

**Budget for Best Value 2015/2016
&
Capital Programme to 2017/2018**



Hartlepool Borough Council

**Budget for Best Value 2015/2016
&
Capital Programme to 2017/2018**

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

ISSUED APRIL 2015

MEDIUM TERM FINANCIAL STRATEGY 2015/2016 TO 2018/2019

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

The amount of Government grant the Council will receive in 2015/16 has been cut by £8m. This is the fifth successive year Government grant has been cut and the total grant cut since 2010/11 is **£30.4m, a cut of 39%**. I have written to the Government many times to express my concerns that the annual grant cuts have been significantly higher for Hartlepool than more affluent areas. I will continue to argue for a fairer settlement for Hartlepool in future years.

To reduce the impact of the 2015/16 Government grant cut we will be:

- reducing corporate costs by £600,000 which includes savings in “IT” costs;
- using £900,000 of the Budget Support Fund reserve – earmarked to support the budgets in 2015/16 to 2017/18; and
- using specific grant funding, such as the Better Care Fund, to integrate services and reduce demand through early intervention. This will save £1.7 million.

The 2015/16 budget position also benefits from an increase in Business Rate income and Council Tax income from growth in the number of houses in the town. Future housing developments will play an increasing role in the financial sustainability of the town and the Council.

Despite these measures it has not been possible to fully protect services and departmental budgets have been reduced by £3.7 million. We have carefully targeted these reductions to minimise the impact on front line services and to protect, as far as possible, services to vulnerable people. Consequently, the budgets for support services such as Finance, Legal and Human Resources will be reduced by 13% and Regeneration and Neighbourhood Services by 8%. Child and Adult Services, which accounts for nearly two thirds of expenditure on services, will only be reduced by 3%.

Further Government grant cuts are expected in 2016/17 and the following two years. This will mean even more difficult decisions will need to be made to balance future budgets. 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.

The 2015/16 budget provides funding to increase the Hartlepool Living wage to £7.88 per hour – which is largely funded from savings within the overall pay budget. One off funding is provided to support the development of the National Museum of the Royal Navy over the next 5 years, which will provide a major visitor attraction.

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

How does the Government measure the impact of funding cuts on different Councils?

The Government measures funding cuts as a percentage of “Spending Power”, which is the total value of funding available to an individual Council from Government Grant, Council Tax, Council’s share of Business Rates and a range of specific grants. By including all income in the “Spending Power” calculation the percentage reductions in “Spending Power” appear to be much lower than the percentage reduction in the actual Revenue Support grant. This gives the impression that Councils are not facing a significant reduction in funding in 2015/16.

For Hartlepool, the Government has calculated a 2015/16 “Spending Power” cut of 4.1%.

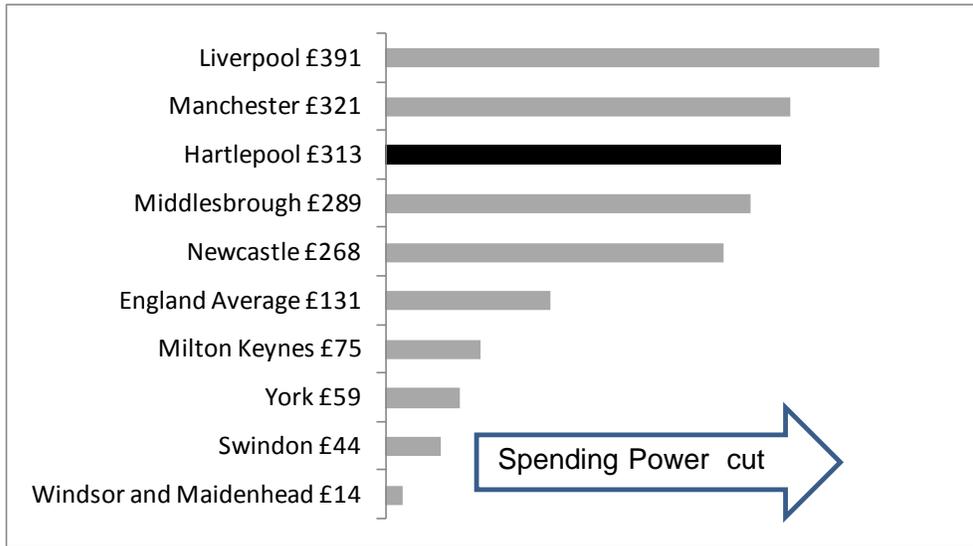
However, the 2015/16 Revenue Support grant of £30.1 million is £8 million less than the 2014/15 grant, which is a cut of 15%.

The critical issue for the Council is the actual amount of the grant cut for 2015/16 of £8 million, as this is the reduction in grant available towards funding services.

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

Whilst, Government Spending Power cuts understate the true scale of reductions in the Revenue Support grant they do show that Hartlepool’s total cut in Spending Power over the five years up to 2015/16 is over twice the national average. Some areas of the country have benefitted from much lower reductions in ‘Spending Power’ over this period. The following table shows how Hartlepool’s position compares to other areas of the country.

Spending Power cuts per person for the last 5 years



How is the Council planning to use reserves?

As part of the approach for managing the Government grant cuts over the last 5 years the Council has adopted a long-term strategy to manage its resources, including monies held in reserves. 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. Reserves can only be spent once, so it essential that robust plans are in place to manage these resources.

The Council has earmarked £4.7m to support the budget over the next three years and phased the use of these resources to smooth the budget cuts which will be required over this period. This strategy also ensures there is not an ongoing dependency on the use of reserves after 2017/18.

Specific reserves have also been set aside to manage changes to the funding system for Councils introduced by the Government in April 2013, which increase the financial risks individual Councils have to manage. These risks include the impact of reductions in the Business Rates income. This is a significant issue for Hartlepool as 30% 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 £1.8m and then only for the shortfall above this limit.

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 cost of a major event such as a flood which would require an immediate response and then subsequent repairs to roads and other facilities, or an increase in child protection caseloads.

Has the Council changed the Local Council Tax Support Scheme?

The Government cut the funding for Local Council Tax Support Schemes in 2013/14 and requires Councils to protect pensioners on low income from this change on an ongoing basis. As a result the whole of the funding cut falls on working age households, including many people in low-paid jobs, which meant these households' faced a 20% cut in Council Tax support.

The Council has considered this issue carefully for 2015/16 and determined to limit the cut in support to 12% for working age households. This position is unlikely to be sustainable in future years.

SECTION A

Council 18th December 2014 and Finance and Policy
Committee 24th November 2014 - Medium Term Financial
Strategy and Supporting Appendices

COUNCIL REPORT

18 December 2014



Report of: Finance and Policy Committee

Subject: MEDIUM TERM FINANCIAL STRATEGY 2015/2016
TO 2018/2019

1. PURPOSE OF REPORT

1.1 To present details of the proposed Medium Term Financial Strategy (MTFS) 2015/16 to 2018/19.

2. BACKGROUND

2.1 In accordance with the Constitution the Finance and Policy Committee is responsible for preparing the final MTFS proposals to be referred to Council, 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 2015/2016. These details were considered by the Finance and Policy Committee on 24th November 2014.

2.2 Following consideration of the recommendations proposed by the Finance and Policy Committee in relation to the Council's own 2015/16 Budget and Council Tax level further reports will be submitted to Council to complete the necessary statutory calculations as follows:

- Council 5th February 2015 – approve statutory budget and Council Tax calculations for 2015/16 for the Council reflecting the local decisions approved by Council on 18th December 2014 and the final 2015/16 Local Government Finance Settlement issued by the Government;
- Council 26th February 2015 – approve the overall Council Tax levels for 2015/16, incorporating the Fire and Police Authority precepts approved by Cleveland Fire Authority and the Police and Crime Commissioner respectively.

3. 2015/16 BUDGET AND COUNCIL TAX PROPOSALS REFERRED BY THE FINANCE AND POLICY COMMITTEE FOR CONSIDERATION BY COUNCIL

3.1 A copy of the Medium Term Financial Strategy 2015/16 to 2018/19 report considered by the Finance and Policy Committee on 24th November 2014 is

attached to this report as a separate booklet for Council's consideration. The MTFs report covers the following areas:

- Background
- Reserves Review and 2014/15 General Fund Forecast Outturn
- Local Council Tax Support Scheme 2014/15 Forecast Outturn
- 2015/16 General Fund Budget
- Potential Legislative Changes
- General Fund Budget 2016/17 to 2018/19
- Capital Programme 2015/16
- Public Health Funding
- Robustness of Budget Forecasts – Chief Finance Officer's Professional Advice
- Consultation Feedback
- Equality Impact Assessments
- Conclusion and Recommendations

3.2 The Chief Finance Officer specifically highlighted the following issues when the MTFs report was considered by the Finance and Policy Committee and this advice is equally relevant to Council when considering the budget:

- Robustness of Budget Forecasts – Chief Finance Officer's Professional Advice

As detailed in section 11 of the MTFs report the Local Government Act 2003 introduced a new requirement on an Authority's Chief Finance Officer (CFO) to advise Members on the robustness of the budget forecasts and adequacy of the proposed level of reserves. The CFO advised Members that in his professional opinion the budget proposals for 2015/16 are robust and this advice is based on a range of factors being in place as detailed in paragraphs 11.3 and 11.4 of the MTFs report.

