year of operating these services. In the event these monies are not needed in 2013/14 it is recommended that they are set aside to manage ongoing financial risk in this area.

To note that the use of Public Health funding of £0.5m in 2014/15 and future years to fund eligible General Fund expenditure is only sustainable whilst the existing grant continues and there is a potential risk that this grant is reduced in future years.

Capital Programme 2014/15 (details in section 15)

The following recommendations will be implemented once approved by the Finance and Policy Committee on 31st January 2014 and Council on 6th February 2014 unless otherwise stated as requiring a further report.

Note the detailed ring fenced Government Capital allocations for 2014/15, as detailed in the following table and delegate authority to the relevant Policy Committee to approve detailed proposals for using these ring fenced funds.

2013/14 Capital Grant £'000		2014/15 Capital Grant £'000
1,351	Local Transport Plan	1,556
269	Adult Social Services	275
1,144	Schools Capital Programme*	950

* estimate pending notification of actual allocation.

Approve the proposals for using the 2014/15 Council Capital Fund of £1.0m (funded from £0.6m of Prudential Borrowing and £0.4m of one-off resources) as detailed in Appendix L to fund:

- Regeneration schemes of £0.45m and delegate authority to the Finance and Policy Committee to approve detailed proposals for using these resources; and
- Property Schemes of £0.55m and delegate authority to the Finance and Policy Committee to approve virement between individual schemes if necessary once final costings are known.

Note that £0.185m of 2013/14 Council Capital Fund allocated for potential works to the Indoor Bowls Club will be carried forward as uncommitted at the year end. Any decision on the use of these resources will be subject to a separate report to the Finance and Policy Committee and subsequent referral to full Council for approval. These resources will be held as uncommitted until the detailed master planning for the Mill House site has been completed.

Note the inclusion of £2.095m with the 2013/14 Prudential Borrowing to temporary fund previously approved capital expenditure on HMR pending the completion of land sales in 2014/15 and the receipt of capital income.

Approve the Street Lamp Replacement scheme at a capital cost of £4.98m which will be funded from Prudential Borrowing and from 2015/16 achieve a minimum General Fund budget saving of £40,000 (net of annual loan repayment costs). To note that the major financial risk relates to the equipment costs which make up 75% (£3.6m) of the overall scheme cost. This risk will be managed through the procurement process and if this cost exceeds £3.6m plus 5% a further report will be submitted before the scheme progresses.

Approve the provision of car parking facilities at Macaulay Road at a capital cost of £0.145m to be funded from forecast capital receipts.

Approve the proposal to develop a detailed business case to extend the Social Housing development project, which it is envisaged will provide an additional 35 to 40 properties. If Members support this proposal the detailed business case will be submitted to a future Finance and Policy Committee and then referred to Council. The business case will outline a strategy to achieve value for money from the available Prudential Borrowing through the appropriate mix of buying and refurbishing run down properties, or the purchase of 'ready to let' properties not requiring renovation. The business case will also be linked into wider

regeneration objectives, including the Housing Market Renewal project where this is appropriate.

Approve the proposal to build an Independent Living Centre at Burbank Street and note that a detailed business case on the recommended option for achieving this development will be reported to a future Finance and Policy Committee and Council for final approval.

Approve the capital budget for the replacement of the following Operational Equipment

- Vehicles Replacement Programme – 2014/15 capital expenditure £1,115,000
- Replacement of Wheelie Bins – 2014/15 capital expenditure of £60,000

Robustness of Budget forecasts (details in section 16)

Note the detailed advice provided by the Chief Finance Officer in section 16 and the following specific recommendations underpinning this advice.

Approve the strategy for managing capital receipts risks, including the Jacksons Landing project, detailed in paragraph 16.3 (iii) and the earmarking of the following resources to manage this risk:

- Right to Buy income of £191,000;
- One-off Government Grant refund in relation to the New Homes Bonus adjustment £211,000;
- Uncommitted 'Major Regeneration Reserve' of £100,000; and
- Unused Prudential borrowing approval (repayment costs covered within the existing revenue budget) for 'Major Regeneration Projects' of £393,000.

Approve that the earmarking of the above resources is reviewed on a regular basis to determine if/when these resources can be un-earmarked and made available for other priorities determined by Members. It is recommended that the trigger points for this review will be progress in achieving the capital receipts target and progress on the Jacksons Landing project.

Those in favour:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Atkinson, Barclay, Beck, Brash, Cook, Cranney, Dawkins, Fisher, Fleet, Gibbon, Griffin, Hall, James, Lauderdale, A Lilley, G Lilley, Loynes, Martin-Wells, Morris, Payne, Richardson, Robinson, Shields, Simmons, Sirs and Thompson.

Those against:

None

Those abstaining:

None.

The vote was carried unanimously.

(b) Proposal for Departure from the Budget and Policy Framework

None

129. MOTIONS ON NOTICE

None

At this point in the meeting, Councillors Brash and Thompson declared a prejudicial interest in the following item and left the meeting.

130. EXPENDITURE RELEVANT TO MEMBERS' INTERESTS

The Chief Executive reported that further to requests by members, information had been appended to the report which provided details of any contracts for works or services which were subject to the Council's tender process and awarded to a body/entity listed on the Member's Register of Interests during the last 3 months and details of any payments made to a body/entity listed on the Member's Register of Interests during the last 3 months.

It was noted that the information presented in Appendix D has been vetted to comply with the following requirements and that the report included the categories of member interest listed in the report and excluded a number of categories which were also detailed in the report: The report did not include information on those bodies listed on members interests forms which either did not have a supplier number on Integra or which could not be identified on Integra given the information provided.

RESOLVED –That the report be noted.

131. TREASURY MANAGEMENT REPORT

The Chief Executive advised Members that the Local Government Act 2003 required 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. The Act therefore required 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 had issued Guidance on Local Government Investments which came into force on 1st April, 2004. This guidance recommended that all Local Authorities produce an Annual Investment Strategy that is approved by full Council, which was included in the report which had been circulated.

It was noted that Council was required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to Full Council. This responsibility had been allocated to the Audit and Governance Committee. The Audit and Governance Committee had considered the Treasury Management Strategy for 2014/15 on 12th December 2013. The Audit and Governance Committee had approved the continuation of the recommended Borrowing and Investment Strategy. However, owing to the timing of the Audit and Governance Committee meeting and of capital funding announcements from the Government, it was not possible to present detailed prudential indicators. The Audit Governance Committee noted that these would be reported to full Council and are presented in this report. The late announcement of this information does not impact on the recommended strategy as the capital funding announcements relate to capital grant allocations which fully fund defined Government capital spending priorities.

The Treasury Management Strategy for 2014/2015 was presented which reflected the report presented to the Audit and Governance Committee on the 12th December 2013. The Audit and Governance Committee had scrutinised the recommended Treasury Management strategy and had approved that the strategy be referred to Full Council for consideration and approval.

It is recommended that Members consider the report detailed in Appendix C and approve the following recommendations:

- i) Approve the Prudential Indicators and Limits relating to Capital Expenditure for 2014/2015 to 2016/2017 as detailed in sections 4 and 5.
- ii) Approve the Minimum Revenue Provision (MRP) Statement in section 5.
- iii) Approve the Borrowing and Investment Strategies detailed in sections 6 and 7 and the continuation of the netting down of investment and borrowing noting that specific loans may be taken out for schemes approved on the basis of individual business cases.
- iv) Approve the Treasury Management Limits on Activity in section 6.
- v) Approve Treasury Prudential Indicators in section 6 & 7.
- vi) Approve the Investment Strategy Counterparty Criteria contained in section 7.

Motion agreed by show of hands. The Chair confirmed, in the absence of dissent, that this was the unanimous decision of Council.

132. CHANGE OF POLITICAL GROUP LEADER – PUTTING HARTLEPOOL FIRST

Council was advised that an appropriately completed notice had been received on 30 January 2014 in accordance with Section 5 of the Local Government (Committees and Political Groups) Regulations 1990 from the Putting Hartlepool First Group making a change to the group's leader and deputy leader appointments.

Council was requested to note that the leader of the Putting Hartlepool First Group was now Councillor Dawkins, with Councillor G Lilley as deputy leader.

RESOLVED – That the report be noted.

The meeting concluded at 7.55 p.m.

CHAIR

COUNCIL

27th February, 2014



Report of: Chief Executive

Subject: FORMAL COUNCIL TAX SETTING 2014/2015 –
INCORPORATION OF FIRE AUTHORITY, OFFICE
OF THE POLICE AND CRIME COMMISSIONER AND
PARISH COUNCIL PRECEPTS

1. PURPOSE OF REPORT

1.1 To enable Council to set the overall level of Council Tax following the notification by precepting authorities i.e. the Fire Authority, the Office of the Police and Crime Commissioner and Parish Councils of their Council Tax levels for 2014/2015.

2. BACKGROUND

2.1 At your meeting on 6th February, 2014, Members considered and approved the Medium Term Financial Strategy, which included approving a 2014/15 Council Tax freeze for this Authority's element of the Council Tax.

2.2 In accordance with statutory requirements the Council now needs to approve the overall Council Tax, inclusive of precepts set by the Fire Authority, the Office of the Police and Crime Commissioner and Parish Councils.

2.3 Both the Fire and Police precepts are subject to the Council Tax referendum thresholds and both 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.

2.4 The Fire Authority set its precept on 14th February 2014 and a 1.9% increase in its Council Tax for 2014/15 was approved.

2.5 The Office of the Police and Crime Commissioner Precept and Council Tax for 2014/15 recommended by the Police and Crime Commissioner was set on the 5th February, 2014 and is an increase of 1.997%.

2.6 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 Fire Authority and the Office of the Police and Crime Commissioner.

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, the Office of the Police and Crime Commissioner and where applicable Parish Councils.

3.2 The Table below shows the statutory Council Tax calculations incorporating the 2014/15 Council Tax levels approved by the Council, the Office of the Police and Crime Commissioner and Cleveland Fire Authority.

	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
Office of Police and Crime Commissioner	134.83	157.30	179.77	202.24	247.18	292.12	337.07	404.48
Fire Authority	46.03	53.71	61.38	69.05	84.39	99.74	115.08	138.10
Areas without a Parish Council	1,126.66	1,314.44	1,502.22	1,689.99	2,065.54	2,441.09	2,816.65	3,379.98

3.3 The statutory calculations incorporating the 2014/15 Council Tax levels approved by the Office of the Police and Crime Commissioner, Cleveland Fire Authority and the Parish Council Precepts are shown in Appendix A , Table 3.

4. PROPOSAL

4.1 Council is requested to approve the statutory calculations detailed in Appendix A, which include the precepts set by the Office of the Police and Crime Commissioner, Cleveland Fire Authority and Parish Councils.

5. CONTACT OFFICER

Chris Little
 Chief Finance Officer
 Tel: 01429 523003
 Email: chris.little@hartlepool.gov.uk

**SUPPORTING STATUTORY RESOLUTIONS - COUNCIL TAX FREEZE
(UPDATED TO REFLECT FINAL LOCAL GOVERNMENT FINANCE
SETTLEMENT)**

1 Full Council needs to approve the following supporting statutory amounts which must be calculated by the Council for 2014/2015 in accordance with the Local Government Finance Act 1992 and relevant regulations:

i) To note that on 31st January 2014 the Finance and Policy Committee approved the 2014/15 Council Tax Base for:

- The whole Council area as 21,900.8 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	100.7	Greatham	566.3
Elwick	446.0	Hart	287.3
Headland	683.9	Newton Bewley	30.3

2 That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) is £31,070,665.

3 That the following amounts be calculated by the Council for in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and relevant regulations:-

- (a) £87,676,700 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) £56,584,358 Being the aggregate of the sums which the Council estimate will be payable to it in respect of Revenue Support Grant £30,951,521, Business Rates Baseline Funding of £25,374,088 and the estimate to be paid from the Collection Fund of £258,749 as at 31st March 2014, 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) £31,092,342 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) £1,419.69 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) £21,677 Being the aggregate amount of all special items referred to in Section 34 (1) of the Local Government Finance Act 1992.
Parish Precepts
- £14,023 Concurrent Services - as detailed in Table 1 to this Appendix.
Concurrent Services
- (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 2014/15 (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 2014/15 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 2014/15 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 2014/15 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.
- 7** Approve the amount of Council Tax including the Cleveland Fire Authority and the Office of the Police and Crime Commissioner 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 Table 3 to this Appendix.

TABLE 1 - Council Tax For Parish Councils 2014/2015

	Precept (1)	Parish Tax Base (2)	Parish Council Tax (3) [=(1)/(2)]	Basic Council Tax (4)	Billing Authority's Council Tax (5) [=(3)+(4)]	Precept met from Council Tax Support Scheme	Concurrent Services	Total Payment to Parish
Parishes	£ p		£ p	£ p	£ p	£ p	£ p	£ p
Dalton Piercy	5,355	100.7	53.18	1,418.70	1,471.88	458	2,839	8,652
Elwick	5,026	446.0	11.27	1,418.70	1,429.97	327	6,553	11,906
Greatham	2,667	566.3	4.71	1,418.70	1,423.41	534	1,385	4,586
Hart	3,157	287.3	10.99	1,418.70	1,429.69	239	3,246	6,642
Headland	5,293	683.9	7.74	1,418.70	1,426.44	2,707	0	8,000
Newton Bewley	179	30.3	5.91	1,418.70	1,424.61	16	0	195
	21,677					4,281	14,023	39,981

**TABLE 2 - Council Taxes For Each Property Band 2014/2015
(Excluding Parish Precepts and excluding Office of Police and Crime Commissioner & Fire Authority)**

Parishes	Council Tax Bands							
	A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Dalton Piercy	981.25	1,144.79	1,308.34	1,471.88	1,798.97	2,126.04	2,453.13	2,943.76
Elwick	953.31	1,112.19	1,271.09	1,429.97	1,747.74	2,065.51	2,383.28	2,859.94
Greatham	948.94	1,107.09	1,265.26	1,423.41	1,739.73	2,056.03	2,372.35	2,846.82
Hart	953.13	1,111.98	1,270.84	1,429.69	1,747.40	2,065.10	2,382.81	2,859.38
Headland	950.96	1,109.45	1,267.95	1,426.44	1,743.43	2,060.41	2,377.40	2,852.88
Newton Bewley	949.74	1,108.02	1,266.32	1,424.61	1,741.19	2,057.76	2,374.35	2,849.22
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 3 - Council Taxes For Each Property Band 2014/2015
(Including Parish Precepts, Office of Police and Crime Commissioner & Fire Authority)**

Parishes	Council Tax Bands							
	A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Dalton Piercy	1,162.11	1,355.80	1,549.49	1,743.17	2,130.54	2,517.90	2,905.28	3,486.34
Elwick	1,134.17	1,323.20	1,512.24	1,701.26	2,079.31	2,457.37	2,835.43	3,402.52
Greatham	1,129.80	1,318.10	1,506.41	1,694.70	2,071.30	2,447.89	2,824.50	3,389.40
Hart	1,133.99	1,322.99	1,511.99	1,700.98	2,078.97	2,456.96	2,834.96	3,401.96
Headland	1,131.82	1,320.46	1,509.10	1,697.73	2,075.00	2,452.27	2,829.55	3,395.46
Newton Bewley	1,130.60	1,319.03	1,507.47	1,695.90	2,072.76	2,449.62	2,826.50	3,391.80
Areas without a Parish Council	1,126.66	1,314.44	1,502.22	1,689.99	2,065.54	2,441.09	2,816.65	3,379.98

COUNCIL

MINUTES OF PROCEEDINGS

27 February 2014

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	Barclay
Beck	Brash	Cranney
Dawkins	Fisher	Fleet
Gibbon	Griffin	Hall
Jackson	James	Lauderdale
A Lilley	G Lilley	Dr Morris
Payne	Richardson	Robinson
Shields	Simmons	Sirs
Tempest	Thompson	

Officers: Dave Stubbs, Chief Executive
Peter Devlin, Chief Solicitor
Chris Little, Chief Finance Officer
Denise Ogden, Director of Regeneration and Neighbourhoods
Alastair Rae, Public Relations Manager
Amanda Whitaker, Denise Wimpenny, Democratic Services Team

133. APOLOGIES FOR ABSENT MEMBERS

Councillors Atkinson, Cook, Hargreaves, Loynes and Martin-Wells

134. DECLARATIONS OF INTEREST FROM MEMBERS

None

135. BUSINESS REQUIRED BY STATUTE TO BE DONE BEFORE ANY OTHER BUSINESS

None

136. PUBLIC QUESTION

Question from Mr Latimer to Chair Finance and Policy Committee

“Could the Chair of the Finance and Policy Committee confirm whether or not he met with the developers or their representatives of the proposed 650 house development at Wynyard prior to their planning application for the development being heard by the Planning Committee? (ref: H/2013/0033).”

The Chair of Finance and Policy Committee responded that as the Council’s principal public spokesperson, in accordance with the Council’s Constitution, he had met with Wynyard Developments on 8 July 2013 and had been accompanied by the Chief Executive, Director of Regeneration and Neighbourhoods and the Assistant Director Regeneration. The planning application to which was referred had been considered by the Planning Committee, of which he was not a member, on 25th September 2013.

The Chair highlighted that one of the remits of his position within the Council Constitution was to act for the benefit of all interested parties and stakeholders. The Chair advised that he had therefore worked collaboratively with senior officers of the Council and had met a number of developers over the previous year. These included Wynyard Developments but also covered Gus Robinson Developments, Vela and Housing Hartlepool, Norcare, Tees Valley Housing and Euro Property Management Limited. This work was in accordance with the role and function of the Leader of the Council to provide policy direction and progress the Council’s corporate objectives with the Chief Executive, Chief Officers, partners and other stakeholders.

137. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 6 February 2014, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

The minutes were thereupon signed by the Chairman.

138. QUESTIONS FROM MEMBERS OF THE COUNCIL ON THE MINUTES OF THE PREVIOUS MEETING OF THE COUNCIL

None

139. QUESTIONS FROM MEMBERS OF THE COUNCIL

(a) Questions to Chairs of Committees and Forums

Regeneration Services Committee – 20 February 2014
Minute 99 – Local Plan Timetable and Progress

In accordance with Council Procedure Rule 12.1, a Member referred to the timescales included in the Committee report and sought clarification as to the basis on which comments had been made that the 'failure' of the withdrawn submitted Local Plan had been the responsibility of the Council's former executive administration. In response the Chair of Regeneration Services Committee referred to the process which had been undertaken previously in the context of the Local Plan and the costs which had been incurred. The Chair of Regeneration Services Committee highlighted that only one site had been the subject of the Local Plan's gypsy and traveller site consultation.

Once the question had been answered, the Chair of Council permitted Council to discuss the issue. During the extensive debate which followed, the Chair of Regeneration Services Committee was asked regarding his role in the executive administration's consideration of the Local Plan. Reference was made also to the consideration of the Local Plan by Council and it was highlighted that the decision which had been made by Council in February 2012 had been a unanimous decision. Issues associated with Council's previous consideration of the preferred bidder for the ICT, revenues and benefits services were debated also.

In response to concerns expressed regarding the implications of the withdrawal of the Local Plan, the Leader of the Council presented background and rationale for the Motion being submitted to Council to withdraw the Local Plan. Following the explanation, a Member referred to a letter which had been recently circulated to all Members, from the Assistant Director (Regeneration) which advised that one person had confirmed that they were interested in taking up a gypsy and traveler pitch. The letter had referred also to a Tees Valley Gypsy and Traveller Accommodation Needs Assessment (TVGTAA) undertaken in 2009 which had identified that there was a defined need within the Borough for 6 permanent residential pitches until 2021. During discussion on the provision of a gypsy and traveller site, it was highlighted that the Planning Inspector had considered the Brenda Road site, included in the Local Plan submitted to the Secretary of State, to be neither acceptable nor deliverable. The Chief Solicitor advised Members also in relation to advice which had been received from the Department Communities and Local Government in relation to adoption of Local Plan. The Chief Solicitor advised that clarification was awaited from the DCLG with regard to timescales for adoption of the Local Plan.

(b) Questions to Police and Crime Panel and Fire Authority issues

None

Minutes of the meeting of the Cleveland Fire Authority held on 13 December 2013 had been circulated.

140. BUSINESS REQUIRED BY STATUTE

None

141. ANNOUNCEMENTS

The Chairman of Council announced that Hartlepool's Local Land Charges Team had been awarded the Most Improved National Land Information Services (NLIS) Services Award for 2014. The Award was given to the local land charges department that had best improved their service and electronic product offering for its customers and was based on a number of factors including the highest overall increase in percentage of NLIS electronic searches and the fastest turnaround time. The Chairman highlighted the award demonstrated the good work of Officers.

142. TO DISPOSE OF BUSINESS (IF ANY) REMAINING FROM THE LAST MEETING AND TO RECEIVE THE REPORT OF ANY COMMITTEE TO WHICH SUCH BUSINESS WAS REFERRED FOR CONSIDERATION.

None

143. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES

None

144. TO CONSIDER ANY OTHER BUSINESS SPECIFIED IN THE SUMMONS OF THE MEETING

None

145. REPORT FROM THE POLICY COMMITTEES

- (a) Proposal in relation to the Council's budget and policy framework
- (1) Formal Council Tax Setting 2014/2015 – Incorporation of Fire Authority, Office of the Police and Crime Commissioner and Parish Council Precepts.

The Chief Executive presented a report to enable Council to set the overall level of Council Tax following the notification by precepting authorities i.e. the Fire Authority, the Office of the Police and Crime Commissioner and Parish Councils of their Council Tax levels for 2014/2015. At the meeting of Council held on 6th February, 2014, Members had considered and approved the Medium Term Financial Strategy, which had included approving a 2014/15 Council Tax freeze for this Authority's element of the Council Tax. In accordance with statutory requirements the Council needed to approve the overall Council Tax, inclusive

of precepts set by the Fire Authority, the Office of the Police and Crime Commissioner and Parish Councils. The Fire and Police precepts were subject to the Council Tax referendum thresholds and both 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.

It was noted that the Fire Authority had set its precept on 14th February 2014 and a 1.9% increase in its Council Tax for 2014/15 had been approved. The Office of the Police and Crime Commissioner Precept and Council Tax for 2014/15 had been set on the 5th February, 2014 and was an increase of 1.997%. The report included the statutory Council Tax calculations incorporating the 2014/15 Council Tax levels approved by the Council, the Office of the Police and Crime Commissioner and Cleveland Fire Authority.

Concern was expressed that despite this Council freezing its Council Tax, the Cleveland Fire Authority and the Office of the Police and Crime Commissioner had approved an increase in precepts. Concern was expressed particularly in relation to the increase in the police precept considering the reduction in police services in this town. Representatives of the Fire Authority and the Cleveland Police and Crime Panel responded to clarification sought from them at the meeting in relation to the representations which they had made at the meetings when the precepts had been set.

Following debate, an amendment was moved by Cllr Thompson and seconded by Cllr Brash:-

“That the statutory calculations, detailed in the appendix be approved excluding the Police and Crime Commissioner precept”

The Chief Solicitor highlighted 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, the Office of the Police and Crime Commissioner and where applicable Parish Councils. It was highlighted therefore that Council did not have the authority not to approve the statutory calculation and consequently the amendment did not have any legal foundation. The Chief Solicitor advised that the concerns which had been expressed could be conveyed by making representations to the Police and Crime Commissioner.

The Chief Finance Officer advised Council that he agreed with the advice which had been provided by the Chief Solicitor and highlighted the serious financial implications if Council did not approve the statutory calculations, set out in the report, at this Council meeting.

The amendment was withdrawn based on the advice which had been received and a letter being sent on behalf of Council, to the Police and Crime Commissioner, expressing the concerns which had been expressed at this meeting.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on approving the statutory calculations detailed in Appendix A,

which included the precepts set by the Office of the Police and Crime Commissioner, Cleveland Fire Authority and Parish Councils and that a letter be sent on behalf of Council, to the Police and Crime Commissioner, expressing the concerns which had been expressed in relation to the precept increase of 1.997%.

Those in favour:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Brash, Cranney, Dawkins, Fisher, Fleet, Gibbon, Griffin, Hall, Jackson, James, Lauderdale, A Lilley, G Lilley, Morris, Payne, Richardson, Robinson, Shields, Simmons, Sirs, Tempest and Thompson.

Those against:

None

Those abstaining:

None.

The vote was carried unanimously.

(2) Hartlepool Green Infrastructure Supplementary Planning Document and Action Plan – Report of Regeneration Services Committee.

The Chair of Regeneration Services Committee presented the report which advised Council that the Green Infrastructure Supplementary Planning Document (SPD), when adopted, would form part of the Hartlepool Local Development Framework. The Document outlined the benefits and purpose of Green Infrastructure and its importance to the Borough. It highlighted the current areas of green infrastructure within Hartlepool and investment in green infrastructure as well as the management of it. The SPD and Action Plan would guide future development of, and investment in, green infrastructure and would be a material consideration in the determination of planning applications where green infrastructure contributions had been requested or where the application would contribute to the development of green infrastructure in the Borough.

Members were advised that the documents had been the subject of two consultation periods and had been amended to reflect comments made. The Consultation Statement which outlined the consultation process and comments made was attached as Appendix 1 of the report.

It was noted that the SPD and Action Plan have to be adopted by the end of March 2014 to adhere to Natural England's funding requirements. The Council had already received the £5000 funding. If not adopted by that date, there was a likelihood the funding would need to be returned.

RESOLVED – That the documents be adopted.

The above was agreed by show of hands. The Chair confirmed, in the absence of dissent, that this was the unanimous decision of the Council.

(b) Proposal for Departure from the Budget and Policy Framework

None

146. MOTIONS ON NOTICE

None

147. CHIEF EXECUTIVE'S REPORT

None

The meeting concluded at 8.10 p.m.

CHAIR

SECTION B

Detailed Savings Schedules by Department

Adult Services Committee

4 NOVEMBER 2013



Report of: Assistant Director – Adult Services

Subject: SAVINGS PROGRAMME 2014/15 –
ADULT SERVICES

1. TYPE OF DECISION

- 1.1 For information. It is recommended that Members of the Committee note the content of this report and formulate a response to be presented to Finance and Policy committee on 29 November 2013.

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to identify proposals for the delivery of savings in adult services for consideration as part of the 2014/15 budget process.

3. BACKGROUND INFORMATION

- 3.1 As part of the 2014/15 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2014/15 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.

- 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 Social Return on Investment (SROI).

3.3 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)

3.4 Aims

The focus of adult services 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).

3.5 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, sensory loss or a physical disability, people with mental health needs, people who have alcohol dependency or substance misuse issues and carers.

3.6 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, a national Carer's 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 the Local Account for 2012/13 will be published in December 2013, informed by feedback received over the last year.

3.7 Inputs / Expenditure

The total expenditure on adult social care is £44.5m, with £14.1m income, £7.3m from people's personal contributions and a further £6.8m from other income (primarily NHS funding).

The breakdown of how the £44.5m is spent is as follows:

Area of Expenditure	Spend
Assessment & Care Management	£6.5m
Residential Placements	£18m
Personal Budgets	£17.5m
Housing Related Support	£2.5m

The breakdown of spend on personal budgets is as follows:

Area of Expenditure	Spend
Home Care	£6m
Direct Payments	£4.9m
Supported Accommodation (including Extra care)	£3.1
Day Services	£1.8m
Equipment	£0.9m
Other	£0.8m

3.8 Outputs / Outcomes

The Care Quality Commission no longer assess or rate adult services but the last two assessments that were undertaken rated Hartlepool's services as excellent – the best rating that could be achieved. Since the last assessment, services have continued to perform well and most performance indicators for adult services 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 over 1,250 people currently being supported.
- People received over 5,200 pieces of equipment to help them stay at home and over 95% of people received equipment within 7 working days.

Some areas where positive outcomes have been achieved include:

- Over 95% of people who have ongoing 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 13% of adults with a learning disability and adults receiving mental health services are in paid employment.
- 76.3% of service users surveyed reporting that they are satisfied with adult services (the third highest satisfaction rating in the country).

- 81.3% of people who use services and carers who were surveyed reporting that they find it easy to access information about services.
- 92.1% of carers surveyed reporting that they have been included or consulted in discussions about the person they care for.

3.9 Savings Target

The savings target for adult services for 2014/15 is £1,325,000.

4. PROPOSALS

4.1 Carers Services

A range of services are commissioned and provided to support carers. These include:

- Information, advice and support commissioned from Hartlepool Carers;
- A carers' card scheme where carers are able to claim discounts on purchases and services for carers;
- Carers awareness training for professionals;
- Support for carers of people with dementia ;
- Direct payments for carers;
- The Carers Emergency Respite Care Scheme (CERCS); and
- Respite services that give carers a break from their caring role

The cost of carers services is approximately £670,000 (excluding respite provision and sitting services for older people) with £190,000 of this funding currently coming from the Funding Transfer from NHS England to Social Care – 2013/14.

In recent years additional funding has been allocated to the NHS to provide support for carers, with a focus on supporting carers to access short breaks. Funding of just over £600,000 has been identified by the NHS to support services for carers in Hartlepool over the coming three years. This funding enables a saving of £200,000 to be achieved from April 2014 with no impact on services for the next three years.

4.2 Review of Contribution Policy

The proposed changes to the Contribution Policy were reported to the Adult Services Committee on 7 October 2013. A period of consultation is currently underway, ending on 26 November 2013, and a decision regarding implementation of any changes will be made by the Adult Services Committee on 6 January 2014, for implementation from 1 April 2014.

The proposal to increase the maximum amount that people can contribute to the cost of their care from 75% to either 95% or 100% will generate additional income for adult services of between £158,000 and £218,000. For the purposes of the savings proposals, the middle ground figure of £188,000 has been used.

If the proposed change is implemented, between 380 and 430 people will be required to contribute more towards the cost of their care. The majority of the people affected (over 90%) would be older people.

4.3 Day Services for Older People

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 Clinical Commissioning Group).

Both contracts end in March 2014 so there is a requirement for the services to be tendered and both services have been reviewed in the past year.

The day centre for older people at Hartfields has a lower uptake of places than was anticipated when the service was originally commissioned, largely due to people using direct payments to access support and social activities in different ways. The day centre at Gretton Court is also currently under utilised, although to a lesser degree.

It is proposed that a single tender is issued that will support older people to access community activities (including building based day services where appropriate) but moves towards a model that will:

- facilitate meaningful and individualised day opportunities for people
- enable people to develop and sustain sources of community support through engagement in activities and opportunities within the local community e.g. libraries, community centres, neighbourhood offices, health and well-being centres etc)
- provide support and information about health promotion, prevention of ill health, general health and well-being and facilitate activities for physical exercise.
- provide a pathway of support for people with a dementia from early on set through to advanced end stage dementia.

Through re-tendering the current services, it is anticipated that a saving of £100,000 will be achieved with minimal impact on people currently accessing services and building based services maintained for those who need this level of support.

4.4 Low Level Services

The current contract for low level services was awarded to Hartlepool Voluntary Development Agency (HVDA) from 1 October 2013 and ends in March 2014.

Current funding for the service (£340,000 p.a.) is made up of four elements:

- £50,000 – CCG investment in the original connected care pilot
- £50,000 – HBC investment in the original connected care pilot
- £120,000 – Funding Transfer from NHS England to Social Care
- £120,000 – CCG reablement funding

The original connected care pilot will not be funded from April 2014, which will achieve a saving of £50,000 for the Council and £50,000 for the CCG.

By merging the remaining funding for this service with the current funding for day services for older people (see 3.3), and creating a single tender for Low Level Support and Community Activities a further saving of £100,000 can be achieved.

4.5 Housing Related Support

Housing related support was been funded for a number of years through the Supporting People Grant, which initially was ring-fenced but is now allocated through base budget funding with significant cuts applied in 2011/12 and 2012/13:

2010/11 Funding	-	£3,985,000	
2011/12 Funding	-	£3,443,000	(cut of £542,000 / 13.5%)
2012/13 Funding	-	£3,218,000	(cut of £226,000 / 6.6%)

A review of all housing related support services was undertaken in 2011 which identified savings of £1,043,000 – an amount which enabled the cuts to be managed and also identified savings in excess of the cuts, which contributed £275,000 towards the 2012/13 savings target for adult services.

Extra care housing was excluded from the initial review as the services were still relatively new, and further work was needed to identify whether savings could be achieved. A review of funding for extra care housing has now been undertaken and a saving of £165,000 identified for 2014/15. The saving will be achieved through a £75,000 reduction in funding for Joseph Rowntree Housing Trust, who provide extra care at Hartfields and a £90,000 reduction in funding for Housing Hartlepool, who provide extra care at Laurel Gardens, Bamburgh Court, Albany Court and Richard Court.

The £75,000 saving from the Joseph Rowntree Housing Trust contract for Hartfields will be achieved through implementation of a policy that enables payments to be suspended when residents are admitted to hospital for more than two weeks, no inflationary uplift being applied to the contract value for 2014/15 and a review of working arrangements to improve efficiency and effectiveness.

The £90,000 saving from contracts with Housing Hartlepool will be achieved through reconfiguration of services, reductions in management costs and reviews of staffing arrangements.

4.6 Occupational Therapy Service

A review has been undertaken of all spend within the Occupational Therapy Service and a number of areas have been identified where savings can be achieved.

Non pay savings of £78,000 can be achieved as follows:

- £8,500 from non pay staffing budgets including vehicle / mileage costs and a saving achieved from the stair lift contract.
- £10,000 from disabled adaptations budget.

- £12,500 reduction in overhead costs for the Tees Community Equipment Service (TCES) contract.
- £10,000 reduction in the direct payment budget, which is not required as people generally use TCES to access equipment rather than taking a direct payment.
- £37,000 which has historically been under spent and then capitalised to support larger adaptations.

The implications of these savings will be that there is less flexibility within the Occupational Therapy budget to manage variation in costs for disabled adaptations, and variation in costs for the TCES contract (as spend varies based on activity). There will also be a reduction in capital funding from this budget to support major adaptations, but this shortfall can be addressed through use of the annual capital grant that is received for adult services.

Pay savings of £30,000 will be achieved through a restructure of the reablement team. The service currently has six Reablement Assessors employed at band 8 and one Social Care Officer employed at Band 9. As the service has developed, it has become apparent that the differential in roles is not required, and it is proposed to restructure the team, deleting the Band 9 Social Care Officer post. There has been an expression of interest in voluntary redundancy from within the reablement assessor staff team, so it is anticipated that the current post holder can be redeployed.

4.7 Review of Management Structures

Management structures are reviewed on an ongoing basis and a number of opportunities to achieve savings have arisen within adult services, as follows:

- Deletion of a Band 14 Social Care Transformation Manager post. This post is currently vacant following the post holder being appointed to the new Principal Social Worker role working across children's services and adult services. This will achieve a saving of £53,000.
- Deletion of Band 14 Occupational Therapy Manager post. The current post holder plans to take Early Retirement / Voluntary Redundancy in April 2014 and the post will not be filled. Responsibility for managing occupational therapy services will transfer to the two Locality Care Management Team Managers, with appropriate arrangements in place for professional supervision of staff to be maintained. This will achieve a saving of £53,000.
- Deletion of a Band 11 Safeguarding Support Officer post which works across children's and adults services. The future role of the Safeguarding Adults Boards is under review and it is anticipated that there will be a statutory Teeswide Safeguarding Vulnerable Adults Board in the future, supported by all strategic partners. This will achieve a saving of £20,000 for adult services, with a saving also achieved for children's services.
- Reduction in hours for a Band 11 Commissioning Officer post, where a member of staff has reduced hours to half time following maternity leave, which will achieve a saving of £18,000.

- Removal of a budget of £27,000 that relates to a historic arrangement where adult services contributed to the management costs of the Drug Action Team. This contribution has not been required in recent years and drug and alcohol services are now fully resourced from the Public Health budget.

Achieving further savings through management costs will result in increased workloads, reduced capacity for remaining managers, further broadening of spans of control and potentially an increased risk of harm to vulnerable adults and the Council's reputation as a result.

4.8 Disability, Sensory Loss & Provider Services

A range of services that support adults with disabilities and sensory loss have been reviewed and potential savings identified as follows:

- Funding reduced capacity in the Employment Link Service, with adult services funding two posts rather than the current three posts. This would achieve a saving of £25,000. This service is currently based within Economic Development, and it is possible that funding may be available through grant funding to maintain the third post. If this is not possible, a Band 8 post would be deleted and the service for adults with mental health needs and / or learning disabilities would continue with reduced capacity.
- A saving of £20,000 will be achieved through a review of all advocacy services, and a move to a single Teeswide Advocacy Service which will include Independent Mental Health Advocacy (IMHA), Independent Mental Capacity Advocacy (IMCA) and generic advocacy services for vulnerable adults. This work is being led on behalf of the four Tees Local Authorities by Redcar & Cleveland Borough Council with a new contract expected to be awarded early in 2014/15.
- A saving of £42,000 from a supported living contract for adults with learning disabilities. This will be achieved due to a clause in the original contract that delivered a financial benefit to the local authority when staff that were transferred to the scheme from the NHS under TUPE arrangements retired or moved on and were replaced with staff employed on the provider's standard terms and conditions. From April 2014 three part time staff will have retired from the service and been replaced generating the £42,000 reduction in the contract value for the Council.
- Within the Direct Care & Support Service there are a number of un-worked hours / vacant posts which have been held to manage peaks in demand. The saving that can be identified in this area is £56,000.

4.9 Mental Health Day Services

The current day opportunities service for adults with mental health needs is provided by Creative Support and the contract ends in September 2014. It is proposed that the service is not re-commissioned following the contract end date. The service was commissioned for a three year period with reducing funding over the three years in recognition of the fact that the ethos of the service was to support people to access existing resources within their communities. Anyone with a mental health need, who meets the Council's eligibility criteria and has ongoing support via a personal budget, who wishes

to continue using services provided by Creative Support will have the option to do so using their personal budget. This will achieve a part year saving of £50,000 in 2014/15 with a full year saving of £100,000.

4.10 Workforce Development

The current adult services budget for workforce development is £150,000. It is proposed that this is reduced by £50,000 as part of the savings proposals for 2014/15.

The impact of this saving will be that adult services training will focus solely on statutory and essential training requirements. This will mean a greater focus on Best Interest Assessor and adult safeguarding training and the core training required for direct care and support staff (including moving and handling and management of medicines).

Each team manager has been asked to identify the essential core training requirement for their staff. Any requests for training that are not considered essential will not be supported unless there are under-spends in the workforce development budget, or within team staffing budgets.

5. **OPTIONS ANALYSIS**

5.1 A range of options to achieve the required savings have been explored across adult services and been discounted, primarily due to the level of risk involved. These include:

- Reducing capacity in social work teams – considered too high risk due to impact on waiting times, performance indicators and caseloads.
- Reducing spend on residential placements – not possible in light of the fair cost of care and increased pressures on residential provision.
- Reducing 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. This issue may be revisited when considering savings for 2015/16.
- Increasing 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.

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:

- Reduced flexibility within provider services 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 if cases cannot be dealt with as quickly as they have been previously.

- Reduced flexibility to manage demand for equipment services, which may result in increased waiting times and financial pressure in future years.
- Increased spend on personal budgets due to proposed changes to day service provision for adults with mental health needs and older people.
- Reduced capacity to effectively manage adult services and participate in local and regional developments.

7. FINANCIAL CONSIDERATIONS

7.1 It has been highlighted in previous reports that failure to take savings identified as part of the 2014/15 savings programme will result in the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

7.2 The proposals outlined will deliver the following savings:-

Service	Proposed Savings
Carers Services	£200,000
Review of Contributions Policy	£188,000
Day Services for Older People	£100,000
Low Level Services	£150,000
Housing Related Support Services	£165,000
Occupational Therapy Service	£108,000
Review of Management Structures	£171,000
Disability Services & Provider Services	£143,000
Mental Health Day Services	£50,000*
Workforce Development	£50,000
Total Proposed Savings	£1,325,000

* Full year saving of £100,000 will be achieved in 2015/16

7.3 The proposals 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.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

8.1 An Equality Impact Assessment has been undertaken and is attached at **Appendix A**.

8.2 By definition, all of the savings proposals in adult services will affect the people who access adult services – those 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, sensory loss or a physical disability, people with mental health needs, people who have alcohol dependency or substance misuse issues and carers).

9. STAFF CONSIDERATIONS

- 9.1 Informal consultation with Trade Unions regarding the staffing implications of the savings proposals has been undertaken. Staff affected by the proposals have been informally notified and formal consultation will be undertaken (in line with agreed HR policies and procedures) if the proposals are accepted.
- 9.2 It is anticipated that a total of five posts will be deleted linked to the adult services saving proposals. Of these five posts, one is currently vacant leaving four people at risk of redundancy. There has been one expression of interest in voluntary redundancy and one potential bumped redundancy identified leaving two people at risk of compulsory redundancy if voluntary redundancy applications are approved and the remaining staff are not successfully redeployed.

10. RECOMMENDATIONS

- 10.1 It is recommended that Members of the Committee note the content of this report and formulate a response to be presented to Finance and Policy Committee on 29 November 2013.

11. CONTACT OFFICER

Jill Harrison
Assistant Director – Adult Services
Hartlepool Borough Council
Tel: 01429 523911
Email: jill.harrison@hartlepool.gov.uk

Department	Division	Section	Owner/Officer
Child & Adult Services	Adult Services		Jill Harrison, Assistant Director – Adult Social Care
<u>Function/Service</u>	<p>Adult Social Care Services</p> <ul style="list-style-type: none"> • Contribution Policy for Non-Residential Care – subject of a separate impact assessment. • Day Opportunities for Older People • Low Level Services • Services that support Carers • Housing Related Support Services • Occupational Therapy Service • Review of Management Structures • Disability Services and Provider Services • Mental Health Day Services • Workforce Development 		
Information Available	<p>Savings proposals have been identified following careful consideration of budgets, spend in service areas over the past three years and existing structures.</p> <p><i>Day opportunities for older people and low level services</i> – the proposal to create a single tender for low level services and day opportunities for older people will ensure that people will be able to access services/support that meet their individualised needs.</p> <p>People who are eligible to receive support from the department will continue to do so through the provision of personal budgets and direct payments.</p> <p>The impact on service users will be monitored as part of the new contract arrangements that are put in place.</p> <p>The proposal to reduce HBC funding for <i>carers services</i> will be mitigated by funding allocated by the NHS to provide support for carers in Hartlepool. There will be no impact on carers who receive services in Hartlepool.</p> <p><i>Housing related support</i> – the proposed reduction in funding to providers would have no impact on front line service delivery as the reduction would be in management costs and more efficient service delivery models.</p> <p><i>Occupational Therapy Services</i> – whilst it is not anticipated that the proposed reduction in funding will have an impact on service users, there will be less flexibility for services to respond to any increased demand.</p> <p><i>Review of management structures</i> – there is no direct impact on service users expected because of reductions in management. However, there may be an indirect impact as the workloads for</p>		

	<p>remaining managers increase.</p> <p><i>Disability services and provider services</i> – the majority of savings identified in disability and provider services will not have an impact on the people who use services. The one potential exception is the reduction in posts funded in the Employment Link Service. Whilst every effort will be made to secure alternative funding, if the post is removed, the amount of support available to people accessing the service with mental health needs and/or learning disabilities would be reduced.</p> <p><i>Mental health day services</i> – there will be no impact on service users as anyone with a mental health need who meets the Council's eligibility criteria will be able to access services using their personal budget.</p> <p><i>Workforce development</i> – there will be no impact on service users as a result of the proposed budget reduction.</p> <p>Staff affected by the all of the proposed savings will be formally consulted (in line with agreed HR policies and procedures) if the proposals are accepted.</p>																																					
<p>Relevance</p> <p><i>Identify which strands are relevant to the area you are reviewing or changing</i></p>	<table border="1"> <tr> <td data-bbox="555 981 1350 1016">Age</td> <td data-bbox="1350 981 1445 1016">X</td> </tr> <tr> <td data-bbox="555 1016 1350 1052"></td> <td data-bbox="1350 1016 1445 1052"></td> </tr> <tr> <td data-bbox="555 1052 1350 1088">Disability</td> <td data-bbox="1350 1052 1445 1088">X</td> </tr> <tr> <td data-bbox="555 1088 1350 1124"></td> <td data-bbox="1350 1088 1445 1124"></td> </tr> <tr> <td data-bbox="555 1124 1350 1160">Gender Re-assignment</td> <td data-bbox="1350 1124 1445 1160"></td> </tr> <tr> <td data-bbox="555 1160 1350 1196"></td> <td data-bbox="1350 1160 1445 1196"></td> </tr> <tr> <td data-bbox="555 1196 1350 1232">Race</td> <td data-bbox="1350 1196 1445 1232"></td> </tr> <tr> <td data-bbox="555 1232 1350 1267"></td> <td data-bbox="1350 1232 1445 1267"></td> </tr> <tr> <td data-bbox="555 1267 1350 1303">Religion</td> <td data-bbox="1350 1267 1445 1303"></td> </tr> <tr> <td data-bbox="555 1303 1350 1339"></td> <td data-bbox="1350 1303 1445 1339"></td> </tr> <tr> <td data-bbox="555 1339 1350 1375">Gender</td> <td data-bbox="1350 1339 1445 1375"></td> </tr> <tr> <td data-bbox="555 1375 1350 1411"></td> <td data-bbox="1350 1375 1445 1411"></td> </tr> <tr> <td data-bbox="555 1411 1350 1447">Sexual Orientation</td> <td data-bbox="1350 1411 1445 1447"></td> </tr> <tr> <td data-bbox="555 1447 1350 1482"></td> <td data-bbox="1350 1447 1445 1482"></td> </tr> <tr> <td data-bbox="555 1482 1350 1518">Marriage & Civil Partnership</td> <td data-bbox="1350 1482 1445 1518"></td> </tr> <tr> <td data-bbox="555 1518 1350 1554"></td> <td data-bbox="1350 1518 1445 1554"></td> </tr> <tr> <td data-bbox="555 1554 1350 1590">Pregnancy & Maternity</td> <td data-bbox="1350 1554 1445 1590"></td> </tr> <tr> <td data-bbox="555 1590 1350 1626"></td> <td data-bbox="1350 1590 1445 1626"></td> </tr> </table>	Age	X			Disability	X			Gender Re-assignment				Race				Religion				Gender				Sexual Orientation				Marriage & Civil Partnership				Pregnancy & Maternity				
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<p>Information Gaps</p>	<p>The majority of the identified savings have no direct impact on service users. However, we will monitor housing related support services and use of personal budgets for older people and people with mental health needs to ensure that services are maintained and assessed needs are appropriately met. Access to day services for older people and low services will be monitored as part of new contractual arrangements. The number of individuals with learning disability and /or mental health problem supported if a support worker in Employment Link is removed will also be monitored.</p> <p>As identified, reducing management may have an indirect impact</p>																																					

	on service users. It will be difficult to make specific links to any indirect impact but evidence such as increases in safeguarding and complaints will be monitored to assess whether there are any links to management savings.		
What is the Impact	Eliminate Unlawful discrimination , harassment, victimisation, and any other conduct prohibited by the act N/A		
	Advance Equality of Opportunity , between people who share protected characteristics and those who don't N/A		
	Foster Good Relations , between people who share a protected characteristic and people who do not share it. N/A		
Addressing the impact	1. No Impact- No Major Change		
	2. Adjust/Change Policy		
	3. Adverse Impact but Continue The proposed reduction of staff to provide services to people with mental health problems and/or learning disability in Employment Link will potentially have an impact. However, the proposals will be monitored to ensure that individuals continue to receive an appropriate level of support to meet their assessed needs.		
	4. Stop/Remove Policy/Proposal		
Action identified	Responsible Officer	By When	How will this be evaluated?
Consultation with staff.	Jill Harrison, Assistant Director	31 January 2014	Staff will have been offered the opportunity to consider / comment on proposals and put forward alternative suggestions, in line with agreed HR policies and procedures.
Monitor services to carers.	Geraldine Martin, Head of Service	31 March 2015	Ongoing collection of performance information from Hartlepool Carers. Review of the results of the bi-annual Carers Survey.
Identify potential funding for Employment Link worker post.	Neil Harrison, Head of Service & Patrick Wilson, Employment Development Officer	31 March 2014	If funding is identified, the saving can be achieved without a post being deleted.
Monitor access to services as part of contract monitoring – day opportunities and low level support.	Jeanette Willis, Head of Strategic Commissioning	31 March 2015	Ongoing collection of performance information from provider(s).

CHILDREN'S SERVICES COMMITTEE

5th NOVEMBER 2013



Report of: Assistant Director, Education

Subject: SAVINGS PROGRAMME 2014/15 EDUCATION

1. TYPE OF DECISION

For information, members of the Committee are recommended to note the content of this report and formulate a response to be presented to Finance and Policy Committee on 29 November 2013.

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to identify proposals for the delivery of savings in respect of the Education Service for consideration as part of the 2014/15 budget process.

3. BACKGROUND INFORMATION

- 3.1 The Education Service for Hartlepool Borough Council takes take responsibility for a range of services across the local authority which includes:
- All Schools and the National Primary and Secondary Curriculum;
 - 14-19 Strategy, Education for 14-19 age group;
 - Schools Capital Strategy, Schools Innovation and Health And Safety;
 - Social and Educational Inclusion, Vulnerable Pupils and the Pupil Referral Unit;
 - Special Educational Needs;
 - E-Learning and ICT in schools;
 - Governor Support, School Governor Services and training;
 - Performance Management/Management Information relating to service area responsibilities;
 - School Admissions and School Place Planning;
 - Brokering and commissioning general School improvement monitoring, challenge and support and for Schools causing concern;
 - Continuing professional development for all school staff;

- Extended Schools and Early Years strategy development and performance;
 - Educational Psychology.
- 3.2 As part of the 2014/15 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2014/15 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.
- 3.3 A key point to bear in mind is that the vast majority of the Education Service is funded by the Dedicated Schools Grant (DSG) and that the proportion of the costs contributed by Hartlepool Borough Council is relatively small. A consequence of this is that a large number of the services provided are beyond the scope of this savings programme as they are not funded or are only partly funded by the Council.
- 3.4 Details are provided in this report in relation to the:-
- i) Proposals identified to make the savings;
 - ii) Risks associated with the proposed savings; and
 - iii) Financial considerations taken into account in developing the proposals.

Scope

- 3.5 Potential savings of £487,000 have been identified within the total Education Services budget. All the savings proposed have been evaluated for their potential impact upon the two quantifiable aims of the Children's Services Committee and the Education Service of:
- Ensuring that every school is judged to be Good or Outstanding by OFSTED by December 2015
 - Increasing the percentage of pupils who, at age 16, achieve five or more GCSE Grade A*-C including mathematics and English
- 3.6 The areas of expenditure that are under consideration within this savings review are as follows:
- Services to the 14-19 cohort;
 - Educational Psychology;
 - Data Management Services;
 - Resources and Support Services;
 - Discretionary transport provision.

4. PROPOSALS

Services to the 14-19 cohort

- 4.1 Current Council Budget: £240,000. Proposed reduction: £122,000
- 4.2 In the financial year 2013-14, the overall 11-19 team budget is £240,000, which has a proposed budget reduction in 2014-15 of £122,000, representing a reduction of 51% of the total budget. As one of a small number of budget sections in the education division which are fully funded by the local authority, a cut in the 11-19 budget is being proposed to allow the division to meet its budget reduction target.
- 4.3 The 11-19 team is funded as part of the Local Authority Formula grant which formed part of the transfer of Learning and Skills Council staff and their responsibilities under the Education and Skills Act 2008. In October 2010, following the local government spending review, this grant was no longer ring fenced allowing the local authority to allocate funds to local priorities.
- 4.4 The team currently fulfils the local authority statutory duty in respect of the following functions:
- The local authority acts as the strategic commissioner of provision for young people aged 16-19, and those aged up to 25 who are subject to a learning difficulty assessment.
 - Supports the identification and assessment of Special Educational Needs, making and reviewing Special Educational Needs statements, ensuring a transition plan from age 14 and securing access to learning for young people post-16.
 - Supports the duty to 'assist, encourage and enable' young people aged 13-19 – and young adults with a learning difficulty and/or disability up to the age of 25 – to participate in education or training and is required to promote the effective participation in education or training of the young people in their area to 18 – or 25 for those with learning difficulties or disabilities.
 - Support work experience for persons over compulsory school age in England
- 4.5 In addition the team supports schools and colleges to carry out their duties by:
- Managing the post-16 SEN funding including allocation and placement of students;
 - Supports the SEN pathfinder project, including planning of conferences, and the development of the web site for the local offer;
 - Manages the Hartlepool post-16 bursary fund;
 - Supports careers advice and guidance including the year 11 Choices Event;
 - The education element of the Hartlepool Youth Investment Project;
 - Supports local NEET reduction initiative;
 - Gives advice and guidance on post-16 funding;

- Manages the 11-19 Partnership and working groups and supports the Tees Valley Sub Regional group as part of the work of Tees Valley Unlimited;
- Manages the commissioning of alternative education and vulnerable pupils;
- Supports secondary school improvement.

4.6 The size of the proposed cut in the 11-19 budget is large and will therefore will have significant risks associated with the proposal. The risks include potential redundancies in the 11-19 team, which may result in the size of the team being reduced from its current four members of staff, and the capacity to deliver fully the Raising Participation Strategy (RPA), post SEN funding reforms and support for the commissioning for post 16 education and training.

4.7 To reduce the level of risk and to try to ameliorate the potential disruption of services, it is therefore proposed to reduce the 11-19 team to three from four members of staff and to then realign duties to support the increasing pressure on the special education needs team following the resignation of the team manager. It is further proposed to redistribute job roles and responsibilities within both the 11-19 and SEN teams. This proposal would support the 0-25 SEN reforms and allow the 11-19 and SEN teams to plan budgets collaboratively and could be achieved through reconfiguring the vacant post leading to the deletion of only 1 post, which, it is anticipated, is likely to be a voluntary redundancy.

Educational Psychology

4.8 Current Council Budget: £157,000. Proposed reduction: £50,000

4.9 The Hartlepool Psychology Team applies psychology to improve outcomes for children and young people, particularly those with special or additional educational needs. The Educational Psychology team works in consultation with schools, early years settings, and other agencies within Child & Adult Services in relation to issues and concerns related to the learning, emotional and social development of children and young people. The team has a statutory function in relation to the assessment of children and young people with Special Educational Needs.

4.10 In 2009/10, prior to Business Transformation Processes and government cuts, the Local Authority funded the whole of the Educational Psychology Service which included an early intervention / preventative element as well as the statutory service. Since that time the Psychology Team has operated a successful income generation strategy. As Local Authority funding has reduced, the income generated has increased to maintain the level of service, with the Local Authority now funding only the statutory provision. A recent service evaluation was extremely positive and noted that 100% of respondents believed the service to be of a high quality. In the light of this feedback it is highly likely that schools will continue their buyback arrangements and the service proposes to increase its income generation target by £50,000 in order to compensate for the proposed reduction in its budget.

- 4.11 The proposed reduction in the Psychology Team budget does carry some risks as new SEN legislation raises the age range of the client group up to 25 years which will inevitably mean more cases and more time. However the strength of the current business model is such that it is envisaged that all children's needs will continue to be met even with this proposed budget reduction.

Data Management Services

- 4.12 Current Council Budget: £144,931. Proposed reduction: £40,000
- 4.13 The Performance Management Team (Children) is responsible for producing management information, completion of statutory returns, performance monitoring and information governance across children's services. The team provides data analysis, information, advice and support to all children's services teams ranging from early years, early intervention, children's social care, youth offending to education and post-16 provision. The team also provides a service to all schools and academies across Hartlepool, including completion of statutory returns and analysis of school performance data at vulnerable group and individual child level.
- 4.14 The team is responsible for the completion of a significant number of statutory returns and has many years of experience in producing accurate and timely information. A recent Department for Education report showed Hartlepool as 1 of only 5 local authorities nationally to have achieved 100% accuracy for year on year reporting of children in need. All statutory returns are completed to an excellent standard and within statutory deadlines.
- 4.15 An additional School Performance Data Service is available to all Hartlepool schools for an annual charge. Schools are given the opportunity to provide feedback on all analyses produced and this feedback is used to further develop the information provided. The termly Secondary School Data Group gives all schools and academies with secondary age pupils the opportunity to inform the development of analyses to improve pupil performance and support inspection. Historically the service has been taken by 100% of Hartlepool schools. Evaluations are completed for all training courses provided.
- 4.16 The service provides information to inform planning and decision making. For example
- analyses of pupil projections are used to determine education and pupil place planning requirements and to inform decisions on significant planning applications;
 - bi-monthly performance clinics are held with social care team managers to improve team performance and identify areas for development;
 - in-depth analyses of key stage results are provided to schools to identify areas of strength and challenge at school, group and individual pupil level to support school improvement;

- statutory returns such as the termly School Census are collated, cleaned and validated before submission to DfE in order to access funding for schools and the local authority and inform budget allocation;
 - quarterly performance information is provided across children's services and reported to the departmental management team and relevant committees;
 - training, advice and support on information governance issues are provided to the department to reduce the risk of a data breach and subsequent fine.
- 4.17 The service provides all stakeholders with accurate, up to date and timely information on all areas of children's services to enable identification of areas of strength and challenge and to monitor performance. The Local Authority and schools are able to access funding based on the statutory returns completed by the team and determine how funding should be used based on the analysis of the data. Analysis of school attainment information is used by schools to improve pupil performance and provide self evaluation information to inspectors. Information produced is also used to inform service development and monitor effectiveness.
- 4.18 To reduce the overall cost to the council of Data Management Services but to maintain the current staffing level of the DMS team, the Performance Management Team (Children) section will offer additional services in order to increase revenue. Options currently being considered include:
- An enhanced data analysis service to schools including analysis of additional year groups and written interpretation of data;
 - Additional training courses for schools and school governing bodies;
 - Developing further the data analysis services currently being offered to other Local Authorities.

Resources and Support Services

- 4.19 Current Budget: £876,000. Proposed reduction: £150,000
- 4.20 Following a review of administrative support across the whole of Child and Adult Services Department, it is proposed that Resources and Support Services be restructured which will result in savings for 2014/15 of £150,000. In addition, it is estimated that there will be in-year savings for 2013/14 of approximately £50k. It is proposed that this saving will be achieved by deleting a number of vacant posts and transferring some posts to other vacancies within the department.
- 4.21 These proposed savings have been achieved without making any compulsory redundancies. Many of the vacancies have arisen during the financial year and agreement was reached not to fill these posts. Two existing post holders

will take ER/VR at the end of 2013, and other members of staff have been moved into vacant positions within the service areas.

Review of Discretionary Transport Plan

- 4.22 Current Budget: £125,000. Proposed reduction: £125,000
A separate report on the saving to be made by the proposed removal of discretionary transport will be presented to the Children's Services Committee.

5. OPTIONS ANALYSIS

- a. A range of alternative options to achieve the required savings have been explored across Education Services and have been discounted, primarily due to the level of risk involved. These include:
- Reducing capacity in the School Buildings and Capital team – considered too high risk due to impact of academy conversion and the Priority Schools Building Programme over the next three years.
 - Reducing capacity in School Attendance Team – the LA continues to carry the statutory responsibility to prosecute parents of non-attendees and the Attendance Team are fully funded by schools. No cut is therefore possible.
 - Reducing capacity in the Inclusion Team – given the high number of vulnerable pupils that access the range of services in this area, including Home and Hospital, Exclusions, Looked After Children and the growing number of funded 'High Needs' students, the risk of reducing front-line, immediately responsive services is too high.
 - Ethnic Minority Support – used extensively by some but not all school, the low saving to the council is outweighed by the benefits that the service brings to those schools, children and families that access this service.

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:
- The Education Service continues to be heavily funded by schools via the de-delegation process agreed by the Schools' Forum. The Local Authority annually has to request that schools de-delegate parts of their budget to support services offered by the Local Authority. If a sufficient number of schools decide not to de-delegate the funding, then a funded service is immediately placed at risk.
 - In addition, academies do not form part of the de-delegation process and so the Local Authority has to separately negotiate a contract with the academies in order to raise sufficient funds to maintain a service. The negotiation process is currently taking place in order to agree contracts

for services for the rest of this financial year (for the period of 2013-14 that the school was an academy) and for 2014-15.

- Reduced staffing will lead to reduced flexibility in the Education Services administrative team, which may result in delays in completing assigned tasks with a related negative impact upon relationships with schools
- Reviewed services that currently have service level agreements with schools in order to generate and increase income, such as Educational Psychology and Data Management Services, will have to both secure current business and capture new business in order to maintain their current level of service in an increasingly competitive market.
- The re-structure of 11-19 Services, which will involve closer management of the provision between SEN / Inclusion and 11-19, will need to be carefully planned and monitored to ensure that there is no negative impact on the young people of the town in terms of reduced provision.

7. FINANCIAL CONSIDERATIONS

- a. It has been highlighted in previous reports 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
Services to 11-19 Cohort	£122,000
Educational Psychology	£50,000
Data Management Services	£40,000
Resources and Support Services	£150,000
Discretionary Transport	£125,000
Total Proposed Savings	£487,000

8. EQUALITY AND DIVERSITY CONSIDERATIONS

- 8.1 An Equality Impact Assessment has been undertaken and is attached at **Appendix A**.
- 8.2 By definition, all of the savings proposals in Education Services will affect the people who access the service, all children and young people aged 2-25 and their parents / carers.

9. STAFFING CONSIDERATIONS

- 9.1 Informal consultation with Trade Unions regarding the staffing implications of the savings proposals has been undertaken. Staff affected by the proposals

have been informally notified and formal consultation will be undertaken (in line with agreed HR policies and procedures) if the proposals are accepted.

- 9.2 It is proposed that a total of 8.5 fte posts be deleted to assist in meeting the Education Services saving target. However, there will be no compulsory redundancies, as detailed above, although a significant restructuring of posts is proposed.

10. RECOMMENDATIONS

- 10.1 It is recommended that Members of the Committee note the content of this report and formulate a response to be presented to Finance and Policy Committee on 29 November 2013.

11. CONTACT OFFICER

Dean Jackson
Assistant Director – Education Services
Hartlepool Borough Council
Tel: 01429 523736
Email: dean.jackson@hartlepool.gov.uk

Department	Division	Section	Owner/Officer
Child & Adult Services	Education		Dean Jackson, Assistant Director – Education
<u>Function/Service</u>	Education Services <ul style="list-style-type: none"> • All Schools and the National Primary and Secondary Curriculum • 14-19 Strategy, Education for 14-19 age group • Schools Capital Strategy, Schools Innovation and Health And Safety • Social and Educational Inclusion, Vulnerable Pupils and the Pupil Referral Unit. • Special Educational Needs • E-Learning and ICT in schools • Governor Support, School Governor Services and training • Performance Management/Management Information relating to service area responsibilities • School Admissions and School Place Planning • Brokering and commissioning general School improvement monitoring, challenge and support and for Schools causing concern • Continuing professional development for all school staff. • Extended Schools and Early Years strategy development and performance • Educational Psychology 		
Information Available	<p>Savings proposals have been identified following careful consideration of budgets and existing structures.</p> <p><i>Services to 11-19 cohort</i> – To reduce the level of risk and try to ameliorate the potential disruption of services, it is proposed to reduce the 11-19 team to three from four members of staff and to then realign duties to support the increasing pressure on the special education needs team. This realignment of duties would be part of the reorganisation of the SEN team following the resignation of the team manager and would allow both the 11-19 and SEN teams to retain a wider range of skills and the capacity to implement the local authority statutory duties.</p> <p><i>Educational Psychology</i> - whilst it is not anticipated that the proposed reduction in funding will have an impact on service users, there will be less flexibility for services to respond to any increased demand. The Local Authority will continue to meet its statutory responsibilities. It should be noted that the impending new SEN legislation which raises the age range of the client group up to 25 years and requires more comprehensive and coordinated assessment will inevitably mean more cases and more time.</p>		

	<p><i>Resources and Support Services</i> - whilst it is not anticipated that the proposed reduction in funding will have an impact on service users, there will be less flexibility for services to respond to any increased demand. However, there may be an indirect impact as the workloads for remaining administrative staff increase.</p> <p><i>Data Management Services</i> - The impact on service users will be monitored as part of the new arrangements to ensure that in pursuing new funding opportunities, the current high –level of service to users is not compromised.</p>
<p>Relevance</p> <p><i>Identify which strands are relevant to the area you are reviewing or changing</i></p>	<p>Age X</p>
	<p>Disability X</p>
	<p>Gender Re-assignment</p>
	<p>Race</p>
	<p>Religion</p>
	<p>Gender</p>
	<p>Sexual Orientation</p>
	<p>Marriage & Civil Partnership</p>
	<p>Pregnancy & Maternity</p>
<p>Information Gaps</p>	<p>The majority of the identified savings have no direct impact on service users. The reorganisation of services to the 11-19 Cohort, however, to include shared responsibility with SEN/Inclusion will need to be closely monitored to ensure that the current comprehensive support continues to be offered to all young people in this age range.</p>
<p>What is the Impact</p>	<p>Eliminate Unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the act N/A</p> <p>Advance Equality of Opportunity, between people who share protected characteristics and those who don't N/A</p> <p>Foster Good Relations, between people who share a protected characteristic and people who do not share it. N/A</p>
<p>Addressing the impact</p>	<p>1. No Impact- No Major Change</p> <p>2. Adjust/Change Policy: A change of policy will be needed to manage the local 11-19 provision. Relationships between the 11-19 and SEN/Inclusion departments are, however, strong and well-established. Young people should notice no difference in the provision made for them. In addition, the restructuring of the SEN team will allow key 11-19 skills to be retained whilst maintaining the full SEN provision.</p>

		3. Adverse Impact but Continue	
		4. Stop/Remove Policy/Proposal	
Action identified	Responsible Officer	By When	How will this be evaluated?
Consultation with staff.	Dean Jackson Assistant Director	31 January 2014	Staff will have been offered the opportunity to consider / comment on proposals and put forward alternative suggestions, in line with agreed HR policies and procedures.
Monitor provision of Educational Psychology time to schools	Jacqui Braithwaite	31 March 2015	Ongoing collection of evaluation information from schools and a outcomes from annual EP survey.
Monitor income generation targets	Kay Forgie	31 March 2014	If additional income funding is identified, the saving can be achieved without a post being deleted.
Monitor progress of new arrangements for 11-19 provision.	Dean Jackson Zoe Westley	31 March 2015	Ongoing collection of performance information from provider(s).

CHILDREN'S SERVICES COMMITTEE

5 November 2013



Report of: Director Child and Adult Services

Subject: SAVINGS PROGRAMME 2014/15 – CHILDREN'S SERVICES

1. TYPE OF DECISION

For information, members of the Committee are recommended to note the content of this report and formulate a response to be presented to Finance and Policy Committee on 29 November 2013.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to identify proposals for the delivery of savings in respect of the Children's Services division of Child and Adult Services for consideration as part of the 2014/15 budget process.

3. BACKGROUND INFORMATION

3.1 As part of the 2014/15 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2014/15 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.

3.2 Details are provided in this report in relation to the:-

- i) Proposals identified to make the savings;
- ii) Risks associated with the proposed savings; and
- iii) Financial considerations taken into account in developing the proposals.

3.3 In further developing the information provided to Members to assist them in consideration of budget proposals, experience gained through the implementation of a Social Return on Investment (SROI) process by the Regeneration and Planning Services Scrutiny Forum is to be utilised. Key to the SROI process was the provision of additional information in relation to the aim and scope of the service, its service users and engagement, inputs, outputs and outcomes. On this basis, information in relation to Children's Services is also provided below.

3.4 The Children's 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, this includes provision for children in need (including those in need of protection) children looked after and care leavers;
- 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, family support and the families information service;
- The Youth Support Service including the provision of youth clubs and services for young people not in education, employment or training;
- Hartlepool Safeguarding Children Board;
- Strategic commissioning for children.

AIM

3.5 The division is structured to provide support services to children, young people and their families across the continuum of need from early help through to specialist services such as social care or the Youth Offending Service. 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. Children's Services support vulnerable children and their families throughout Hartlepool with a particular focus on identified 'hotspot' areas and work in partnership with other services such as health and education to provide a Team Around the Child/Family approach.

SCOPE

3.6 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);
- Family Resource team;
- Services for looked after children including provision of residential and foster care, services for care leavers and the adoption service;
- Youth Support Service;
- Review and development unit and Independent Reviewing Officer service;
- Hartlepool Safeguarding Children Board;
- Commissioned services for children.

3.7 Due to significant cuts that were announced in September 2012 in relation to the Early Intervention Grant, budget reductions within these service areas

were the subject of a separate report that was considered by Children's Services Committee on 1 October 2013 and are therefore not within the scope of this report.

- 3.8 Over recent years, significant divisional savings have been achieved from the Youth Offending Service. Parallel to this, there have been changes to the way the service is funded over recent year with changes to the grant arrangements from Government Departments and the Youth Justice Board as well as the transfer of funding to the Police and Crime Commissioner for the commissioning of Youth Offending Services in the local area. It is expected that in 2014/15 a revised funding formula will be implemented in relation to Youth Offending Services. At this stage the funding formula has not been publically announced but it is anticipated that Hartlepool will lose rather than gain in any new formula. Therefore, this service is not within the scope of this report as it will be necessary, once the 2014/15 grant is known, to separately manage any income reductions and deliver the service within the revised cost envelope.

SERVICE USERS

- 3.9 Children's Services provide services to children and young people between the ages of 0 – 18 where there is an arising need and services are required to safeguard and/or promote their welfare. For some specific groups, for example young people with disabilities, those leaving care and those not in education employment or training, 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

- 3.10 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. In 2012, the service was awarded the Gold 'Hear by Right' Award in recognition of the work in putting young people's voices at the heart of service delivery and development.
- 3.11 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, Youth Parliament 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, exit interviews, comments, compliments and complaints received and focus groups to consult on particular proposals or developments.

3.12 The information received through consultation and participation activity informs the remodelling and development of services and policies and procedures that govern how services are to be provided.

INPUTS

3.13 The total expenditure for Children and Education Services (excluding the Dedicated Schools Grant) is £22.7m of which £18.9m is allocated to Children’s Services. The table below provides a summary of the budget commitment in 2013/14 for the Children’s Services division.

<u>Children’s Services</u>	Budget
Children & Families	11,698
Early Intervention Grant	6,270
Information, Sharing and Assessment	58
Youth Offending	463
Integrated Youth Service	423
<u>Sub-Total Child</u>	18,912

OUTPUTS/OUTCOMES

3.14 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.

3.15 The Children’s Services Division provides service to children in Hartlepool in accordance with their needs and includes 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 2013).

3.16 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.

4. PROPOSALS

- 4.1 The savings target for Children's Services is £268,000; £40,000 of this saving has already been identified in the earlier report delivering savings of £1.52m from the Early Intervention Grant in the area of Youth Services. This report therefore puts forwards proposals to deliver savings of £228,000

DIVISIONAL MANAGEMENT STRUCTURE

- 4.2 The division currently covers a broad portfolio of services for children, young people and their families. Each service is managed by a Head of Service and the management structure is regularly reviewed to ensure that seamless services are delivered and the structure does not result in unnecessary barriers to services.
- 4.3 In delivering the service going forward, it is proposed that the management team is reduced by one Head of Service and the management structure is remodelled to deliver integrated services either through a single head of service for all locality based early intervention provision or through integrated teams (early intervention and social care) based on the two north and south locality models. The Management team are holding a development session later in October to consider the merits of these options and which proposal will best meet the needs of children and young people in Hartlepool, maximising the skills of the management team. The reduction of one Band 15 Head of Service post will achieve a saving of £60,000. The impact of removing this post will mean that the remaining Heads of Service and the Assistant Director will need to pick up the additional work that still needs to be delivered to support children and young people. This will increase the workload of the remaining staff who already have significant portfolios and will increase their spans of control. The primary focus will remain the delivery of safe and effective services for children but there will be reduced capacity to undertake, for example, development work or work on new initiatives. Increasing spans of control and reducing capacity brings an inherent risk that gaps may appear and children are at increased risk with a consequent reputational risk to the Council.
- 4.4 The services currently benefits from one Review and Development Officer post. This post supports best practice in relation to the Integrated Children's System (ICS), the electronic case management system which underpins children's social care work. This includes, amongst other things, working with social workers and managers on maximising the potential of the system, ensuring that the system supports best social work practice, working with suppliers to improve and develop the system and respond to national changes in policy and problem solving any issues which emerge. The role also includes working closely with other supporting the e-CAF system, the management information system which underpins early intervention work to ensure that systems are compatible and transfer information. It is proposed that this post is deleted from the structure in 2014/15 achieving a saving of £48,000. The impact of removing this post will mean that there is significantly less capacity within the service to support the continuing development of ICS

and resolve emerging issues and difficulties from a social work practice perspective. The risk is that we will have limited capacity to engage with suppliers on the service requirements from the system and will have a much more 'off the shelf' model which limits scope for innovation and achieving a system that supports local arrangements.

- 4.5 In preparation for the development of the 2014/15 savings proposals, a review has been undertaken of the staffing complement of the Hartlepool Safeguarding Children Board (HSCB). The Board is a statutory partnership under Section 14 of the Children Act 2004 set up to coordinate what is done by each organisation or body represented on the Board to safeguard and promote the welfare of children and ensure the effectiveness of these arrangements. Funding for HSCB is made up of a partnership budget which includes contributions from partner agencies and is managed and administered by the local authority. The local authority is the largest contributor to HSCB. Having reviewed the staffing arrangements in the light of budget pressures, it is proposed that the 0.5 support worker post is deleted. This will generate a saving to children's services of £10,000 with a corresponding saving also achieved within adult's services. The deletion of this post will reduce the capacity of the business unit which supports the work of HSCB, particularly in the context of the recently announced Ofsted inspection of Local Safeguarding Children Boards. However it is considered that the work of the Board can still be effectively supported going forward.

RESOURCE TEAM

- 4.6 The Resource Team is made up of family support workers who support the social work intervention with children and their families. The resource team provides a contact service where children are looked after, parenting assessments to inform decision making about the safeguarding and welfare of a child and packages of support to individual children and families to prevent family breakdown. It is proposed that a vacant post within this service is deleted to contribute to the savings generating a saving of £30,000. The reduction of one post will reduce the capacity of the service, however the team has managed demand effectively whilst carrying this vacancy.
- 4.7 It is further proposed that an additional £30,000 from the non pay budget is removed from this service. The service carries a budget to enable it to deliver responsive, intensive support packages to children; this budget has underspent in recent years due to prudent financial management and creative practice involving low costs activities. Therefore it is proposed that this budget is removed.

WORKFORCE DEVELOPMENT

- 4.8 The budget for Children's workforce development is £93,000. This commissions training and development activity for all staff within the division. In addition to the allocated budget, the service also receives an income from the government for the training and development of newly qualified social workers during their Assessed and Supported Year in Employment which is

used to commission and/or deliver workforce development. The amount of income is dependent upon the numbers of ASYE staff with the department each year; £2,000 is paid per social worker. This year, children's services have received £12,000 ASYE funding.