- Arrangements for managing any final variation to the actual 2015/16 Core Grant allocation and / or final Collection Fund balance.

As detailed in the report it is not anticipated that there will be any significant changes (i.e. plus/minus £100,000) in the provisional figures detailed in the MTFs. Therefore, as detailed in paragraph 15.15 it is recommended that any changes in these factors is managed by a corresponding increase/decrease in the use of the Budget Support Fund. Details of any necessary changes will be reported within the Council Tax setting report to be considered by Council on 5th February 2015.

- 3.3 The Finance and Policy Committee approved the following changes to the recommendations detailed in the MTFS report:

Initial MTFS report recommendation	Proposal approved by Finance and Policy Committee
<u>Recommendation 15.3</u> To allocate one-off funding from the 2014/15 outturn to provide 2015/16 Ward Member budgets of £3,000 per Councillor.	<u>Revised Recommendation 15.3</u> To allocate one-off funding from the 2014/15 outturn to provide 2015/16 Ward Member budgets of £4,000 per Councillor (noting that the additional cost will be funded from the forecast uncommitted outturn of £85,000).
<u>Recommendation 15.14</u> Determine whether the permanent saving of £30,000 on the Coroners Service should be allocated to continue free summer swims on a permanent basis.	<u>Recommendation 15.14</u> Approved the allocation of the permanent saving of £30,000 on the Coroners Service be allocated to continue free summer swims on a permanent basis.

4. Morrison Hall Update

- 4.1 On the 5th December 2013 the Council considered a report on the proposed refurbishment of Morrison Hall by the NDC Trust. The report advised Members that the estimated refurbishment cost of the scheme was £850,000 and grant funding of £400,000 had been secured by the NDC Trust. Councils were not eligible to bid for this specific funding stream.
- 4.2 Council considered the business case prepared by the NDC Trust and approved the request for a loan of £450,000, which would be repaid over a 40 year term. Members were advised that the Chief Finance Officer had examined the business case and the underpinning financial planning assumptions for this development which demonstrated a small annual surplus.
- 4.3 Council approved the proposal to provide a loan and delegated authority to the Chief Finance Officer and Chief Solicitor to action the necessary financial and legal documents, including the following guarantees to protect the Council's financial position:
- The loan agreement will be subject to a first charge against the property.
 - Loan advances will be paid by instalments after the completion and valuation of the grant funded works. This will reduce financial risk to the Council as significant refurbishment works will be completed before the loan is drawn down;
 - The annual contributions to the Major Repairs Fund will be paid over to the Council to oversee the fund. This arrangement gives assurance that

the value of the property is protected, as it will be used as security in the event of a loan default.

- 4.4 At this stage no Council funding has been drawn down as the legal agreement has not been signed by the Council, as discussions are still ongoing to finalise the loan agreement.
- 4.5 As part of these discussions the Chief Finance Officer was advised on 26th November 2014 that significant structural works have been completed and this works removes a significant element of financial risk owing to the nature of the works completed. However, these works have cost more than anticipated and there is therefore not sufficient funding available to complete this scheme. The Trust has tried to secure additional grant funding to cover the increased costs. This has been unsuccessful and owing to the timescale for spending the existing grant funding an alternative funding source is required for the additional costs. The Council has therefore been approached (via the meeting with the Chief Finance Officer) to provide additional funding of £160,000, which would increase the loan from £450,000 to £610,000.
- 4.6 The Chief Finance Officer has reassessed the business case and can confirm that an increased loan of £610,000 is affordable, although the loan term will need to increase from 40 years to 50 years. On this basis the Chief Finance Officer can advise Council that the request for a higher loan over a longer repayment period can be supported. In addition, as indicated in the original report to Council, in the event of the Trust defaulting on the loan the property will transfer to the Council and the annual loan repayments will be paid from the continuing rental income.
- 4.7 It is anticipated that as the schemes becomes fully established it may be possible to repay the loan over the original term of 40 years, although this should not be relied upon at this stage.
- 4.8 As Members are aware this building has been vacant and unused since 2005 and identified by the Abandoned Properties and Derelict Land Group as key property for redevelopment. The proposed developed aims to bring this property back into use and provide low cost rented housing. As indicated in the previous paragraphs significant progress has been made. However, additional funding is required to complete this project and the Council has been asked to increase the loan for this project.
- 4.9 The NDC Trust has requested that the loan agreement with the Council is taken out with Hartlepool Revival Limited, which is a subsidiary of the NDC Trust. The Chief Finance Officer and Chief Solicitor can confirm that this request can be approved as the contract with Hartlepool Revival Limited will provide the same safeguards for the Council.
- 4.10 In addition, to the regeneration and social benefits of completing this scheme, the Council will also benefit from increased Council Tax and New

Homes Bonus. The annual Council Tax benefit will be in the order of £6,000 and New Homes Bonus income will be £42,000 over 6 years.

5. PROPOSALS

- 5.1 Details of the proposals approved by the Finance and Policy Committee and referred to Council are provided in section 15 of the MTFS report which is included in the separate booklet issued with the agenda papers. 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.
- 5.2 An additional proposal is included at paragraph 15.35 in relation to Morrison Hall.

Extract from Finance and Policy Committee Report

(Recommendations 15.3 and 15.14 have been updated to reflect the issues detailed in paragraph 3.3 of this report).

15.2 General Fund 2014/15 Final Outturn (including impact of Reserves Review)

- 15.3 Approve the updated forecast outturn position detailed in Appendix A (including the outcome of the Reserves Review detailed in Appendix B) and the reserves recommended in table 4 to Appendix A, including:
- the proposal from the Trade Unions to allocate the saving from the day of industrial action of £40,000 to support the apprenticeship scheme; and
 - one-off funding to provide 2015/16 Ward Member budget of £4,000 per Councillor.
- 15.4 To note that after reflecting the above proposal the uncommitted forecast 2014/15 General Fund outturn is between £1.457m to £1.542m and to approve that
- the lower forecast of £1.457m is allocated to supplement the existing Budget Support Fund available to support the MTFS. Proposals for using the Budget Support Fund are detailed in the recommendation at paragraph 15.23;
 - the additional forecast uncommitted forecast outturn of £52,000 (i.e. £1.542m less £1.457m less £33,000 to reflect increase in Ward Member budgets from £3,000 to £4,000) is not committed until the final outturn is known.

15.5 Local Council Tax Support Scheme 2014/15 Forecast Outturn.

15.6 To note the detailed Local Council Tax Support (LCTS) scheme report to be referred to Council on 18th December 2014 will recommend that the 2014/15 underspend of £0.328m is allocated to supplement the LCTS Reserve, which will enable a lower reduction in LCTS support to be achieved in 2017/18.

15.7 2015/16 General Fund Budget

15.8 Approve the implementation of the following corporate savings:

- Additional ICT contract saving - £0.150m
- Terms and Conditions Review - £0.200m
- Centralised estimates saving - £0.270m

15.9 Note the risk in achieving the Terms and Conditions savings from 1st April 2015 and consequential impact on funding available to implement the increase in the Hartlepool Living Wage;

15.10 Approve the following package of measures to fund the 2015/16 budget deficit, which includes the corporate savings recommended in paragraph 15.8 and a contribution from the Budget Support Fund:

	£'000	Percentage
Departmental Budget Savings	5,406	73%
Use of the Budget Support Fund	1,116	15%
Corporate Budget Savings	620	8%
Use of one off resources to defer proposed savings in relation to Lifeguards, School Crossing Patrols and Advice and Guidance services	305	4%
	7,447	100%

15.11 Approve the Departmental savings options detailed in Appendix C.1 to C.7 and summarised below:

	£'000	Percentage of 2014/15 budget
Chief Executive's Department (1)	515	13%
Child and Adult Service - Use of grants (2)	1,700	4%
Child and Adult Services – Budget reductions	1,164	3%
Regeneration and Neighbourhoods (3)	1,860	8%
Public Health (General Fund budgets)	167	14%
Total Department budgets	5,406	

- 15.12 Note the information provided in paragraph 6.6 in relation to the impact of either accepting the Council Tax freeze grant, or increasing Council Tax by 1.9%;
- 15.13 Approve a 2015/16 Council Tax freeze for Council services;
- 15.14 Approve the allocation of the permanent saving of £30,000 on the Coroners Service to continue free summer swims on a permanent basis;
- 15.15 Approve the proposal that any final variation to the actual 2015/16 Core Grant allocation and / or final Collection Fund balance is managed by a corresponding increase/decrease in the use of the Budget Support Fund in 2015/16 and to note details of any necessary change will be reported within the Council Tax setting report.
- 15.16 **Potential Legislative/funding changes**
- 15.17 Note the potential legislative changes detailed in section 7 in relation to the Care Act and the Independent Living Fund, which it is anticipated will be budget neutral for 2015/16 and note further details will be reported when known.
- 15.18 Note the potential changes detailed in section 7 in relation to Local Welfare Support, which may require the Council to review the previous local decisions regarding funding for this service for the period 2014/15 to 2016/17 and note further details will be reported when known.
- 15.19 Note the potential for additional Local Council Tax Support scheme new burdens funding continuing in 2015/16 detailed in section 7. The Council received £110,000 for 2014/15.
- 15.20 Note the additional grant cut in relation to the Carbon Reduction Commitment funding detailed in section 7 and this amount has been reflected in the updated MTFS forecasts for 2015/16.
- 15.21 **General Fund 2016/17 to 2018/19**
- 15.22 Approve indicative annual Council Tax increases for Council Services for the period 2016/17 to 2018/19 of 1.9% and to note that the actual level of Council Tax will be considered on an annual basis to reflect the Council Tax referendum regime and Council Tax freeze arrangements applying at the time.

- 15.23 Approve the phased use of the increased Budget Support Fund as follows (original phasing included for information):

Forecast use of Budget Support Fund

	Original Phasing £'000	Latest Recommended Phasing £'000
2015/16	1,626	1,116
2016/17	1,648	2,700
2017/18	0	915
2018/19	0	0
Total	3,274	4,731

- 15.24 Note the revised forecast deficits after reflecting the revised phasing of the Budget Support Fund as follows (original forecasts included for information):

Forecast Annual Budget Deficits

	Original Forecast £'000	Revised Forecast £'000
2016/17	7,600	5,100
2017/18	6,018	5,190
2018/19	3,890	4,518
Total	17,508	14,808

15.25 Capital Programme 2015/16

- 15.26 Approve the use of Prudential Borrowing for the purchase of 7 bungalows, as detailed in paragraph 9.5, subject to the Homes and Communities Agency grant being secured towards the cost of this scheme.

- 15.27 Approve the capital budget for the replacement of the depot, which will enable CCAD to relocate to this site, of between £3.065m to £3.75m (noting that the higher figure includes a contingency which it is recommended is included owing to the complexities and short time scale for designing and preparing the cost estimates for this scheme. Officers will work to limit costs to the lower figure) and the following funding:

- £1.065m contribution from 2014/15 Regeneration and Neighbourhood Services General Fund outturn;
- Prudential Borrowing £2m #
- Prudential Borrowing £0.685m. This amount will only be used if the scheme costs £3.75m##

The repayment costs will be funded from a combination of efficiency/operational savings arising from relocating the depot and

increased income generated from new opportunities, which cannot currently be delivered from the existing depot. Therefore, there will be no cost to the General Fund budget in 2015/16.

Allocating the revenue savings/increased income will mean that this amount is not available towards achieving the Regeneration and Neighbourhood Services revenue savings in 2016/17, which will mean that more difficult savings will need to be implemented in 2016/17. Proposals to potentially mitigate this impact are detailed in recommendation 15.28.

The part year loan repayment costs in 2015/16 will be approximately £14,000 and can be funded from the existing capital financing budget. The full year costs in 2016/17 will be approximately £50,000 and this will be a budget pressure in 2016/17.

- 15.28 Approve the proposal that any one-off resources released or any additional capital receipts (i.e. in excess of the existing target) which can be achieved over the next few years are considered to be used to reduce the borrowing required to fund the depot relocation. This would be the subject of consideration as part of the following years (i.e. 2016/17) Medium Term Financial Strategy report. These proposals will then enable the revenue savings allocated to fund loan repayment costs to be taken in future years as part of the Regeneration and Neighbourhoods savings plan.
- 15.29 Approve the use of Prudential Borrowing for the replacement of Operational Equipment as detailed in Appendix E, table 3 and note the annual repayment costs are already included within existing operational and trading accounts budgets.
- 15.30 **Power Station Business Rates**
- 15.31 Approve the proposal that as soon as the outcome of the current application by the Power Station for a reduction in Business Rates is known to seek a meeting with the Local Government Minister to again highlight the financial impact of the Power Station and to request that this exceptional and volatile risk is excluded from the standard safety net arrangements.
- 15.32 **Robustness of Budget Forecasts**
- 15.33 Note the detailed advice provided by the Chief Finance Officer and Corporate Management Team in section 11.
- 15.34 Approve an increase in the temporary Prudential Borrowing pending the achievement of planned capital receipts from £1.128m to £1.221m for 2014/15, and note that it is anticipated this amount will be repaid early in 2015/16 when capital receipts are forecast to be achieved.

15.35 Morrison Hall

15.36 Approve the request from Hartlepool Revival Limited to increase the loan for the redevelopment of Morrison Hall to £610,000 to be repaid over a maximum period of 50 years.

15.37 To note that in accordance with the original loan approved by Council on 5th December 2013 the Council's financial position will be protected by the following contractual conditions:

- The loan agreement will be subject to a first charge against the property.
- Loan advances will be paid by instalments after the completion and valuation of the grant funded works. This will reduce financial risk to the Council as significant refurbishment works will be completed before the loan is drawn down;
- The annual contributions to the Major Repairs Fund will be paid over to the Council to oversee the fund. This arrangement gives assurance that the value of the property is protected, as it will be used as security in the event of a loan default.

7. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

24 November 2014



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2015/16 TO 2018/19

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework Decision.

2. PURPOSE OF THE REPORT

2.1 The purposes of the report are to:-

- i) Update the MTFS; and
- ii) Enable Members to finalise the detailed 2015/16 budget proposals, including the proposed Council Tax level (excluding Police and Fire precepts) to be referred to Council on 18th December 2014.

3. BACKGROUND

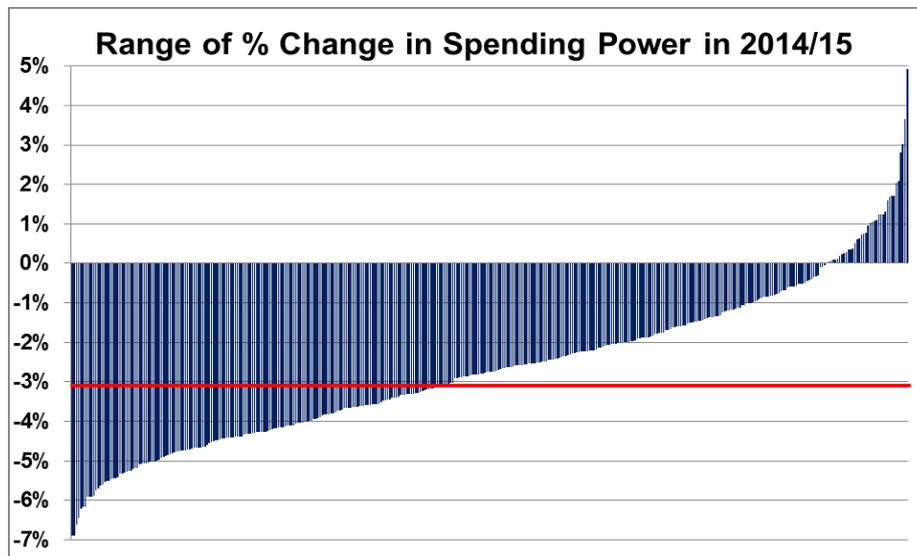
3.1 The budget timetable for 2015/16 was approved by this Committee on 30th June 2014 and Council on 3rd July 2014. In accordance with the approved budget timetable this is the final budget report and enables the Committee to approve the final 2015/16 budget proposals to be referred to full Council on 18th December 2014. The report therefore provides a comprehensive analysis of the financial issues affecting the Council, including information previously reported to this Committee, to ensure all Members have the detailed information to support the budget recommendations.