- 4.9 It is proposed that the workforce development budget is reduced by £50,000. The impact of this will be that children's services workforce development will be focussed on the delivery of essential training to meet statutory requirements. Each year a training needs analysis is completed by managers and this will inform what workforce development will be delivered in the forthcoming year. There will be a priority placed on safeguarding training and the development of core social work skills. Desirable training and attendance at higher cost regional and national training events will only be considered where funding permits. Within the whole department it has been proposed that all workforce development budgets are merged into a single budget to allow for greater resilience and flexibility.

YOUTH SUPPORT SERVICE

- 4.10 The Youth Support Service is funded by both the Early Intervention Grant and base budget and a target saving of £40,000 is proposed from the base budget funding to the Youth Support Service. This saving has been achieved through the review of the Early Intervention Strategy and savings proposals previously considered by Committee.

5. OPTIONS ANALYSIS

- 5.1 A number of other savings options have been considered within Children's 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 teams. There has, over the past two years, been 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 subject to a child protection plan and looked after. Staff caseloads are high in comparison with other local authorities across the region and are currently under review. Any reduction in the number of social workers in the teams will increase caseloads to an unmanageable and unsafe level and result in unacceptable risks in terms of child protection, staff well being and achievement of performance indicators.

- Reduce budget committed to supporting adoption placements and purchasing placements for children who cannot be placed within our own resources. In 2012/13 this budget underspent as the council was able to recruit adopters to provide placements for children awaiting adoption. In 2013/14 the government announced one year ring fenced grant for local authorities to improve adoption services which also places additional resources into adoption. However, this is a volatile budget which is demand led. There are also significant policy and legislative changes underway in relation to adoption such as equalisation of fees leading to the cost of placements increasing in the future. Therefore without the continued commitment from grant funding, it is likely that this budget will be fully spent in future years.
- Further reduction in prevention and early intervention services. In 2014/15, £1.5m will be removed from early help services for children and young people. Further budget cuts in this area make the strategy and services delivered unsustainable. It is also anticipated that 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.
- 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.

5.2 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.

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:

- Reduced management capacity and increased spans of control to effectively manage children's services. There will be additional

demands on managers and the risk that gaps may arise in services and children not receive appropriate and timely services as a result. In addition, there will be less management capacity to deliver service development and innovation. The existing management team however is strong and cohesive and will work hard to manage and mitigate these risks.

- Reduced capacity to engage with ICS suppliers on the service requirements from the system and will have a much more ‘off the shelf’ model which limits scope for innovation and achieving a system that supports local arrangements.
- Capacity pressures within resource team to deliver the breadth of services currently offered to families. The priority will be to provide a high quality contact service and family support to families in crisis.
- Reduced opportunity for staff to undertake desirable workforce development activity.

7. FINANCIAL CONSIDERATIONS

7.1 It has been highlighted in previous reports 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 From the perspective of the service, the proposals outlined in this report are sustainable and deliverable, whilst taking into account the impact and risks detailed in this report.

7.3 The proposals deliver the following proposed savings:-

Service	Proposed Savings
Review of Management Structure	£118,000
Resource Team	£60,000
Workforce Development	£50,000
Total Proposed Savings	£228,000

N.B. £40k saving from Youth Support Service to be taken from base budget has been identified and included in Early Intervention Savings report to Committee on 01/10/13

7.4 The savings proposed have staffing implications with potential redundancy costs attached. The exact costs can’t be determined until redeployment opportunities are fully explored and the relevant redundancy selection processes are undertaken.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

- 8.1 An Impact Assessment has been undertaken and is attached as **Appendix 1**.
- 8.2 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.

9. STAFF CONSIDERATIONS

- 9.1 There are staffing implications arising from the savings proposed in relation to the review of the divisional management structure. Preliminary discussion has taken place with the Trade Unions on the impact of the proposed savings on staffing. Staff affected by these proposals have been informally notified by managers that these proposals are being put forward.
- 9.2 If the proposals are accepted by the Committee, a full consultation process will be undertaken with staff and trade unions and redeployment opportunities identified wherever possible. Should suitable alternative employment not be available there are redundancy costs associated with this proposal. Within these proposals it is anticipated there will be one voluntary redundancy offer accepted.

10. RECOMMENDATIONS

- 10.1 That Members of the Committee note the content and formulate a response to be presented to Finance and Policy Committee on 29th November 2013.

Contact Officer:- Sally Robinson – Assistant Director Children’s Services
Child and Adult Services
Hartlepool Borough Council
Tel: 01429 523732
Email: sally.robinson@hartlepool.gov.uk

BACKGROUND PAPERS

The following background paper was used in the preparation of this report:-

Children’s Services Committee: Savings Proposals for Early Intervention Services 1 October 2013

Impact Assessment Form

Department	Division	Section	Owner/Officer
Child and Adult Services	Children's Services		Sally Robinson
Function/ Service	Children's Services division of Child and Adult Services		
Information Available	<p>Children receiving services from Children's 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.</p> <p>Services are delivered in accordance with the statutory framework through the Children Act 1989 and 2004 and the Crime and Disorder Act 1998. As at 31 August 2013, there were 1,159 children were active to social care, of whom, 196 were looked after, 130 were subject to a child protection plan and 833 were children in need.</p> <p>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 impact upon the services provided as there will be less funding within the budget to manage resources flexibly. There will be reduced management capacity within the service with managers having greater spans of control. This will reduce opportunity for service development and innovation.</p> <p>The removal of a post which supports the integrated children's system will not impact directly on people who receive the service but will mean that the system may be less responsive to local practice and there will be limited</p>		

	<p>capacity for development of the system in response to local changes.</p> <p>Reduction in funding for workforce development will mean that only essential training can be delivered for staff. It is essential that this focuses on safeguarding and core social work skills to ensure that the workforce remains responsive in their practice and continue to provide high quality services to children and their families.</p> <p>Reduction in the staffing complement of the Resource team will directly impact upon the support provided by that team to children and young people. This will affect all children who receive services. The reduction in funding to support tailored support packages will mean that activity will need to be well targeted and low cost.</p> <p>There are staffing implications to the proposed savings. If the proposals are accepted by the Committee, a full consultation process will be undertaken with staff and trade unions and redeployment opportunities identified wherever possible. Should suitable alternative employment not be available there are redundancy costs associated with this proposal. Within these proposals it is anticipated there will be one voluntary redundancy offer accepted.</p>
Relevance	Age ✓
<i>Identify which strands are relevant to the area you are reviewing or changing</i>	Disability ✓
	Gender Re-assignment ✓
	Race ✓
	Religion ✓
	Sex ✓
	Sexual Orientation ✓
	Marriage & Civil Partnership ✓
	Pregnancy & Maternity ✓
Information Gaps	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.
What is the Impact	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.		
Aim 1: Eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the act.			
Aim 2: Advance Equality of opportunity, between people who share protected characteristics and those who don't.			
Services for vulnerable children aim to improve life chances, opportunities and outcomes.			
Aim 3: Foster good relations between people who share a protected characteristic and those who do not share it.			
Services for vulnerable children and young people, promote their needs and improving outcomes lead to improved community cohesion.			
Addressing the impact	1. No Major Change		
	2. Adjust/Change		
	3. Continue as is		
	4. Stop/Remove		
Action identified	Responsible Officer	By When	How will this be evaluated?
Date sent to Equality Rep for publishing			11/10/13

FINANCE AND POLICY COMMITTEE

8 November 2013



Report of: Chief Executive

Subject: SAVINGS PROGRAMME 2014/15 – CHIEF EXECUTIVES DEPARTMENT

1. TYPE OF DECISION/APPLICABLE CATEGORY

For information, members of the Committee are recommended to note the content of this report and formulate a response to be presented to Finance and Policy Committee on 29 November 2013.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to identify proposals for the delivery of savings in respect of the Chief Executives Department for consideration as part of the 2014/15 budget process. This report builds on information already considered by the Committee at the meeting of 23rd August 2013.

3. BACKGROUND

3.1 As part of the 2014/15 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2014/15 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.

3.2 Details are provided in this report in relation to the:-

- i) Proposals identified to make the savings;
- ii) Risks associated with the proposed savings; and
- iii) Financial considerations taken into account in developing the proposals.

3.3 In further developing the information provided to Members to assist them in consideration of budget proposals, experience gained through the implementation of a Social Return on Investment (SROI) process by the Regeneration and Planning Services Scrutiny Forum is to be utilised. Key to the SROI process was the provision of additional information in relation to the aim and scope of the service, its service users and engagement, inputs,

outputs and outcomes. On this basis, information in relation to the Chief Executives Department is also provided below.

3.4 Service Aims

3.4.1 The services under consideration are those delivered by the Chief Executives Department and in service planning terms are largely, though not exclusively encompassed within the council aim which relates to an effective organisation. Whilst these services are largely internally focussed around providing support services to the rest of the organisation this is not exclusively the case. A number of services are provided directly to the public including the Revenues and Benefits services and the Contact Centre. In providing the services encompassed within the department the aims are that they are provided effectively, that other departments are supported in the delivery of their service portfolios and that the governance of the Council is effectively managed and delivered. Those services which are delivered externally are, in effect, universally available services to all residents (and businesses within the town). Following changes to relocalise Business Rates and implement Local Council Tax Support (LCTS) schemes there has been a significant increase in workloads and customer contacts, particularly in relation to LCTS which has impacted on Revenues, Benefits and the Contact Centre. The Benefits Service has a fundamental role in implementing some of the government's Welfare Reforms including the under-occupancy "Bedroom Tax" deductions to Housing Benefit payments, administering the Department for Work and Pension's Discretionary Housing Payment scheme, applying the government's Benefit Cap and delivering a Local Welfare Support scheme. Integrated arrangements for communicating these reforms and supporting individuals with the impacts are in place.

3.5 Service Users

3.5.1 For a range of the services delivered by the department the services users are largely internal (although there are a range of the support services provided which are also utilised by external agencies such as the Fire Authority; a range of services are provided to schools; and some to other external bodies through Service Level Agreements (SLA). For those services which are delivered externally the services are available town wide and to all potential users (such as the Contact Centre, Revenues and Benefits, elections & electoral registration, local land searches.)

3.6 Engagement

3.6.1 The services provided are primarily internal. In assessing feedback and experience of utilising the service this is primarily, for internal services through regular liaison meetings with service departments to identify any issues for consideration in respect of the services provided. For those services which are delivered externally the mechanisms for collecting feedback are as follows (for electoral registration a customer feedback option is included as part of the annual canvass and during all elections, electors have the option to take participate in a satisfaction survey. For

Revenues and Benefits Services the public can provide feedback via the respective service generic e mail boxes. For the Contact Centre there are arrangements in place to assess the service provided at the point of use, with positive feedback received from the vast majority of users.

3.7 Inputs

3.7.1 The current cost to the council of the services delivered by Chief Executives Department is as follows :

Service Area	2013/14 Gross Budget £'000
Finance	2,711
Assistant Chief Executive	2,883
Chief Solicitor	821
	6,415

The costs of these services to the Council have, in line with many other service areas in the council reduced significantly over the last 4 years. This reduction is reflected in the savings proposals for the 2014 / 15 budget where the savings proposed are in excess of the target established at the outset of this process.

3.8 Outcomes

3.8.1 A summary of the outcomes from the services are outlined below

3.8.2 Revenues and Benefits – Council Tax in year collection 97% in 2012/13 (national metropolitan and unitary council average was 96.8%). Business Rates in year collection 98% (national metropolitan and unitary council average was 97.1%). In 2012/13 Benefits new claims average processing times were 20.6 calendar days (placing Hartlepool 4th out of 12 North East councils in speed of processing) and Benefits changes in circumstances average processing times were 7.65 days (placing Hartlepool 6th out of 12 North East councils in speed of processing)..

3.8.3 The Council awaits confirmation of Central Government funding to develop and implement IER and whether this will be on a 'formula' basis or incentivised through performance. On a 'dry run' of data systems the Council performed at a level (82.5%) comparable with other Tees Valley authorities. Similarly the canvass figures indicate a 95/96% response rate.

3.8.4 Customer & Support Services – The Contact Centre dealt with over 350,000 contacts in 2012/13 across all access channels and the introduction of the CRM reporting tool has improved the provision of management information for service managers. Customer contacts increased particularly around changes in welfare reform and with the introduction of the waste management route optimisation programme. In 2012/13, 99% of births and 97% of deaths were registered within target. As part of on-going service transfers and improvements across the team, a number of projects were completed including the introduction of a mobile solution for the Pest Control service, launch of the national Blue Badge Improvement Service and statutory changes to the CRB service to implement the new Disclosure and Barring Service.

4. PROPOSALS

4.1 The savings target established at the outset of the budget process for Chief Executives department was £338K. As part of the considerations for the options to deliver these savings considerable thought has been given to how these may be delivered in the light of previously required savings. The proposals and options considered as part of the potential savings package have been set in the context of the financial challenges, the structural changes at a chief officer level, the savings targets for the division and the ongoing review of Advice and Guidance the implementation of which has been considered as part of these proposals but will need working through as part of the implementation plan agreed by Committee.

The proposals in respect of the services in the Chief Executives Department, as reported to this committee on 23rd August 2013 are as follows and are ordered by Division within the Chief Executives Department. These savings total £457k, which exceeds the initial target of £338k and reflects the overall approach adopted by the Corporate Management Team for identifying achievable savings, as part of an approach to protecting front line services.

4.2 ASSISTANT CHIEF EXECUTIVE

4.2.1 In essence the division managed by the Assistant Chief Executive is a composite of the two former divisions (Corporate Strategy and Workforce Services).

4.2.2 At this stage the savings target for the division has been exceeded, as part of an approach to enable the protection of front line services but also to ensure that the support required to the rest of the authority can be maintained particularly through the significant staffing changes that the authority is (and will continue to) face.

4.2.3 E learning / corporate training / translation services £15.9k

The e learning provision has been retendered and the new provider offers the services required at a lower rate so this can be delivered as a reproced

service. In addition further slight reductions can be made in respect of the corporate training budget and the reprocurement of the translation services

Impact / Risk– there is limited impact of these changes.

4.2.4 Overtime and other staffing budgets £30K

Not filling temporary posts and as a result of the change in rota arrangements in the contact centre including a review of the costs of apprenticeships given historic profile of the age of apprentices taken on by the services.

Impact / Risk – The review of current resources and the profile of the age of apprentices has identified that these savings can be realised without reducing the number of apprenticeships or the service provided.

4.2.5 Running costs £48K

In bringing the divisions together as part of the overall restructure the opportunity has been taken to revisit the running costs of the division and identify those areas where there has been a minor though ongoing under spend across the functions. This review has provided the opportunity to re base the budgets in line with this historic spend and identify a reduction in the running and support costs of £48K. This comprises a range of cost savings

Impact / Risk– there is not expected to be any significant impact on the operation of the services as a result of this

4.2.6 Removal of vacant post / Changes in management arrangements £116.5K

The post of Strategy and Performance Officer post has been held vacant since the post holder left in line with an approach to minimise compulsory redundancies. The post will be deleted and reconsideration given to both the reprioritisation and cessation of some areas of none critical work. In addition to the cessation of some potential elements of work the scaling back and or alternative delivery of some elements of work will be further considered. An example of this is the light touch approach to the review of the Sustainable Community Strategy agreed by Finance and Policy Committee in 13/14.

The further changes required to deliver the savings will be as a result of a review of the management structure with any changes delivering the net saving identified above. The review that has been undertaken has identified that whilst there are potential risks from this action that these risks can be managed in the context of the services to be delivered. This will require the reallocation of a range of tasks within the division and will enable the management arrangements to focus on the delivery of the core services. A review of the skills within the teams has identified that there is potential for

this to be delivered in a slightly different structure and it is important at this stage to keep a clear focus on these required changes. It is anticipated that these savings will be achieved through voluntary redundancies identified as part of the corporate sweep for such options.

In relation to the services pressures and national changes in respect of some aspects of the services encompassed by these changes it is proposed that these posts are deleted from the establishment from the end of March 2014 to maximise the ongoing savings available to the authority in the medium term but that temporary funding is made available for one of these posts (to address national changes) for 6 months of the 2014/15 financial year to allow these issues to be progressed to their conclusion.

4.2.7 Absorb lost schools income £25.5 K

The Workforce services element of the division is heavily reliant on income from schools buyback. This is an increasingly difficult area and the movement to academies makes this an increasing risk for this and other areas of the authority. The funding for Workforce services is overly reliant on this due to a number of corporate decisions taken a number of years ago and this is an issue being considered corporately.

The lost schools income will be absorbed within the context of the savings proposals for the Division and is in part compensated for by an over delivery of savings across the division. Any future loss of schools income will be met by reductions in resources for those areas of the division delivering services to schools.

4.3 Chief Finance Officer

4.3.1 Total gross savings of £213k have been identified within the Finance Division, as detailed in the following paragraphs. These saving exceed the General Fund saving target for this area by £64k as additional savings have been identified to offset an anticipated cut in the Housing Benefit Administration Grant.

4.3.2 Removal of vacant posts/rostering arrangements £44.0k

A number of posts have been held vacant and existing working arrangements and practices reassessed to ensure workload can be accommodated after the removal of these posts. These proposals will delete a vacant Benefit Fraud Investigator post (£29k saving) and a 0.4 FTE post in Shared Services (£10k). Changes to formalise existing rostering arrangements within the Cashiers service can be implemented without impacting on services and also accommodate the increase in payment workload arising from the implementation of the Local Council Tax Support scheme (£5k).

4.3.3 Running Costs **£30.0k**

Savings will be achieved from changing bulk printing and mailing requirements for Council Tax and Business rates (£15k), postage savings from increased usage of electronic remittance/correspondence and electronic payment of suppliers (£5k) and removal of the budget to fund the planned roll out of an external debt recovery support service which is now not possible as the Financial Industry will not share the necessary information to make this initiative work (£10k).

4.3.4 Summons Charges **£60.0k**

Increase in Summons Costs chargeable on non-payment of Council Tax from £70 to £80, with effective from 1st April 2014.

These costs have remained frozen since 1st April 2011 and are now in the lower quartile of Local Authority charges.

Implementation of these changes will be managed carefully for all Council Tax payers to avoid increasing financial hardship. However, these charges need to reflect the higher costs of recovering Council Tax from those households who 'won't' pay without the Council actively pursuing recovery. Recognition will also be given to those who 'can't' pay owing to their financial circumstances and may be eligible for support under the Local Council Tax Support scheme, but have not claimed.

This will need particularly carefully management for households in receipt of Local Council Tax Support.

4.3.5 Contract Negotiation **£79.0k**

Reassessment of the Payroll/HR system requirements and subsequent renegotiation of the contract will provide an ongoing revenue saving (£40k). Similarly, external insurance premiums savings will be achieved following contract negotiation (£39k).

4.4 Chief Solicitor

4.4.1 Total target savings of £38K were originally identified for the Legal Division. This figure was subsequently realigned in the light of structural changes to £75K following the transfer of Democratic & Scrutiny services to the Division, effective from 1st September, 2013. This realigned target has been exceeded with anticipated savings of £94k identified.

4.4.2 Removal of vacant posts **£74.7K**

The post of Senior Legal Assistant (Childcare) has been removed following the early retirement/redundancy of the post holder. The work of the section was reorganised amongst remaining members of staff, including a

reclassification of the Legal Support Clerk role and a resultant upgrade to Band 8. This was imperative given the work involved within the Childcare Team and to stabilise the support the Team provides in the safeguarding and protection of children within the Authority's area.

Following the Further Electoral Review and the reduction of councillors to 33, support arrangements for Members' Services was reviewed, with the result that the 0.5 vacant Councillors' Secretary can be removed.

The introduction of Governance arrangements and the revised role of scrutiny, together with vacancies left from staff leaving the authority, have enabled savings and has minimised the requirement for reduction in hours or compulsory redundancies.

Impact / Risk – whilst these changes will affect the capacity with the trimming back of resources, it is felt that with the consideration of members and officers, the impact should be limited.

4.4.3 Staffing Savings £16.7K

In addition to those savings identified above there is a need to identify further savings consideration will be given to identifying those areas of work where there has been some reduction in demand. As with all other required savings this is not without some degree of risk but is required as part of the overall consideration of savings.

4.4.4 Non staffing budget savings £2.7K

All budget headings have been robustly monitored and reviewed resulting in a reduction in various expense heads including travel and print.

4.4.5 External Subscriptions £30.0K

Savings on a range of corporate subscriptions paid from the Chief Executives Departmental budget can be achieved as organisations respond to pressure on Council's budgets.

5. Consideration of Options

5.1 A number of options have been considered in respect of the savings proposed. A summary of these considerations is included below.

5.2 Not to take savings from vacant posts

5.2.1 Consideration was given to not taking those savings which are available through posts which had become vacant through the year. Whilst this option would provide for the continuation at the current level given the changes that members have agreed to in respect of the approach to some requirements in this service area, in conjunction with the ability to make a saving without the requirement for there to be any costs to the authority or the necessity for a

potential compulsory redundancy it was determined that this provided an effective solution for the authority

5.3 To maintain the current level of running costs

5.3.1 The bringing together of the former Corporate Strategy and Workforce services divisions has provided the opportunity to realise savings in the “running costs” of these divisions. In the light of the savings it is necessary to made it would not be appropriate to discount these savings from the proposals and they have therefore been incorporated to maximise the savings available which do not affect front line services.

5.4 Savings other than management structures

5.4.1 The scale of the savings required means that consideration was given to alternative staffing savings which do not relate directly to management structures. In considering the alternatives and the extent to which priorities and workloads could be effectively managed with the skills and competencies available it has been determined that these savings are the most sustainable to enable services to continue to be delivered. The savings in themselves, as has been identified are sustainable but not without their own difficulties. The overall assessment at this stage is that these are the most viable option but it will be necessary in future years, should the requirement for further budget reductions continue that alternatives will need to be considered. These considerations will take account of the service pressures and changes which are applicable at that time to ensure that core services can continue to be delivered.

5.5 Finance Division savings

5.5.1 The savings proposed for this area reflect consideration of current service demands, including the impact of Business Rates Re-localisation, the introduction of the Local Council Tax Support Scheme and the need to maintain adequate financial support services during a period of significant financial challenge and risk. The Welfare Reforms and Local Council Tax Support Scheme are generating significant workload issues. These workload demands are likely to continue into the foreseeable future and therefore in defining 2014/15 savings proposals reductions to key front line staffing capacity are not considered operationally appropriate or feasible. For 2014/15 these alternative savings would not be recommended. However, given the continuing financial challenges in future years these areas are likely to require re-consideration next year.

5.5.2 Legal Division Savings

The savings proposed for the Legal Division reflect consideration of current service demands including:

- introduction of the new governance arrangements, which will require time to settle in and will be the subject of a further review in 2015/16;

- introduction of Individual Electoral Registration (IER) which is the most significant change since the universal franchise. It needs to be implemented carefully and in a way which maximises both accuracy and completeness of the electoral registers – and which puts the voter first. Local knowledge will be key to the success of this change.

Any alternative savings would involve further reduction in staff and compulsory redundancies, which due to the challenges facing local government in future years, is going to be a recurring feature and one which will require regular reconsideration.

- 5.6 The options which have been included in the report are recommended to the committee as they provide for a balance between protecting front line services, maximising savings to be taken from none staffing budgets or those posts which are currently vacant, the assessment of service delivery and receipt of voluntary redundancy requests is aligned and can be managed in the context of the continued delivery of services, the savings align to decisions taken by members in respect of the scaling back of activity in a number of areas.

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:
- 6.2 There are a number of risks in these changes, particularly taken in the context of previous savings which have been made. The assessments which have been undertaken (and a summary of the conclusions from this are included in the sections above). The following however are deemed to be suitably high risk to repeat in the report. All others, in the context they have been described are viewed as being manageable but with there being a significant need to review workloads, priorities and for the potential scaling back of a number of current activities in line with the resources available.

7 FINANCIAL CONSIDERATIONS

- 7.1 It has been highlighted in previous reports 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 savings that have been identified has been assessed for their sustainability. As with all others parts of the authority the sustainability of the savings required by the ongoing cuts which the authority faces becomes increasingly difficult as the compound affect of these savings impacts on services. It is not necessary to remind members of the level of savings which have been delivered in previous years or those which are likely to be required in future years. The savings have been identified as sustainable in

the light of the need to make ongoing changes to both what is delivered and the scaling back of some activity. One example identified in the report which has received the support of members is the changed approach to the Sustainable Community Strategy, further changes such as this are likely to be required in a number of areas as the cuts take affect. The principles that have been applied in determining the proposals for savings have been linked to protecting front line services, savings being realised in respect of vacant posts where this can be managed and services still delivered and reflecting the pressures, both internal and external that the authority needs to address to maintain effective governance arrangements.

7.3 The proposals deliver the following proposed savings:-

Service	Proposed Savings (£K)
Assistant Chief Executive	
E learning / corporate training / translation service	15.9
Overtime and other staffing budgets	30.0
Running Costs	48.0
Deletion of vacant post / Changes in Management Arrangements	116.5
Lost schools income	-25.5
Chief Finance Officer	
Removal of vacant posts/rostering arrangements	44.0
Running Costs	30.0
Summons Charges	60.0
Contract Negotiation	79.0
Forecast Housing Benefit Admin grant cut	-64.0
Chief Solicitor	
Removal of vacant posts	74.7
Non-Staffing Budget Savings	2.7
Staffing Savings	16.7
Corporate Subscriptions	30
Total Proposed Savings	£458.0

7.4 The savings which have been identified include a number of staffing changes. As has been stated earlier in this report a number of these changes relate to posts which have become vacant since the last budget round and which have been held vacant in preparation for this budget process. In addition a number of other proposed changes relate to the consideration of potential staffing changes as they relate to the corporate sweep for Voluntary redundancies and early retirements which was undertaken in preparation for this budget round (as is the case each year).

8. EQUALITY CONSIDERATIONS

8.1 For each of the proposed saving areas, consideration has been given to whether there is likely to be any impact across each of the protected characteristic groups. Where there is likely to be a direct impact on customers/service users and/or staff, an Equality Impact Assessment has been undertaken.

8.2 More than 88% of the above savings will be made by reducing staffing levels (mainly from vacant posts and ER/VR applications), renegotiation of contracts and reducing day to day running costs. There will be a limited impact on customers and impact assessments in the following areas have been compiled –

Translation charges
Summons charges
Childcare staff reduction

8.3 These impact assessments are to be reviewed by the Corporate Equality Group and they will consider whether there is any Council-wide cumulative impact on protected groups from all saving proposals.

9. RECOMMENDATIONS

9.1 That Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 29th November 2013.

10. REASON FOR RECOMMENDATIONS

10.1 The proposals included in this report have been identified as being sustainable, wherever possible protecting frontline services and deliverable.

11. BACKGROUND PAPERS

11.1 The following background papers were used in the preparation of this report:-

- i. Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2014/15 to 2016/17 - 2nd August 2013
- ii. Finance and Policy Committee - Chief Executives Department Savings Proposals 23rd August 2013
- iii. Equality Impact Assessments for Translation Charges, Summons Charges and Childcare staff reduction

12. CONTACT OFFICERS

Dave Stubbs Chief Executive
Hartlepool Borough Council
Tel: 01429 523001
Email: Dave.Stubbs@hartlepool.gov.uk

Andrew Atkin – Assistant Chief Executive
Hartlepool Borough Council
Tel: 01429 523001
Email: Andrew.Atkin@hartlepool.gov.uk

Chris Little – Chief Finance Officer
Hartlepool Borough Council
Tel: 01429 523001
Email: Chris.Little@hartlepool.gov.uk

Peter Devlin – Chief Solicitor
Hartlepool Borough Council
Tel: 01429 523001
Email: Peter.Devlin@hartlepool.gov.uk

FINANCE AND POLICY COMMITTEE

8 November 2013



Report of: Director of Regeneration of Neighbourhoods

Subject: SAVINGS PROGRAMME 2014/15 – RESOURCES
DIVISION OF REGENERATION AND
NEIGHBOURHOODS DEPARTMENT

1. TYPE OF DECISION

For information, members of the Committee are recommended to note the content of this report and formulate a response to be presented to Finance and Policy Committee on 29 November 2013.

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to identify proposals for the delivery of savings in respect of the relevant areas of the Regeneration and Neighbourhoods Department for consideration as part of the 2014/15 budget process. The report builds on information already considered by the Committee at the meetings on 23rd August 2013 and 18th October 2013 (in relation to the Community Pool).

3. BACKGROUND INFORMATION

- 3.1 As part of the 2014/15 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2014/15 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.
- 3.2 Details are provided in this report in relation to the:-
- i) Proposals identified to make the savings;
 - ii) Risks associated with the proposed savings; and
 - iii) Financial considerations taken into account in developing the proposals.
- 3.3 In further developing the information provided to Members to assist them in consideration of budget proposals, experience gained through the

implementation of a Social Return on Investment (SROI) process by the Regeneration and Planning Services Scrutiny Forum is to be utilised. Key to the SROI process was the provision of additional information in relation to the aim and scope of the service, its service users and engagement, inputs, outputs and outcomes. On this basis, information in relation to the relevant services is also provided below.

3.3 Scope

3.2.1 The services under consideration as part of this report are as follows: -

3.2.2 **Logistics** – Stores, plant, equipment, depot management joiners shop and ancillary services.

3.3.3 **Strategic Procurement and Reprographics** – Corporate Procurement Team and Print Unit.

3.3.4 **Building Design and Management** – Architects, surveying, technical support, project management and compliance testing (mechanical, electrical, legionella).

3.3.5 **Estates and Property Management** – Centralised management of Council property, including building management and asset management.

3.3.6 **Facilities Management** – Building Maintenance, Building Cleaning, Function Catering, School Meals, Security Services and ancillary functions.

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

3.3.8 **Community Pool**

Category 1 – the provision of universal welfare benefits and advice.

Category 2 – the provision of universal credit union support

Category 3 – capacity and resource building in the voluntary and community sector

Category 4 – the provision of town wide specialist and support services

Category 5 – the provision of development/investment and emergency grants

3.4 **Service Users**

3.4.1 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 and schools via Service Level Agreements and contracts.

3.5 **Engagement**

3.5.1 Many of the services provided are primarily internal and with schools but with an increasing external customer base as income generation initiatives develop. The Community Pool links with the commissioning of providers and liaising with the voluntary and community sector.

3.5.2 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 and liaison meetings with users and providers
- Attending user forums e.g. VCS Groups, Schools Forum

3.6 Inputs

3.6.1. The current cost to the Council of the relevant services is as follows: -

Service Area	2013/14 Gross Budget £'000	2013/14 Net Budget £'000
Community Pool	440	440
Asset Management	336	100
Building Design and Management	867	(125)
Facilities Management	10,238	990
Logistics	1,841	(54)
Procurement	187	107
Property Management	178	(82)
Reprographics	303	(37)
Strategic Management, Admin & Support Services	1,747	777
	16,130	1,116

3.6.2 The cost of these services to the Council, in line with many other service areas in the Council, reduced significantly over the last 4 years. In addition, many of the areas in question are “trading activities” and have, as an integral part of their budget, income generation requirements. Some areas, as can be seen from the table, are budgeted to make a surplus. These involve both professional and frontline services. Some areas do not have budgets and rely on fees and income.

3.7 **Outputs/Outcomes**

- Delivery of technical and support services to internal Council departments, external organisations and schools
- Property and facilities management to all of the Council's buildings, most schools and other customers
- Provision of a function catering operation from a number of outlets and a buffet service to internal and external customers
- A school meals service delivering over £1.3m meals per annum.

4. **SAVINGS TARGET**

- 4.1 The savings target for the Regeneration and Neighbourhoods Department is **£1.3m** for the financial year 2014/15. 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.
- 4.2 The Finance & Policy Committee, 23rd August, 2013 considered the proposed savings and budget pressures for 2014/15. Members commented on the following proposed savings:-

Community Pool

Members were supportive of an additional report coming back to the Finance and Policy Committee to look at the criteria for the Community Pool

Security Services

Clarification was sought in relation to the proposed saving regarding Security services and whether the review of provision included the Civic Centre. It was confirmed that it was security in other buildings, not the Civic Centre

5. **SAVINGS PROPOSALS**

5.1 **Community Pool – £220K**

This was considered by the Committee at its meeting on 18th October 2013 where the criteria and priorities were reviewed with an agreement to a saving of £220,000 for 2014/15.

5.2 **Property Management - £83K**

A review of the centralised property management function including staffing structures and the releasing of surplus property. Has resulted in savings of £83K. This includes the voluntary redundancy of one member of staff.

5.3 **Estates and Asset Management - £125K**

The lease of Bryan Hanson House as part of the Council's ICT contract and the development by Northgate of a north-east business centre will achieve an income of £150K per annum in future years. A saving of £100k has already

been included in the MTFs in respect of this rental income. The additional saving of £125k reflects running costs savings for Bryan Hanson House and other buildings (which reflect office moves commenced in 2013 / 14 to provide savings from 2014 / 15 onwards).

5.4 Building Design and Management /Facilities Management (building maintenance) - £80K

A review and combination of construction – related teams and functions for 2014/15 will achieve a saving of £80K. There is likely to be redundancy implications in the proposal.

5.5 Building Cleaning - £30K

A review of the management structure and specification for some of the service area will produce a saving of £30K. This includes potential redundancies.

5.6 Function Catering - £25K

A number of outlets will be rationalised and overheads, including staff structures will be reviewed, together with the relinquishing of the general fund subsidy budget. The proposal will achieve a saving of £25K. This will include the potential redundancy of some staff.

5.7 Security Services - £35K

A review of the provision of security services has been undertaken with all users of the service. A revised and reduced specification has been agreed. The service is being re-tendered with an anticipated saving of £35K p.a. It is confirmed that security services to the Contact Centre area of the Civic Centre will not be affected. This was raised at the Committee's meeting on 23rd August 2013.

5.8 Support Services - £100K

A review of the structures and service provision across the reconfigured department will achieve a saving of £100K. This includes potential redundancies.

5.9 Departmental Non-Pay Budget - £20K

A review of the non-pay management account budgets across the department will achieve a saving of £20K.

5.10 Budget Inflation Factor - £50K

By not taking an inflationary increase on non-pay budgets a saving of £50K will be achieved.

6. OPTIONS ANALYSIS

6.1 Various options have been explored across all of the relevant service areas, including the following: -

- The School Meals Service has been reviewed with a report to the Committee on 23rd August 2013 confirming no rise in charges.
- The Logistics Service which is a support to all of the operational areas was considered for reduction, however the team's income generation has increased and therefore the capacity needs to be maintained.
- Reviewing the Print Unit – this was reviewed in the last two years and it is contributing positively.
- Maintenance budgets generally were considered but there is a continuous pressure due to the condition of the current portfolio. This budget is reduced every time we dispose of a property.
- Reducing further the capacity in the Corporate Procurement Team, however, this team was reduced by one staff member for 2013/14 and there would be a risk in not delivering procurement compliance for the Council.
- Generally many of the services are “front-line” or income generators and reductions in some areas are not considered operationally appropriate or feasible. However, given the continuing financial challenges in future years these areas are likely to require re-consideration next year.

7. RISK IMPLICATIONS

7.1 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 and quality of service
- Loss of expertise and internal technical support generally and to key projects and programmes in particular
- Health and Safety implications
- Reduced flexibility of service and management capacity

8. FINANCIAL CONSIDERATIONS

8.1 It has been highlighted in previous reports that failure to take savings identified as part of the savings programme will result in the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

8.2 The proposals outlined will deliver the following savings:-

Service	Proposed Savings
Community Pool	£220,000
Property Management	£83,000
Estates and Asset Management	£125,000
Building Design and Management and Facilities Management (Building Maintenance)	£80,000
Building Cleaning	£30,000
Function Catering	£25,000
Security Services	£35,000
Support Services	£100,000
Departmental Non-Pay Budgets	£20,000
Budget Inflation Factor	£50,000
Total Proposed Savings	£768,000

8.3 The savings which have been identified include a number of staff changes including the potential for redundancy costs. The exact costs can't be determined until redeployment opportunities are fully explored and the relevant redundancy selection processes are undertaken. There are a number of voluntary redundancies also included in the proposals.

8.4 "Savings" made in trading activities may not relate directly to a reduced budget and may link to increased income or productivity. This can be a high risk strategy.

8.5 Some of the savings proposals included in this report involve Trading Accounts which do not have a General Fund Budget. Instead these services rely on fees and charges generated from services provided to clients to cover their operating costs. Where services are looking to reduce costs in these services the savings must be passed on to client budgets to ensure prices remain competitive and value for money is achieved. This often results in savings on client general fund budgets and trading services will continue to make these efficiencies wherever possible in order to support the Councils savings programme. In addition to reducing costs and passing on savings, some Trading accounts will attempt to generate additional income from new work which will contribute to overheads already funded by the service. This will result in many accounts budgeting to make a "surplus" which will come back to the Council and make a contribution towards the

General Fund budget available to run other services. Risks around any potential income are evaluated to ensure they are achievable in the current climate, and this risk will continue to be monitored and managed by the services as it is now. If circumstances change in the future the Department will identify alternative savings to avoid future pressures on the Councils General Fund budget.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 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**. A separate Impact Assessment was considered for the Community Pool at the Finance and Policy Committee meeting on 18th October 2013 when the savings proposal was agreed.

10. STAFF CONSIDERATIONS

- 10.1 Initially informal communication will be undertaken with Trade Unions and staff regarding the staffing implications as a consequence of these proposals being accepted. There is the potential of 8 expressions of interest in voluntary redundancy. Formal consultation with staff and Unions in line with Council policies.
- 10.2 It is anticipated that a total of 14 posts may be at risk of redundancy.