3.2 As detailed in previous MTFS reports the Council faces an increasingly challenging financial position which is driven by four key issues:

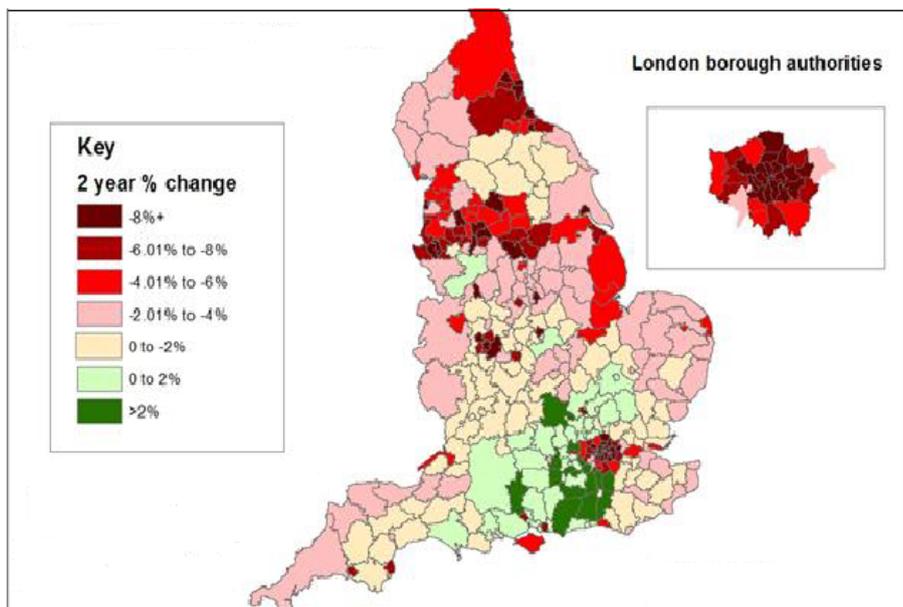
- Continuing significant Government grant cuts in 2015/16 and future years;
- The impact of financial risks transferred to Local Authorities from April 2013 arising from the implementation of the Business Rates Retention system and the transfer of responsibility for the Local Council Tax Support Scheme;

- The impact of demand led pressures – particularly in relation to Older People demographic pressures and increases in Looked After Children;
 - Continued restriction of Council Tax increases.
- 3.3 Whilst, these factors have applied in previous years and the position has been managed effectively by the Council over the period 2011/12 to 2014/15, it will become increasingly difficult as each year passes to manage these issues. In common with local authorities across the country the Council has managed the cuts to date extremely effectively and without a significant and visible adverse impact on front line services.
- 3.4 It will become significantly more difficult to balance future years' budgets. The Council's ability to manage the impact of significant Government grant cuts over the last four years is not a guarantee this position will continue as the local cuts implemented to date cannot be repeated. Therefore, the actions which will be required to balance the 2015/16 budget and future years' budgets will become significantly more difficult to achieve. Increasingly cuts will have a visible impact on the services the Council continues to provide and those services which will either need to be scaled back or stopped completely.
- 3.5 The Council is not in a unique position and a recent Local Government Association (LGA) report – *"Under pressure – How Councils are planning cuts"* highlights the financial challenges facing Councils in 2015/16. The report indicated:-
- There is no single reason why 2015/16 should be such a difficult year (although nationally the cut in Government support to local authorities will be the largest since 2012/13), but rather the squeeze is a result of an accumulation of funding reductions, expenditure pressures, which have been building over a number of years, and a series of other risks;
 - That cost pressures include care service reforms (deferred payment scheme, social care cost cap), additional public health duties, an ageing population, increasing costs of concessionary fares schemes, pressures on social housing services and inflation;
 - Councils face new financial risks, including business rate appeals, welfare reform (including the benefit cap and Universal Credit) and potential changes to interest rates.
- 3.6 Members will recognise these issues from previous MTFS reports and in particular the continued disproportionate impact of Government grant cuts on Councils (including Hartlepool) with the greatest dependency on Government funding and those suffering from higher levels of deprivation. This position is highlighted in the following charts. The first chart shows that only a few councils in 2014/15 saw their spending power reduce at the level of the national average of -3% (horizontal line), with some councils (mainly the wealthiest and least deprived councils) seeing increases in spending

power. The second chart shows the cumulative spending power changes for 2014/15 and 2015/16, which shows the continuation of the trend which commenced in 2011/12 i.e. disproportionate spending power cuts for areas with greatest dependency on grant funding, low Council Tax bases and higher levels of deprivation.



Changes in Spending Power 2014/15 and 2015/16



- 3.7 The level of Government funding received by the Council in 2015/16 will be approximately **£30.6m (39%)** less than it was in 2010/11. £8.2m of this grant cut is being implemented in 2015/16, which is the main reason for the budget deficit next year.
- 3.8 Further public spending cuts are anticipated after the General Election whichever party(s) form the next Government. Announcements made by the main political parties during the recent party conferences suggest that Health and Education will continue to be priorities, which will mean that higher cuts are required in other parts of the public sector, including Councils.
- 3.9 The impact of the previously announced grant cut in 2015/16 and further cuts in future years underlines the continued need for a robust local multi-year financial strategy to manage this position. The following sections and detailed recommendations are designed to provide a robust financial strategy for 2015/16 to 2018/19.

4. RESERVES REVIEW AND 2014/15 GENERAL FUND FORECAST OUTTURN

- 4.1 A comprehensive review of Reserves held at 31st March 2014 and the risks reserves are held for was reported to the Committee in September. This is an annual review undertaken by the Corporate Management Team which is recognised good practise and this issue was referred to in the External Auditor's (Mazars) Annual Audit Letter circulated to all Members in October 2014. The detailed review addressed five key areas recommended by the Audit Commission in their 2013 national report on Council reserves covering:
- i) How much is held in reserves;
 - ii) What are reserves held for, including information provided to Members;
 - iii) Does the Authority hold any contingency fund other than reserves to protect against unplanned costs;
 - iv) The relationship between reserves and Council Tax;
 - v) Unplanned movements on reserves.
- 4.2 The reserves review highlighted the key priorities and risks these monies are held to fund. This includes significant support for the budget over the next few years, support for the Local Council Tax Support scheme, funding for redundancy/early retirement costs over the period of the MTFS and the Power Station Business Rates risk. The review also identified a limited number of areas where risk has reduced and reserves of £1.870m can be released, as detailed in Appendix B.
- 4.3 At the meeting on 15th September 2014 Members approved proposals for using these resources, plus the previously forecast 2014/15 outturn to:
- enable a limited number of the 2015/16 proposed savings to be deferred - total one-off commitment of £0.455m;
 - to fund protection costs arising from the Terms and Conditions review – initial assessment £0.75m; and
 - Support for the MTFS – which is detailed in paragraphs 4.5 and 4.6.

- 4.4 The 2014/15 forecast outturn has been updated to reflect experience for the first six months of the financial year and the anticipated outturn position. The latest forecast outturn indicates that the Corporate Management Team continues to take robust management action to achieve budget under spends to address future financial challenges and one-off commitments, as detailed in Appendix A. Key proposals include earmarking one-off resources to partly fund potential depot relocation costs and the use of one-off resources in 2014/15 to offset the reduction in Business Rates received from the Power Station arising from the unplanned shut down. This issue is covered in more detail later in the report.
- 4.5 After reflecting one-off commitments the forecast uncommitted resources available from the reserves review and the 2014/15 outturn is between £1.457m and £1.542m (previous forecasts £0.975m to £1.090m). The range reflects seasonal and demand led factors.
- 4.6 For planning purposes it is recommended that the lower amount is used to update the MTFs forecasts for 2015/16 to 2018/19 and allocated to supplement the previously identified Budget Support Fund. Proposals for re-phasing the use of the revised Budget Support Fund are detailed later in this report and are designed to provide more manageable annual budget positions over the period of the MTFs.

5. LOCAL COUNCIL TAX SUPPORT (LCTS) SCHEME 2014/15 FORECAST OUTTURN

- 5.1 There is a separate report elsewhere on the agenda on the LCTS scheme which informs Members that the net cost of the scheme in 2014/15 is less than anticipated. This is owing to a reduction in claimant numbers from the level experienced in 2013/14, both working age households and pensioners. In addition, the level of Council Tax income generated from policy changes in relation to Council Tax exemptions and discounts implemented to partly fund the LCTS scheme is more favourable than anticipated.
- 5.2 The lower net cost in 2014/15 means that the Council resources (i.e. budget pressures and LCTS Reserve) allocated to partly offset the LCTS grant cut will not be needed in 2014/15. It is therefore, recommended that the uncommitted outturn of £0.328m is allocated to supplement the LCTS Reserve.
- 5.3 It is anticipated that the combination of lower forecast LCTS cost and increase in the LCTS Reserve should enable the 2016/17 LCTS cut to be maintained at 12% and the cuts for 2016/17 and 2017/18 LCTS limited to 20%. A 35% cut was previously forecast for 2017/18. This would provide a more robust 2017/18 LCTS scheme, both for individual households by reducing the Council Tax liability for the year and the Council by reducing the amount to be collected from low income working age households. This opportunity is dependent on continuing to adopt a multi-year approach to the LCTS scheme and enables the Council to support low income households

for as long and possible, whilst phasing increases in the amount of Council Tax to be paid over a number of years.

- 5.4 LCTS scheme proposals for future years will need to be updated to reflect changes in claimant numbers, particularly if the economic position deteriorates and future grant allocations.
- 5.5 The proposal to freeze Council Tax for 2015/16, the fifth successive year, supports households paying full Council Tax.

6. 2015/16 GENERAL FUND BUDGET

- 6.1 In January 2014 the Government provided a two year Local Government Finance Settlement. For Hartlepool the 2014/15 grant cut was 9.6% (£5.984m) and for 2015/16 is 14.6% (£8.213m).
- 6.2 After reflecting the 2015/16 grant cut, the impact of inflation and the planned use of the Budget Support Fund to partly mitigate cuts in services the net budget deficit forecast in June 2014 was £6.246m. A number of corporate savings, including proposed savings from a review of Terms and Conditions, were identified which reduced the forecast budget gap to £5.626m, as summarised below:

	2015/16 £'000
Budget Deficit reported to Council February 2014	6,246
<u>Corporate Savings</u>	
Additional ICT Contract Savings	(150)
Terms and Conditions Review	(200)
Centralised Estimates saving	(270)
	5,626

- 6.3 The Corporate Management Team identified initial options for achieving savings of £5.536m, which was £90,000 less than the revised 2015/16 budget deficit. The savings proposals were then considered in detail by individual Policy Committees over the summer.
- 6.4 Following the identification of one-off resources from the Reserves Review and the initial 2014/15 Outturn forecast Members determined to allocate part of these resources to defer the following savings proposals:

Items to be funded for a one year period

- Continuation of Advice and Guidance services of £0.11m. This will be funded by a £55,000 contribution from the 2014/15 'Local Council Tax Support scheme New Burdens Funding' and £55,000 from the 2014/15 outturn/reserves review.

Items to be funded for a two year period

- School Crossing Patrol saving of £120,000;
- Lifeguards savings £75,000 (maintains current service level).

6.5 The June MTFs report identified a number of planning assumptions which needed to be reviewed. Where these issues are not already covered elsewhere in this report, or have been reported separately (i.e. Reserves Review and Local Council Tax Support scheme reports), they are detailed in the following paragraphs.

6.6 **Council Tax 2015/16** - Members previously approved an indicative 2015/16 Council Tax freeze and recognised that a final decision would not be made until February 2015 after the Government issue details of the actual 2015/16 Council Tax freeze arrangements and referendum thresholds.

The final decision on the 2015/16 Council Tax level will need to consider:

- The impact on households;
- The additional income generated to support services from increasing Council Tax compared to accepting a Council Tax freeze grant - estimated at £0.2m based on the continuation of the 2014/15 arrangements;
- The sustainability of income from either accepting a Council Tax freeze grant, or increasing the level of Council Tax;

In terms of the sustainability of the Council Tax freeze grant the Department of Communities and Local Government wrote to Councils in January 2014 and stated – *“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”*.

- With regard to the sustainability of additional income generated from a Council Tax increase this is guaranteed as sustainable as the Council has permanently increased the level of Council Tax charged.

The implications of either approving a Council Tax freeze for 2015/16, or an increase below the referendum threshold, are summarised in the following table:

Comparison of Council Tax Freeze and 1.9% Council Tax increase

	Council Tax freeze	1.9% Council Tax increase
Impact on households	None	Increased annual Council Tax payments Band A increase - £17.97 (57% households) Band B increase - £20.97 (17% households)
Additional income available to support services	£0.4m	£0.6m
Sustainability of income	Not guaranteed. However, the Government has stated " <i>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</i> ".	Guaranteed as Council Tax level is permanently increased.

The forecasts in this report are based on Members confirming a Council Tax freeze for 2015/16.

6.7 Corporate income - Council Tax Base and New Homes Bonus – the previous MTFs forecast did not include any additional income arising from an increase in the Council Tax Base and additional New Homes Bonus (NHB). This position reflected the prudent approach adopted in previous years which reviewed these factors annually towards the end of the budget process. As Councils now benefit from any increase in the local Council Tax base an earlier multi-year assessment has been adopted for the current MTFs. Councils also benefit from the NHB which is paid for 6 years and is funded by top slicing the national Local Government funding allocation. NHB is therefore not additional funding and the Council has allocated this funding to partly offset cuts in core grants. In 2014/15 the Council will receive £1.3m of NHB, compared to a core grant cut since 2010/11 of £22m. The Government has not yet determined what will happen in 2017/18 after the initial 6 year period has expired for the year 1 NHB allocation. As a minimum it will be essential that this funding stream continues, although it would be preferable if the NHB regime was abolished and the funding allocated to reflect spending need of individual authorities.

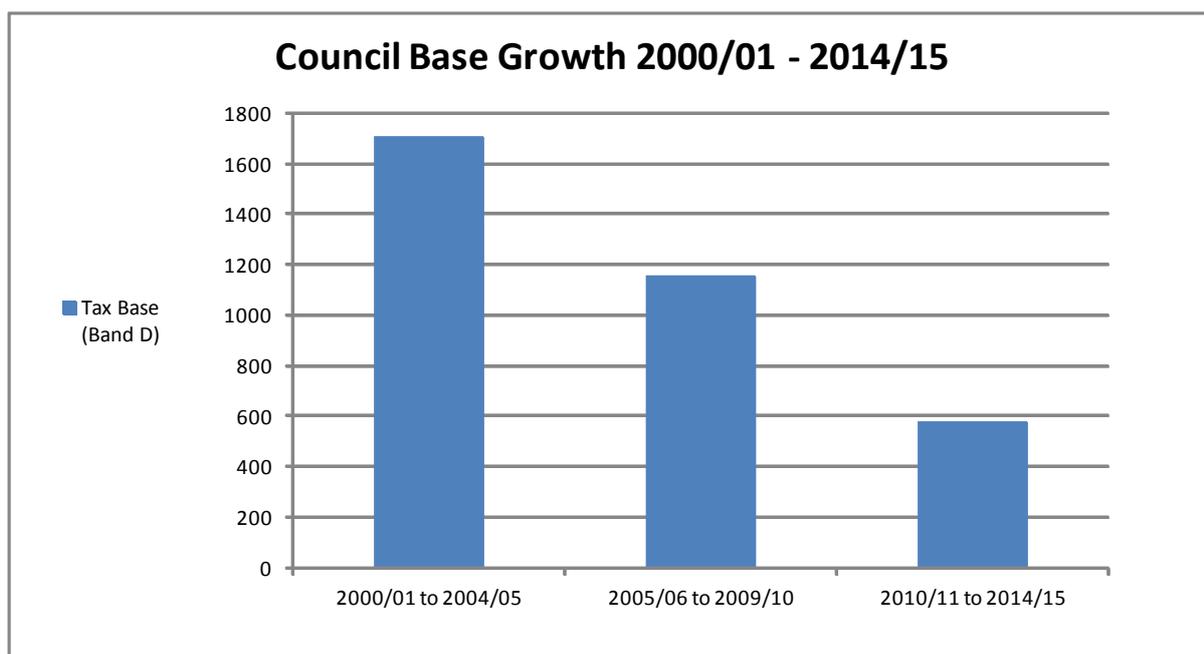
6.8 Significant work has been completed to provide a robust forecast based on an assessment historic trends and growth projections. The following tables detail historic growth in the Council Tax Base over the period 2000/01 to 2014/15:

Overview of changes in make-up of Council Tax Base 2000/01 to 2014/15

	2000/01	2014/15
Band A to D	93%	89%
Band E to H	7%	11%
Total	100%	100%

Key changes in Council Tax Base between 2000/01 and 2014/15

	Band D Properties
Growth Tax Base 2000/01 To 2014/15	3,441
Average Annual Growth 2000/01 To 2014/15	229
Average Annual Growth 2010/11 To 2014/15	116
Highest Annual Growth 2001/02	680
Lowest Annual Growth 2008/09	9



6.9 Potential growth over the next few years has been assessed on the basis of historic trends and more importantly future potential house building information. For planning purposes it is recommended that for the period 2015/16 to 2018/19 annual growth in the Council Tax Base of 250 Band D equivalent figures is appropriate. This forecast is slightly higher than the long term average of 229. These forecasts will need to be monitored closely and updated annually as part of the MTFs. On the basis of this growth being achieved additional ongoing Council Tax income and New Homes Bonus of £2.7m is forecast by 2018/19. The breakdown of this income

between increasing Council Tax and New Homes Bonus will depend on the phasing of housing completions (as different dates are used for assessing growth for Council Tax and NHB purposes) and the Council Tax band individual houses fall in.

- 6.10 The achievement of the above income will significantly reduce the previously forecast budget deficits. The impact on individual financial years is detailed later in the report, alongside the impact of other budget changes, including proposals to re-phase the planned use of the Budget Support Fund to provide a more manageable financial position each year.
- 6.11 **Corporate Income - Business Rates** - previous MTFS reported highlighted the significant uncertainties in relation to the Business Rates Retention system changes implemented from 1st April 2013. The major areas of uncertainty include the arrangements for the first year's national close down for 2013/14, as the Government would not receive information from all Councils until autumn 2014, and confirmation of final regulations regarding key aspects of the new system. In relation to this second point we have maintained regular contact with Department for Communities and Local Government (DCLG) officials and at one stage they asked if we could email our understanding of how specific elements of the system should work.