11. RECOMMENDATIONS

- 11.1 It is recommended that Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 29th November 2013.

12. REASONS FOR RECOMMENDATIONS

- 12.1 The review forms part of the 2014/15 Savings Programme, as set out in the Medium Term Financial Strategy 2014/15 to 2016/17 report to Finance and Policy Committee on 2nd August 2013.

13. BACKGROUND PAPERS

- 13.1 The following background papers were used in the preparation of this report: -
- (i) Finance and Policy Committee – Medium Term Financial Strategy (MTFS) 2014/15 to 2016/17 – 2nd August 2013
 - (ii) Finance and Policy Committee – Regeneration and Neighbourhoods Savings Proposals – 23rd August 2013
 - (iii) Finance and Policy Committee – Community Pool Programme Allocation 2014/15 – 18th October 2013

14. CONTACT OFFICERS

Denise Ogden
Director of Regeneration and Neighbourhoods
Level 3
Civic Centre
Hartlepool
TS24 8AY
Tel: (01429) 523300
E-mail: denise.ogden@hartlepool.gov.uk

Graham Frankland
Assistant Director (Resources)
Level 3
Civic Centre
Hartlepool
TS24 8AY
Tel: (01429) 523211
E-mail: graham.frankland@hartlepool.gov.uk

Impact Assessment Form

Department	Division	Section	Owner/Officer
<i>Regeneration & Neighbourhoods</i>	<i>Resources</i>	<i>Resources</i>	<i>Graham Frankland</i>
Function/ Service	<p><i>Resources</i></p> <p><i>Changes proposed to address the budget deficit and achieve targets set within the resources.</i></p> <p><i>Property Management - Proposal to review management structure and dispose of surplus property (Brinkburn Youth Club) therefore saving in running costs.</i></p> <p><i>Estates and Asset Management - Proposal to lease out Bryan Hanson House.</i></p> <p><i>Building Design and Management - Proposal to combine Building Design and Management and Building Maintenance functions.</i></p> <p><i>Building Cleaning - Proposal to review staffing structure and reduce specification in selected locations.</i></p> <p><i>Function Catering - Proposal to give up subsidy from general fund and review management structure and rationalise outlets.</i></p> <p><i>Security Services - Proposal to amend specification and re-tender.</i></p> <p><i>Support Services - Proposals to review staffing structure, reduce non-pay budgets and not to take inflationary rise on some budget headings.</i></p>		
Information Available	<p><i>Information available that has been used to inform these proposed changes:</i></p> <ul style="list-style-type: none"> • <i>Current structures and proposed structures.</i> • <i>Staffing profiles across all areas.</i> • <i>Established HR Procedures (Selection criteria is based on objective matters which are not related to any protected groups).</i> • <i>Job Descriptions.</i> • <i>Job evaluation process.</i> • <i>Formal consultation process with staff and Unions.</i> • <i>Information on service users.</i> 		

Relevance <i>Identify which strands are relevant to the area you are reviewing or changing</i>	Age	
	Disability	
	Gender Re-assignment	
	Race	
	Religion	
	Sex	
	Sexual Orientation	
Marriage & Civil Partnership		
Pregnancy & Maternity		
Information Gaps	<i>NONE</i>	
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 or service users. 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>	

<i>Aim 1: Eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the act.</i>			
<i>No impact</i>			
<i>Aim 2: Advance Equality of opportunity, between people who share protected characteristics and those who don't.</i>			
<i>No impact</i>			
<i>Aim 3: Foster good relations between people who share a protected characteristic and those who do not share it.</i>			
<i>No impact</i>			
Addressing the impact	1. No Major Change - <i>The Impact Assessment demonstrates that the proposed changes are robust and that there is no potential for discrimination or adverse impact on any protected group.</i>		
	2. Adjust/Change		
	3. Continue as is		
	4. Stop/Remove		
Action identified	Responsible Officer	By When	How will this be evaluated?
Date sent to Equality Rep for publishing			00/00/00

NEIGHBOURHOOD SERVICES COMMITTEE

11th November 2013



Report of: Director of Regeneration and Neighbourhoods

Subject: SAVINGS PROGRAMME 2014/15 –
NEIGHBOURHOOD MANAGEMENT SECTION OF
THE REGENERATION AND NEIGHBOURHOODS
DEPARTMENT

1. TYPE OF DECISION

For information, members of the Committee are recommended to note the content of this report and formulate a response to be presented to Finance and Policy Committee on 29 November 2013.

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to identify proposals for the delivery of savings in respect of the Neighbourhood Management service for consideration as part of the 2014/15 budget process.

3. BACKGROUND INFORMATION

- 3.1 As part of the 2014/15 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2014/15 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.
- 3.2 Details are provided in this report in relation to the:-
- i) Proposals identified to make the savings;
 - ii) Risks associated with the proposed savings; and
 - iii) Financial considerations taken into account in developing the proposals.
- 3.3 In further developing the information provided to Members to assist them in consideration of budget proposals, experience gained through the implementation of a Social Return on Investment (SROI) process by the Regeneration and Planning Services Scrutiny Forum is to be utilised. Key to the SROI process was the provision of additional information in relation to the

aim and scope of the service, its service users and engagement, inputs, outputs and outcomes. On this basis, information in relation to the Neighbourhood Management service is also provided below.

3.4 Scope

3.4.1 The services under consideration as part of this report are as follows:

3.4.2 Neighbourhood Management Service –

This service aims to co-ordinate and ensure that all services both internal and external to the Council, are working hard to tackle problems and issues at a neighbourhood level through strong partnership working and robust community engagement mechanisms with a particular focus on tackling disadvantaged and our most vulnerable communities.

There are currently two Neighbourhood teams, North and Coastal and South and Central headed by a Neighbourhood Manager. Neighbourhood Managers are directly responsible for the following:

- Cleansing ,environmental area teams, and responsive highways services.
- Community Regeneration and Development Services
- Community Safety Strategy, Policy, and services.

3.4.3 Service Users

Key stakeholders in this service are all residents of Hartlepool, and agencies working in Hartlepool from the statutory, voluntary and community, and private sectors.

3.4.4 Engagement

Engagement with service users is central to the day to day delivery of the Neighbourhood Management service. Services are currently provided at accessible locations within the community to ensure that there is the ability to influence service delivery on a day to day basis, and the development of positive relationships with community groups has ensured that there is an ongoing dialogue with the community on how Council Services are being delivered. This enables problems to be identified at an early stage before they are allowed to escalate thereby ensuring the efficient delivery of Council services.

Strong interface between Ward Councillors and Neighbourhood Managers on a daily basis also ensures that any ward issues raised by local residents are responded to immediately. The Neighbourhood Management Service has responsibility for the following:

- Provision and support of Neighbourhood Forums which meet quarterly and facilitate feedback from the public on all Council services.
- The Safer Hartlepool Partnerships Face the Public Event – a statutory event run on annual basis to gather feedback from residents, statutory agencies, voluntary and community groups, and the business sector on community safety priorities. These events inform the development of the Safer Hartlepool Partnerships annual Community Safety Plan.
- Neighbourhood surveys such as those undertaken by the multi-agency Joint Action Groups in hotspot areas where there are high levels of crime and disorder to improve our conversation with the public and gather further intelligence on how services should be delivered in the local area.
- Provision of a network of support for local resident groups where concerns and feedback on how Council Services are operating are channelled to the appropriate service for action.
- Leading on engaging and supporting communities to exercise their rights under the Localism Act - the team is currently enabling 5 communities to develop Neighbourhood Plans for their local area, and is supporting the first community group wishing to register an asset of community value with a view to exercising their right to buy.
- Ward Profiles have been developed that contain community priorities on a Ward level basis alongside a range of information such as data from the Joint Strategic Needs Assessment, TVU, and local crime and disorder data. Ward Profiles are intended to provide feedback to services on key community issues to enable those priorities to be reflected in provision of local services.
- Local groups are supported with events that reach out to the broader community e.g. diversity event where hard to reach groups can come along and find out more about services and how they can influence services in the future.
- The household quality of life survey initiated a number of years ago is used as a means of tracking changes in resident priorities and measuring success in terms of perception of the service.

3.5 Inputs

3.5.1 The cost to the Council of providing the Neighbourhood Management Service in its current form is: £3,459,530 broken down as follows:

Service Area	Cost £0,000,000
North and Coastal Neigh. Forum	
Community Pool	425
Community Regeneration	110
North & coastal Neigh. Management	301

TOTAL	836,000
South and Central Forum	
173 York Road	41
CCTV – Town Centre	194
Community Safety	318
South and Central Neighbourhood Management	151
Specialist Domestic violence	148
Street Cleansing Service	1770
TOTAL	3,459

3.5.2 Outputs .

Development and delivery of Community safety plan, and associated community safety services including Anti-social behaviour Unit, CCTV, crime prevention and victims services including specialist domestic violence service, good tenant scheme, mediation service, restorative justice, and assertive outreach.

Delivery of Neighbourhood Management Strategy, Voluntary and Community Sector Strategy, Cohesion Action Plan and associated services including Neighbourhood Forums, ward profiles, neighbourhood plans, community pool, ward members budgets, and civic lottery.

Delivery of the towns street cleansing service including vehicles and machinery.

OUTCOMES

The service contributes to a number of key outcomes in the Councils Sustainable Strategy particularly those related to building strong and cohesive communities, and the promotion of safer, cleaner, greener neighbourhoods.

4. PROPOSALS

4.1 Neighbourhood Management £200,000 as follows:

Street Cleansing - £16, 038

Investment in new and more efficient machinery and the rationalisation of existing machinery will achieve the saving outlined.

Restructure of Neighbourhood Management Service - £183,962

This proposal involves the restructuring of the Neighbourhood Management Service by merging strategic functions under one manager, and the transfer of the Good Tenant Scheme to the Housing Services function. The

reconfiguration of Neighbourhood Management is necessary to deliver the savings and will include the potential redundancy of some posts.

As part of the reconfiguration of Neighbourhood Management, it is proposed this function transfers from the Director of Regeneration and Neighbourhoods to the Assistant Director for Neighbourhoods.

IMPACT

The revised structure will lead to consistency and greater efficiencies in service delivery across the town whilst retaining the current area based delivery model that continues to be aligned with neighbourhood policing to ensure a continued neighbourhood focus on immediate quality of life issues and co-ordination of responses to community safety and environmental issues.

The reduction of staff within the Neighbourhood Management Team will be addressed by re-organisation of workloads in line with the priorities of the service.

Other potential considerations to note for the financial year 2014/15 that will impact on delivery of the Neighbourhood Management Service are:

Loss of Police Funding	£ 38,110
Loss of PCC Funding	£ 78,910
Loss of Youth Crime Action Plan Funding	£169,000
50% cut in Community Pool	£220,000

Accommodation needs in relation to the service are currently being investigated and options to co-locate elements of the Neighbourhood Management Service are being explored. Loss of the above funding will also lead to a need to prioritise community safety initiatives/services and could potentially result in further redundancies.

Members will be aware that a report on the Community Pools savings was considered by Finance & Policy, 18th October 2013, as this falls outside the remit of the Neighbourhood Services Policy Committee.

5. SAVINGS TARGET

- 5.1 The savings target for the Regeneration and Neighbourhoods Department is **£1.3m** for the financial year 2014/15. 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.

6. OPTIONS ANALYSIS

6.1 Various options have been explored across the service area including:

- Retaining two Senior Managers to head up the Neighbourhood Management Service in each of the geographical areas
- Reduction in capacity of front-line staff.

The recommended option put forward in this report aims to ensure minimum impact on the delivery of front line services.

The above options have been discounted in favour of merging management functions to protect the Councils ability to deliver key front line services.

7. RISK IMPLICATIONS

7.1 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 frontline staff and management
- Reduced effectiveness and quality of service
- Potential reduced effectiveness and quality of service
- Loss of expertise

7.2 Staff savings are largely within the management structure which protects front line services and at the same time retains existing knowledge and expertise. This will ensure that work programmes will be delivered with minimum impact on current standards of service delivery.

8. FINANCIAL CONSIDERATIONS

8.1 It has been highlighted in previous reports 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
Cleansing	£ 16,038
Neighbourhood Management Restructure	£183,962
Total Proposed Savings	£200,000

- 8.2 The savings which have been identified include a number of staff changes including the potential for redundancy costs.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 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**

10. STAFF CONSIDERATIONS

- 10.1 Initially informal communication will be undertaken with Trade Unions and staff regarding the staffing implications as a consequence of these proposals being accepted. Formal consultation with staff and Unions in line with Council policies. Loss of Police funding may also result in additional redundancies beyond the savings identified in this report

11. RECOMMENDATIONS

- 11.1 That Members of the Committee note the content and formulate a response to be presented to Finance and Policy Committee on 29th November 2013.

11. CONTACT OFFICER

Denise Ogden
Director of Regeneration and Neighbourhoods
Level 3
Civic Centre
Hartlepool
TS24 8AY
Tel: (01429) 523300
E-mail: denise.ogden@hartlepool.gov.uk

Clare Clark
Neighbourhood Manager (Central)
Community Safety Office
173 York Road
Hartlepool
Tel: (01429) 855560
E-mail: clare.clark@hartlepool.gov.uk

APPENDIX 1

Department	Division	Section	Owner/Officer	
<i>Regeneration and neighbourhoods</i>		<i>Neighbourhood Management</i>	<i>Clare Clark</i>	
Function/ Service	<p><i>Changes proposed to address the budget deficit and achieve targets within the Neighbourhood Management Service -</i></p> <p><i>Cleansing</i> - Investment in new and more efficient machinery and the rationalisation of existing machinery.</p> <p><i>Community Pool</i> - reduce funding to external organisations via commissioning and grants</p> <p><i>Restructure of Neighbourhood Management Service</i> - review of current staffing structure</p>			
Information Available	<ul style="list-style-type: none"> • <i>Current and proposed structures</i> • <i>Staffing profiles across areas</i> • <i>Established HR procedures</i> • <i>Job descriptions</i> • <i>Job evaluation process</i> • <i>Household Survey</i> • <i>Joint Strategic Needs Assessment</i> • <i>Safer Hartlepool Partnership Strategic Assessment</i> • <i>Community Safety Plan</i> • <i>Police Customer Survey</i> • <i>Ward Profiles</i> • <i>Voluntary and Community Sector Strategy</i> • <i>Neighbourhood Management and Empowerment Strategy</i> • <i>Cohesion Action Plan</i> • <i>TVU - 2012</i> 			
Relevance	Age		X	
<i>Identify which strands are relevant to the area you are reviewing or changing</i>	Disability		X	
	Gender Re-assignment		X	
	Race		X	
	Religion		X	
	Gender		X	
	Sexual Orientation		X	
	Marriage & Civil Partnership			
	Pregnancy & Maternity		X	
	Information Gaps	<i>None – the data available across the service is comprehensive which has helped to shape service delivery. Staff consultation will</i>		

	<i>be undertaken in line with corporate policies and procedures, including HR and Unions to ensure equality considerations.</i>		
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 proposals. Careful consideration has been given to the financial proposals and they are not deemed likely to impact on equality for the workforce or service users.</i></p> <p><i>The Service has a particular responsibility in relation to disadvantaged and vulnerable communities, groups, and individuals. These sections of the community have been fully considered in the development of the proposal. In addition service delivery will continue to be evidence based and outcome led which will ensure that our most disadvantaged and vulnerable communities groups and individuals receive priority.</i></p> <p><i>The proposals largely affect senior management structures in order to protect front-line services and retain standards of delivery - reduction of staff within the Service will be addressed by a reorganisation of workloads in line with the priorities of the service.</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 the impact on all staff including those with protected characteristics.</i></p> <p><i>The staff identified at risk have been defined by reference to service areas or particular job roles and the process does not unfairly discriminate against any protected groups. The selection criteria are based on objective matters which are not related to any protected groups.</i></p>		
Addressing the impact	<p>1. No Impact- No Major Change - <i>The impact assessment demonstrates the proposed changes are robust and 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>2. Adjust/Change Policy.</p> <p>3. Adverse Impact but Continue -).</p> <p>4. Stop/Remove Policy/Proposal</p>		
Actions			
Action identified	Responsible Officer	By When	How will this be evaluated?

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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

NEIGHBOURHOOD SERVICES COMMITTEE

11th November 2013



Report of: Director of Regeneration of Neighbourhoods

Subject: SAVINGS PROGRAMME 2014/15 –
(NEIGHBOURHOODS DIVISION OF)
REGENERATION AND NEIGHBOURHOODS
DEPARTMENT

1. TYPE OF DECISION

- 1.1 For information, members of the Committee are recommended to note the content of this report and formulate a response to be presented to Finance and Policy committee on 29 November 2013.

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to identify proposals for the delivery of savings in respect of the relevant areas of the Regeneration and Neighbourhoods Department for consideration as part of the 2014/15 budget process.

3. BACKGROUND INFORMATION

- 3.1 As part of the 2014/15 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2014/15 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.
- 3.2 Details are provided in this report in relation to the:-
- i) Proposals identified to make the savings;
 - ii) Risks associated with the proposed savings; and
 - iii) Financial considerations taken into account in developing the proposals.
- 3.3 In further developing the information provided to Members to assist them in consideration of budget proposals, experience gained through the implementation of a Social Return on Investment (SROI) process by the Regeneration and Planning Services Scrutiny Forum is to be utilised. Key to the SROI process was the provision of additional information in relation to the aim and scope of the service, its service users and engagement, inputs,

outputs and outcomes. On this basis, information in relation to the relevant services is also provided below.

3.4 The services under consideration as part of this report are as follows: -

3.4.1 **Engineering Design and Management-** Civil Engineering which 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 provides a service internally and with schools. In addition this team has client responsibility for the ongoing maintenance of all highway structures in the town. Environmental Engineering services are provided to both internal and external clients. In addition, this team has client responsibility for contaminated land, coastal 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.

3.4.2 **Integrated Transport Unit** – The ITU provides a number of services including Passenger Transport, and Fleet services, and Road Safety and school crossing patrols. The School Crossing Patrol Service is not a statutory function and the responsibility for ensuring that school children arrive at school remains with parents and/or guardians. The ITU has maximised the operation of fleet vehicles in order to provide both core services and extended opportunities to schools and colleges and a range of other external partners i.e. the public, Health Trusts and other Local Authorities.

3.4.3 **Waste and Environmental Services**

Hartlepool Borough Council currently delivers a waste collection service to around 42,000 households across the town, which involves an alternate weekly collection of residual waste and recyclable waste, including garden waste. The Household Waste Recycling Centre, on Burn Road is also managed by this section.

3.4.4 **Parks and Countryside.** *Grounds Maintenance:* Care of green spaces, parks, football pitches, games spaces, bowling greens etc. through features reductions and staffing arrangements. *Cemeteries & Crematoria:* Cremation facilities staffing arrangements.

3.5 **Service Users**

3.5.1 The range of services covered by this report are delivered to all residents across the whole of the borough, agencies working in Hartlepool from the statutory, voluntary and community as well as providing commercial services to external organisations and schools via Service Level Agreements and contracts.

3.6 Engagement

3.6.1 Services provided include delivery to internal and schools clients but some service portfolios have by necessity significant external public sector, commercial and private cliental. To meet the Councils client service expectations some service portfolio are already operating under the parameters of a public sector charging and trading arm to assist revenue streams.

3.6.2 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 and liaison meetings with users and providers
- Attending Neighbourhood Forums, resident groups and associations
- Transport Champions Group
- Transport Liaison Groups

3.7 Inputs

3.7.1. The current cost to the Council of the relevant services is as follows: -

Service Area	2013/14 Gross Budget £'000	2013/14 Net Budget £'000
Engineering Design and Management	993	496
Integrated Transport Unit	5,119	-75
ITU School Crossing Patrol	159	146
Waste and Environmental Services	5674	4803
Parks and Countryside (Grounds Maintenance)	2,839	1,882
Parks and Countryside (Cemeteries and Crematoria)	681	-23
	12563	5785

3.7.2 The cost of these services to the Council, in line with many other service areas in the Council, reduced significantly over the last 4 years. In addition, many of the areas in question are “trading activities” and have, as an integral part of their budget, income generation requirements. Some areas, as can be seen from the table, are budgeted to make a surplus. These involve both white and blue collar areas. Some areas do not have budgets and rely on fees and income.

3.8 Outputs/Outcomes

Delivery of technical, support and frontline services to internal Council departments, external organisations and schools.

4. SAVINGS TARGET

- 4.1 The savings target for the Regeneration and Neighbourhoods Department is **£1.3m** for the financial year 2014/15. 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.
- 4.2 The Neighbourhood Services Committee, 2nd September, 2013 considered the proposed savings and budget pressures for 2014/15. Members commented on the following proposed savings:-

School Crossing Patrol Services

Members questioned whether the proposed savings from the School Crossing Patrol Services would result in a reduction of jobs. It was confirmed that there would be no reduction of jobs and the proposed savings would be achieved through a reconfiguration of the service.

Reduction of Horticultural Features

The Committee requested clarification on the reduction of horticultural features and what it entailed. It was explained that this proposed saving would be achieved by reducing labour intensive areas/ plots and replacing with lower maintenance alternatives, for example an annual flower bed may be replaced with shrubs or trees.

Members were supportive of people/ communities adopting areas/ plots where possible to help with the maintenance.

5. SAVING PROPOSALS

5.1 Engineering Design and Management- £50k (income)

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.

5.2 Integrated Transport Unit- £50k (Income)

Recent discussion within a sub national network has identified collaboration with Local Health Trusts which provide a unique opportunity to re shape the approach to transport provision between organisations that provide for the community. North Tees and Hartlepool Trust are currently considering their strategic approach to transport. Senior management representatives from the Trust have also agreed to come along to future Council transport meetings in order to demonstrate their commitment to transport matters.

It is clear that the health transport agenda is significant priority for the community of Hartlepool. The theme is currently the focus of the Transport Champion Group and discussion has demonstrated the need for consultation

and robust detail relating to health transport provision in order to resolve some of the issues already identified.

Once the initial phase of identifying suitable projects has been achieved, it is anticipated that a collaborative option will be presented through the appropriate channels for approval by both the Council and the Trust.

The ITU has accommodated the saving target figure of 50k across the services of Fleet, Passenger Transport and Road Safety. Each service has reduced its budget capacity following income-generating opportunities. Passenger Transport has increased private hire income. Fleet has increased private MOT and Road Safety has increased collaborative working with health. Each service therefore contributes 16.5k to the saving proposal.

5.3 Waste and Environmental Management- £220k

The savings will be realised following the reconfiguring of the waste collection services, which involved changes to the kerbside dry recycling service, the use of route optimisation technology and the introduction of a 4-day working week. Based on the changes which took place in April of this year, the Council is now in a position to make a further saving against this service area.

Essentially, the savings will be realised from the changes made to the kerbside dry recycling service and the introduction of a co-mingled wheeled bin for each household. This has resulted in a 20% increase in the levels of recyclable waste collected, for which an income can be derived, and a corresponding reduction in levels of residual waste, which is costly to dispose of.

Savings have also been achieved through similar approaches at the Household Waste Recycling Centre where initiatives have increased recycling levels and reduced residual tonnages taken for disposal. Furthermore, increased policing at the site has significantly reduced waste being taken in by traders looking to avoid the tipping fees payable at an authorised treatment facility, and the recent development of a small processing plant in the adjacent transfer station has enabled the section to almost triple the amount of income achieved from the sale of cardboard and plastics to the recycling markets'.

5.4 Parks and Countryside (Grounds Maintenance/ Cemeteries and Crematoria) - £130k

Reduction in horticultural features: consisting of the removal of high-maintenance plots and replacing (where applicable) with lower-maintenance alternatives e.g. annual bedding schemes, ornamental features (£50k). Any savings in this area need to be balanced against the existing subsidy provided by income-generating works and fees charges currently used to support expanding core HBC client service output expectations.

Reconfiguration of staffing structures following early retirement/ voluntary redundancy applications and through natural wastage. There is however the likelihood of redundancy implications in the proposal.

5.5 **School Crossing Patrol - £25k**

In order to achieve the £25,000 savings required the service will lose the lunchtime provision at seven sites and decommission two additional sites. There will be no significant impact on service delivery by adopting these measures. However it is anticipated there may be changes to some posts with respect to the hours worked.

The School Crossing Patrol service had an additional budget pressure/income generation target of £13,144 added for 2013/14 and 2014/15. This target could not be met by sponsorship due to the current economic climate. Therefore, in order to achieve the proposed savings two additional sites will be identified to commissioning in addition to the seven identified lunchtime crossings.

6. **OPTIONS ANALYSIS**

6.1 Various options have been explored across all of the relevant service areas, including the following: -

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 sensitive and political discussion topic. 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 have 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.

The suspension of the garden waste collection service during the winter months. Although not a statutory requirement, garden waste collection is very popular amongst residents and Councillors who prefer a year-round service. Furthermore, any suspension of the service during the winter months would have negative implications for those workers involved in delivering the scheme.

Non essential Grounds Maintenance services like annual bedding and similar features have been cut back over the last couple of years; along side this

improvements have been made to operational efficiency, ultimately to resource expanding core grass maintenance programmes. This has also partially enabled the freeing up of resources for some of the off-season to be tasked to income generation activities to help off-set core HBC funding shortfalls. These steps have been taken to protect the next level of potential service reductions which could for example impact upon service elements like playing fields.

7. RISK IMPLICATIONS

7.1 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 and quality of service
- Health and Safety implications
- Reduced flexibility of service and management capacity

8. FINANCIAL CONSIDERATIONS

8.1 It has been highlighted in previous reports that failure to take savings identified as part of the savings programme will result in the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

8.2 The proposals outlined will deliver the following savings:-

Service	Proposed Savings
Engineering Design and Management (income)	£50,000
Integrated Transport Unit (income)	£50,000
ITU (School Crossing Patrols)	£25,000
Waste and Environmental Management	£220,000
Parks and Countryside	£130,000
Total Proposed Savings	£475,000

- 8.3 Some of the savings proposals included in this report involve Trading Accounts which do not have a General Fund Budget. Instead these services rely on fees and charges generated from services provided to clients to cover their operating costs. Where services are looking to reduce costs in these services the savings must be passed on to client budgets to ensure prices remain competitive and value for money is achieved. This often results in savings on client general fund budgets and trading services will continue to make these efficiencies wherever possible in order to support the Councils savings programme. In addition to reducing costs and passing on savings, some Trading accounts will attempt to generate additional income from new work which will contribute to overheads already funded by the service. This will result in many accounts budgeting to make a “surplus” which will come back to the Council and make a contribution towards the General Fund budget available to run other services. Risks around any potential income are evaluated to ensure they are achievable in the current climate, and this risk will continue to be monitored and managed by the services as it is now. If circumstances change in the future the Department will identify alternative savings to avoid future pressures on the Councils General Fund budget.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 Equality Impact Assessments are being carried out in each of the relevant service areas for the Regeneration and Neighbourhoods Savings Programme 14/15. Equality Impact Assessments are currently being reviewed to assess any overall impact for the department on Service Users and Staffing.

10. RECOMMENDATIONS

- 10.1 It is recommended that Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 29th November 2013.

11. REASONS FOR RECOMMENDATIONS

- 11.1 The review forms part of the 2014/15 Savings Programme, as set out in the Medium Term Financial Strategy 2014/15 to 2016/17 report to Finance and Policy Committee on 2nd August 2013.

12. CONTACT OFFICERS

Denise Ogden
Director of Regeneration and Neighbourhoods
Level 3
Civic Centre
Hartlepool
TS24 8AY
Tel: (01429) 523300

E-mail: denise.ogden@hartlepool.gov.uk

Alastair Smith
Assistant Director (Neighbourhoods)
Level 3
Civic Centre
Hartlepool
TS24 8AY
Tel: (01429) 523802
E-mail: alastair.smith@hartlepool.gov.uk

REGENERATION SERVICES COMMITTEE

12th November 2013



Report of: Director of Regeneration and Neighbourhoods

Subject: SAVINGS PROGRAMME 2014/15 –
REGENERATION SERVICES DIVISION

1. TYPE OF DECISION

For information, members of the Committee are recommended to note the content of this report and formulate a response to be presented to Finance and Policy Committee on 29 November 2013.

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to identify proposals for the delivery of savings in respect of the Regeneration Division for consideration as part of the 2014/15 budget process.

3. BACKGROUND INFORMATION

- 3.1 As part of the 2014/15 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2014/15 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.

- 3.2 Details are provided in this report in relation to the:-

- i) Proposals identified to make the savings;
- ii) Risks associated with the proposed savings; and
- iii) Financial considerations taken into account in developing the proposals.

- 3.3 In further developing the information provided to Members to assist them in consideration of budget proposals, experience gained through the implementation of a Social Return on Investment (SROI) process by the Regeneration and Planning Services Scrutiny Forum is to be utilised. Key to the SROI process was the provision of additional information in relation to the aim and scope of the service, its service users and engagement, inputs,

outputs and outcomes. On this basis, information in relation to the Regeneration service is also provided below.

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

3.4.1 **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 UK Steel Enterprise (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 Team will also be actively involved in the development of a new master planning programme to identify key regeneration opportunities to drive forward investment. 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. Recognising that youth unemployment is a key issue for the Town the Team has a very specific focus on young people including NEETS. A range of training, placement and apprentice opportunities are offered and the service works very closely with key partners including the 14-19 Partnership and JCP.

The above clearly highlights the extent to which the service contributes towards a significant SROI, given that it is encouraging job creation, working with young people and those who are NEET or at risk of becoming NEET in order to provide them with meaningful employment opportunities, in many cases potentially diverting them from reliance on welfare benefits, stimulating the growth of new businesses and encouraging significant inward investment and wealth creation.

3.4.2 **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 section focuses on 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 provides professional and technical expertise aimed at the conservation, protection and enhancement of the natural and built environment of Hartlepool.

Through a wholly sustainable approach to addressing land use, the service aims to maximise the socio-economic return on investment through job creation, housing development and more particularly the maximisation of community benefits associated with developer contribution for affordable housing, job creation, environmental enhancements and strategic and community infrastructure.

- 3.4.3 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 works 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 Landlord Tenant Services to give advice and assistance to landlords and tenants in the conduct of tenancies.

The SROI associated with the delivery of these services can be measured through the direct outcomes achieved through the delivery of affordable housing, bringing empty homes which blight local neighbourhoods back into use, enforcing improved housing standards for the most vulnerable members of our community in the private rented housing sector and tackling homelessness and the causes of homelessness.

3.4.4 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.

The SORI derived from this service is not as obvious in terms of tangible outcomes, but can be measured in terms of the buildings we see being developed or adapted in the borough. Compliance with building regulations means that buildings are safe for our residents and that they allow access for vulnerable members of our community, such as those with disabilities.

3.4.5 Estates and Asset Management - The Estates & Asset Management section are responsible for the strategic and operational management of the Councils property portfolio. Strategically the unit prepares a Corporate Asset Management Plan setting out the current and future operational requirements of the Council together with plans to ensure the property stock matches service requirements and corporate goals through the implementation of rationalisation and acquisition programmes.

The unit is responsible for maximising income from the disposal of surplus assets and the achievement of Capital Receipts targets together with active management of the non operational leased estate to generate maximum revenue return.

Statutorily the unit undertakes all Asset Valuations across the Councils portfolio together with, National Assessment Act valuations and Rating appeals where appropriate.

3.5 Service Users

3.5.1 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 Forward project – 16 to 24 year olds (NEETS).
- Family Wise – Supporting residents with multiple problems.
- Selective Licensing – targeted towards areas of the town with a high proportion of private rented housing.
- Housing Adaptations service – targeted towards people with disabilities.

- Housing Advice service which deals with people in need of housing or who are homeless or at risk of becoming homeless.
- The Business Team – supports the business community from both new start businesses through to large inward investors.

3.6 Engagement

3.6.1 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 Neighbourhoods Services Scrutiny Forum.
- 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.
- 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.

3.7 **Inputs**

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

Economic Regeneration	£ 1,005,000
Planning Services	£ 392,000
Housing Services	£ 637,000
Building Control	£ 68,000
Strategic Asset Management	£ 100,000
Total	£ 2,002,000

3.8 **Outputs and Results**

3.8.1 **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 and economic engagement
- To date the employability services of Family Wise, Going Forward and Connect 2 Work have achieved 221 employment outcomes for mainly young people.
- Hartlepool was particularly successful in attracting RGF and Let's Grow grants for local businesses and for example Huntsman was awarded an RGF grant and has just completed a £25m investment safeguarding at least 500 jobs.
- 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. To date seven projects have been delivered at Queens Meadow and the Port, the highest number of projects achieved across the Tees Valley Enterprise Zone to date.
- Hartlepool's business start up rate per 10,000 head of population has been consistently higher than the Tees Valley and North East rate.

3.8.2 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 Plan 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 Community Infrastructure Levy (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 Local Development Order'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 arboricultural 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.

3.8.3 Housing Services

- The service contributes to key performance outcomes including the reduction in empty homes, improved residential accommodation including HMR and reducing and preventing 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.

3.8.4 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.

3.8.5 Estates and Asset Management

- Capital Receipts target of £6.5M 2013 - 2016 as part of the MTFS.
- Rental income target of £361,500 for 2013/14.
- Fee Income target of £25,000 for 2013/14.

4. SAVINGS TARGET

- 4.1 The savings target for the Regeneration and Neighbourhoods Department is **£1.3m** for the financial year 2014/15. 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.

5. PROPOSALS

5.1 Economic Regeneration

Further to the management reconfiguration which has been undertaken in the Division over the past two years, it is proposed that there is a reduction by one further post. This will bring the management structure in line with other sections within the Division.

5.2 Planning Services

It is proposed to reduce staffing by one post in the Landscape and Conservation section as a result of an early retirement. The volume of work in this area has decreased recently in line with the reduction in the level of funding available for building conservation and as such, it is anticipated that the remaining work can be picked up by the remaining staff and in particular the Landscape and Conservation Team Leader.

5.3 Housing Services

No changes proposed.

5.4 Building Control

Following a full review of the Building Control Service to explore options to reduce the income shortfall on the trading side of the business, there is little scope to reduce the service significantly due to statutory requirements. The options included exploring outsourcing, setting up an arms length company, reducing to the minimum statutory functions and restructuring the service in line with a request for early retirement. As a consequence of the impacts associated with some of the options and the limited scope associated with reducing to the statutory minimum requirements, it appears that the most favourable option is to accept the early retirement and re configure the service

accordingly. This will see the frontline services protected and will have minimal impact upon the income streams generated by the staff in relation to the trading account.

5.5 Estate and Asset Management

No changes proposed.

Grand Total across the division - £110,000.

6. OPTIONS ANALYSIS

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

- Reducing staffing levels to only provide statutory services. This would preclude the Council from delivering on socio economic wellbeing for its residents.
- Ceasing or reducing delivery of a range of services. This would specifically affect the Council's ability to deliver on key policy areas.
- Outsourcing key services. No obvious efficiencies could be achieved at this stage.

6.2 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.

7. RISK IMPLICATIONS

7.1 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 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.
- 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.

- Reduced operational budgets can lead to a reduced ability to deliver against key targets, outputs and outcomes.

8. FINANCIAL CONSIDERATIONS

- 8.1 It has been highlighted in previous reports 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	£9,000
Economic Regeneration	£63,000
Building Control	£38,000
Total Proposed Savings	£110,000

- 8.2 An Impact Assessment has been undertaken and is attached at **Appendix A**.

9. RECOMMENDATIONS

- 9.1 That Members of the Committee note the content and formulate a response to be presented to Finance and Policy Committee on 29th November 2013.

10. STAFF CONSIDERATIONS

- 10.1 Initially informal communication will be undertaken with Trade Unions and staff regarding the staffing implications as a consequence of these proposals being accepted. Formal consultation with staff and Unions in line with Council policies.