The position is becoming clearer and an updated assessment of the local Business Rates income has recently been completed. The starting point for this review is the budgeted level of business rates for 2014/15, which was based on the assessment provided by the DCLG as part of the two year financial settlement covering 2013/14 and 2014/15. This figure was used when the 2014/15 budget was set as it was the most robust estimate at the time. This figure made an allowance for the forecast impact of successful Rateable Value appeals. If this reduction had not been made the Council would have had to make the adjustment locally, to avoid an unbudgeted cost when appeals are successful.

The second stage of this review is to assess the estimated cash outturn for 2014/15 based on the value of Business Rates billed for the year, which is estimated to be £950,000 higher than the budget level.

The third stage is to assess the forecast reductions in the cash outturn to reflect the impact of the temporary reductions in Business Rates for the Power Station and any other changes which occur before the year end. Based on the most recent information a total reduction for 2014/15 Power Station Business Rates of between £840,000 and £900,000 is forecast (i.e. two months 100% reduction of £300,000 per month, plus four months with reductions of between 20% and 25%, which equates to £60,000 to £75,000 per month).

After reflecting the above factors it is anticipated that there will be a one-off Business Rates Benefit of £50,000 to £110,000 for 2014/15. Assuming the above forecasts materialise this amount will feed through in 2016/17, the timing delay reflects detailed Collection Fund and accounting arrangements.

As this amount is not certain it is recommended that this position is reviewed as part of the 2016/17 budget, before this potential funding is committed.

The financial risk of temporary Power Station closures has previously been recognised and a specific risk reserve set aside of £1.9m. However, it had been hoped that this reserve would not be called upon within the first 20 months of the Business Retention scheme. Avoiding a call on this reserve in the current year will maintain the existing risk reserve and help manage this risk over the period 2015/16 to 2018/19 when the Council already faces having to make significant budget cuts and will have significantly less ability to manage further in-year reductions in this income. Further detail on this risk is provided in paragraph 11.3 (iv).

The Valuation Office has indicated that a decision on the current Power Station application for a reduction in business rates will be made after Christmas. As soon as this decision is made it is recommended that a meeting is requested with the Local Government Minister to again highlight the financial impact of the Power Station and to request that this exceptional volatility risk is excluded from the standard safety net arrangements.

In relation to the ongoing impact of the of the 2014/15 billed Business Rate income exceeding the 2014/15 DCLG figure by £950,000 part of this amount i.e. £498,000 has already been built into the previously reported forecasts for 2015/16. With regard to the remaining £452,000 this amount cannot be relied upon for the 2015/16 budget and needs to be set aside to offset reductions in Business Rates income arising from successful Rateable Value appeals, as there is no other provision to meet these ongoing income reductions. In the event that the whole of this amount is not needed to fund the cost of appeals any uncommitted resources can be allocated to offset 2015/16 reductions in Business Rates paid by the Power Station arising from operating at 75% to 80% capacity. This will reduce the call on Power Station Risk Reserves in 2015/16 and therefore help manage this ongoing risk in future years.

Corporate Income – Council Tax Collection Fund - an initial assessment of the 2014/15 outturn has been completed, which is two months earlier than in previous years to fit in with the revised budget timetable. This indicates that a one-off 2014/15 surplus of £0.191m, which is £0.091m more than forecast 10 months ago and is available to support the 2015/16 budget. This position reflects a lower cost of the Local Council Tax Support (LCTS) scheme, in-year additions to the Council Tax base as a result of housing completions and increased income from the local exemptions/discounts policy (implemented to partly fund the LCTS scheme). Where these trends will continue they are reflected in the forecast Tax Base for 2015/16 detailed later in the report.

- 6.12 **Expansion of Town costs** – linked to the forecast house building growth the Council will at some stage need to consider ‘expansion of the town’ costs in relation to existing services. This will be dependent on the nature and speed of housing development. In many instances the additional need will be able to be absorbed within existing services/budgets. However, there will

be threshold levels for each service which when triggered will mean additional budget provision is required. In the period up to 2017/18 this is unlikely to be a significant issue and the position will need to be reviewed carefully on an annual basis as part of the budget process.

- 6.13 **Ward Member Budgets** – one off funding is provided within the recommended 2014/15 outturn to provide Ward Member budgets of £3,000 per Member for 2015/16. This funding proposal is designed to provide a longer lead time to develop an alternative funding strategy for continuing Ward Members budgets beyond 2015/16 without there being a General Fund budget pressure, or call on the outturn position.
- 6.14 **Update of planning assumptions** – the initial planning assumptions reported in June 2014 have been updated to reflect a number of minor changes. In overall terms these changes are neutral. The budget pressures include the unfunded budget deficit reported in June, the impact of the forecast additional grant cut for 2015/16 arising from the removal of the Carbon Reduction commitment funding and the repayment costs of maintaining a Council Capital Fund for 2015/16. The budget reductions include the planned achievement of the gross Regeneration and Neighbourhood Services savings. The June MTFs excluded planned savings in this area of £0.26m as further work needed to be completed to ensure these savings could be relied upon.
- 6.15 The updated forecast also includes the saving arising from revised arrangements for the Coroner service. This saving provides the opportunity to enable Members to consider permanent funding for free summer swims for children during the summer holidays.
- 6.16 **Updated General Fund 2015/16** – After reflecting the factors detailed in the previous paragraphs the net budget deficit arising from the further significant cut in Government grant can be bridged from a combination of factors as summarised below. The table shows how the use of one of resources and the achievement of corporate savings reduces the impact on Departmental budgets and services, which underlines the benefits of the continued multi-year approach:

Summary of 2015/16 Savings and Resources to bridge budget deficit

	£'000	Percentage
Departmental Budget Savings	5,406	73%
Use of the Budget Support Fund #	1,116	15%
Corporate Budget Savings	620	8%
Use of one off resources to defer proposed savings in relation to Lifeguards, School Crossing Patrols and Advice and Guidance services	305	4%
	7,447	100%

reflects phasing recommended in paragraph 8.11.

6.17 Details of the Departmental Budget savings for 2015/16 are provided in Appendix C1 to C7 and are summarised below. These reports have been updated to reflect feedback from the individual Policy Committees.

Summary of 2015/16 proposed Savings

	£'000	Percentage of 2014/15 budget
Chief Executive's Department (1)	515	13%
Child and Adult Service - Use of grants (2)	1,700	4%
Child and Adult Services – Budget reductions	1,164	3%
Regeneration and Neighbourhoods (3)	1,860	8%
Public Health (General Fund budgets)	167	14%
Total Department budgets	5,406	

1. The Chief Executive's Department will need to identify additional savings to offset the impact of the forecast 2015/16 Housing Benefit Administration Grant, currently forecast to be up to £0.1m.
2. The flexible use of grant regimes for Child and Adult Services is designed to partly mitigate the impact on services arising from the core grant cut. The proposals include achieving efficiencies through utilising grant funding, such as the Better Care Fund to integrate and protect services and reduce demand through early intervention where this is possible and in line with grant conditions.
3. The Regeneration and Neighbourhoods Department has identified gross saving of £2.050m of which £0.190m is allocated to offset departmental budget pressures and £1.860m allocated towards the overall budget deficit. The net saving of £1.860m excludes the proposed reductions to the Lifeguard Service and School Crossing Patrols which will be funded from one off resources for two years. Also excluded is the Advice and Guidance service reduction which will be funded for one year from one-off resources.

6.18 **Risk Assessment of recommended 2015/16 savings**

6.19 **Corporate savings** - There is no risk in relation to the Corporate ICT saving as work has been completed to manage out the contingency provision and the inflation indexation for September 2015 is low risk. Similarly the additional saving in interest rates is considered to be low risk owing to the outlook in relation to interest rates. There is a potential risk in achieving the Terms and Conditions saving from the 1st April 2015 as negotiations are still ongoing with the Trade Unions. If these changes are not agreed there will be a budget shortfall for 2015/16 and the Council will not be able to implement the Living Wage increase, which is funded from the Terms and Conditions saving.

6.20 **Departmental savings** – The detailed savings reports include a risk assessment section detailing financial and non financial risks of achieving the proposed savings. A corporate financial assessment of the sustainability of the proposed savings will be completed based on analysing savings between pay, non-pay and income budgets. Action taken during the current year to achieve 2015/16 savings early where this is possible has achieved savings of approximately £0.95m, which equates to 25% of the 2015/16 Departmental savings target (excluding the use of grant regimes). This amount is reflected in the 2014/15 forecast outturn.

6.21 **Staffing impact of proposed saving**

6.22 As reported previously a ‘continuous ER/VR’ process commenced earlier in the year to help manage the budget position and to maximise the opportunity for retraining and redeploying staff where service need allows. This will not avoid the need for compulsory redundancies, although it does reduce the numbers.

6.23 The following table provides a breakdown of the forecast staffing implications of the recommended savings and reflects the current position but does not take into account the potential and likely impact of the redeployment arrangements which generally have a positive effect on the number of compulsory redundancies reported at this stage of the budget process.

	Number of posts
Deletion of vacant posts	13
Voluntary Redundancies/Retirements	22
Forecast Compulsory Redundancies	12 to 17

6.24 Functional structures are provided at Appendix D.

7. POTENTIAL LEGISLATIVE/FUNDING CHANGES

7.1 The Government made a number of announcements over the last few months regarding proposed legislative/funding changes which may impact in 2015/16. It is anticipated final details will be confirmed in the Local Government Finance Settlement announcement in December 2014. These issues are detailed in the following paragraphs, together with an assessment of the financial impact on the 2015/16 budget where this can be determined on the basis of available information.

7.2 **Care Act** – Nationally funding of £470 million will be provided for implementing the Care Act in 2015/16. This will be paid through a combination of a new burdens grant within the Better Care Fund and separate specific grants. Actual funding allocations will be provided in early December, either as part of the Local Government 2015/16 Funding Settlement, or separate grant announcements.

The Government has consulted on the basis for allocating ‘new burdens’ funding (i.e. the non Better Care Fund proposed allocations) to Councils in 2015/16 towards the additional costs arising from the Care Act. The first element provides funding “for the additional assessments, including the costs of capacity building and local awareness-raising”. The second element relates to the costs of implementing a Universal Deferred Payment Scheme for care costs.

Figures issued by the Government as part of the summer consultation arrangements provided a revised indicative allocation for Hartlepool of between £0.458m and £0.470m, compared to an indicative allocation of £0.595m provided in February 2014. National comparisons are summarised below, which shows a small national reduction in funding, but a significant potential redistribution to shire county councils, with all other areas losing out. The position for North East Councils compared to the English Unitary average changes is also detailed.

Summary of proposed funding allocations

	Increase/(decrease) from Feb. 2014 provision allocation – Option 1	Increase/(decrease) from Feb. 2014 provision allocation – Option 2
Hartlepool	(21%) (£125k)	(23%) (£137k)
North East Councils	(18%) (£2.9m)	(20%) (£3.2m)
National figures		
English Unitary	(0.1%) (£0.1m)	(0.4%) (£0.3m)
London Boroughs	(29%) (£12.8m)	(28%) (£12.3m)
Met Districts	(19%) (£13.0m)	(21%) (£14.5m)
Shire County	23% £24.4m	24% £25.6m
Total	(0.5%) (£1.5m)	(0.5%) (£1.5m)

Further national information was issued in late October by the Government which builds upon the consultation stage impact assessment and takes account of evidence gathered through public consultation, additional financial modelling and evidence on uptake of disability and other social security benefits. As a result of this work the Government has revised the cost estimates for the Care Act in 2015/16 and key proposed changes are as follows:

- Revised the costs relating to new carers’ rights in 2015/16 to £104.6m (an increase of £35.2m), with consequent increases in subsequent years;
- Removed the previously assumed savings arising from legal reform in 2015/16, increasing overall costs by £13.6m;
- Reduced costs related to deferred payment agreements in 2015/16 to £83.5m (a decrease of £25m), reflecting an updated assessment of take up; and
- Reduced costs relating to self funder assessments in 2015/16 to £116m (a decrease of £29m).

Clearly, this is an extremely complex area and the service and financial impacts will need to be fully assessed once actual 2015/16 funding allocations are known. For 2015/16 planning purposes it is currently anticipated the changes will be budget neutral. The position in 2016/17 and future years will need to be assessed when funding allocations for these years are known. This will include assessing the impact of the base line funding for 2015/16 potentially being mainstreamed, which is a potential risk for Hartlepool.

The funding in relation to a Universal Deferred Payment scheme will need to be considered in the context of the impact on the annual departmental budget from any increase in deferred payments. This includes the increased risk that deferred payments are not fully recovered at a future date when an individual's property is sold. The corporate impact on cash flows will also need to be assessed as there will be an unbudgeted interest cost arising from increased deferred payments.

Further details will be reported as soon as more information is available and the local impact has been assessed.

- 7.3 **Independent Living Fund** - From 1st July 2015 the Government is transferring responsibility for care and support needs relating to the Independent Living Fund (ILF) to local authorities. The ILF delivers financial support to disabled people so they can choose to live in their communities rather than residential care. It is currently a directly funded Government scheme which provides funding directly to disabled people.

Hartlepool ILF payments currently total £0.67m per annum (net of any individual contributions). From 1st July 2015 the DCLG will allocate this funding to individual Councils as a section 31 non-ring fenced grant (pro-rata for 9 months of the year). No additional funding will be received for administrative costs and a 5% 'attrition' reduction will be deducted to reflect the national average annual reduction in users.

The Government has not provided guidance on how the ILF will be funded in 2016/17. It would be preferable if this funding continued as a separate grant allocation as this would provide ongoing transparency for this new responsibility. There is a risk this funding may be mainstreamed and included in the Core Revenue Grant from 2016/17, which would lead to a funding reduction and local budget pressures.

The service and financial implications of this transfer are still being assessed and will be reported to Members once they have been fully determined and further information has been received from the Government on future years funding. For planning purposes it is assumed the change will be cost neutral in 2015/16, although this may not be the case in future years.

- 7.4 **Local Welfare Support** – following settlement of a judicial review of the Local Welfare Support arrangements the Department for Communities and Local Government wrote to Councils on 30th September stating that they are reconsidering how Local Welfare provision should be funded in 2015/16.

The judicial review considered the impact of the Government's decision to transfer responsibility for Local Welfare Support to Council from 1st April 2013 and subsequent decision to withdraw funding after 2014/15.

In response to the Government's withdrawal of this funding the Council approved a three year funding strategy covering the period 2014/15 to 2016/17 using the available Local Welfare Support funding (i.e. 2013/14 uncommitted outturn and 2014/15 grant allocation). This strategy was designed to continue local support for 3 years at the same level as 2013/14.

The Government has indicated final proposals for funding Local Welfare provision will be included December 2015 Local Government Finance Settlement. If this funding is reinstated it is anticipated this will be funded from within the overall Local Government funding allocation. Therefore, at best this position will be funding neutral. However, there is a risk that these proposals have a negative funding impact as the local top slice of the Core Revenue grant may exceed the amount of funding allocated for Local Welfare Support. This position and the previously approved local strategy will need to be reviewed when more information is available and details reported to Members.

7.5 Local Council Tax Support (LCTS) and New Burdens Funding – it is anticipated that the December 2015 Local Government Funding Settlement will address whether the new burdens funding provided in 2014/15 will continue, or whether this was a one-off grant. The funding in 2014/15 was provided to address the significant workload impact of collecting Council Tax from an increased number of households as a result of LCTS changes.

7.6 Carbon Reduction Commitment funding – the Local Government Finance Settlement consultation issued in the summer proposes removing this funding from the initial 2015/16 grant allocation announced in February 2014. The updated forecast for 2015/16 assumes this proposal will be implemented which will reduce the 2015/16 Government grant by a further £95,000.

8. GENERAL FUND 2016/17 TO 2018/19

8.1 This report concentrates on the short-term financial challenges facing the Council in 2015/16 from the grant cut already announced by the Government to ensure a robust strategy is implemented to balance next year's budget.

8.2 With regard to the budget position for 2016/17 to 2018/19 an assessment of available information has also been completed to update the budget forecasts. A report from the Office for Budget Responsibility (OBR) indicates that only 40% of the Government's total planned deficit reduction has been achieved. Further reduction in planned Government spending will be even harder to achieve and will have to be made against a background of continued subdued international growth, particularly in the European economy. The challenges facing the UK national Government are also underlined by the contradictory direction of falling unemployment and lower income tax receipts. This indicates that whilst employment has grown this

has been in lower paid jobs/part time work. If this trend continues there will be a negative impact on both future Government tax receipts and economic growth.

- 8.3 OBR forecasts indicate that pressure on Public Finances will increase over the next few years and by 2018/19 there will be a 4% increase in GDP (Gross Domestic Product) spent on welfare (owing to an ageing population) and debt interest (owing to continued Government deficits and higher forecast interest rates for this debt). This pressure will be on top of the existing deficit and will also need to be addressed by implementing spending reductions or increasing tax.
- 8.4 It will be difficult for the next Government to increase taxes owing to the negative impact this will have on the economy. In addition commitments already made by some parties to increase tax to invest in the NHS if they form the next Government will make it more difficult to increase taxes in other areas to address the deficit. It is therefore anticipated that the majority of the national budget deficit will continue to be bridged from spending cuts. The key difference between the parties seems to be the speed the cuts are implemented and how they are shared across the public sector.
- 8.5 It is also anticipated that after the General Election Health and Education will continue to be given priority by whichever party(s) form the next Government. Consequently future cuts in public spending will continue to fall on other Government Departments, which includes Local Authorities. From Hartlepoons perspective the best we can hope for is a fairer settlement and an end of disproportionate cuts for Councils with the greatest dependency on Government grant, low Council Tax bases and higher levels of deprivation. The Council's views on a fairer Local Government funding system have been feed into the Local Government/CIPFA (Chartered Institute of Public Finance and Accountancy) Independent Commission on Local Government Finance. At a meeting with the 12 North East Councils Director of Resources the chair of the Independent Commission, Darra Singh, made reference to Hartlepoons dependency on the Power Station for a significant percentage of Business Rates income.
- 8.6 Locally the budget position for 2016/17 to 2018/19 will to be driven by the combined impact of:-
- Continuing Government Grant cuts – forecast at 10% per year. The actual level of cuts will be determined after the General Election and the next Government has determined their spending priorities;
 - Inflation (including pay awards) and demographic/service pressures – the future forecasts include an annual pressure of 2.5% of the existing departmental budget for these issues. This position will need to be reviewed on an annual basis as more information becomes available.
 - The impact of using the one-off Budget Support Fund and the strategy for managing the phased withdrawal of this funding to avoid a financial 'cliff edge' when this funding is no longer available ; and

- Continuing income restrictions either from limits on Council Tax increases, or the receipt of Council Tax Freeze Grant if this regime continues. For planning purposes the previous MTFs report recognised that continuing to freeze Council Tax beyond 2015/16 would become unstable and require higher cuts. Therefore, annual increases of 1.9% are built in to the forecast from 2016/17. Over a three year period this increases sustainable income by £0.6m, compared to the amount which may be received in Council Tax freezes continues to be paid at the current rate.