11. CONTACT OFFICER

- 11.1 Denise Ogden
 Director of Regeneration and Neighbourhoods
 Level 3
 Civic Centre
 Hartlepool
 TS24 8AY

Tel: (01429) 523300
 E-mail: denise.ogden@hartlepool.gov.uk

Damien Wilson
Assistant Director (Regeneration)
Level 3
Civic Centre
Hartlepool
TS24 8AY

Tel: (01429) 523400
E-mail: damien.wilson@hartlepool.gov.uk

Impact Assessment Form

Department	Division	Section	Owner/Officer
<i>Regeneration and Neighbourhoods</i>	<i>Regeneration</i>	<i>ALL</i>	<i>Damien Wilson</i>
Function/ Service	<ul style="list-style-type: none"> • Building Control • Economic Regeneration including Housing Services • Estates & Asset Management • Planning Services 		
Information Available	<p><i>A range of data has been collated and reviewed, this has included Hartlepool's Economic Strategy and Assessment, Hartlepool fact file, Comprehensive Area Assessment 2009, JSNA, INRAs', Local Plans and the Voluntary/Community Compact. A range of mechanisms are in place to consult with a broad range of partners, these include business network groups including womens networks, Economic Regeneration Forum which includes representation from BME group, Housing Partnership, formal consultation with key service groups including disadvantaged residents from a range of backgrounds including NEET clients. HMR projects have worked extremely closely with neighbourhood residents groups and individuals and extensive consultation has been carried out with Housing Associations and their respective networks and the Housing Service has engaged community sector through the HVDA network</i></p> <p><i>Most services have undergone independent evaluations including EU and other funder audits. Job Evaluation information, job descriptions of affected post and workforce profiles have been utilised.</i></p>		
Relevance	Age		X
<i>Identify which strands are relevant to the area you are reviewing or changing</i>	Disability		X
	Gender Re-assignment		
	Race		X
	Religion		
	Sex		X
	Sexual Orientation		
	Marriage & Civil Partnership		

	Pregnancy & Maternity	X
Information Gaps	<p><i>The data available across the service is comprehensive and client profiles have been built up over a number of years. Substantial consultation has been carried out with clients and partners which has served to shape service delivery.</i></p>	
What is the Impact	<p><i>The proposals have been designed to have a minimum impact on clients, and largely affect senior management structures. The ethos of universal access to services remains and much of the work of the Division is actively working with under represented groups and disadvantaged residents.</i></p> <p><i>Within Planning Services the loss of a Conservation Officer through VR/ER will have an impact on the service, however conservation expertise will be retained and as such it is considered that there are ample skills and experience which exist across the Team.</i></p> <p><i>Economic Regeneration - the proposed budget reduction has been designed to have minimal impact locally and will not have a significant impact on the ability to deliver appropriate services to residents and businesses. The reduction in TVU funding is offset against reduced rental levels at Cavendish House.</i></p> <p><i>The provision of the Building Control service has been considered and several alternative delivery models explored. It is felt that the most suitable delivery model at this time is to retain the service provision within the Local Authority but to ensure reduced costs and reduced budget pressures. It is therefore proposed to reduce the staff by 1 officer post. Impact wise the service delivery can and will be maintained at a required high standard providing workload remains at existing levels. Income generation opportunities will be pursued and year end accounts will be adjusted accordingly by the Building Control Manager and the accounts section in view of staff reduction.</i></p> <p><i>Housing Services will undertake some operational efficiencies which will have no significant impact on services.</i></p> <p><i>Estates and Assets has been set an income target and there are no specific negative impact on services.</i></p>	

<i>Aim 1: Eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the act.</i>			
<i>The loss of 2 posts is through voluntary processes.</i>			
<i>Aim 2: Advance Equality of opportunity, between people who share protected characteristics and those who don't.</i>			
N/A			
<i>Aim 3: Foster good relations between people who share a protected characteristic and those who do not share it.</i>			
N/A			
Addressing the impact	1. No Major Change <i>The proposal is robust there is no potential for discrimination or adverse impact. All opportunities to promote equality have been utilised through the adoption of corporate HR policies in conjunction with the Trade Union.</i>		
	2. Adjust/Change n/a		
	3. Continue as is n/a		
	4. Stop/Remove n/a		
Date sent to Equality Rep for publishing			
Date Published (equality rep to enter date)		00/00/0000	

Regeneration Services Committee

12th November 2013



Report of: Assistant Director (Community Services)

Subject: SAVINGS PROGRAMME 2014/15 – (Community Services)

1. TYPE OF DECISION

For information, members of the Committee are recommended to note the content of this report and formulate a response to be presented to Finance and Policy Committee on 29 November 2013.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to identify proposals for the delivery of savings in respect of Community Services for consideration as part of the 2014/15 budget process.

3. BACKGROUND INFORMATION

3.1 As part of the 2014/15 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2014/15 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.

3.2 Details are provided in this report in relation to the:-

- i) Proposals identified to make the savings;
- ii) Risks associated with the proposed savings; and
- iii) Financial considerations taken into account in developing the proposals.

3.3 In further developing the information provided to Members to assist them in consideration of budget proposals, experience gained through the implementation of a Social Return on Investment (SROI) process by the Regeneration and Planning Services Scrutiny Forum is to be utilised. Key to the SROI process was the provision of additional information in relation to the aim and scope of the service, its service users and engagement, inputs,

outputs and outcomes. On this basis, information in relation to Community Services is provided below.

- 3.4 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. 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:
- 3.5.1 **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 good geographic coverage across the town. The service was reduced by the closure of two branch libraries in 2011/12 with one being demolished and one former 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.
- 3.5.2 **Culture & Information – Museums, Arts & Events** A wide ranging service which provides the Museum of Hartlepool, Hartlepool Maritime Experience, Hartlepool Art Gallery, Town Hall Theatre, Community centres and a wide ranging events and arts outreach programme. The service was severely reduced in size as part of the 2013/14 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 whilst admissions income for the Hartlepool Maritime Experience remains challenging in the current economic climate.
- 3.5.3 **Sport & Recreation – Leisure Services** The facilities are focused on Mill House Leisure Centre, Headland Sports Centre, Brierton Sports Centre and Grayfields Recreation Ground, 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 Hartlepool Exercise for Life Programme (HELP) supported with CCG 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. The current improvements scheduled for the expansion of the Brierton Sports Complex with the provision of a new artificial turf 3G pitch are a measure of the need to continue to invest in services when resources allow, maintaining good quality facilities in a reducing footprint. Supporting third party sports organisations to achieve improvements is also important, the most high profile example being the grant success to assist the Hartlepool Indoor Bowls Club.

- 3.5.4 **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 three 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 in past years and the Carlton Trustees have been very supportive of the initiatives introduced and executed.
- 3.5.5 **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 capital investment improvements to the BMX track greatly improved its standing in the national circuits producing timely legacies following the 2012 Olympics.

3.6 **SERVICE USERS**

The range of services outlined is delivered across the Borough supporting 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 programme 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 sport and physical activity from grass roots community provision to elite programmes increasingly in partnership with colleagues from Public Health.

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.

3.7 **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 accreditation 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.

3.8 INPUTS

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

Service Area	Income				INCOME TOTAL	Net	Gross
	Fees & Charges	Other Partners	Grants	Sponsorship			
Culture – Arts, Museums & Events	-624,100		-99,900	-14,000	-738,000	£477,000	£1,215,000
Culture – Libraries & community	-66,000				-66,000	£1,362,000	£1,428,000
Sport & Rec – facilities & sport & physical activity	-825,000		-134,000		-959,000	£760,000	£1,719,000
Sport & recreation – Carlton OEC	-429,000				-429,000	£30,000	£459,000
Sport & Rec – Summerhill LNR & OAC	-31,000				-31,000	£91,000	£122,000
Archaeology	-54,700	-38,200	-12,100		-105,000	£21,000	£126,000
Adult Education	-58,000		-1,357,000		-1,415,000	£0	£1,415,000
TOTAL	-2,087,800	-38,200	-1,603,000	-14,000	-3,743,000	£2,741,000	£6,484,000

3.9 OUTPUTS

A brief overview of service outputs for Hartlepool is impressive:

Visitor attractions	Annual visitors/users 2012/13
Hartlepool Art Gallery	56,294
Town Hall Theatre	52,733
Museum of Hartlepool	149,372
Hartlepool Maritime Experience	44,352
Libraries	
Annual visits	417,529
Book loans	353,695
Number of people supported by the Home Library Service 2012/13	578
Use of the Peoples Network computers [hours per annum]	34,734

Visitor Survey analysis for Headland, MHLC and Brierton 550 customers surveyed by independent researchers Sports & Recreation	
Customers who were either very satisfied or satisfied	92%
Customers who feel what they get is good value for money	85%
Leisure Centre attendances – 2012/13	333,197
Carlton OEC – respondents who felt centre was offering a service at either above or in excess of expectations (Sept 2010 to Sept 2011)	93%
2011/12 GP Referrals – people assisted	687

3.10 OUTCOMES

Outcomes are always difficult to quantify, particularly in the short term, however the services provided contribute greatly to the health & wellbeing agenda, supporting people to live longer with 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 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.

4. PROPOSALS

4.1 The savings target allocated to Community Services is £291,000 which reflects the size of the net budget of Community Services.

4.2 The Regeneration Services Committee, 29th August 2013 considered the proposed savings and budget pressures for 2014/15. Members commented on the following proposed savings:-

Library Service

Members questioned whether the review of the library service included the mobile library service. It was confirmed that it did and that a further report would be brought back to the Committee following the review. This is anticipated to be submitted to the Committee December meeting.

4.3. Sport & Recreation:

Sport & Recreation Income & cost reduction

The Mill House Leisure Centre is currently benefitting from the installation of a pool dividing 'boom' which is expected to be complete at the end of December. The cost benefit analysis was outlined in the Committee approval for this project and will lead to a more effective programme of use within the Leisure Centre. The creation of an additional bespoke water space will allow the complementary use of the main pool for joint activities – this in turn will then allow for additional income and greater flexibility for user demand. The cost of the service will benefit from a reduced pool lifeguard requirement due to the assessment of the required minimum staffing levels. No compulsory redundancies are expected due to post vacancies/voluntary redundancy applications.

Additional income estimates have been secured from the installation of the new 3G pitch due to be completed at Brierton Sports Centre early in 2014. Once a current shortfall is allowed for, this new income source will contribute to the revised income levels.

Overall, a saving of £75,000 will result.

Carlton Outdoor Education Centre:

Carlton Outdoor Education Centre has improved its trading position significantly over the last three years and we continue to be in a period of

transition. The aim is to ensure that the Centre will be able to operate at nil cost to the council and the current year's budget plan is demonstrating that by reducing costs on an ongoing basis and improving the occupancy we are continuing on a satisfactory trajectory towards this aim. The savings proposal is to remove the remaining budget and achieve a break even trading position by the end of 2014/5. This is not without risk to the budget position but the current pricing schedules and new markets being developed are proving fruitful. It is anticipated that any negative out-turn will be small and it is acknowledged that any balancing of the budget will be required from within the Sport & Recreation section in the first instance. There is no detrimental impact on the users of Carlton and the Council and Steering Group members are very supportive of the facility. A saving of £31,000 will result.

Sport & Recreation Staff Re-structure:

A management realignment/restructure is being implemented and the saving identified follows the reassessment of the sections range of duties and changes in the span of control. The resultant saving achieved is £30,000.

4.4 Culture & Information:

Culture Management Review

There are two strands to this element of the review, a reduction in the senior management staff and the reallocation of duties within the strategic events team. This has the effect of small adjustments to the remaining staff in respect of their span of control and increased responsibilities. The net saving is £30,000. The second strand relates to the ongoing review of the community resources, marketing and events teams. This is linked with the transfer of services into Regeneration and the opportunity to realign areas of commonality in terms of promotion and delivery of services. The restructure of services is expected to deliver £40,000 of savings and may result in some posts being at risk. Every effort will be made to ensure redeployment through the review process. Total savings of £70,000 will result.

Library Services Review & Efficiencies

The Library Service review will be outlined in detail in a separate report to the December Committee, which is aiming to demonstrate the need to restructure the Library Service in a considered and measured manner to ensure that continued longer term reductions in service could be achieved without jeopardising the statutory requirement to provide a comprehensive library offer. However certain savings have been identified which include reductions in the running costs of the 'People's Network', the regional ICT contribution and a reduction of the Library Book stock fund. In addition a minor staffing review has been achieved due to existing staff vacancies and a remodelling of current duties. Total savings of £43,000 will result.

Culture & Information Income & Cost reductions

The final area of cost reduction relates to removing the non –pay inflation increases across the service, and allowing for new lease income achieved at

Owton Manor Community Centre. This approach allows for the retention of existing services without the requirement to seek additional efficiencies which would begin to impact directly on jobs and service closures. It is appreciated that while this is an efficiency to ensure achievement of the 2014/15 savings target, it is highly unlikely that this approach can be undertaken in future years. Savings of £17,000 will result

5. OPTIONS ANALYSIS

5.1 A number of other savings options have been considered within Community 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:

- Increases in fees and charges across a wide range of income generating service areas. It is strongly believed that existing fees and charges are effectively at a 'glass ceiling' in respect to the market and the current economic climate. It would be short sighted and counterproductive to increase charge and suffer a consequent expected drop in footfall. The service objectives therefore are to maintain prices (as assessed against peer organisations and local providers where these exist). A separate fees and charges report will be brought to this Committee in December in relation to the 2014/15 recommendations.
- Additional savings are anticipated within the Library Service following the current review which will be reported to the December Committee. If the review demonstrates the validity of a new community-based delivery model, the Library Service has the opportunity to strengthen its core services to the elderly, schools and targeted communities of need through more efficient working. The over-riding concern in any proposed sequence of cost efficiencies will allow the Council to preserve its Statutory Library Function – this will better enable the Authority to fulfil its statutory duty to 'provide a comprehensive and efficient library service' in the future.
- Close major sports facilities – this would be short sighted and impact greatly on the health and wellbeing agenda of the town when there is a recognised need to provide places for people to participate. The emerging vision for the town includes regeneration options and it would undermine this with any premature reduction of services.
- Alternative sports management options could potentially provide significant reduced costs of operation and this requires time to investigate. A strategic spread of service facilities is required to ensure this potential option would be attractive.
- The current Hartlepool Maritime Experience Review aims to determine how this major tourist and visitor attraction can be refreshed and contribute to the emerging vision for Hartlepool. It is premature to consider any significant change to this popular and high profile facility until the review is completed.

5.2 The proposals outlined in this report, in the view of officers, are the most efficient and effective options as they involve the lowest risks in terms of the impact on the remaining Community Services provision for the wellbeing of the town and its people.

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:

- Reduced flexibility within the services provided to manage peaks of activity particularly within the broadening spans of management control.
- Reduced capacity to effectively manage community services and participate in local and regional developments.
- A risk that income generation from trading accounts will not be sustained.

7. FINANCIAL CONSIDERATIONS

7.1 It has been highlighted in previous reports 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 From the perspective of the service, the proposals outlined in this report are sustainable and deliverable, whilst taking into account the impact and risks detailed in this report.

The proposals deliver the following proposed savings:-

Service	Proposed Savings
Sports Income and cost reduction	£75,000
Carlton OEC	£31,000
Sport & Recreation management review & restructure	£30,000
Culture Management restructure	£70,000
Library Services Review	£43,000
Culture income and cost reduction	£17,000
Total Proposed Savings	£266,000

NB. The Library Review Report to be considered by this Committee in December is **not** included within this savings total.

7.3 The savings proposed have staffing implications with potential redundancy costs attached. The exact costs cannot be determined until redeployment opportunities are fully explored and the relevant redundancy selection processes are undertaken.

8. EQUALITY & DIVERSITY CONSIDERATIONS

- 8.1 An Equality Impact Assessment has been undertaken and is attached at **Appendix A**.
- 8.2 By definition, all of the savings proposals in Community Services will affect the people who access services which are affected; however the greatest area of potential change is within the Library Service. Within the sports facilities the savings are being achieved against a background of investment which will bring opportunity for increased income and lower revenue costs and additional income from increased patronage.

9. STAFF CONSIDERATIONS

- 9.1 There are staffing implications arising from the savings proposed in relation to the review of the divisional management structure. Preliminary discussion has taken place with the Trade Unions on the impact of the proposed savings on staffing.
- 9.2 If the proposals are accepted by the Committee, a full consultation process will be undertaken with staff and trade unions and redeployment opportunities identified wherever possible. Should suitable alternative employment not be available there are redundancy costs associated with these proposals. However within the proposals it is anticipated there will be one voluntary redundancy and current vacancies are being held.

10. RECOMMENDATION

- 10.1 That Members of the Committee note the content and formulate a response to be presented to Finance and Policy Committee on 29 November 2013.

11. BACKGROUND PAPERS

The following background paper was used in the preparation of this report:-

- (i) Minutes of the Regeneration Services Committee meeting held on 29 August 2013.

12. CONTACT OFFICER

John Mennear – Assistant Director, Community Services
Child & Adult Services – Community Services Division
Hartlepool Borough Council
Tel: 01429 523417
Email: john.mennear@hartlepool.gov.uk

APPENDIX A

Department	Division	Section	Owner/Officer
<i>Child & Adult</i>	<i>Community Services</i>		<i>John Mennear, Assistant Director – Community Services</i>
Function/ Service	<p>Community Services consists of the following core services:-</p> <p>SPORT & RECREATION</p> <ul style="list-style-type: none"> • Leisure Centres – Mill House LC, Brierton Sports Centre and the Headland Sports Centre • Grayfields Recreation Ground • Sport & Physical Activity – Summerhill, Outdoor Activities Service, GP Referral Programme, Learn to Swim Team (including Primary Schools programme), core sports development (club and coach development, schools links, Health Walks etc.) • Carlton Outdoor Education Centre • Recreation Development – Funding, Grants, Marketing, service accreditation, Community Activities Network, sub regional links. <p>CULTURE & INFORMATION</p> <ul style="list-style-type: none"> • Libraries – Central Library, Throston, Headland, Seaton Carew, Owton Manor, Mobile Library and Home Delivery Service. • Community Centres – Burbank, Owton Manor, and Masfield Centre. • Town Hall Theatre. • Hartlepool Art Gallery and Tourist Information Centre. • Museum of Hartlepool and PSS Wingfield Castle. • Hartlepool Maritime Experience. • Sir William Gray House, museum collections. • Arts outreach & Strategic Events. 		
Information Available	<p>Savings proposals have been identified following careful consideration of budgets and expenditure over the past two to three years, service priorities for the forthcoming financial year and beyond (for example delivery/partnership commitments with external funding bodies), the capacity for additional income generation in certain service areas, service structures and any existing consultation feedback from the public. These proposals are identified as follows.</p> <p>SPORT & RECREATION <i>Mill House Leisure Centre Pool Reconfiguration/Increased Income generation/Staff Efficiencies</i></p> <p>The installation of a Pool Boom into the main pool tank has already been approved by Members and this will provide increased flexibility for the use of the pool facilities, increased public access times, increased income generation as well as some staffing efficiencies.</p> <p>Whilst this will bring some disruption whilst the work is ongoing and change to the pool operating programme when completed,</p>		

	<p>this will be communicated in advance to the public and the impact will be monitored and reviewed. This should deliver positive outcomes to all potential users of the pool with greater participation opportunities being available.</p> <p>The installation of the Boom is due to commence in November 2013. All staff are due to be consulted.</p> <p>Staffing Review / Management Restructure Whilst there will not be a direct impact on service users, there may be an indirect impact as the roles, responsibilities and workloads of the senior team within Sport & Recreation are realigned.</p> <p>Carlton Outdoor Education Centre Again, there will not be a direct impact on service users as the savings proposals purely relate to a further review of the service to achieve additional cost efficiencies and income generation to achieve a cost neutral budget for the service.</p> <p>CULTURE & INFORMATION Staffing Review/Management Restructure There will be no direct impact on service users, however there may be an indirect impact as the roles, responsibilities and workloads of the Senior team within Culture & Information are realigned.</p> <p>Library Services Review & Efficiencies. The current proposals are all structural and management related and will have no direct impact to the library service users.</p> <p>Culture & Information Income and Cost Reductions. The cost reduction by removing non-pay inflation increases will have no direct impact on service users. Likewise new lease income at Owton Community Centre will not affect existing users of the Centre.</p>																																		
<p>Relevance</p> <p><i>Identify which strands are relevant to the area you are reviewing or changing</i></p>	<table border="1"> <tr> <td data-bbox="555 1469 1350 1507"></td> <td data-bbox="1350 1469 1436 1507"></td> </tr> <tr> <td data-bbox="555 1507 1350 1545">Age</td> <td data-bbox="1350 1507 1436 1545">√</td> </tr> <tr> <td data-bbox="555 1545 1350 1583"></td> <td data-bbox="1350 1545 1436 1583"></td> </tr> <tr> <td data-bbox="555 1583 1350 1621">Disability</td> <td data-bbox="1350 1583 1436 1621">√</td> </tr> <tr> <td data-bbox="555 1621 1350 1659"></td> <td data-bbox="1350 1621 1436 1659"></td> </tr> <tr> <td data-bbox="555 1659 1350 1697">Gender Re-assignment</td> <td data-bbox="1350 1659 1436 1697"></td> </tr> <tr> <td data-bbox="555 1697 1350 1736"></td> <td data-bbox="1350 1697 1436 1736"></td> </tr> <tr> <td data-bbox="555 1736 1350 1774">Race</td> <td data-bbox="1350 1736 1436 1774"></td> </tr> <tr> <td data-bbox="555 1774 1350 1812"></td> <td data-bbox="1350 1774 1436 1812"></td> </tr> <tr> <td data-bbox="555 1812 1350 1850">Religion</td> <td data-bbox="1350 1812 1436 1850"></td> </tr> <tr> <td data-bbox="555 1850 1350 1888"></td> <td data-bbox="1350 1850 1436 1888"></td> </tr> <tr> <td data-bbox="555 1888 1350 1926">Gender</td> <td data-bbox="1350 1888 1436 1926">√</td> </tr> <tr> <td data-bbox="555 1926 1350 1964"></td> <td data-bbox="1350 1926 1436 1964"></td> </tr> <tr> <td data-bbox="555 1964 1350 2002">Sexual Orientation</td> <td data-bbox="1350 1964 1436 2002"></td> </tr> <tr> <td data-bbox="555 2002 1350 2040"></td> <td data-bbox="1350 2002 1436 2040"></td> </tr> <tr> <td data-bbox="555 2040 1350 2078">Marriage & Civil Partnership</td> <td data-bbox="1350 2040 1436 2078"></td> </tr> <tr> <td data-bbox="555 2078 1350 2116"></td> <td data-bbox="1350 2078 1436 2116"></td> </tr> </table>			Age	√			Disability	√			Gender Re-assignment				Race				Religion				Gender	√			Sexual Orientation				Marriage & Civil Partnership			
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Sexual Orientation																																			
Marriage & Civil Partnership																																			

	Pregnancy & Maternity		
Information Gaps	<p>The majority of the identified savings have no direct impact on service users. Some programmes of use will be subject to change and this will be monitored and reviewed to ensure that customer needs are met.</p> <p>The review of the library service is the subject of a separate Impact Assessment and Committee report scheduled for December 2013.</p> <p>As identified, reducing management may have an indirect impact on service users. It will be difficult to make specific links to any indirect impact but evidence such as increases complaints will be monitored to assess whether there are any links to management savings.</p>		
What is the Impact			
Addressing the impact	<p>1. No Impact- No Major Change –</p> <p>2. Adjust/Change Policy –</p> <p>3. Adverse Impact but Continue –</p> <p>4. Stop/Remove Policy/Proposal –</p>		
Actions			
<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>			
Action identified	Responsible Officer	By When	How will this be evaluated?
Consultation with staff	John Mennear, Assistant Director	31 st January 2014	Staff will be offered the opportunity to consider & comment on proposals & put forward alternative suggestions in line with agreed HR policies & procedures.
Monitor services	Pat Usher, Head of Service	31 st March 2015	Analysis of data / user surveys.
Monitor Library provision	David Worthington Head of Service	31 st March 2015	User surveys and analysis of engagement figures.
Date sent to Equality Rep for publishing			
Date Published			
Date Assessment Carried out			

SECTION C

Detailed Revenue Budgets by Department

STATEMENT OF GENERAL FUND REQUIREMENTS 2013/14 TO 2016/2017

	2013/14 Budget £m.	2014/15 Budget £m.	2015/2016 PROJECTED BUDGET £m.	2016/2017 PROJECTED BUDGET £m.
DEPARTMENTAL REQUIREMENTS				
Child and Adult Services	52.933	50.110	51.133	52.443
Chief Executives Department	4.641	4.058	4.215	4.379
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)
Public Health Department	1.350	1.176	1.205	1.235
Regeneration & Neighbourhoods Services	23.747	21.957	22.517	23.094
TOTAL DEPARTMENTAL REQUIREMENTS	82.900	77.536	79.311	81.398
Property Budgets	3.054	2.920	2.993	3.068
EXTERNAL REQUIREMENTS				
Magistrates, Probation and Coroners Court	0.207	0.212	0.217	0.222
North Eastern Sea Fisheries Levy	0.027	0.025	0.026	0.027
Flood Defence Levy	0.072	0.074	0.076	0.078
Discretionary NNDR Relief	0.111	0.113	0.116	0.119
CORPORATE COMMITMENTS				
ICT Contract	3.896	3.998	3.999	3.999
Audit Fees	0.186	0.172	0.176	0.180
Centralised Estimates	6.285	6.038	5.778	5.381
Insurances	0.306	0.254	0.260	0.267
Designated Authority Costs	0.045	0.046	0.047	0.048
Pensions	0.441	0.452	0.463	0.475
Members Allowances	0.267	0.274	0.281	0.288
Contribution to 2014/15 Living Wage	0.050	0.000	0.000	0.000
50% Contribution to Director of Public Health	0.043	0.000	0.000	0.000
Emergency Planning	0.075	0.072	0.074	0.076
Strategic Contingency	0.162	0.000	0.000	0.000
Job Evaluation and Pay Awards April 2012	0.545	0.000	0.000	0.000
Provision for National Insurance Increase April 2016	0.000	0.000	0.000	0.531
Parish Precepts	0.027	0.026	0.027	0.028
Pressure from loss of funding for academies programme	0.280	0.280	0.050	0.185
Collaboration savings proposals 2013/14 and 2014/15	(0.250)	0.000	0.000	0.000
ICT Contract Savings	(0.300)	(0.725)	(0.934)	(1.080)
Shopping Centre	(0.781)	(0.327)	(0.335)	(0.343)
Income from Lease BHH	0.000	(0.100)	0.000	0.000
Apprentices Contrib from savings from Chief Executive - Pension and Increments	0.000	0.030	0.000	0.000
Increase in CTB costs arising from planned Council Tax increase/demand	0.185	0.348	0.172	0.130
Additional CTB costs arising lower ongoing grant allocation from 2014/15	0.000	0.140	0.140	0.140
LCTS 2016/17 Cost Pressure to maintain a 20% scheme	0.000	0.000	0.000	1.300
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
Pensions Employers Saving	0.000	(0.250)	(0.250)	(0.250)
Discretionary Transport Saving & Contribution from School	0.000	0.000	(0.028)	(0.045)
Establishment of Treasury Management Risk Reserve	0.870	0.000	0.000	0.000
Reduction in April 2015 pay award and Mental Health Day Care year 2 saving	0.000	0.000	(0.680)	(0.680)
GROSS BASE BUDGET REQUIREMENT	99.123	91.608	91.979	95.542
Council Tax Percentage Increase	0.00%	0.00%	0.00%	2.50%
Local Council Tax Support Grant	9.803	9.604	9.604	8.644
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	0.000	0.399	0.000	0.000
Formula Grant	26.620	19.958	12.427	11.184
Retained Business Rates	17.720	18.066	18.564	16.708
Business Retention top up grant	7.168	7.308	7.510	6.759
	62.302	56.326	48.105	43.295
Business Rate Cap - Compensation Grant (section 31)	0.000	0.269	0.269	0.269
Education Services Grant	0.000	0.214	0.214	0.214
Transitional Council Tax Support Grant - Limiting cut to 8.5%	0.260	0.000	0.000	0.000
Council Tax - freeze grant 2013/14 regime - 2 year grant	0.399	0.000	0.000	0.000
Council Tax - freeze grant 2014/15 regime - 2 year grant	0.000	0.400	0.400	0.000
Council Tax - freeze grant 2015/16 regime - 2 year grant	0.000	0.000	0.400	0.400
New Homes Bonus	1.188	1.332	1.550	1.550
Council Tax - base income	30.788	31.071	32.547	33.180
Council Tax - Precept Income	0.022	0.022	0.022	0.022
Contribution from 2011/12 outturn to partly offset removal 12/13 CTax freeze grant	0.348	0.379	0.000	0.000
Collection Fund Surplus/(deficit) - normal activity	0.738	0.260	0.100	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	0.160	0.000	0.000
Contribution from Family Poverty Reserve to Council Tax Benefit Scheme	0.160	0.000	0.000	0.000
Contribution from LACSEG Reserve	0.397	0.363	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
Use of Reserve - Budget Support Fund	0.000	0.788	1.626	1.648
Use of Reserve - Living wage	0.000	0.024	0.000	0.000
New funding from DoH - Better Care Fund	0.000	0.000	0.500	0.000
Contribution from 2012/13 outturn strategy to offset delayed People Collaboration savings	0.367	0.000	0.000	0.000
BUDGET LIMIT	99.123	91.608	85.733	80.578
DEFICIT/(SURPLUS)	0.000	0.000	6.246	14.964
Less Cumulative cuts in previous years	0.000	0.000	0.000	(6.301)
New Annual Savings	0.000	0.000	6.246	8.663

**CHIEF EXECUTIVE'S
DETAILED REVENUE BUDGETS 2014/2015**

2014/2015 BUDGET - CHIEF EXECUTIVES SUMMARY

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	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 2014/2015 (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
(628)	Benefits	(596)	0	64	0	0	117	(117)	(532)
(1,462)	Central Administration Recharges	(1,496)	0	0	0	0	0	0	(1,496)
1,095	Corporate Finance	1,059	0	0	0	0	0	0	1,059
805	Corporate Strategy & Public Consultation	763	0	(28)	0	0	86	(86)	735
32	Council Tax & Housing Benefits	32	0	0	0	0	38	(38)	32
189	Democratic	192	0	(3)	0	0	0	0	189
128	Fraud	126	0	(29)	0	0	0	0	97
1,114	Hartlepool Connect	1,123	0	(113)	0	0	0	0	1,010
561	Human Resources & Health and Safety	582	0	(16)	0	0	48	(48)	566
230	Internal Audit	227	0	0	0	0	0	0	227
500	Legal Services	504	0	(38)	0	0	0	0	466
185	Municipal Elections and Registration of Electors	189	0	0	0	0	0	0	189
(72)	Other Office Services	(76)	0	0	0	0	0	0	(76)
84	Public Relations	53	0	0	0	0	0	0	53
(95)	Registration Services	(96)	0	(6)	0	0	10	(10)	(102)
882	Revenues	867	0	(25)	0	0	0	0	842
(82)	Revenue & Benefits Central	(113)	0	(65)	0	0	0	0	(178)
754	Shared Services	751	0	(94)	0	0	28	(28)	657
130	Scrutiny Function	127	0	(41)	0	0	0	0	86
122	Support to Members	127	0	(12)	0	0	0	0	115
37	Training & Equality	38	0	(20)	0	0	18	(18)	18
361	Corporate Management Running Expenses	367	0	(31)	0	0	0	0	336
4,870	Net Budget Requirement	4,750	0	(457)	0	0	345	(345)	4,293

2014/2015 BUDGET - SERVICE UNIT: BENEFITS

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Benefits							
755	Direct costs - Employees	753	0	0	0	0	0	753
38	- Other	38	0	0	0	0	117	155
793	Total Direct Cost	791	0	0	0	0	117	908
0	Support Recharges	0	0	0	0	0	0	0
(1,421)	Income	(1,387)	0	64	0	0	0	(1,323)
(628)	Gross Budget Requirement	(596)	0	64	0	0	117	(415)
0	Use Of Departmental Reserves						(117)	(117)
(628)	Net Budget Requirement	(596)	0	64	0	0	0	(532)

Corporate Budget Savings

This has been allocated to fund the reduction in the 2014/15 Housing Benefit Administration Grant.
This pressure was funded by increasing the savings target within the Chief Executives Department for 2014/15.

One off costs Funded from Department Reserves

To fund IT development cost including new DWP Security requirements and funding towards BAC's and Direct Debit software project developments.

2014/2015 BUDGET - SERVICE UNIT: CENTRAL ADMINISTRATION RECHARGES

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Central Administration Recharges							
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
(1,462)	Income	(1,496)	0	0	0	0	0	(1,496)
(1,462)	Gross Budget Requirement	(1,496)	0	0	0	0	0	(1,496)
0	Use Of Departmental Reserves						0	0
(1,462)	Net Budget Requirement	(1,496)	0	0	0	0	0	(1,496)

2014/2015 BUDGET - SERVICE UNIT: CORPORATE FINANCE

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Corporate Finance							
1,508	Direct costs - Employees	1,478	0	0	0	0	0	1,478
104	- Other	104	0	0	0	0	0	104
1,612	Total Direct Cost	1,582	0	0	0	0	0	1,582
0	Support Recharges	0	0	0	0	0	0	0
(517)	Income	(523)	0	0	0	0	0	(523)
1,095	Gross Budget Requirement	1,059	0	0	0	0	0	1,059
	Use Of Departmental Reserves						0	0
1,095	Net Budget Requirement	1,059	0	0	0	0	0	1,059

2014/2015 BUDGET - SERVICE UNIT: CORPORATE STRATEGY & PUBLIC CONSULTATION

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Corporate Strategy & Public Consultation							
762	Direct costs - Employees	724	0	(17)	0	0	0	707
52	- Other	48	0	(11)	0	0	86	123
814	Total Direct Cost	772	0	(28)	0	0	86	830
0	Support Recharges	0	0	0	0	0	0	0
(9)	Income	(9)	0	0	0	0	0	(9)
805	Gross Budget Requirement	763	0	(28)	0	0	86	821
0	Use Of Departmental Reserves						(86)	(86)
805	Net Budget Requirement	763	0	(28)	0	0	0	735

Budget Reductions

This represents the removal of a staffing budget for part of a vacant post.

One off costs Funded from Department Reserves

To fund enhancements of current ICT systems and the rationalisation of systems to achieve savings.

2014/2015 BUDGET - SERVICE UNIT: COUNCIL TAX & HOUSING BENEFITS

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Council Tax & Housing Benefits							
90	Direct costs - Employees	94	0	0	0	0	0	94
49,093	- Other	49,089	0	0	0	0	38	49,127
49,183	Total Direct Cost	49,183	0	0	0	0	38	49,221
0	Support Recharges	0	0	0	0	0	0	0
(49,151)	Income	(49,151)	0	0	0	0	0	(49,151)
32	Gross Budget Requirement	32	0	0	0	0	38	70
0	Use Of Departmental Reserves						(38)	(38)
32	Net Budget Requirement	32	0	0	0	0	0	32

One off costs Funded from Department Reserves

To fund the Welfare Reform System which received specific grant in 2013/14.

2014/2015 BUDGET - SERVICE UNIT: DEMOCRATIC

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Democratic							
171	Direct costs - Employees	170	0	0	0	0	0	170
19	- Other	23	0	(3)	0	0	0	20
190	Total Direct Cost	193	0	(3)	0	0	0	190
0	Support Recharges	0	0	0	0	0	0	0
(1)	Income	(1)	0	0	0	0	0	(1)
189	Gross Budget Requirement	192	0	(3)	0	0	0	189
0	Use Of Departmental Reserves						0	0
189	Net Budget Requirement	192	0	(3)	0	0	0	189

Budget Reductions

This represents the removal of small supplies and services budgets.

2014/2015 BUDGET - SERVICE UNIT: FRAUD

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Fraud							
119	Direct costs - Employees	117	0	(29)	0	0	0	88
9	- Other	9	0	0	0	0	0	9
128	Total Direct Cost	126	0	(29)	0	0	0	97
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
128	Gross Budget Requirement	126	0	(29)	0	0	0	97
0	Use Of Departmental Reserves							0
128	Net Budget Requirement	126	0	(29)	0	0	0	97

Budget Reductions

This relates to the deletion of a vacant post in the Fraud Investigation Team.

2014/2015 BUDGET - SERVICE UNIT: HARTLEPOOL CONNECT

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Hartlepool Connect							
1,005	Direct costs - Employees	1,014	0	(90)	0	0	0	924
111	- Other	111	0	(23)	0	0	0	88
1,116	Total Direct Cost	1,125	0	(113)	0	0	0	1,012
0	Support Recharges	0	0	0	0	0	0	0
(2)	Income	(2)	0	0	0	0	0	(2)
1,114	Gross Budget Requirement	1,123	0	(113)	0	0	0	1,010
0	Use Of Departmental Reserves							0
1,114	Net Budget Requirement	1,123	0	(113)	0	0	0	1,010

Budget Reductions

This relates to a saving from temporary posts and changes in rostering arrangements in the Contact Centre, including a review of the Apprenticeship scheme.

2014/2015 BUDGET - SERVICE UNIT: HUMAN RESOURCES & HEALTH AND SAFETY

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Human Resources & Health and Safety							
830	Direct costs - Employees	796	0	(16)	0	0	0	780
23	- Other	23	0	0	0	0	48	71
853	Total Direct Cost	819	0	(16)	0	0	48	851
0	Support Recharges	0	0	0	0	0	0	0
(292)	Income	(237)	0	0	0	0	0	(237)
561	Gross Budget Requirement	582	0	(16)	0	0	48	614
0	Use Of Departmental Reserves						(48)	(48)
561	Net Budget Requirement	582	0	(16)	0	0	0	566

Budget Reductions

This saving relates to a combination of changes in the Workforce Services Division resulting in a staff saving.

One off costs Funded from Department Reserves

To fund the Workplace Health Improvements from specific grant carried forward.

2014/2015 BUDGET - SERVICE UNIT: INTERNAL AUDIT

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (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>							
244	Direct costs - Employees	242	0	0	0	0	0	242
14	- Other	15	0	0	0	0	0	15
258	Total Direct Cost	257	0	0	0	0	0	257
0	Support Recharges	0	0	0	0	0	0	0
(28)	Income	(30)	0	0	0	0	0	(30)
230	Gross Budget Requirement	227	0	0	0	0	0	227
0	Use Of Departmental Reserves						0	0
230	Net Budget Requirement	227	0	0	0	0	0	227

2014/2015 BUDGET - SERVICE UNIT: LEGAL SERVICES

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (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>							
587	Direct costs - Employees	593	0	(37)	0	0	0	556
37	- Other	38	0	(1)	0	0	0	37
624	Total Direct Cost	631	0	(38)	0	0	0	593
0	Support Recharges	0	0	0	0	0	0	0
(124)	Income	(127)	0	0	0	0	0	(127)
500	Gross Budget Requirement	504	0	(38)	0	0	0	466
0	Use Of Departmental Reserves						0	0
500	Net Budget Requirement	504	0	(38)	0	0	0	466

Budget Reductions

This relates to the revision of staffing arrangements following the deletion of a vacant post and realignment of duties within the section.

2014/2015 BUDGET - SERVICE UNIT: MUNICIPAL ELECTIONS AND REGISTRATION OF ELECTORS

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (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>							
126	Direct costs - Employees	129	0	0	0	0	0	129
60	- Other	61	0	0	0	0	0	61
186	Total Direct Cost	190	0	0	0	0	0	190
0	Support Recharges	0	0	0	0	0	0	0
(1)	Income	(1)	0	0	0	0	0	(1)
185	Gross Budget Requirement	189	0	0	0	0	0	189
0	Use Of Departmental Reserves						0	0
185	Net Budget Requirement	189	0	0	0	0	0	189

2014/2015 BUDGET - SERVICE UNIT: OTHER OFFICE SERVICES

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Other Office Services</u>							
55	Direct costs - Employees	54	0	0	0	0	0	54
	- Other	0	0	0	0	0	0	0
55	Total Direct Cost	54	0	0	0	0	0	54
7	Support Recharges	7	0	0	0	0	0	7
(134)	Income	(137)	0	0	0	0	0	(137)
(72)	Gross Budget Requirement	(76)	0	0	0	0	0	(76)
0	Use Of Departmental Reserves							0
(72)	Net Budget Requirement	(76)	0	0	0	0	0	(76)

2014/2015 BUDGET - SERVICE UNIT: PUBLIC RELATIONS

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Public Relations</u>							
129	Direct costs - Employees	148	0	0	0	0	0	148
66	- Other	68	0	0	0	0	0	68
195	Total Direct Cost	216	0	0	0	0	0	216
0	Support Recharges	0	0	0	0	0	0	0
(111)	Income	(163)	0	0	0	0	0	(163)
84	Gross Budget Requirement	53	0	0	0	0	0	53
0	Use Of Departmental Reserves							0
84	Net Budget Requirement	53	0	0	0	0	0	53

2014/2015 BUDGET - SERVICE UNIT: REGISTRATION SERVICES

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Registration Services</u>							
19	Direct costs - Employees	21	0	(6)	0	0	0	15
9	- Other	9	0	0	0	0	10	19
28	Total Direct Cost	30	0	(6)	0	0	10	34
0	Support Recharges	0	0	0	0	0	0	0
(123)	Income	(126)	0	0	0	0	0	(126)
(95)	Gross Budget Requirement	(96)	0	(6)	0	0	10	(92)
0	Use Of Departmental Reserves						(10)	(10)
(95)	Net Budget Requirement	(96)	0	(6)	0	0	0	(102)

Budget Reductions

This relates to a saving on the staffing overtime budget.

One off costs Funded from Department Reserves

To fund redecoration of the new marriage/ceremonies room at the Borough Hall and some software integrations/upgrades.

2014/2015 BUDGET - SERVICE UNIT: REVENUES

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Revenues							
732	Direct costs - Employees	721	0	(5)	0	0	0	716
186	- Other	183	0	(20)	0	0	0	163
918	Total Direct Cost	904	0	(25)	0	0	0	879
0	Support Recharges	14	0	0	0	0	0	14
(36)	Income	(51)	0	0	0	0	0	(51)
882	Gross Budget Requirement	867	0	(25)	0	0	0	842
0	Use Of Departmental Reserves						0	0
882	Net Budget Requirement	867	0	(25)	0	0	0	842

Budget Reductions

This predominantly relates to changes in two support service contracts. It also relates to changes in the rostering arrangements in the cashiers section.

2014/2015 BUDGET - SERVICE UNIT: REVENUE & BENEFITS CENTRAL

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Revenue & Benefits Central							
232	Direct costs - Employees	226	0	0	0	0	0	226
149	- Other	136	0	(5)	0	0	0	131
381	Total Direct Cost	362	0	(5)	0	0	0	357
0	Support Recharges	0	0	0	0	0	0	0
(463)	Income	(475)	0	(60)	0	0	0	(535)
(82)	Gross Budget Requirement	(113)	0	(65)	0	0	0	(178)
0	Use Of Departmental Reserves						0	0
(82)	Net Budget Requirement	(113)	0	(65)	0	0	0	(178)

Budget Reductions

This predominantly relates to increase in summons costs chargeable on non payment of Council Tax, in addition to the reduced printing costs arising from contract renegotiations.

2014/2015 BUDGET - SERVICE UNIT: SHARED SERVICES

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Shared Services							
904	Direct costs - Employees	898	0	(10)	0	0	0	888
219	- Other	224	0	(45)	0	0	28	207
1,123	Total Direct Cost	1,122	0	(55)	0	0	28	1,095
0	Support Recharges	0	0	0	0	0	0	0
(369)	Income	(371)	0	(39)	0	0	0	(410)
754	Gross Budget Requirement	751	0	(94)	0	0	28	685
0	Use Of Departmental Reserves						(28)	(28)
754	Net Budget Requirement	751	0	(94)	0	0	0	657

Budget Reductions

This relates to an insurance procurement saving, and the deletion of part time vacant post.

One off costs Funded from Department Reserves

To fund IT projects integral to Corporate IT changes including the implementation of HR Insight.

2014/2015 BUDGET - SERVICE UNIT: SCRUTINY FUNCTION

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Scrutiny Function							
122	Direct costs - Employees	120	0	(34)	0	0	0	86
8	- Other	7	0	(7)	0	0	0	0
130	Total Direct Cost	127	0	(41)	0	0	0	86
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
130	Gross Budget Requirement	127	0	(41)	0	0	0	86
0	Use Of Departmental Reserves						0	0
130	Net Budget Requirement	127	0	(41)	0	0	0	86

Budget Reductions

This relates to the deletion of a vacant post in the Scrutiny Section.

2014/2015 BUDGET - SERVICE UNIT: SUPPORT TO MEMBERS

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Support to Members							
65	Direct costs - Employees	77	0	(12)	0	0	0	65
49	- Other	50	0	0	0	0	0	50
114	Total Direct Cost	127	0	(12)	0	0	0	115
8	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
122	Gross Budget Requirement	127	0	(12)	0	0	0	115
0	Use Of Departmental Reserves						0	0
122	Net Budget Requirement	127	0	(12)	0	0	0	115

Budget Reductions

This relates to the deletion of a part time post in the Members Services Section.

2014/2015 BUDGET - SERVICE UNIT: TRAINING & EQUALITY

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Training & Equality							
15	Direct costs - Employees	9	0	(6)	0	0	0	3
22	- Other	29	0	(14)	0	0	18	33
37	Total Direct Cost	38	0	(20)	0	0	18	36
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
37	Gross Budget Requirement	38	0	(20)	0	0	18	36
0	Use Of Departmental Reserves						(18)	(18)
37	Net Budget Requirement	38	0	(20)	0	0	0	18

Budget Reductions

This relates to savings in the corporate training budget and re-procurement of the e-learning provider and translation services.

One of Costs

This is for the implementation of the Workforce Strategy.

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 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
0	<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
0	Income	0	0	0	0	0	0	0
0	Gross Budget Requirement A	0	0	0	0	0	0	0
	<u>Corporate Management Running Expenses</u>							
275	Direct costs - Employees	279	0	0	0	0	0	279
109	- Other	112	0	(31)	0	0	0	81
384	Total Direct Cost	391	0	(31)	0	0	0	360
0	Support Recharges	0	0	0	0	0	0	0
(23)	Income	(24)	0	0	0	0	0	(24)
361	Gross Budget Requirement B	367	0	(31)	0	0	0	336
	<u>Trade Union Representative</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
0	Income	0	0	0	0	0	0	0
0	Gross Budget Requirement C	0	0	0	0	0	0	0
	<u>Central Council Expenses</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
0	Income	0	0	0	0	0	0	0
0	Gross Budget Requirement D	0	0	0	0	0	0	0
	<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
0	Income	0	0	0	0	0	0	0
0	Gross Budget Requirement E	0	0	0	0	0	0	0
361	Gross Budget Requirement of (A) to (E)	367	0	(31)	0	0	0	336
0	Use Of Departmental Reserves							
361	Net Budget Requirement	367	0	(31)	0	0	0	336

Budget Reductions

This relates to a range of savings on corporate subscriptions paid from the Chief Executive's Departmental budget.

CHILD & ADULT SERVICES
DETAILED REVENUE BUDGETS 2014/2015

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2014/2015 BUDGET - CHILD AND ADULT SERVICES SUMMARY

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	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 2014/2015 (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
	Child								
124	Access to Education	122	0	0	0	(0)	173	(173)	122
734	Central Support Services	761	0	0	0	0	0	0	761
11,644	Children & Families	11,787	400	(72)	35	(35)	744	(744)	12,115
6,271	Early Intervention Grant	4,841	0	(61)	0	0	8	(8)	4,780
58	Information, Sharing and Assessment	58	0	(48)	0	0	0	0	10
520	Other School Related Expenditure	533	0	0	0	0	0	0	533
1	Play & Care	(4)	0	0	0	0	0	0	(4)
506	Raising Educational Achievement	510	0	(159)	0	0	18	(18)	351
272	Special Educational Needs	271	0	(50)	47	(47)	10	(10)	221
165	Strategic Management	58	0	(4)	0	0	0	0	54
365	Youth Offending	355	0	0	117	(117)	0	0	355
458	Integrated Youth Service	446	0	(40)	173	(173)	0	0	406
0	Dedicated Schools Grant - Early Years Block	0	0	0	247	(247)	0	0	0
0	Dedicated Schools Grant - Schools Block	0	0	0	0	0	0	0	0
0	Dedicated Schools Grant - High Needs Block	0	0	0	0	0	0	0	0
21,118	Sub-Total Child	19,738	400	(434)	619	(619)	953	(953)	19,704
	Adult								
149	Carers & Assistive Technology	200	0	(200)	0	0	230	(230)	0
3,575	Commissioning - Adults	3,556	0	(409)	0	0	0	0	3,147
1,458	Commissioning - Mental Health	1,344	0	(74)	104	(104)	3	(3)	1,270
10,127	Commissioning - Older People	10,127	0	(234)	310	(310)	109	(109)	9,893
7,625	Commissioning - Working Age Adults	7,815	0	(93)	238	(238)	18	(18)	7,722
184	Complaints, Investigations & Public Information	186	0	0	0	0	0	0	186
1,543	Departmental Running Costs	1,538	0	(150)	0	0	0	0	1,388
1,151	Direct Care & Support Team	1,157	0	(56)	0	0	110	(110)	1,101
378	Learning Disability & Transition Social Work Teams	376	0	0	0	0	0	0	376
2,355	Locality & Safeguarding Social Work Teams	2,340	0	0	68	(68)	0	0	2,340
635	Mental Health Services	634	0	0	0	0	0	0	634
1,094	Occupational Therapy Services & Disability Equipment	1,101	0	(132)	0	0	0	0	969
318	Workforce Planning & Development	325	0	(148)	26	(26)	0	0	177
1,223	Working Age Adults Day Services	1,228	0	(25)	0	0	0	0	1,203
31,815	Sub-Total Adult	31,927	0	(1,521)	746	(746)	470	(470)	30,406
52,933	Net Budget Requirement	51,665	400	(1,955)	1,365	(1,365)	1,423	(1,423)	50,110

2014/2015 BUDGET - SERVICE UNIT: ACCESS TO EDUCATION

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Buildings and School Places							
185	Direct costs - Employees	39	0	0	0	0	69	108
121	- Other	12	0	0	0	0	104	116
306	Total Direct Cost	51	0	0	0	0	173	224
23	Support Recharges	32	0	0	0	0	0	32
0	Income	0	0	0	0	0	0	0
329	Gross Budget Requirement	83	0	0	0	0	173	256
	Attendance and Behaviour							
289	Direct costs - Employees	290	0	0	0	0	0	290
29	- Other	27	0	0	0	0	0	27
318	Total Direct Cost	317	0	0	0	0	0	317
0	Support Recharges	0	0	0	0	0	0	0
(278)	Income	(278)	0	0	0	(0)	0	(278)
40	Gross Budget Requirement	39	0	0	0	(0)	0	39
369	Total Gross Budget Requirement	122	0	0	0	(0)	173	295
(245)	Use Of Departmental Reserves	0					(173)	(173)
124	Net Budget Requirement	122	0	0	0	(0)	0	122

One off costs Funded from Department Reserves

These relate to the costs of the Schools Transformation Team.

2014/2015 BUDGET - SERVICE UNIT: CENTRAL SUPPORT SERVICES

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
0	Central Support Services							
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
1,087	Support Recharges	1,114	0	0	0	0	0	1,114
(353)	Income	(353)	0	0	0	0	0	(353)
734	Gross Budget Requirement	761	0	0	0	0	0	761
0	Use Of Departmental Reserves						0	0
734	Net Budget Requirement	761	0	0	0	0	0	761

2014/2015 BUDGET - SERVICE UNIT: CHILDREN & FAMILIES

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Children & Families							
5,177	Direct costs - Employees	5,401	312	(38)	2	(35)	324	5,966
6,891	- Other	7,225	88	(32)	33	0	420	7,734
12,068	Total Direct Cost	12,626	400	(70)	35	(35)	744	13,700
121	Support Recharges	115	0	(2)	0	0	0	113
(545)	Income	(954)	0	0	0	0	0	(954)
11,644	Gross Budget Requirement	11,787	400	(72)	35	(35)	744	12,859
0	Use Of Departmental Reserves						(744)	(744)
11,644	Net Budget Requirement	11,787	400	(72)	35	(35)	0	12,115

Corporate Budget Pressure

The pressure relates to increasing numbers of looked after children.

Corporate Budget Reductions

The reductions mainly relate to the deletion of a vacant post and non-pay savings within the Resource Team.

Department Budget Pressures

The pressure mainly relates to increased direct payments costs.

Department Budget Reductions to Fund Pressures

The reduction mainly relates to a staffing restructure resulting in pay savings.

One Off Costs Funded from Department Reserves

These relate to the Looked After Children reserve to contribute towards the increasing number of looked after children, the Social Care and Early Intervention reserve to fund additional Social Work requirements and the Adoption Reform Grant carried forward from 2013/14.

2014/2015 BUDGET - SERVICE UNIT: EARLY INTERVENTION SERVICES

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Early Intervention Services							
2,840	Direct costs - Employees	2,636	0	(61)	0	0	8	2,583
3,585	- Other	2,359	0	0	0	0	0	2,359
6,425	Total Direct Cost	4,995	0	(61)	0	0	8	4,942
1	Support Recharges	1	0	0	0	0	0	1
(155)	Income	(155)	0	0	0	0	0	(155)
6,271	Gross Budget Requirement	4,841	0	(61)	0	0	8	4,788
0	Use Of Departmental Reserves						(8)	(8)
6,271	Net Budget Requirement	4,841	0	(61)	0	0	0	4,780

Corporate Budget Reductions

This relates to the deletion of a Head of Service post.

2014/2015 BUDGET - SERVICE UNIT: INFORMATION SHARING & ASSESSMENT

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Information Sharing & Assessment							
48	Direct costs - Employees	48	0	(48)	0	0	0	0
10	- Other	10	0	0	0	0	0	10
58	Total Direct Cost	58	0	(48)	0	0	0	10
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
58	Gross Budget Requirement	58	0	(48)	0	0	0	10
0	Use Of Departmental Reserves						0	0
58	Net Budget Requirement	58	0	(48)	0	0	0	10

Corporate Budget Reductions

This relates to the deletion from the structure of a Review and Development Officer post.

2014/2015 BUDGET - SERVICE UNIT: OTHER SCHOOL RELATED EXPENDITURE

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Other School Related Expenditure							
520	Direct costs - Employees	206	0	0	0	0	0	206
515	- Other	937	0	0	0	0	0	937
1,035	Total Direct Cost	1,143	0	0	0	0	0	1,143
0	Support Recharges	0	0	0	0	0	0	0
(515)	Income	(610)	0	0	0	0	0	(610)
520	Gross Budget Requirement	533	0	0	0	0	0	533
0	Use Of Departmental Reserves						0	0
520	Net Budget Requirement	533	0	0	0	0	0	533

2014/2015 BUDGET - SERVICE UNIT: PLAY & CARE

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Play & Care							
104	Direct costs - Employees	102	0	0	0	0	0	102
26	- Other	26	0	0	0	0	0	26
130	Total Direct Cost	128	0	0	0	0	0	128
0	Support Recharges	0	0	0	0	0	0	0
(129)	Income	(132)	0	0	0	0	0	(132)
1	Gross Budget Requirement	(4)	0	0	0	0	0	(4)
0	Use Of Departmental Reserves						0	0
1	Net Budget Requirement	(4)	0	0	0	0	0	(4)

2014/2015 BUDGET - SERVICE UNIT: RAISING EDUCATIONAL ACHIEVEMENT

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Raising Educational Achievement							
751	Direct costs - Employees	750	0	(144)	0	0	0	606
410	- Other	414	0	(56)	0	0	18	376
1,161	Total Direct Cost	1,164	0	(200)	0	0	18	982
3	Support Recharges	3	0	0	0	0	0	3
(658)	Income	(657)	0	41	0	0	0	(616)
506	Gross Budget Requirement	510	0	(159)	0	0	18	369
506	Total Gross Budget Requirement	510	0	(159)	0	0	18	369
0	Use Of Departmental Reserves						(18)	(18)
506	Net Budget Requirement	510	0	(159)	0	0	0	351

Budget Reductions

These mainly relate to reductions in the School Improvement and Advice budget to reflect revised operational and funding arrangements.

One off costs Funded from Department Reserves

Completion of a grant funded scheme carried forward from 2013/14 in respect of Going Forward.

2014/2015 BUDGET - SERVICE UNIT: SPECIAL EDUCATIONAL NEEDS

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Special Educational Needs							
755	Direct costs - Employees	688	0	0	39	0	0	727
30	- Other	30	0	0	2	0	0	32
785	Total Direct Cost	718	0	0	41	0	0	759
42	Support Recharges	0	0	0	6	0	10	16
(449)	Income	(447)	0	(50)	0	(47)	0	(544)
378	Gross Budget Requirement	271	0	(50)	47	(47)	10	231
(106)	Use Of Departmental Reserves						(10)	(10)
272	Net Budget Requirement	271	0	(50)	47	(47)	0	221

Corporate Budget Reductions

The additional income generation relates to Education Psychology Services.

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. Which is off set by additional income generation from the services provided.

One Off Costs Funded from Department Reserves

The Reserve relates to Education Psychology to ensure continuation of the Services provided to Schools.

2014/2015 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5 +6+7) (8) £'000
	Strategic Management							
323	Direct costs - Employees	218	0	(3)	0	0	0	215
58	- Other	56	0	(1)	0	0	0	55
381	Total Direct Cost	274	0	(4)	0	0	0	270
0	Support Recharges	0	0	0	0	0	0	0
(216)	Income	(216)	0	0	0	0	0	(216)
165	Gross Budget Requirement	58	0	(4)	0	0	0	54
0	Use Of Departmental Reserves							0
165	Net Budget Requirement	58	0	(4)	0	0	0	54

Corporate Budget Reductions

Minor savings in respect of Training and supplies and services to support the overall Corporate Savings.

2014/2015 BUDGET - SERVICE UNIT: YOUTH OFFENDING

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5 +6+7) (8) £'000
	Youth Offending							
736	Direct costs - Employees	725	0	0	22	(73)	0	674
208	- Other	209	0	0	29	(34)	0	204
944	Total Direct Cost	934	0	0	51	(107)	0	878
0	Support Recharges	0	0	0	0	0	0	0
(579)	Income	(579)	0	0	66	(10)	0	(523)
365	Gross Budget Requirement	355	0	0	117	(117)	0	355
0	Use Of Departmental Reserves							0
365	Net Budget Requirement	355	0	0	117	(117)	0	355

Departmental Budget Pressures

These mainly relate to a reduction in recharge grant income from the Early Intervention Grant.

Departmental Budget Reductions to Fund Pressures

These mainly relate to a review of staffing and non-pay budgets to compensate for the reduction of recharge grant income.

2014/2015 BUDGET - SERVICE UNIT: INTEGRATED YOUTH SERVICE

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5 +6+7) (8) £'000
	Integrated Youth Service							
796	Direct costs - Employees	780	0	(40)	1	(160)	0	581
202	- Other	207	0	0	0	(13)	0	194
998	Total Direct Cost	987	0	(40)	1	(173)	0	775
0	Support Recharges	0	0	0	0	0	0	0
(540)	Income	(541)	0	0	172	0	0	(369)
458	Gross Budget Requirement	446	0	(40)	173	(173)	0	406
0	Use Of Departmental Reserves							0
458	Net Budget Requirement	446	0	(40)	173	(173)	0	406

Corporate Budget Reductions

This relates to the element of the Early Intervention Service savings that contributed towards the overall departmental savings.

Department Budget Pressures

The departmental pressures relate to the contributions of funding from the Early Intervention Grant towards the various services provided to young people.

Department Budget Reductions to Fund Pressures

These mainly relate to the Early Intervention Service savings including closure of Youth Centres and reductions in staffing.

2014/2015 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - EARLY YEARS BLOCK

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Dedicated Schools Grant - Early Years Block							
2,623	ISB	2,395	0	0	0	(247)	0	2,148
85	Direct costs - Employees	85	0	0	247	0	0	332
1,590	- Other	2,398	0	0	0	0	0	2,398
4,298	Total Direct Cost	4,878	0	0	247	(247)	0	4,878
25	Support Recharges	25	0	0	0	0	0	25
(4,323)	Income	(4,903)	0	0	0	0	0	(4,903)
0	Gross Budget Requirement	0	0	0	247	(247)	0	0
0	Use Of Departmental Reserves						0	0
0	Net Budget Requirement	0	0	0	247	(247)	0	0

The budgets shown above are indicative at this stage until the funding has been finalised. The Department of Education (DFE) has provided additional funding of £1.8m relating to the increase in 2yr old eligibility criteria.

2014/2015 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - SCHOOLS BLOCK

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Dedicated Schools Grant - Schools Block							
60,905	ISB	52,618	0	0	0	0	0	52,618
462	Direct costs - Employees	408	0	0	0	0	0	408
1,244	- Other	1,148	0	0	0	0	0	1,148
62,611	Total Direct Cost	54,174	0	0	0	0	0	54,174
535	Support Recharges	514	0	0	0	0	0	514
(63,146)	Income	(54,688)	0	0	0	0	0	(54,688)
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

The budgets shown above are indicative at this stage until the funding has been finalised. The reduction in budget relates to Schools which transferred to Academy status during 2013/14, they will now receive funding direct from the DFE

2014/2015 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - HIGH NEEDS BLOCK

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Dedicated Schools Grant - High Needs Block							
5,006	ISB	3,877	0	0	0	0	0	3,877
470	Direct costs - Employees	434	0	0	0	0	0	434
3,341	- Other	3,900	0	0	0	0	0	3,900
8,817	Total Direct Cost	8,211	0	0	0	0	0	8,211
578	Support Recharges	578	0	0	0	0	0	578
(9,395)	Income	(8,789)	0	0	0	0	0	(8,789)
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

The budgets shown above are indicative as the DFE have not yet confirmed the funding for High Needs, the budget reflects the transfer of a school to Academy status.

2014/2015 BUDGET - SERVICE UNIT: CARERS AND ASSISTIVE TECHNOLOGY

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	<u>Carers and Assistive Technology</u>							
48	Direct costs - Employees	48	0	(48)	0	0	48	48
215	- Other	186	0	(152)	0	0	182	216
263	Total Direct Cost	234	0	(200)	0	0	230	264
0	Support Recharges	0	0	0	0	0	0	0
(84)	Income	(34)	0	0	0	0	0	(34)
179	Gross Budget Requirement	200	0	(200)	0	0	230	230
(30)	Use Of Departmental Reserves						(230)	(230)
149	Net Budget Requirement	200	0	(200)	0	0	0	0

Corporate Budget Reductions

Funding of just over £0.6m has been identified by the NHS to support services for carers in Hartlepool over the coming three years enabling this saving to be achieved. The total funding has been received and will be released from reserves over the next three years with no impact on services.

One off costs funded from dept reserves

This mainly relates to the release of funding received from the NHS to enable continued support of carers services over the next three years.

2014/2015 BUDGET - SERVICE UNIT: COMMISSIONING - ADULTS

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	<u>Commissioning - Adults</u>							
1,339	Direct costs - Employees	1,332	0	(67)	0	0	0	1,265
2,956	- Other	2,993	0	(342)	0	0	33	2,684
4,295	Total Direct Cost	4,325	0	(409)	0	0	33	3,949
224	Support Recharges	730	0	0	0	0	0	730
(944)	Income	(1,499)	0	0	0	0	0	(1,499)
3,575	Gross Budget Requirement	3,556	0	(409)	0	0	33	3,180
0	Use Of Departmental Reserves						(33)	(33)
3,575	Net Budget Requirement	3,556	0	(409)	0	0	0	3,147

Corporate Budget Reductions

These mainly relate to reductions in funding for Housing Related Support and Low Level Services.

One off costs funded from dept reserves

The balance of the Supporting People and Social Care Reform reserves to provide additional Housing Related Support.

2014/2015 BUDGET - SERVICE UNIT: COMMISSIONING - MENTAL HEALTH

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	<u>Commissioning - Mental Health</u>							
29	Direct costs - Employees	29	0	0	0	0	0	29
1,930	- Other	1,975	0	(70)	104	(1)	3	2,011
1,959	Total Direct Cost	2,004	0	(70)	104	(1)	3	2,040
0	Support Recharges	0	0	0	0	0	0	0
(501)	Income	(660)	0	(4)	0	(103)	0	(767)
1,458	Gross Budget Requirement	1,344	0	(74)	104	(104)	3	1,273
0	Use Of Departmental Reserves						(3)	(3)
1,458	Net Budget Requirement	1,344	0	(74)	104	(104)	0	1,270

Corporate Budget Reductions

This mainly relates to the ending of a mental health day services contract in September 2014 which will not be renewed.

Departmental Budget Pressures

These relate to increased numbers of people in nursing and residential care but is offset by funding from Health relating to joint packages and personal contributions.

Departmental Budget Reductions to Fund Pressures

This is income from Health relating to increased joint packages and contributions from user offsetting increased demand.

2014/2015 BUDGET - SERVICE UNIT: COMMISSIONING - OLDER PEOPLE

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Commissioning - Older People							
0	Direct costs - Employees	0	0	0	0	0	0	0
18,952	- Other	19,527	0	(100)	310	0	109	19,846
18,952	Total Direct Cost	19,527	0	(100)	310	0	109	19,846
0	Support Recharges	0	0	0	0	0	0	0
(8,825)	Income	(9,400)	0	(134)	0	(310)	0	(9,844)
10,127	Gross Budget Requirement	10,127	0	(234)	310	(310)	109	10,002
0	Use Of Departmental Reserves						(109)	(109)
10,127	Net Budget Requirement	10,127	0	(234)	310	(310)	0	9,893

Corporate Budget Reductions

This budget reduction follows a review of day opportunities for Older People. The service has been recommissioned at a lower cost with minimal 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

Use of Strategic reserve to fund demographic pressures and the final year of reserve used to deliver priorities for Carers support.

2014/2015 BUDGET - SERVICE UNIT: COMMISSIONING - WORKING AGE ADULTS

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Commissioning - Working Age Adults							
0	Direct costs - Employees	0	0	0	0	0	0	0
10,562	- Other	10,817	0	(42)	223	0	18	11,016
10,562	Total Direct Cost	10,817	0	(42)	223	0	18	11,016
0	Support Recharges	0	0	0	0	0	0	0
(2,937)	Income	(3,002)	0	(51)	15	(238)	0	(3,276)
7,625	Gross Budget Requirement	7,815	0	(93)	238	(238)	18	7,740
0	Use Of Departmental Reserves						(18)	(18)
7,625	Net Budget Requirement	7,815	0	(93)	238	(238)	0	7,722

Corporate Budget Reductions

These relate to increased contributions following a review of the Contributions Policy and a reduction in the supported living contract for adults with learning disabilities.

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 CCG for joint packages and additional contributions from service users.

One off costs funded from dept reserves

This reserve is used to deliver priorities for Carers support.

2014/2015 BUDGET - SERVICE UNIT: COMPLAINTS, INVESTIGATIONS & PUBLIC INFORMATION

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Complaints, Investigations & Public Information							
81	Direct costs - Employees	81	0	0	0	0	0	81
160	- Other	164	0	0	0	0	0	164
241	Total Direct Cost	245	0	0	0	0	0	245
0	Support Recharges	0	0	0	0	0	0	0
(57)	Income	(59)	0	0	0	0	0	(59)
184	Gross Budget Requirement	186	0	0	0	0	0	186
0	Use Of Departmental Reserves						0	0
184	Net Budget Requirement	186	0	0	0	0	0	186

2014/2015 BUDGET - SERVICE UNIT: DEPARTMENTAL RUNNING COSTS

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Departmental Running Costs							
1,298	Direct costs - Employees	1,287	0	(149)	0	0	0	1,138
239	- Other	245	0	(1)	0	0	0	244
1,537	Total Direct Cost	1,532	0	(150)	0	0	0	1,382
6	Support Recharges	6	0	0	0	0	0	6
0	Income	0	0	0	0	0	0	0
1,543	Gross Budget Requirement	1,538	0	(150)	0	0	0	1,388
0	Use Of Departmental Reserves							0
1,543	Net Budget Requirement	1,538	0	(150)	0	0	0	1,388

Corporate Budget Reductions

This relates to a review of administrative support across the whole of the Child & Adult Services department resulting in Resources and Support Services being restructured.

2014/2015 BUDGET - SERVICE UNIT: DIRECT CARE & SUPPORT TEAM

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Direct Care & Support Team							
1,133	Direct costs - Employees	1,139	0	(56)	0	0	76	1,159
88	- Other	88	0	0	0	0	34	122
1,221	Total Direct Cost	1,227	0	(56)	0	0	110	1,281
0	Support Recharges	0	0	0	0	0	0	0
(70)	Income	(70)	0	0	0	0	0	(70)
1,151	Gross Budget Requirement	1,157	0	(56)	0	0	110	1,211
0	Use Of Departmental Reserves						(110)	(110)
1,151	Net Budget Requirement	1,157	0	(56)	0	0	0	1,101

Corporate Budget Reductions

The deletion of a number of unworked hours / vacant posts which had been held to manage peaks in demand.

One off costs funded from dept reserves

This is funding from the Winter Pressures reserve to fund additional care and support costs incurred during the winter months.

2014/2015 BUDGET - SERVICE UNIT: LEARNING DISABILITY & TRANSITIONS SOCIAL WORK TEAMS

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Learning Disability & Transitions Social Work Teams							
370	Direct costs - Employees	368	0	0	0	0	0	368
8	- Other	8	0	0	0	0	0	8
378	Total Direct Cost	376	0	0	0	0	0	376
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
378	Gross Budget Requirement	376	0	0	0	0	0	376
0	Use Of Departmental Reserves							0
378	Net Budget Requirement	376	0	0	0	0	0	376

2014/2015 BUDGET - SERVICE UNIT: LOCALITY & SAFEGUARDING SOCIAL WORK TEAMS

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Locality & Safeguarding Social Work Teams							
2,293	Direct costs - Employees	2,276	0	0	68	0	0	2,344
265	- Other	272	0	0	0	0	0	272
2,558	Total Direct Cost	2,548	0	0	68	0	0	2,616
0	Support Recharges	0	0	0	0	0	0	0
(203)	Income	(208)	0	0	0	(68)	0	(276)
2,355	Gross Budget Requirement	2,340	0	0	68	(68)	0	2,340
0	Use Of Departmental Reserves						0	0
2,355	Net Budget Requirement	2,340	0	0	68	(68)	0	2,340

Department Budget Pressures

The creation of two additional social worker posts to assist with increasing need with early intervention / hospital discharges expected to be funded from increased CCG funding.

Department Budget Reductions to Fund Pressures

Expected additional CCG contributions to fund the new Social Worker posts.

2014/2015 BUDGET - SERVICE UNIT: MENTAL HEALTH SERVICES

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Mental Health Services							
528	Direct costs - Employees	525	0	0	0	0	0	525
107	- Other	109	0	0	0	0	0	109
635	Total Direct Cost	634	0	0	0	0	0	634
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
635	Gross Budget Requirement	634	0	0	0	0	0	634
0	Use Of Departmental Reserves						0	0
635	Net Budget Requirement	634	0	0	0	0	0	634

2014/2015 BUDGET - SERVICE UNIT: OCCUPATIONAL THERAPY SERVICES & DISABILITY EQUIPMENT

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Occupational Therapy Services & Disability Equipment							
650	Direct costs - Employees	646	0	(54)	0	0	0	592
563	- Other	577	0	(78)	0	0	0	499
1,213	Total Direct Cost	1,223	0	(132)	0	0	0	1,091
0	Support Recharges	0	0	0	0	0	0	0
(119)	Income	(122)	0	0	0	0	0	(122)
1,094	Gross Budget Requirement	1,101	0	(132)	0	0	0	969
0	Use Of Departmental Reserves						0	0
1,094	Net Budget Requirement	1,101	0	(132)	0	0	0	969

Corporate Budget Reductions

These relate to the deletion of an Occupational Therapy managers post and non-pay savings including reductions in contract and direct payment budgets.

2014/2015 BUDGET - SERVICE UNIT: WORKFORCE PLANNING & DEVELOPMENT

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	<u>Workforce Planning & Development</u>							
217	Direct costs - Employees	221	0	(98)	0	0	0	123
138	- Other	141	0	(50)	0	(26)	0	65
355	Total Direct Cost	362	0	(148)	0	(26)	0	188
0	Support Recharges	0	0	0	0	0	0	0
(37)	Income	(37)	0	0	26	0	0	(11)
318	Gross Budget Requirement	325	0	(148)	26	(26)	0	177
0	Use Of Departmental Reserves						0	0
318	Net Budget Requirement	325	0	(148)	26	(26)	0	177

Corporate Budget Reductions

This reduction reflects a review of management structures resulting in deletion of a post and reductions in both the Child & Adult Services training budgets.

2014/2015 BUDGET - SERVICE UNIT: WORKING AGE ADULTS DAY SERVICES

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	<u>Working Age Adults Day Services</u>							
887	Direct costs - Employees	883	0	(25)	0	0	0	858
414	- Other	425	0	0	0	0	0	425
1,301	Total Direct Cost	1,308	0	(25)	0	0	0	1,283
2	Support Recharges	2	0	0	0	0	0	2
(80)	Income	(82)	0	0	0	0	0	(82)
1,223	Gross Budget Requirement	1,228	0	(25)	0	0	0	1,203
0	Use Of Departmental Reserves						0	0
1,223	Net Budget Requirement	1,228	0	(25)	0	0	0	1,203

Corporate Budget Reductions

This relates to reducing capacity in the Employment Link Service by deleting a post.

PUBLIC HEALTH
DETAILED REVENUE BUDGETS 2014/2015

2014/2015 BUDGET - PUBLIC HEALTH SUMMARY

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	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 2014/2015 (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
Public Health (funded from ringfenced grant)									
609	Children's Public Health	609	0	0	222	(27)	0	0	804
10	Health Protection	10	0	0	40	0	0	0	50
1,051	Misc Public Health Services	1,282	0	0	117	(51)	0	0	1,348
128	NHS Health Programme	128	0	0	0	(17)	0	0	111
268	Obesity	268	0	0	0	(3)	0	0	265
155	Physical Activity	155	0	0	0	0	0	0	155
1,766	Prescribing	1,766	0	0	0	(250)	0	0	1,516
(7,618)	Public Health Advice	(7,849)	0	0	72	0	0	0	(7,777)
716	Sexual Health	716	0	0	6	0	0	0	722
508	Smoking & Tobacco	508	0	0	5	(17)	0	0	496
2,407	Substance Misuse	2,407	0	0	20	(117)	0	0	2,310
0	Public Health Ringfenced Grant Subtotal	0	0	0	482	(482)	0	0	0
Public Health (funded from General Fund)									
613	Consumer Services	599	0	0	0	0	0	0	599
2	Environmental Protection	2	0	0	0	0	0	0	2
(85)	Environmental Standards	(87)	0	0	0	0	0	0	(87)
820	Sport & Recreation	795	0	(133)	0	0	0	0	662
1,350	Public Health General Fund Subtotal	1,309	0	(133)	0	0	0	0	1,176
1,350	Net Budget Requirement	1,309	0	(133)	482	(482)	0	0	1,176

2014/2015 BUDGET - SERVICE UNIT: CHILDREN'S PUBLIC HEALTH

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (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 Public Health</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
609	- Other	609	0	0	222	(27)	0	804
609	Total Direct Cost	609	0	0	222	(27)	0	804
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
609	Gross Budget Requirement	609	0	0	222	(27)	0	804
0	Use Of Departmental Reserves						0	0
609	Net Budget Requirement	609	0	0	222	(27)	0	804

Departmental Budget Pressures

Pressures relate to the transfer of the Young Person's Substance Misuse service into Public Health and pressures within the school nursing contract.

Departmental Budget Reductions to fund Pressures

Reductions relate to managed contract savings.

2014/2015 BUDGET - SERVICE UNIT: HEALTH PROTECTION

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Health Protection</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
10	- Other	10	0	0	40	0	0	50
10	Total Direct Cost	10	0	0	40	0	0	50
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
10	Gross Budget Requirement	10	0	0	40	0	0	50
0	Use Of Departmental Reserves						0	0
10	Net Budget Requirement	10	0	0	40	0	0	50

Departmental Budget Pressures

Pressures relate to proposed public health protection schemes taking place within environmental protection.

2014/2015 BUDGET - SERVICE UNIT: GENERAL PUBLIC HEALTH SERVICES

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>General Public Health Services</u>							
47	Direct costs - Employees	47	0	0	0	(2)	0	45
1,004	- Other	1,235	0	0	117	(49)	0	1,303
1,051	Total Direct Cost	1,282	0	0	117	(51)	0	1,348
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
1,051	Gross Budget Requirement	1,282	0	0	117	(51)	0	1,348
0	Use Of Departmental Reserves						0	0
1,051	Net Budget Requirement	1,282	0	0	117	(51)	0	1,348

Departmental Budget Pressures

Pressures relate to new initiatives proposed for 2014/15 to improve public health.

Departmental Budget Reductions to fund Pressures

Reductions relate to reductions in non-recurring spend.

2014/2015 BUDGET - SERVICE UNIT: NHS HEALTH CHECK PROGRAMME

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	NHS Health Check Programme							
0	Direct costs - Employees	0	0	0	0	0	0	0
128	- Other	128	0	0	0	(17)	0	111
128	Total Direct Cost	128	0	0	0	(17)	0	111
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
128	Gross Budget Requirement	128	0	0	0	(17)	0	111
0	Use Of Departmental Reserves						0	0
128	Net Budget Requirement	128	0	0	0	(17)	0	111

Departmental Budget Reductions to fund Pressures

Reductions relate to service contract reductions.

2014/2015 BUDGET - SERVICE UNIT: OBESITY

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Obesity							
0	Direct costs - Employees	0	0	0	0	0	0	0
268	- Other	268	0	0	0	(3)	0	265
268	Total Direct Cost	268	0	0	0	(3)	0	265
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
268	Gross Budget Requirement	268	0	0	0	(3)	0	265
0	Use Of Departmental Reserves						0	0
268	Net Budget Requirement	268	0	0	0	(3)	0	265

2014/2015 BUDGET - SERVICE UNIT: PHYSICAL ACTIVITY

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Physical Activity							
0	Direct costs - Employees	0	0	0	0	0	0	0
155	- Other	155	0	0	0	0	0	155
155	Total Direct Cost	155	0	0	0	0	0	155
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
155	Gross Budget Requirement	155	0	0	0	0	0	155
0	Use Of Departmental Reserves						0	0
155	Net Budget Requirement	155	0	0	0	0	0	155

2014/2015 BUDGET - SERVICE UNIT: PRESCRIBING

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Prescribing</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
1,766	- Other	1,766	0	0	0	(250)	0	1,516
1,766	Total Direct Cost	1,766	0	0	0	(250)	0	1,516
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
1,766	Gross Budget Requirement	1,766	0	0	0	(250)	0	1,516
0	Use Of Departmental Reserves						0	0
1,766	Net Budget Requirement	1,766	0	0	0	(250)	0	1,516

Departmental Budget Reductions to fund Pressures

Reductions relate to managed service contract reductions.

2014/2015 BUDGET - SERVICE UNIT: PUBLIC HEALTH ADVICE

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Public Health Advice</u>							
342	Direct costs - Employees	342	0	0	71	0	0	413
325	- Other	326	0	0	1	0	0	327
667	Total Direct Cost	668	0	0	72	0	0	740
0	Support Recharges	0	0	0	0	0	0	0
(8,285)	Income	(8,517)	0	0	0	0	0	(8,517)
(7,618)	Gross Budget Requirement	(7,849)	0	0	72	0	0	(7,777)
0	Use Of Departmental Reserves						0	0
(7,618)	Net Budget Requirement	(7,849)	0	0	72	0	0	(7,777)

Departmental Budget Pressures

Pressures relate to the mainstreaming of one-off funded posts.

2014/2015 BUDGET - SERVICE UNIT: SEXUAL HEALTH

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Sexual Health</u>							
0	Direct costs - Employees	0	0	0	0	0	0	0
716	- Other	716	0	0	6	0	0	722
716	Total Direct Cost	716	0	0	6	0	0	722
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
716	Gross Budget Requirement	716	0	0	6	0	0	722
0	Use Of Departmental Reserves						0	0
716	Net Budget Requirement	716	0	0	6	0	0	722

2014/2015 BUDGET - SERVICE UNIT: SMOKING & TOBACCO

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Smoking & Tobacco							
0	Direct costs - Employees	0	0	0	0	0	0	0
508	- Other	508	0	0	5	(17)	0	496
508	Total Direct Cost	508	0	0	5	(17)	0	496
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
508	Gross Budget Requirement	508	0	0	5	(17)	0	496
0	Use Of Departmental Reserves						0	0
508	Net Budget Requirement	508	0	0	5	(17)	0	496

Departmental Budget Reductions to fund Pressures

Reductions relate to service contract reductions.

2014/2015 BUDGET - SERVICE UNIT: SUBSTANCE MISUSE

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Substance Misuse							
272	Direct costs - Employees	272	0	0	2	(3)	0	271
2,135	- Other	2,135	0	0	18	(114)	0	2,039
2,407	Total Direct Cost	2,407	0	0	20	(117)	0	2,310
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
2,407	Gross Budget Requirement	2,407	0	0	20	(117)	0	2,310
0	Use Of Departmental Reserves						0	0
2,407	Net Budget Requirement	2,407	0	0	20	(117)	0	2,310

Departmental Budget Reductions to fund Pressures

Reductions relate to managed service contract reductions.

2014/2015 BUDGET - SERVICE UNIT: CONSUMER SERVICES

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Consumer Services							
790	Direct costs - Employees	782	0	0	0	0	0	782
155	- Other	128	0	0	0	0	0	128
945	Total Direct Cost	910	0	0	0	0	0	910
16	Support Recharges	47	0	0	0	0	0	47
(348)	Income	(358)	0	0	0	0	0	(358)
613	Gross Budget Requirement	599	0	0	0	0	0	599
0	Use Of Departmental Reserves						0	0
613	Net Budget Requirement	599	0	0	0	0	0	599

2014/2015 BUDGET - SERVICE UNIT: ENVIRONMENTAL PROTECTION

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Environmental Protection							
0	Direct costs - Employees	0	0	0	0	0	0	0
25	- Other	26	0	0	0	0	0	26
25	Total Direct Cost	26	0	0	0	0	0	26
9	Support Recharges	9	0	0	0	0	0	9
(32)	Income	(33)	0	0	0	0	0	(33)
2	Gross Budget Requirement	2	0	0	0	0	0	2
0	Use Of Departmental Reserves						0	0
2	Net Budget Requirement	2	0	0	0	0	0	2

2014/2015 BUDGET - SERVICE UNIT: ENVIRONMENTAL STANDARDS

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Environmental Standards							
0	Direct costs - Employees	0	0	0	0	0	0	0
22	- Other	23	0	0	0	0	0	23
22	Total Direct Cost	23	0	0	0	0	0	23
0	Support Recharges	0	0	0	0	0	0	0
(107)	Income	(110)	0	0	0	0	0	(110)
(85)	Gross Budget Requirement	(87)	0	0	0	0	0	(87)
0	Use Of Departmental Reserves						0	0
(85)	Net Budget Requirement	(87)	0	0	0	0	0	(87)

2014/2015 BUDGET - SERVICE UNIT: SPORT & RECREATION

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Sport & Recreation							
1,793	Direct costs - Employees	1,791	0	(95)	0	0	0	1,696
491	- Other	492	0	1	0	0	0	493
2,284	Total Direct Cost	2,283	0	(94)	0	0	0	2,189
8	Support Recharges	17	0	0	0	0	0	17
(1,472)	Income	(1,505)	0	(39)	0	0	0	(1,544)
820	Gross Budget Requirement	795	0	(133)	0	0	0	662
0	Use Of Departmental Reserves						0	0
820	Net Budget Requirement	795	0	(133)	0	0	0	662

Departmental Budget Reductions to fund Pressures

Reductions relate to a staffing restructure and increased income targets.

REGENERATION & NEIGHBOURHOODS
DETAILED REVENUE BUDGETS 2014/2015

2014/2015 BUDGET - REGENERATION AND NEIGHBOURHOODS SUMMARY

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	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 2014/2015 (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
22	Archaeology	22	0	0	0	0	23	(23)	22
568	Asset Management	552	0	(125)	0	0	0	0	427
(451)	BDM - Building Design & Management	(484)	0	0	0	0	0	0	(484)
(65)	Building Control	(16)	0	(9)	0	0	140	(140)	(25)
(14)	Building Maintenance	(14)	0	(80)	0	0	0	0	(94)
82	CADCAM	85	0	0	0	0	0	0	85
(665)	Car Parking	(692)	67	(2)	0	0	0	0	(627)
114	Community Centres	113	0	(23)	0	0	0	0	90
1,715	Community Safety & Engagement	1,725	0	(404)	311	(311)	251	(251)	1,321
0	Council Housing	0	0	0	0	0	0	0	0
568	Cultural Services	458	0	(59)	0	0	0	0	399
1,011	Economic Regeneration	1,014	0	(67)	0	0	102	(102)	947
0	Economic Regeneration - External Funded	0	0	0	0	0	282	(282)	0
501	Engineering & Design	498	0	(53)	0	0	100	(100)	445
1,205	Facilities Management	1,187	0	(91)	0	0	0	0	1,096
33	General Allotments	33	0	(1)	0	0	0	0	32
0	Grants to Community & Voluntary Organisations	0	0	0	0	0	0	0	0
1,944	Grounds Maintenance	1,971	0	(88)	0	0	0	0	1,883
1,359	Highway Maintenance	1,380	0	(1)	0	0	0	0	1,379
547	Highways Liability	560	0	0	0	0	0	0	560
(210)	Highways Trading	(213)	0	0	0	0	0	0	(213)
511	Highways Traffic & Transport Management	511	0	(1)	0	0	0	0	510
647	Housing Services	639	0	(1)	13	(13)	106	(106)	638
1,413	ITU Passenger Transport	1,439	0	0	0	0	45	(45)	1,439
242	ITU Road Safety	239	0	(26)	0	0	0	0	213
0	ITU Strategic Management	0	0	(50)	0	0	0	0	(50)
(194)	ITU Vehicle Fleet	(194)	0	0	0	0	40	(40)	(194)
1,257	Libraries	1,260	0	(72)	0	0	0	0	1,188
(83)	Logistics	(87)	0	0	0	0	40	(40)	(87)
(1)	NDORS	(1)	0	0	0	0	0	0	(1)
1,196	Network Infrastructure	1,217	0	(2)	0	0	0	0	1,215
388	Parks & Countryside	385	0	(48)	0	0	0	0	337
400	Planning Services	384	0	(29)	0	0	125	(125)	355
91	Procurement	88	0	0	0	0	0	0	88
(228)	Property & Energy Management	(234)	0	(84)	0	0	0	0	(318)
(36)	Reprographics	(40)	0	0	0	0	0	0	(40)
0	Renaissance In The Regions	0	0	0	0	0	0	0	0

2014/2015 BUDGET - REGENERATION AND NEIGHBOURHOODS SUMMARY

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	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 2014/2015 (2+3+4+5+6+7+8)
£'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000
1,033	Strategic Management, Admin & Service Development	910	0	(105)	0	0	0	0	805
1,779	Street Cleansing	1,776	0	(35)	54	(54)	0	0	1,741
2,349	Sustainable Transport	2,308	0	(1)	0	0	0	0	2,307
0	Traffic Management	0	0	0	0	0	0	0	0
4,719	Waste & Environmental Services	4,789	29	(250)	0	0	0	0	4,568
23,747	Net Budget Requirement	23,568	96	(1,707)	378	(378)	1,254	(1,254)	21,957

2014/2015 BUDGET - SERVICE UNIT: ARCHAEOLOGY

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Archaeology							
91	Direct costs - Employees	90	0	0	0	0	0	90
24	- Other	12	0	0	0	0	23	35
115	Total Direct Cost	102	0	0	0	0	23	125
12	Support Recharges	12	0	0	0	0	0	12
(105)	Income	(92)	0	0	0	0	0	(92)
22	Gross Budget Requirement	22	0	0	0	0	23	45
0	Use Of Departmental Reserves						(23)	(23)
22	Net Budget Requirement	22	0	0	0	0	0	22

One Off Costs Funded from Department Reserves

Use of reserve created for specific archeology projects over more than one year.

2014/2015 BUDGET - SERVICE UNIT: ASSET MANAGEMENT

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Asset Management							
163	Direct costs - Employees	162	0	0	0	0	0	162
21	- Other	21	0	0	0	0	0	21
184	Total Direct Cost	183	0	0	0	0	0	183
849	Support Recharges	871	0	0	0	0	0	871
(465)	Income	(502)	0	(125)	0	0	0	(627)
568	Gross Budget Requirement	552	0	(125)	0	0	0	427
0	Use Of Departmental Reserves						0	0
568	Net Budget Requirement	552	0	(125)	0	0	0	427

Budget Reductions

Relates to income resulting from lease of Bryan Hanson House

2014/2015 BUDGET - SERVICE UNIT: BDM - BUILDING DESIGN & DEVELOPMENT

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	BDM - Building Design & Management							
939	Direct costs - Employees	940	0	0	0	0	0	940
49	- Other	50	0	0	0	0	0	50
988	Total Direct Cost	990	0	0	0	0	0	990
0	Support Recharges	0	0	0	0	0	0	0
(1,439)	Income	(1,474)	0	0	0	0	0	(1,474)
(451)	Gross Budget Requirement	(484)	0	0	0	0	0	(484)
0	Use Of Departmental Reserves						0	0
(451)	Net Budget Requirement	(484)	0	0	0	0	0	(484)

2014/2015 BUDGET - SERVICE UNIT: BUILDING CONTROL

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Building Control							
195	Direct costs - Employees	201	0	(38)	0	0	0	163
26	- Other	26	0	0	0	0	0	26
221	Total Direct Cost	227	0	(38)	0	0	0	189
12	Support Recharges	12	0	0	0	0	0	12
(298)	Income	(255)	0	29	0	0	140	(86)
(65)	Gross Budget Requirement	(16)	0	(9)	0	0	140	115
0	Use Of Departmental Reserves						(140)	(140)
(65)	Net Budget Requirement	(16)	0	(9)	0	0	0	(25)

Budget Reductions

Removal of a post

One Off Costs Funded from Department Reserves

Use of corporate reserve to fund income shortfall.

2014/2015 BUDGET - SERVICE UNIT: BUILDING MAINTENANCE

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Building Maintenance		0					
1,157	Direct costs - Employees	1,128	0	0	0	0	0	1,128
2,971	- Other	2,971	0	0	0	0	0	2,971
4,128	Total Direct Cost	4,099	0	0	0	0	0	4,099
606	Support Recharges	606		(80)	0	0	0	526
(4,748)	Income	(4,719)		0	0	0	0	(4,719)
(14)	Gross Budget Requirement	(14)	0	(80)	0	0	0	(94)
0	Use Of Departmental Reserves						0	0
(14)	Net Budget Requirement	(14)	0	(80)	0	0	0	(94)

Budget Reductions

Review construction related teams and functions for 14/15. Further reconfiguration and service delivery options for 15/16 including income generation opportunities.

2014/2015 BUDGET - SERVICE UNIT: CADCAM

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	CADCAM							
0	Direct costs - Employees	0	0	0	0	0	0	0
82	- Other	85	0	0	0	0	0	85
82	Total Direct Cost	85	0	0	0	0	0	85
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
82	Gross Budget Requirement	85	0	0	0	0	0	85
	Use Of Departmental Reserves						0	0
82	Net Budget Requirement	85	0	0	0	0	0	85

2014/2015 BUDGET - SERVICE UNIT: CAR PARKING

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Car Parking							
334	Direct costs - Employees	334	0	(1)	0	0	0	333
415	- Other	424	30	0	0	0	0	454
749	Total Direct Cost	758	30	(1)	0	0	0	787
48	Support Recharges	49	0	(1)	0	0	0	48
(1,462)	Income	(1,499)	37	0	0	0	0	(1,462)
(665)	Gross Budget Requirement	(692)	67	(2)	0	0	0	(627)
0	Use Of Departmental Reserves						0	0
(665)	Net Budget Requirement	(692)	67	(2)	0	0	0	(627)

Corporate Pressures

Relates to funding to freeze the car parking income budget against an inflation increase to ensure the income budget is sustainable and an amount of £30,000 to cover the increase in business rates.

2014/2015 BUDGET - SERVICE UNIT: COMMUNITY CENTRES

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Community Centres							
130	Direct costs - Employees	129	0	(18)	0	0	0	111
13	- Other	14	0	0	0	0	0	14
143	Total Direct Cost	143	0	(18)	0	0	0	125
0	Support Recharges	0	0	0	0	0	0	0
(29)	Income	(30)	0	(5)	0	0	0	(35)
114	Gross Budget Requirement	113	0	(23)	0	0	0	90
0	Use Of Departmental Reserves						0	0
114	Net Budget Requirement	113	0	(23)	0	0	0	90

Budget Reductions

Extra income to be generated from the new tenant for the first floor offices in Owton Manor CC.
Removal of post and reduction in hours.

0

2014/2015 BUDGET - SERVICE UNIT: COMMUNITY SAFETY & ENGAGEMENT

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Community Safety & Engagement							
899	Direct costs - Employees	892	0	(184)	0	(52)	0	656
1,049	- Other	1,067	0	(220)	0	(97)	251	1,001
1,948	Total Direct Cost	1,959	0	(404)	0	(149)	251	1,657
28	Support Recharges	28	0	0	0	(28)	0	0
(261)	Income	(262)	0	0	311	(134)	0	(85)
1,715	Gross Budget Requirement	1,725	0	(404)	311	(311)	251	1,572
0	Use Of Departmental Reserves						(251)	(251)
1,715	Net Budget Requirement	1,725	0	(404)	311	(311)	0	1,321

Budget Reductions

Review of existing Neighbourhood Management model.(183k)

Review Community Pool criteria and priorities (220k)

Dept Budget Pressures - Loss of EIG (170k) & Police/PCC (£141k) contributions to Community Safety

One Off Costs Funded from Department Reserves

Relates to community safety projects managed by Safer Hartlepool Partnership and Ward Member Budgets

2014/2015 BUDGET - SERVICE UNIT: COUNCIL HOUSING

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Council Housing							
0	Direct costs - Employees	0	0	0	0	0	0	0
73	- Other	73	0	0	0	0	0	73
73	Total Direct Cost	73	0	0	0	0	0	73
315	Support Recharges	315	0	0	0	0	0	315
(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
0	Net Budget Requirement	0	0	0	0	0	0	0

2014/2015 BUDGET - SERVICE UNIT: CULTURAL SERVICES

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Cultural Services							
810	Direct costs - Employees	709	0	(54)	0	0	0	655
275	- Other	273	0	(4)	0	0	0	269
1,085	Total Direct Cost	982	0	(58)	0	0	0	924
0	Support Recharges	0	0	0	0	0	0	0
(517)	Income	(524)	0	(1)	0	0	0	(525)
568	Gross Budget Requirement	458	0	(59)	0	0	0	399
0	Use Of Departmental Reserves						0	0
568	Net Budget Requirement	458	0	(59)	0	0	0	399

Budget Reductions

Removal of a employee post and an increase in ancillary lettings charges.

0

2014/2015 BUDGET - SERVICE UNIT: ECONOMIC REGENERATION

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Economic Regeneration							
676	Direct costs - Employees	672	0	(48)	0	0	7	631
607	- Other	621	0	(19)	0	0	95	697
1,283	Total Direct Cost	1,293	0	(67)	0	0	102	1,328
0	Support Recharges	0	0	0	0	0	0	0
(272)	Income	(279)	0	0	0	0	0	(279)
1,011	Gross Budget Requirement	1,014	0	(67)	0	0	102	1,049
	Use Of Departmental Reserves						(102)	(102)
1,011	Net Budget Requirement	1,014	0	(67)	0	0	0	947

Budget Reductions

Removal of a post £48,000

Reduction in core funding contribution to Tess Valley Unlimited £16,000

One Off Costs Funded from Department Reserves

Use of the £30,000 reserve created 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.

Use of £65,000 reserve created from a surplus on the Future Jobs Fund project to be used to support Business Grants in 2014/15 & 2015/16.

2014/2015 BUDGET - SERVICE UNIT: ECONOMIC REGENERATION - EXTERNALLY FUNDED

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Economic Regeneration - Externally Funded							
6	Direct costs - Employees	6	0	0	0	0	61	67
8	- Other	8	0	0	0	0	221	229
14	Total Direct Cost	14	0	0	0	0	282	296
0	Support Recharges	0	0	0	0	0	0	0
(14)	Income	(14)	0	0	0	0	0	(14)
0	Gross Budget Requirement	0	0	0	0	0	282	282
0	Use Of Departmental Reserves						(282)	(282)
0	Net Budget Requirement	0	0	0	0	0	0	0

One Off Costs Funded from Department Reserves

Use of a £100,000 reserve created from the surplus generated on the Going Forward Project which is to be used to support other projects designed to reduce youth unemployment in Hartlepool and the Tees Valley sub-region, including contract extensions for staff until March 2016.

Use of £163,000 funding set aside to fund expenditure commitments on a Capital Project. Use of £19,000 in relation to the Furniture Project

2014/2015 BUDGET - SERVICE UNIT: ENGINEERING & DESIGN

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Engineering & Design							
292	Direct costs - Employees	290	0	0	0	0	0	290
547	- Other	555	0	(3)	0	0	100	652
839	Total Direct Cost	845	0	(3)	0	0	100	942
18	Support Recharges	18	0	0	0	0	0	18
(356)	Income	(365)	0	(50)	0	0	0	(415)
501	Gross Budget Requirement	498	0	(53)	0	0	100	545
	Use Of Departmental Reserves						(100)	(100)
501	Net Budget Requirement	498	0	(53)	0	0	0	445

Budget Reductions

Additional income from external fees (Engineering Design and Management)

One Off Costs Funded from Department Reserves

Use of the reserve created in 2013/14 to provide match funding to support a future coastal defence scheme on the Headland.

2014/2015 BUDGET - SERVICE UNIT: FACILITIES MANAGEMENT

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Facilities Management							
3,674	Direct costs - Employees	3,752	0	(54)	0	0	0	3,698
2,201	- Other	2,246	0	(35)	0	0	0	2,211
5,875	Total Direct Cost	5,998	0	(89)	0	0	0	5,909
383	Support Recharges	389	0	(2)	0	0	0	387
(5,053)	Income	(5,200)	0	0	0	0	0	(5,200)
1,205	Gross Budget Requirement	1,187	0	(91)	0	0	0	1,096
0	Use Of Departmental Reserves						0	0
1,205	Net Budget Requirement	1,187	0	(91)	0	0	0	1,096

Budget Reductions

Building Cleaning - Revise specifications and reduce budget for 14/15. Further reconfiguration and service delivery options for 15/16 (£30,000).

Function Catering - Rationalise outlets and reduce overheads, undertaking options appraisal for future delivery of services (£25,000).

Security - Review provision of Security services and re-tender relevant elements (£35,000).

2014/2015 BUDGET - SERVICE UNIT: GENERAL ALLOTMENTS

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	General Allotments							
0	Direct costs - Employees	0	0	0	0	0	0	0
73	- Other	74	0	(1)	0	0	0	73
73	Total Direct Cost	74	0	(1)	0	0	0	73
	Support Recharges	0	0	0	0	0	0	0
(40)	Income	(41)	0	0	0	0	0	(41)
33	Gross Budget Requirement	33	0	(1)	0	0	0	32
0	Use Of Departmental Reserves						0	0
33	Net Budget Requirement	33	0	(1)	0	0	0	32

2014/2015 BUDGET - SERVICE UNIT: GRANTS TO COMMUNITY & VOLUNTARY ORGANISATIONS

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Grants to Community & Voluntary Organisations							
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
0	Income	0	0	0	0	0	0	0
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

0

2014/2015 BUDGET - SERVICE UNIT: GROUNDS MAINTENANCE

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Grounds Maintenance							
1,386	Direct costs - Employees	1,399	0	0	0	0	0	1,399
2,759	- Other	2,825	0	(88)	0	0	0	2,737
4,145	Total Direct Cost	4,224	0	(88)	0	0	0	4,136
611	Support Recharges	626	0	0	0	0	0	626
(2,812)	Income	(2,879)	0	0	0	0	0	(2,879)
1,944	Gross Budget Requirement	1,971	0	(88)	0	0	0	1,883
0	Use Of Departmental Reserves						0	0
1,944	Net Budget Requirement	1,971	0	(88)	0	0	0	1,883

Budget Reductions

Reduction of horticultural features- consisting of the removal of high maintenance plots and replacing (where applicable) with lower maintenance alternatives e.g annual bedding schemes, ornamental features (£50,000)
Reconfiguration of staffing restructures in this area (£38,000)

2014/2015 BUDGET - SERVICE UNIT: HIGHWAYS MAINTENANCE

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Highways Maintenance							
0	Direct costs - Employees	0	0	0	0	0	0	0
1,373	- Other	1,394	0	(1)	0	0	0	1,393
1,373	Total Direct Cost	1,394	0	(1)	0	0	0	1,393
0	Support Recharges	0	0	0	0	0	0	0
(14)	Income	(14)	0	0	0	0	0	(14)
1,359	Gross Budget Requirement	1,380	0	(1)	0	0	0	1,379
0	Use Of Departmental Reserves						0	0
1,359	Net Budget Requirement	1,380	0	(1)	0	0	0	1,379

2014/2015 BUDGET - SERVICE UNIT: HIGHWAYS LIABILITY

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Highways Liability							
0	Direct costs - Employees	0	0	0	0	0	0	0
547	- Other	560	0	0	0	0	0	560
547	Total Direct Cost	560	0	0	0	0	0	560
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
547	Gross Budget Requirement	560	0	0	0	0	0	560
0	Use Of Departmental Reserves						0	0
547	Net Budget Requirement	560	0	0	0	0	0	560

2014/2015 BUDGET - SERVICE UNIT: HIGHWAYS TRADING

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Highways Trading							
745	Direct costs - Employees	742	0	0	0	0	0	742
571	- Other	571	0	0	0	0	0	571
1,316	Total Direct Cost	1,313	0	0	0	0	0	1,313
875	Support Recharges	875	0	0	0	0	0	875
(2,401)	Income	(2,401)	0	0	0	0	0	(2,401)
(210)	Gross Budget Requirement	(213)	0	0	0	0	0	(213)
	Use Of Departmental Reserves						0	0
(210)	Net Budget Requirement	(213)	0	0	0	0	0	(213)

2014/2015 BUDGET - SERVICE UNIT: HIGHWAYS TRAFFIC & TRANSPORT MANAGEMENT

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Highways Traffic & Transport Management							
512	Direct costs - Employees	512	0	0	0	0	0	512
22	- Other	22	0	(1)	0	0	0	21
534	Total Direct Cost	534	0	(1)	0	0	0	533
26	Support Recharges	27	0	0	0	0	0	27
(49)	Income	(50)	0	0	0	0	0	(50)
511	Gross Budget Requirement	511	0	(1)	0	0	0	510
	Use Of Departmental Reserves						0	0
511	Net Budget Requirement	511	0	(1)	0	0	0	510

2014/2015 BUDGET - SERVICE UNIT: HOUSING SERVICES

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Housing Services							
764	Direct costs - Employees	759	0	48	0	0	84	891
230	- Other	235	0	(49)	0	(13)	22	195
994	Total Direct Cost	994	0	(1)	0	(13)	106	1,086
24	Support Recharges	24	0	0	0	0	0	24
(371)	Income	(379)	0	0	13	0	0	(366)
647	Gross Budget Requirement	639	0	(1)	13	(13)	106	744
0	Use Of Departmental Reserves						(106)	(106)
647	Net Budget Requirement	639	0	(1)	13	(13)	0	638

Budget Reductions

Transfer of post from Economic Regeneration funded from Savings on non-pay budget in relation to Housing Management.
Dept Budget Pressures - Loss of Housing Hartlepool contribution to Park Towers (£13k)

One Off Costs Funded from Department Reserves

The reserve funding originates from Income generated from fees required to fund the scheme over a 5 year period.

2014/2015 BUDGET - SERVICE UNIT: ITU PASSENGER TRANSPORT

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	ITU Passenger Transport							
758	Direct costs - Employees	759	0	0	0	0	0	759
1,226	- Other	1,255	0	0	0	0	0	1,255
1,984	Total Direct Cost	2,014	0	0	0	0	0	2,014
331	Support Recharges	331	0	0	0	0	0	331
(902)	Income	(906)	0	0	0	0	45	(861)
1,413	Gross Budget Requirement	1,439	0	0	0	0	45	1,484
0	Use Of Departmental Reserves						(45)	(45)
1,413	Net Budget Requirement	1,439	0	0	0	0	0	1,439

One Off Costs Funded from Department Reserves

Relates to reserve to cover potential income shortfall.

2014/2015 BUDGET - SERVICE UNIT: ITU ROAD SAFETY

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	ITU Road Safety							
255	Direct costs - Employees	254	0	(25)	0	0	0	229
74	- Other	74	0	(1)	0	0	0	73
329	Total Direct Cost	328	0	(26)	0	0	0	302
0	Support Recharges	15	0	0	0	0	0	15
(62)	Income	(79)	0	0	0	0	0	(79)
267	Gross Budget Requirement	264	0	(26)	0	0	0	238
(25)	Use Of Departmental Reserves	(25)					0	(25)
242	Net Budget Requirement	239	0	(26)	0	0	0	213

Budget Reductions

Relates to School Crossing Patrol Services- removal of staff from controlled crossing points on low level usage sites.

One Off Costs Funded from Department Reserves

Use of reserve created from funding received in 2012/13 to support initiatives aimed at reducing injury from preventable accidents.

2014/2015 BUDGET - SERVICE UNIT: ITU STRATEGIC MANAGEMENT

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	ITU Strategic Management							
0	Direct costs - Employees	0	0	0	0	0	0	0
65	- Other	66	0	0	0	0	0	66
65	Total Direct Cost	66	0	0	0	0	0	66
0	Support Recharges	0	0	0	0	0	0	0
(65)	Income	(66)	0	(50)	0	0	0	(116)
0	Gross Budget Requirement	0	0	(50)	0	0	0	(50)
0	Use Of Departmental Reserves						0	0
0	Net Budget Requirement	0	0	(50)	0	0	0	(50)

Budget Reductions

Additional income generation from Health Partnership (Integrated Transport Unit)

2014/2015 BUDGET - SERVICE UNIT: ITU VEHICLE FLEET

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	ITU Vehicle Fleet							
411	Direct costs - Employees	411	0	0	0	0	0	411
2,257	- Other	2,257	0	0	0	0	40	2,297
2,668	Total Direct Cost	2,668	0	0	0	0	40	2,708
1,272	Support Recharges	1,272	0	0	0	0	0	1,272
(4,134)	Income	(4,134)	0	0	0	0	0	(4,134)
(194)	Gross Budget Requirement	(194)	0	0	0	0	40	(154)
	Use Of Departmental Reserves						(40)	(40)
(194)	Net Budget Requirement	(194)	0	0	0	0	0	(194)

One Off Costs Funded from Department Reserves

Use of the reserve created to fund 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

2014/2015 BUDGET - SERVICE UNIT: LIBRARIES

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Libraries							
899	Direct costs - Employees	893	0	(21)	0	0	0	872
338	- Other	348	0	(45)	0	0	0	303
1,237	Total Direct Cost	1,241	0	(66)	0	0	0	1,175
56	Support Recharges	57	0	(5)	0	0	0	52
(36)	Income	(38)	0	(1)	0	0	0	(39)
1,257	Gross Budget Requirement	1,260	0	(72)	0	0	0	1,188
0	Use Of Departmental Reserves						0	0
1,257	Net Budget Requirement	1,260	0	(72)	0	0	0	1,188

Budget Reductions

Removal of post and reduction in staff hours.
Reduction in costs due to the renegotiation of specialist licences and reduced investment in book stock.

2014/2015 BUDGET - SERVICE UNIT: LOGISTICS

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Logistics							
386	Direct costs - Employees	388	0	0	0	0	0	388
630	- Other	635	0	0	0	0	40	675
1,016	Total Direct Cost	1,023	0	0	0	0	40	1,063
97	Support Recharges	97	0	0	0	0	0	97
(1,196)	Income	(1,207)	0	0	0	0	0	(1,207)
(83)	Gross Budget Requirement	(87)	0	0	0	0	40	(47)
	Use Of Departmental Reserves						(40)	(40)
(83)	Net Budget Requirement	(87)	0	0	0	0	0	(87)

One Off Costs Funded from Department Reserves

Use of reserve created to fund the costs associated with Plant Equipment over more than one year e.g. repairs and maintenance or replacement costs.

2014/2015 BUDGET - SERVICE UNIT: NDORS

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	NDORS							
34	Direct costs - Employees	34	0	0	0	0	0	34
404	- Other	468	0	0	0	0	0	468
438	Total Direct Cost	502	0	0	0	0	0	502
43	Support Recharges	103	0	0	0	0	0	103
(482)	Income	(606)	0	0	0	0	0	(606)
(1)	Gross Budget Requirement	(1)	0	0	0	0	0	(1)
	Use Of Departmental Reserves						0	0
(1)	Net Budget Requirement	(1)	0	0	0	0	0	(1)

2014/2015 BUDGET - SERVICE UNIT: NETWORK INFRASTRUCTURE

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Network Infrastructure							
0	Direct costs - Employees	0	0	0	0	0	0	0
1,196	- Other	1,217	0	(2)	0	0	0	1,215
1,196	Total Direct Cost	1,217	0	(2)	0	0	0	1,215
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
1,196	Gross Budget Requirement	1,217	0	(2)	0	0	0	1,215
	Use Of Departmental Reserves						0	0
1,196	Net Budget Requirement	1,217	0	(2)	0	0	0	1,215

2014/2015 BUDGET - SERVICE UNIT: PARKS & COUNTRYSIDE

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) 0	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Parks & Countryside							
544	Direct costs - Employees	544	0	(43)	0	0	0	501
726	- Other	742	0	(5)	0	0	0	737
1,270	Total Direct Cost	1,286	0	(48)	0	0	0	1,238
25	Support Recharges	26	0	0	0	0	0	26
(907)	Income	(927)	0	0	0	0	0	(927)
388	Gross Budget Requirement	385	0	(48)	0	0	0	337
	Use Of Departmental Reserves						0	0
388	Net Budget Requirement	385	0	(48)	0	0	0	337

Budget Reductions

Reconfiguration of staffing restructures in this area (£43,000)

2014/2015 BUDGET - SERVICE UNIT: PLANNING SERVICES

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	<u>Planning Services</u>							
782	Direct costs - Employees	776	0	(27)	0	0	0	749
68	- Other	70	0	(2)	0	0	125	193
850	Total Direct Cost	846	0	(29)	0	0	125	942
0	Support Recharges	0	0	0	0	0	0	0
(450)	Income	(462)	0	0	0	0	0	(462)
400	Gross Budget Requirement	384	0	(29)	0	0	125	480
	Use Of Departmental Reserves						(125)	(125)
400	Net Budget Requirement	384	0	(29)	0	0	0	355

Budget Reductions

Removal of a post.

One Off Costs Funded from Department Reserves

Use of corporate reserve to fund expected income shortfall.

2014/2015 BUDGET - SERVICE UNIT: PROCUREMENT

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	<u>Procurement</u>							
170	Direct costs - Employees	168	0	0	0	0	0	168
1	- Other	1	0	0	0	0	0	1
171	Total Direct Cost	169	0	0	0	0	0	169
0	Support Recharges	0	0	0	0	0	0	0
(80)	Income	(81)	0	0	0	0	0	(81)
91	Gross Budget Requirement	88	0	0	0	0	0	88
0	Use Of Departmental Reserves						0	0
91	Net Budget Requirement	88	0	0	0	0	0	88

2014/2015 BUDGET - SERVICE UNIT: PROPERTY & ENERGY MANAGEMENT

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	<u>Property & Energy Management</u>							
150	Direct costs - Employees	148	0	(61)	0	0	0	87
30	- Other	31	0	(2)	0	0	0	29
180	Total Direct Cost	179	0	(63)	0	0	0	116
0	Support Recharges	0	0	0	0	0	0	0
(408)	Income	(413)	0	(21)	0	0	0	(434)
(228)	Gross Budget Requirement	(234)	0	(84)	0	0	0	(318)
0	Use Of Departmental Reserves						0	0
(228)	Net Budget Requirement	(234)	0	(84)	0	0	0	(318)

Budget Savings

Review and centralisation of teams and functions within the re-configured Department and across the Council.

2014/2015 BUDGET - SERVICE UNIT: REPROGRAPHICS

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Reprographics							
78	Direct costs - Employees	78	0	0	0	0	0	78
226	- Other	231	0	0	0	0	0	231
304	Total Direct Cost	309	0	0	0	0	0	309
0	Support Recharges	0	0	0	0	0	0	0
(340)	Income	(349)	0	0	0	0	0	(349)
(36)	Gross Budget Requirement	(40)	0	0	0	0	0	(40)
0	Use Of Departmental Reserves							0
(36)	Net Budget Requirement	(40)	0	0	0	0	0	(40)

2014/2015 BUDGET - SERVICE UNIT: RENAISSANCE IN THE REGIONS

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Renaissance In The Regions							
0	Direct costs - Employees	54	0	0	0	0	0	54
0	- Other	229	0	0	0	0	0	229
0	Total Direct Cost	283	0	0	0	0	0	283
0	Support Recharges	0	0	0	0	0	0	0
0	Income	(283)	0	0	0	0	0	(283)
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

2014/2015 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT, ADMIN & SERVICE DEVELOPMENT

Approved Budget 2013/2014	Service Unit	Budget Projection 2014/2015	Corporate Budget Pressures	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2014/2015 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Strategic Management, Admin & Service Development							
1,692	Direct costs - Employees	1,501	0	(81)	0	0	0	1,420
164	- Other	186	0	(24)	0	0	0	162
1,856	Total Direct Cost	1,687	0	(105)	0	0	0	1,582
495	Support Recharges	508	0	0	0	0	0	508
(1,318)	Income	(1,285)	0	0	0	0	0	(1,285)
1,033	Gross Budget Requirement	910	0	(105)	0	0	0	805
0	Use Of Departmental Reserves							0
1,033	Net Budget Requirement	910	0	(105)	0	0	0	805

Budget Reductions

Review structures and service provision across reconfigured Department, including review of non pay budgets.

2014/2015 BUDGET - SERVICE UNIT: STREET CLEANSING

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Street Cleansing							
902	Direct costs - Employees	919	0	0	0	(42)		877
263	- Other	227	0	(1)	0	0	0	226
1,165	Total Direct Cost	1,146	0	(1)	0	(42)	0	1,103
761	Support Recharges	780	0	(34)	0	(12)		734
(147)	Income	(150)	0	0	54	0	0	(96)
1,779	Gross Budget Requirement	1,776	0	(35)	54	(54)	0	1,741
0	Use Of Departmental Reserves						0	0
1,779	Net Budget Requirement	1,776	0	(35)	54	(54)	0	1,741

Budget Reductions

Savings relate to the removal of a vehicle.

Dept Budget Pressures - Loss of Housing Hartlepool contribution to Dyke House Cleansing Team (£54k)

2014/2015 BUDGET - SERVICE UNIT: SUSTAINABLE TRANSPORT

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Sustainable Transport							
0	Direct costs - Employees	0	0	0	0	0	0	0
2,349	- Other	2,308	0	(1)	0	0	0	2,307
2,349	Total Direct Cost	2,308	0	(1)	0	0	0	2,307
0	Support Recharges	0	0	0	0	0	0	0
0	Income	0	0	0	0	0	0	0
2,349	Gross Budget Requirement	2,308	0	(1)	0	0	0	2,307
	Use Of Departmental Reserves						0	0
2,349	Net Budget Requirement	2,308	0	(1)	0	0	0	2,307

2014/2015 BUDGET - SERVICE UNIT: TRAFFIC MANAGEMENT

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Traffic Management							
0	Direct costs - Employees	0	0	0	0	0	0	0
11	- Other	11	0	0	0	0	0	11
11	Total Direct Cost	11	0	0	0	0	0	11
0	Support Recharges	0	0	0	0	0	0	0
(11)	Income	(11)	0	0	0	0	0	(11)
0	Gross Budget Requirement	0	0	0	0	0	0	0
	Use Of Departmental Reserves						0	0
0	Net Budget Requirement	0	0	0	0	0	0	0

2014/2015 BUDGET - SERVICE UNIT: WASTE & ENVIRONMENTAL SERVICES

Approved Budget 2013/2014 (1) £'000	Service Unit	Budget Projection 2014/2015 (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 2014/2015 (2+3+4+5+6+7) (8) £'000
	Waste & Environmental Services							
2,909	Direct costs - Employees	1,506	0	0	0	0	0	1,506
1,494	- Other	2,959	29	(225)	0	0	0	2,763
4,403	Total Direct Cost	4,465	29	(225)	0	0	0	4,269
1,184	Support Recharges	1,213	0	(25)	0	0	0	1,188
(868)	Income	(889)	0	0	0	0	0	(889)
4,719	Gross Budget Requirement	4,789	29	(250)	0	0	0	4,568
0	Use Of Departmental Reserves						0	0
4,719	Net Budget Requirement	4,789	29	(250)	0	0	0	4,568

Corporate Budget Pressures

Relates to an increase in Landfill tax

Budget Reductions

Waste Management reconfiguration of service (to be achieved from recycling changes and reduced waste disposal costs)

SECTION D

Treasury Management Strategy 2014/2015

TREASURY MANAGEMENT STRATEGY 2014/15 to 2016/17



Report of: Chief Finance Officer

1. PURPOSE OF REPORT

- 1.1 To enable Members to approve the recommended Treasury Management Strategy for 2014/2015.

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 Council'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 policies for managing 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 1st April, 2004. This guidance recommends that all Local Authorities produce an Annual Investment Strategy that is approved by the Council, which is also included in this report.
- 2.3 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 Full Council. This responsibility has been allocated to the Audit and Governance Committee.
- 2.4 The Audit and Governance Committee considered the Treasury Management Strategy for 2014/15 on 12th December 2013. The Audit and Governance Committee approved the continuation of the recommended Borrowing and Investment Strategy. However, owing to the timing of the Audit and Governance Committee meeting and of capital funding announcements from the Government, it was not possible to present detailed prudential indicators. The Audit Governance Committee noted that these would be reported to full Council and are presented in this report. The late announcement of this information does not impact on the recommended strategy as the capital funding announcements relate to capital grant allocations which fully fund defined Government capital spending priorities.

- 2.5 This report outlines the recommended Treasury Management Strategy for 2014/2015, which includes Prudential Indicators for 2014/2015 – 2016/2017 and fulfils four key legislative requirements;
- The reporting of Prudential Indicators based on expected capital activities.
 - The Council's Minimum Revenue Provision (MRP) Policy, which sets out how the Council will pay for capital assets through revenue each year.
 - The Treasury Management Strategy Statement which sets out the planned borrowing and investment strategies and the limitations on treasury activity by the use of prudential treasury indicators.
 - The Investment Strategy which sets out the Council's criteria for investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the Department of Communities and Local Government (CLG) Investment Guidance.
- 2.6 The above policies and parameters provide an approved framework within which officers undertake the day to day capital and treasury activities.
- 2.7 This report covers the following areas:
- Economic Background and Outlook for Interest Rates;
 - Prudential Indicators;
 - Capital Financing Requirement;
 - Borrowing Strategy;
 - Investment Strategy; and,
 - Treasury Management Advisors

3. ECONOMIC BACKGROUND OUTLOOK FOR INTEREST RATES

3.1 The Global economy

3.2 The Eurozone sovereign debt crisis eased during 2013 which was a year of comparative calm after the issues arising in Cyprus in spring 2013. The Eurozone finally escaped from seven quarters of recession in quarter 2 of 2013 but growth is likely to remain weak. The European Central Bank's (ECB) pledge to buy unlimited amounts of bonds of countries which ask for a bail out, has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession.

3.3 However, debt to Gross Domestic Product (GDP) ratios (2012 figures) of 176% Greece, Italy 131%, Portugal 124%, Ireland 123% and Cyprus 110%, remain a cause of concern. Furthermore, many of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are continuing to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis.

- 3.4 It should also be noted that Italy has the third largest Government debt in the world behind Japan and the US. Greece remains particularly vulnerable and continues to struggle to meet Eurozone targets for fiscal correction. Many commentators still view a Greek exit from the Euro as inevitable. There are concerns that austerity measures in Cyprus could also end up forcing an exit. The question remains as to how much damage an exit by one country would do to the Euro and whether this would spread to other countries.
- 3.5 Sentiment in financial markets improved during 2013 as a result of firm Eurozone commitment to support struggling countries and to keep the Eurozone intact. However, the foundations to this current “solution” to the Eurozone debt crisis are still weak and events could conspire to put this into reverse. There are particular concerns as to whether democratically elected Governments will lose the support of electorates suffering under Eurozone imposed austerity programmes, especially in countries like Greece and Spain which have unemployment rates of over 26% and unemployment among younger people (i.e. 16-25 year olds) of over 50%.
- 3.6 The USA’s economy managed to return to reasonable growth in Q2 2013 of 2.5% year on year in spite of sharp cuts in Government expenditure and increases in taxation. The Federal Reserve has continued to provide huge stimulus to the economy through its \$85 billion per month asset purchases programme of quantitative easing. It has also pledged not to increase the central interest rate until unemployment falls to 6.5%; this may not happen until early 2015.
- 3.7 Consumer, investor and business confidence levels in the USA improved markedly in 2013. The housing market improved and house sales and increases in house prices returned to healthy levels. Many house owners have therefore escaped from negative equity and banks have also largely repaired their damaged balance sheets so that they can resume healthy levels of lending. The expectation is that there will be a reasonable growth rate looking forward.
- 3.8 Concerns that Chinese growth could be on a downwards trend have been allayed by recent stronger statistics. There are still concerns around an unbalanced economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector.
- 3.9 **The UK economy**
- 3.10 Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth improved slightly in quarter 1 (+0.3%) and 2 (+0.7%) of 2013.

- 3.11 The Office for Budget Responsibility (OBR) forecast growth for subsequent years as reported in December 2013:
- 1.8% in 2014
 - 2.2% in 2015
 - 2.6% in 2016
 - 2.7% in 2017
 - 2.7% in 2018
- 3.12 However in response to the Bank of England's own upwardly revised forecasts earlier in the year the Governor of the Bank of England put this into perspective describing this as a welcome increase but not yet ensuring the UK economy returns to strong and sustainable growth. A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth.
- 3.13 Bank Rate has remained unchanged at 0.5% and quantitative easing has remained unchanged at £375bn in 2013. The Funding for Lending Scheme (FLS), aimed at encouraging banks to expand lending to small and medium size enterprises, has been extended. However, bank lending to small and medium enterprises continues to remain weak and inhibited by banks still repairing their balance sheets and anticipating tightening of regulatory requirements.
- 3.14 Inflation has fallen from a peak of 3.1% in June 2013 to back to the Bank of England's 2% target level in December 2013.
- 3.15 In August 2013, the Governor of the Bank of England initiated "forward guidance." This is intended to make the banks existing stimulus programme more effective by providing greater clarity to households and businesses.
- 3.16 The Governor of the Bank of England has said that the Bank will not consider raising interest rates until the jobless rate has fallen to 7% or below, this would require the creation of about 750,000 jobs and could take three years. The Governor stated that forward guidance was needed "so that people at home, people who are running businesses, across the UK, can make decisions – whether they are investing or spending – with greater certainty about what is going to happen with interest rates."
- 3.17 However, the Bank's guidance is subject to three provisos and breaching any of them could result in interest rates increasing:
- CPI inflation is judged to be at or above 2.5% over an 18 month to two-year horizon.
 - Inflation looks like it could get out of control in the medium term.
 - The Bank's Financial Policy Committee judges that this stance poses a significant threat to financial stability

3.18 **Capita Asset Services' forward view**

3.19 Despite the statements by the new Governor of the Bank of England forecasting remains uncertain. Capita Asset Services (the Council's treasury management advisors formerly known as Sector) have revised their forecasts based on an expectation that there will not be a disorderly break-up of the Eurozone but a managed resolution to the crisis albeit with a depressed economic outlook. Capita Asset Services' view is that Public Works Loan Board (PWLB) interest rates and bond yields will be unpredictable owing to current economic conditions. However, Capita Asset Services has provided forecasts for Bank Rate and PWLB interest rates (minus the 20 basis point certainty rate reduction) to March 2017, as set out in the table below:

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.00%	1.25%
5yr PWLB rate	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.40%
10yr PWLB rate	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.20%	4.30%	4.30%	4.40%	4.50%
25yr PWLB rate	4.40%	4.50%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.10%
50yr PWLB rate	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.20%

3.20 The above forecast shows little movement in interest rates in the medium term, volatility in the economy remains, and interest rates could move rapidly in the event of any unforeseen circumstances and political developments.

3.21 Recent signs show the UK economic position improving, although this is from a low base. In addition, the position could be affected by exceptional economic factors, in particular within the Eurozone. Against this background the timing of an increase in the Bank Rate from the current historically low levels is extremely uncertain. An increase could occur any time between late 2014 and 2016. This issue will continue to be monitored closely to determine if there is any impact on the Treasury Management Strategy.

4. **PRUDENTIAL INDICATORS**

4.1 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.

4.2 The first prudential indicator is confirmation that the Council has adopted the CIPFA Treasury Management Code of Practice, which this report confirms.

4.3 Details of the proposed prudential limits are set out in the following sections. The specific prudential indicators relating to the Capital Financing Requirement, Borrowing Strategy and Investment strategy are described and detailed in sections 5, 6 and 7.

5. CAPITAL FINANCING REQUIREMENT

- 5.1 The Council's Borrowing Strategy is driven by the Capital Financing Requirement (CFR) and the Council's view of interest rates. 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 Council's CFR related to capital expenditure supported by Government borrowing approvals.
- 5.2 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.
- 5.3 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.
- 5.4 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.
- 5.5 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 2013, shows the Council has under-borrowing against the CFR of £40m.

31 March 2013	£m
CFR	91
Borrowing	51
Under-borrowing	40

- 5.6 Since 2011/12 the Government replaced borrowing approvals with capital grants. 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.

- 5.7 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.
- 5.8 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.
- 5.9 As outlined in the 2013/14 Treasury Management Strategy the Council's CFR is forecast to reduce over a period of around 15 years as a result of the Government's decision to replace borrowing approvals with capital grants. This position assumes no new borrowing is undertaken during this period.
- 5.10 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 2013 the CFR included £0.154m that related to finance leases.
- 5.11 As part of the Medium Term Financial Strategy the Council is required to approve the 2014/15 capital programme as summarised below:

Capital Expenditure	2013/14 Revised £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
New Approved Capital Expenditure	18,905	15,733	3,320	2,982
Rephased Capital Expenditure approved in previous years	22,737	7,404	0	0
Capital Expenditure for the Year	41,642	23,137	3,320	2,982
Financed by:				
Capital grants and contributions	8,688	3,504	613	626
Other Capital Funding	5,748	1,454	628	628
Rephased Capital Resources	22,737	7,404	0	0
Prudential Borrowing:				
Capital Expenditure to be funded from New Prudential Borrowing	4,469	10,775	2,079	1,728

- 5.12 The estimated Capital Finance & Borrowing Requirement is shown in the table below.

Capital Financing & Borrowing Requirement	2013/14 Revised £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
CFR at 1st April	90,542	95,597	105,201	102,690
Capital Expenditure Financed by New Borrowing	4,469	10,775	2,079	1,728
Repashed Capital Expenditure Financed by Borrowing	7,932	3,062	0	0
Less Capital Expenditure Financed by Borrowing to be rephased into future years	(3,062)	0	0	0
Less MRP/VRP and other financing movements	(4,284)	(4,233)	(4,590)	(4,494)
CFR at 31st March	95,597	105,201	102,690	99,924
Less assets held under Finance Lease	(154)	(143)	(132)	(121)
Borrowing Requirement	95,443	105,058	102,558	99,803

5.13 The Council is required to pay off an element of the CFR each year through a revenue charge called the Minimum Revenue Provision (MRP).

5.14 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 the Council is recommended to formally approve this statement:

- For capital expenditure incurred before 1st 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 in excess of the amount required by these regulations, based on asset life.
- From 1st 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.

5.15 **Affordability Prudential Indicators**

5.16 The affordability of the approved Capital Investment Programme was assessed when the investment programme was approved and revenue costs are built into the Medium Term Financial Strategy. The 'Affordability Prudential Indicators' are detailed below and are intended to give an indication of the affordability of the planned capital expenditure financed by borrowing in terms of the impact on Council Tax and the Net Revenue Stream.

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 Council's existing approved commitments and current plans. The incremental impact of capital expenditure on Council Tax is expected to increase in line with the anticipated increase in prudential borrowing. In future years it is expected that this will stabilise. It should be noted that this indicator does not mean that there will be a Council Tax increase, but shows the proportion of the existing Council Tax supporting existing capital expenditure.

	Forward Projection	Forward Projection	Forward Projection	Forward Projection
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
CouncilTax - Band D	£6.97	£10.53	£2.70	£2.25

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. The CFR is going to rise as a result of increased prudential borrowing and consequently this indicator is expected to increase.

%	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Ratio	6.62%	6.54%	6.68%	7.03%

5.17 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.

5.18 The limits are:

- i) Upper limits on variable interest rate exposure – This identifies a maximum limit for the percentage of the Council'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	2014/15 Upper £'000	2015/16 Upper £'000	2016/17 Upper £'000
Borrowing	85,000	83,000	80,000
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 Council's borrowing and investments that are held with fixed interest rates.

Limits on Fixed Interest Rates	2014/15 Upper £'000	2015/16 Upper £'000	2016/17 Upper £'000
Borrowing	115,000	113,000	110,000
Investments	60,000	50,000	40,000

- iii) Maturity structure of borrowing – 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 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 professional opinion this proactive management of investments and borrowing continues to provide the most cost effective strategy for the Council, whilst not exposing the Council to unnecessary risk. The Council should ensure maximum flexibility to minimise costs to the revenue budget in the medium term. These limits are detailed in the table below:

Maturity Structure of fixed interest rate borrowing 2014/15				
	2013/14 £000 Lower Limit	2013/14 £000 Upper Limit	2014/15 £000 Lower Limit	2014/15 £000 Upper Limit
Under 12 months	0	97,000	0	105,000
12 months to 2 years	0	107,000	0	115,000
2 years to 5 years	0	107,000	0	115,000
5 years to 10 years	0	107,000	0	115,000
10 years to 20 years	0	107,000	0	115,000
20 years to 30 years	0	107,000	0	115,000
30 years to 40 years	0	107,000	0	115,000
40 years to 50 years	0	107,000	0	115,000
50 years to 60 years	0	107,000	0	115,000
60 years to 70 years	0	107,000	0	115,000

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.

- iv) Maximum principal sums invested – Total principal funds invested for greater than 364 days – These limits are set with regard to the Council’s liquidity requirements and reflect the current recommended advice that investments are limited to short term investments i.e. less than 12 months.

Limit for Maximum Pincipal Sums Invested > 364 days			
	1 year £000	2 years £000	3 years £000
Maximum	0	0	0

5.19 **Performance Indicators**

5.20 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 Council 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. **BORROWING STRATEGY**

6.1 The Borrowing Strategy is the most important element of the Treasury Management Strategy. Members will recall that a comprehensive review of the borrowing strategy was undertaken as part of the development of the 2013/14 MTFS. This enabled a saving of £1m to be built in to the 2014/15 budget. The saving achieved in 2013/14 from adopting this strategy of £0.870m is earmarked to establish a Treasury Management Risk Reserve to manage interest rate risk, as approved by full Council in February 2013.

6.2 In view of the interest rate outlook outlined earlier in the report, the 2014/15 Borrowing Strategy will continue the strategy established in 2013/14 of delaying long term borrowing until current interest rates are forecast to change. It is not expected this will occur in 2014/15, although as outlined earlier in the report the position will be monitored closely during the next financial year. This strategy continues the approach that the Council has adopted for a number of years 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.

6.3 This strategy assumes the base rate remains at 0.5% for the foreseeable future. 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.

6.4 This Strategy should maximise the interest savings which should be achievable on the Council's borrowing. 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.

6.5 Strategy for funding CFR

6.6 This strategy is about managing financial risk and essentially there are two components to risk:

- **Managing new loans** – this 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 and links to investments** – this will need to be done within the existing budget and details of how this will be achieved is provided in the Borrowing Strategy detailed in the previous paragraph.

6.7 The long term forecast 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.

6.8 This forecast enabled the Council to review the existing Treasury Management strategy and allowed ongoing revenue savings to be built into the MTFS from 2013/14.

6.9 The Chief Finance Officer in the current financial year, under delegated powers, has undertaken some long-term borrowing linked to business cases i.e. in relation to wheelie bins, Stranton Lodge and Cremators. This locks out the interest rates for these schemes and keeps expenditure on servicing the loans within the costs established by the business cases.

6.10 Debt and Investment Projections 2013/14 – 2016/17

6.11 The table below sets out the Council's projected capital financing requirement and level of debt:

Debt and Investment Projections	2013/14 Revised £'000	2014/15 Estimated £'000	2015/16 Estimated £'000	2016/17 Estimated £'000
Long Term Borrowing 1 April	50,879	52,944	61,964	62,115
Expected change in Long Term Debt	2,065	9,020	151	60
Debt at 31 March	52,944	61,964	62,115	62,175
Borrowing Requirement	95,443	105,058	102,558	99,803
Under Borrowing	(42,499)	(43,094)	(40,443)	(37,628)

6.12 The table shows that the Council 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. In 2014/15, this Strategy continues to reduce investment counterparty risk and also shelter against the low investment returns.

6.13 Limits to Borrowing Activity

6.14 Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits.

6.15 The Council 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 2014/2015 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 net borrowing will not exceed the CFR.

External Debt	2013/14 Revised £'000	2014/15 Estimated £'000	2015/16 Estimated £'000	2016/17 Estimated £'000
Gross Borrowing	52,944	61,964	62,115	62,175
Other Long Term Liabilities	154	143	132	121
Total Gross Borrowing	53,098	62,107	62,247	62,296
Borrowing Requirement	95,443	105,058	102,558	99,803

6.16 The table below shows two key limits for the monitoring of debt. The Operational Limit is the likely limit the Council 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 Council in addition to the CFR. This also includes the flexibility to enable advance refinancing of existing loans.

Borrowing Limits	2013/14 Revised £'000	2014/15 Estimated £'000	2015/16 Estimated £'000	2016/17 Estimated £'000
Operational Limit	107,000*	115,000	113,000*	110,000
Authorised limit	117,000*	125,000	123,000*	120,000

*These Limits include provision for temporary borrowing related to the phasing of capital receipts over the period of the MTFs as reported to Finance and Policy Committee on 18th October 2014.

6.17 The Chief Finance Officer reports that the Council complied with these prudential indicators in the current year and does not envisage difficulties for the future.

6.18 Capital Financing Requirement – Borrowing in Advance of Need

6.19 The Council has some flexibility to borrow funds for use in future years to fund the forecast CFR. The Chief Finance Officer may do this under delegated power where circumstances change, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will meet budgetary constraints. Whilst the Chief Finance Officer will adopt a cautious approach to any such borrowing, where there is a clear business

case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Any borrowing in advance of need will be reported to the Council. This is unlikely to happen in 2014/15 given the current interest rates.

6.20 **Debt Rescheduling**

6.21 Debt rescheduling is where the Council may redeem existing loans early at a premium (cost) or discount (saving) and take out new replacement loans. The reasons for any rescheduling to take place will include;

- the generation of cash savings and/or discounted cash flow savings,
- helping to fulfil the treasury strategy, and
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

6.22 For debt rescheduling to take place the interest rates of the Council's existing loans need to be compared to the current rates. The situation will be monitored and any rescheduling of debt will be reported to the Audit and Governance Committee. Given current interest levels it is not expected that there will be any opportunities for debt rescheduling in 2014/15.

7. **INVESTMENT STRATEGY**

7.1 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.

7.2 The primary objectives of the Council'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;
- investment return.

7.3 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 Council will invest in and the period of Investment. It is recommended that the Council 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.

7.4 Counterparty Selection Criteria

7.5 The Council'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 Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

7.6 The **lowest common denominator** method of selecting counterparties and applying limits is used. This means that the application of the Council'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 Council's criteria, the other does not, the institution will fall outside the lending criteria

7.7 The table below shows the proposed limits in 2014/15 for the Council:

Category	Fitch	Moody's	Standard & Poor's	Counterparty Limit	Time Limit
A	F1+/AA-	P-1/Aa3	A-1+/AA-	£7.0m	3 months
B	F1/A-	P-1/A3	A-1/A-	£2.0m	3 months
C	Debt Management Office			£28m	3 months
D	Part Nationalised Banks and Banks covered by UK Government Guarantee			£10m	3 months
E	Other Local Authorities Individual Limits per Authority: £4m County, Metropolitan or Unitary Councils £1m District Councils, Police or Fire Authorities.			£20m	6 months

7.8 The above limits set the overall framework for investment and continues the stricter investment criteria implemented in 2013/14 by the Chief Finance Officer under delegated authority. The continuation of this approach is

recommended. This vigilant approach results in what is effectively a 'named' list of institutions. This consists of a very select number of counterparties that are considered to be the lowest risk.

- 7.9 Recent concerns surrounding the Co-operative Bank (the Council's bank) has prompted a proactive strategy of clearing the Council's bank account on a daily basis and placing deposits with more highly rated institutions. The Council will be tendering for a new banking contract which is due to be in place for 1 October 2014. This will involve the Council changing banks as the Co-operative Bank has recently announced that after current contracts expire, it will no longer be providing banking services to Local Authorities. The bank's aim is to simplify and rebuild the bank focusing on individuals and small and medium sized businesses whilst exiting relationships that require more complex banking requirements, such as with Local Authorities. The Co-operative Bank continues to be authorised by the PRA (the Prudential Regulation Authority) and regulated the PRA and the FCA (the Financial Conduct Authority). The bank will continue to support the Council until the end of this contract and facilitate a smooth transition to a new banking services provider
- 7.10 The investment criteria only includes UK institutions and therefore continues to exclude all foreign banks. In previous years this action has proven appropriate as it has avoided exposing the Council to financial risk in relation to Icelandic and Irish banks.
- 7.11 The credit rating of counterparties is monitored regularly. The Council receives credit rating advice from its advisers, Capita Asset Services, 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.
- 7.12 **Specified and Non-Specified Investments**
- 7.13 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.
- 7.14 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 Council to use rather than defining what its investments are.
- 7.15 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.

7.16 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).

7.17 In the normal course of the Council'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.

7.18 Investment Projections 2014/15 – 2016/17

7.19 The table below sets out the estimates for the expected level of resource for investment or use to defer long term borrowing.

2012/13 Outturn £'000	Year End Resources	2013/14 Revised £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
52,882	Balances and Reserves	40,123	31,301	25,946	25,387
1,711	Provisions	361	361	361	361
54,593	Total Core Funds	40,484	31,662	26,307	25,748
19,062	Working Capital*	22,403	22,403	22,403	22,403
73,655	Resources Available for Investment	62,887	54,065	48,710	48,151
(39,411)	(Under)/over borrowing	(42,499)	(43,094)	(40,443)	(37,628)
34,244	Expected Investments	20,388	10,971	8,267	10,523

* The working capital balance is based on an estimate of debtors and creditors at year end.

- 7.20 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 and benchmarks in these areas are significantly less developed. The application of these is also more subjective in nature.
- 7.21 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.
- 7.22 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.
- 7.23 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%	0.10%	0.13%
AA	0.02%	0.04%	0.14%	0.28%	0.40%
A	0.09%	0.25%	0.44%	0.62%	0.83%
BBB	0.21%	0.61%	1.07%	1.61%	2.13%
BB	0.87%	2.36%	4.04%	4.72%	7.04%
B	3.17%	7.58%	11.69%	15.31%	17.79%
CCC	23.12%	32.70%	38.89%	43.15%	45.37%

- 7.24 The Council has an extremely cautious investment strategy and this has avoided investment default. As a result the Council 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 Council still needs to set a formal limit. It is therefore suggested that the Council will aim to ensure that the historic default probability of its investment portfolio will not exceed 0.2%.
- 7.25 An additional 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.
- 7.26 To ensure adequate Liquidity the Council maintains a bank overdraft facility of £1.5m. In addition the Council 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 owing to increased counterparty risk and to reflect the prudent investment strategy, this benchmark is expected to be 0 to 6 months.

8. TREASURY MANAGEMENT ADVISORS

8.1 The Council uses Capita Asset Services 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; and,
- Credit ratings/market information service comprising the three main credit rating agencies.

8.2 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 Council. This service is subject to regular review.

9. CONCLUSION

9.1 The report provides the Council with the recommended Treasury Management Strategy for 2014/2015, as required by legislation.

9.2 The strategy recommends that the Council continues to net down investments and borrowing as this is expected to provide the lowest cost and minimises risk.

9.3 It is also recommends that for specific business cases the Council may take out specific loans locking into the current low rates. This will ensure business cases are sustainable and avoid risk falling on the revenue budget.

9.4 The strategy also proposes that if the interest outlook changes unexpectedly the Chief Finance Officer may seek to undertake longer term borrowing to protect the Council's financial position.

9.5 Where investments need to be made the Council will continue to limit the institutions the Council will invest with and the period of investment to 100 days or less.

10. RECOMMENDATIONS

10.1 It is recommended that Members consider the report and approve the following recommendations:

- i) Approve the Prudential Indicators and Limits relating to Capital Expenditure for 2014/2015 to 2016/2017 as detailed in sections 4 and 5.
- ii) Approve the Minimum Revenue Provision (MRP) Statement in section 5.
- iii) Approve the Borrowing and Investment Strategies detailed in sections 6 and 7 and the continuation of the netting down of investment and borrowing noting that specific loans may be taken out for schemes approved on the basis of individual business cases.
- iv) Approve the Treasury Management Limits on Activity in section 6.
- v) Approve Treasury Prudential Indicators in section 6 & 7.
- vi) Approve the Investment Strategy Counterparty Criteria contained in section 7.

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

None

12. BACKGROUND PAPERS

None.

13. CONTACT OFFICER

Chris Little
Chief Finance Officer
Tel: 01429 523003
Email: chris.little@hartlepool.gov.uk

SECTION E

Capital Programme 2014/2015 to 2016/2017

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2014/15 TO 2016/17

Total Resources 2013/14		Forecast Resources 2014/2015				Forecast Resources 2015/2016 (Provisional)				Forecast Resources 2016/2017 (Provisional)			
		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
	Service Specific Capital Grants												
1,351	- Local Transport Plan	0	0	1,556	1,556	0	0	0	0	0	0	0	0
1,144	- Schools Capital Programme*	0	0	950	950	0	0	130	130	0	0	137	137
269	- Adult Social Services	0	0	275	275	0	0	281	281	0	0	287	287
2,764	Total Supported Service Specific Allocations	0	0	2,781	2,781	0	0	411	411	0	0	424	424
	Corporate Prudential Borrowing - Funded from Specific Business Cases												
0	Development of Student Accommodation (Loan to Vela Group)**	2,218	0	0	2,218	0	0	0	0	0	0	0	0
0	Development of Morrison Hall (Loan to NDC Trust)**	450	0	0	450	0	0	0	0	0	0	0	0
600	Council Capital Fund (Table 1)	600	0	0	600	0	0	0	0	0	0	0	0
600	Total	3,268	0	0	3,268	0	0	0	0	0	0	0	0
	Departmental Prudential Borrowing - Funded from Specific Business Cases												
0	Street Lighting LED & Column Replacement	4,980	0	0	4,980	0	0	0	0	0	0	0	0
45	Replacement Wheelie Bins	60	0	0	60	60	0	0	60	60	0	0	60
115	CCTV - Replacements with Wireless	0	0	0	0	0	0	0	0	0	0	0	0
680	Recycling Bins	0	0	0	0	0	0	0	0	0	0	0	0
227	Allotments (Table 2)	182	0	0	182	91	0	0	91	0	0	0	0
0	Empty Homes - Phase 2***	1,130	0	0	1,130	0	0	0	0	0	0	0	0
2,420	Vehicle Procurement (Table 3)	1,155	0	0	1,155	1,928	0	0	1,928	1,668	0	0	1,668
3,487	Total	7,507	0	0	7,507	2,079	0	0	2,079	1,728	0	0	1,728
	Useable Capital Receipts and RCCO												
0	Brierton - Macauley Road Parking (capital receipt)	0	145	0	145	0	0	0	0	0	0	0	0
0	Council Capital Fund (Table 3)	0	400	0	400	0	0	0	0	0	0	0	0
0	Registration Service Accomodation	0	91	0	91	0	0	0	0	0	0	0	0
628	Schools Capital Programme (Dedicated Schools Grant)	0	628	0	628	0	628	0	628	0	628	0	628
628	Total	0	1,264	0	1,264	0	628	0	628	0	628	0	628
	Specifically Funded Schemes												
433	Disabled Facilities Grant	0	0	418	418	0	0	0	0	0	0	0	0
244	Devolved Formula Capital (Schools)****	0	0	202	202	0	0	202	202	0	0	202	202
0	Universal infant free school meals	0	0	103	103	0	0	0	0	0	0	0	0
237	Two year old Free Nursery Entitlement Capital Allocation	0	0	0	0	0	0	0	0	0	0	0	0
0	Priority School Building Programme (Holy Trinity)	0	190	0	190	0	0	0	0	0	0	0	0
1,800	Seaton Carew - Coastal Defence -Environment Agency (EA)	0	0	0	0	0	0	0	0	0	0	0	0
280	Town Wall - Coastal Defence (EA)	0	0	0	0	0	0	0	0	0	0	0	0
80	Headland Structures (EA)	0	0	0	0	0	0	0	0	0	0	0	0
40	Block Sands (EA)	0	0	0	0	0	0	0	0	0	0	0	0
2,920	Empty Homes	0	0	0	0	0	0	0	0	0	0	0	0
1,269	Tees Valley Bus Network Infrastructure (TVBNI)	0	0	0	0	0	0	0	0	0	0	0	0
7,303	Total	0	190	723	913	0	0	202	202	0	0	202	202
14,782	Total Forecast Resources	10,775	1,454	3,504	15,733	2,079	628	613	3,320	1,728	628	626	2,982

* Schools Capital Programme includes an estimate of £950k Capital Maintenance Grant for 2014/15 which at time of writing has not been announced by the Government. This is based on pupil numbers. From 2015/16 it is expected that funding allocations will be made based on condition need and there is less certainty surrounding future allocations and no estimate has been made. Capital grants shown in 2015/16 and 2016/17 is Basic Need grant, there was no allocation of Basic Need grant in 2014/15.

** As detailed in the business cases approved by Council on 5th December 2013.

*** Subject to future approval of a business case by Finance & Policy Committee.

**** Devolved Formula Capital allocation for Schools is an estimate as the Government has not announced the allocation at time of writing. This is based on pupil numbers.

Coastal Defence (Environment Agency)

Work is underway to identify schemes required as part of a wide ranging coastal defence strategy to be completed in 2014/15. The resulting schemes will span a number of years and funding will be sought from the Environment Agency.

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2014/15 TO 2016/17

APPENDIX L

TABLE 1 - COUNCIL CAPITAL FUND - PROPOSED CAPITAL FUNDING FOR 2014/15

Project	Description	Estimated cost (£000)
Carlton Outdoor Centre	Main Building re-roofing upgrade to extend the useful life.	30
Kitchen works	2 School kitchen upgrades/refurbishments to ensure compliance with statutory obligations and operational requirements. The kitchen will be modernised to bring them up to the current standards. This will comprise replacement equipment, fittings and fixtures. New ventilation and gas installations to comply with current gas regulations. Replacement lighting and power will also be installed. includes associated works to building fabric.	170
Newburn Bridge	There are a large number of vacant units at teh industrial estate. This is a result of a number of units needing various works carrying out to make them lettable. This will ensure that an income stream canbe generated from the units. Works include replacement windows, subdivision of larger units and re roofing.	30
Hartlepool Enterprise Centre	Boiler replacement as one of the two existing boilers has failed with a number of cracked sections. No replacement sections are available. The remaining boiler is but with significant risk of a similar failure and no replacement sections. The scheme includes the installation of four replacement boilers. Four boilers are being used for ease of access (H&S) in to the basement boiler room this allows for more flexibility and efficiency when matching the required load. The scheme also includes for a new chimney installation, pumps, pressurisation unit, local pipework modifications controls, stripping out, commissioning, flushing and miscellaneous ancillary items.	120
Hartlepool Enterprise Centre	The current IT, Communications and Connectivity infrastructure at HEC is obsolete and there is no fully functioning central switchboard system. The existing system is considered to be at the end of its useful life with replacement parts difficult to source. the current system has insufficient capacity to accomodate the Econmic Development staff who have relocated as part of the office rationalisation programme and re-letting of BHH.	70
Town Hall Theatre	Replacement of obsolete stage lighting controls to ensure theatre fit-for-purpose (Phase 1).	50
Borough Hall	To bring back into use the service provision. The project will provide an operational catering and severy only. Kitchen upgrade to include the installation of new appliances to increase catering capacity and profitability of the Borough Hall	50
		520
NOTE: 2013 Committed Spend £185k to Indoor Bowls Club to be carried forward. On hold pending outcome of Mill House Master Plan.		

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2014/15 TO 2016/17**APPENDIX L**

TABLE 2 - ALLOTMENT CAPITAL WORKS PROGRAMME

Allotment Site	Works Required	2014/15	2015/16	Total
Brierton	Drainage works	0	0	0
	Perimeter fence installation	0	0	0
Burn Valley	Security Fencing	0	31	31
Catcote	Drainage works	0	0	0
	Water supply replacement	0	0	0
Chester Road	Perimeter fence replacement	0	0	0
	Water supply replacement	0	0	0
Haswell Avenue	Security fencing	17	0	17
Nicolson Field	Security improvements	125	25	150
Station Lane	Track replacement	0	0	0
Stranton	Create central car park and barriers	40	0	40
	Drainage works		35	35
Thompson Grove	Replacement perimeter fence	0	0	0
Thornhill	Improvement to internal tracks	0	0	0
	Water supply replacement	0	0	0
Throston	Water supply replacement	0	0	0
Grand Total		182	91	273

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.

TABLE 3 - VEHICLE REPLACEMENT PROGRAMME 2014/15 TO 2016/17

Type	Quantity	Service Area	£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
			1,155

TABLE 3(B) 2015/16 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	£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
			1,928

TABLE 3(C) 2016/17 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	£000
Gritter body	2	Highways	60
16s Welfare Bus	5	Community Transport	325
4x4 Buggy	1	Parks	15
Cabin van	1	Client Services	21
Car - Electric	1	Fleet Services	27
Large 360° excavator	1	Waste Management	160
Large Panel van	1	Sports Development	19
Medium Panel Van - refrigerated	1	Client Services	25
People Carrier	1	Community Transport	25
Ride on Mower	10	Horticulture	228
Small Panel van - Electric	2	Fleet Services	54
Sweeper	9	Cleansing	582
Trailer	1	Cleansing	5
Trailer	1	Horticulture	5
Trailer	3	Sports Dev	15
Contingency 5%			80
			1,668