8.7 Against this background it is clear the Council will continue to face significant financial challenges for the foreseeable future. The strategy recommended for managing the 2014/15 outturn/reserves review and to balance the 2015/16 budget is designed to provide the best possible financial foundations for future years. However, significant additional budget cuts will need to be made over the period 2016/17 to 2018/19. Further cuts will become increasingly difficult to achieve and will have a more visible impact on services than has been the case so far.

8.8 The financial forecasts reported in June 2014 have been updated to reflect the following key local issues:

- Forecast Council Tax Growth and additional New Homes Bonus

As detailed earlier in the report it is anticipated that planned house building will increase future Council Tax income and achieve additional New Homes Bonus. The growth in the tax base will need to be reviewed on an annual basis.

Similarly, future New Homes Bonus allocations will need to be reviewed after the General Election in light of any changes in this regime. As this funding has been top sliced from the national Local Government grant it is hoped that if this regime is abolished the change is at worst budget neutral. At best a change in this regime may potentially provide a positive benefit if the available funding is reallocated to address the significant erosion of resource equalisation since 2010/11. The worst outcome would be a change which increased New Homes Bonus allocations by increasing the top slice of the Core Revenue grant.

- Budget Support Fund

As part of the 2014/15 outturn strategy it is recommended that an additional £1.457m is allocated towards the Budget Support Fund. This will increase the one-off resources available to support the budget in 2016/17 and future years from £3.274m to £4.731m.

8.9 The above issues have a positive impact on the budget deficits previously reported for 2016/17 to 2018/19. It is anticipated that by 2017/18 the forecast additional Council Tax income and New Homes Bonus should reduce the previously forecast budget deficit by £2.7m.

8.10 It was previously anticipated that half of the cuts over the period 2016/17 to 2018/19 (approximately £7.6m) would need to be made in 2016/17. This would have been the highest level of cuts in a single financial year which the Council has had to make. The increase in the Budget Support Fund and phased forecast increases in Council Tax/New Homes Bonus income provide the opportunity to re-phase budget cuts required over the period 2016/17 to 2018/19. The recommended strategy is designed to achieve two key objectives:

- To avoid a significant peak in savings required in any one financial year over the period 2016/17 to 2018/19; and
- To phase out dependency on the Budget Support Fund by 2018/19, this will avoid carrying forward an unfunded budget deficit to 2019/20.

8.11 Based on achieving the above objectives the recommended phased use of the increased Budget Support Fund is as follows. Details of the previous forecast are included for information:

Forecast use of Budget Support Fund

	Original Phasing £'000	Latest Recommended Phasing £'000
2015/16	1,626	1,116
2016/17	1,648	2,700
2017/18	0	915
2018/19	0	0
Total	3,274	4,731

8.12 The revised annual deficits based on forecast annual grant reductions, the forecast increase in Council Tax/New Homes Bonus income, annual Council Tax increases from 2016/17 of 1.9% and the recommended use of the increased Budget Support Fund are summarised below. Details of the previous forecasts are included for information. The table shows a £2.7m reduction in the forecast deficit and a more even phasing of budget deficits, including the removal of the peak in 2016/17.

Forecast Annual Budget Deficits

	Original Forecast £'000	Revised Forecast £'000
2016/17	7,600	5,100
2017/18	6,018	5,190
2018/19	3,890	4,518
Total	17,508	14,808

9. CAPITAL PROGRAMME 2015/16

- 9.1 There are two elements to the capital programme, namely schemes funded from specific Government capital allocations and locally funded schemes .
- 9.2 **Schemes funded from Specific Government capital allocations** – details of specific capital allocations had not been issued when this report was issued. Indicative figures are included in Appendix E. In line with the procedures adopted in previous years it is recommended that when these ring fenced allocations are known that the detailed proposals for using these resources are reported to the relevant Policy Committee for approval.
- 9.3 **Locally Funded schemes** – these schemes contribute to the continued development and/or well being of the town and include self funding business cases for specific projects which will be funded using Prudential Borrowing. Details of individual proposal are provided in the following paragraphs.
- 9.4 **Schemes funded from the Council Capital Fund** – the 2015/16 General Fund budget includes a recommended General Fund pressure of £50,000 to support capital expenditure of £600,000. Proposal for using these resources are detailed in Appendix E, table 4.
- 9.5 **Housing Investment** - Members have previously approved the purchase of 5 properties on the Tanfield Road Development as part of the MTFs Report to Finance and Policy Committee on 30th June 2014. In addition, on the 7th August, 2014, the Council approved the Empty Homes Phase 2 scheme, which included an additional 6 units as part of a total of 67 units, specifically funded from the rental income generated by the 5 properties at Tanfield. Since then, circumstances have changed and the developer has reduced the number of properties which the Council can purchase to 3 units.

The Council has also been approached by another developer to consider the purchase of 7 bungalows on a key regeneration site in Hartlepool. The Council will be eligible to bid for Homes and Communities (HCA) funding which will offset most of the additional cost of purchasing these units, resulting in an overall net cost increase of between £35,000 to £70,000, depending on the level of HCA grant secured, which can be met by prudential borrowing funded from the additional rent income these properties will generate. The business case for these properties has shown that they will generate an additional surplus which can be reinvested and considered as part of a future property purchasing scheme. Members should note that this will increase the number of new build properties in the original proposal from 5 to 10, which will improve the asset base of the Council and help to fund future housing investment, in addition to helping to address a significant need in the town for bungalow accommodation.

A further report outlining a proposed phase 3 for the Housing Investment initiative will be reported during 2015, once the previous phases have been implemented. It is recommended that the income to be received in 2014/15 from Housing Hartlepool from the sale of former Council houses is allocated

to support the phase 3 this. It is currently anticipated that this income will be £80,000.

9.6 **Capital receipt from the sale of Throston Community Centre** - this one-off resource will be allocated to support Community Centre revenue spending in 2015/16, together with a one-off contribution from the 2014/15 outturn. This funding will provide a longer lead time to develop an alternative funding strategy for Community Centre's for consideration as part of the 2016/17 budget. As capital receipts can only be used for capital expenditure a 'funding swap' will be undertaken with another scheme funded from a planned revenue contribution to transfer revenue funding for Community Centre revenue costs in 2015/16.

9.7 **Operational Equipment replacement** - 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:

- Vehicle Replacement Programme – 2015/16 capital expenditure of £0.470m as detailed in Appendix E Table 3;
- Replacement of Wheelie Bins – 2015/16 capital expenditure of £60,000

9.8 **Depot Relocation** – this proposal will enable Cleveland College of Art and Design (CCAD) to relocate to the existing depot site, which provides a further major investment in this area and compliments recent developments by Hartlepool College, investment by Housing Hartlepool/CCAD in student accommodation and the relocation of Northgate to Hanson House.

The outline business case for the current recommended site has identified that the cost of this scheme will be between £3.065m and £3.750m (including land purchase). The higher figure includes a contingency which it is recommended is included owing to the complexities and short time scale for designing and preparing the cost estimates for this scheme. Officers will work to limit costs to the lower figure. The following funding has been identified for this project:

- The Director of Regeneration and Neighbourhood Services has identified one-off funding from the 2014/15 outturn towards this project of £1.065m;
- Prudential Borrowing £2m #
- Prudential Borrowing £0.685m. This amount will only be used if the scheme costs £3.75m##

The repayment costs will be funded from a combination of efficiency/operational savings arising from relocating the depot and increased income generated from new opportunities, which cannot currently be delivered from the existing depot. Therefore, there will be no cost to the General Fund budget in 2015/16.

Allocating the revenue savings/increased income will mean that this amount is not available towards achieving the Regeneration and Neighbourhood Services revenue savings in 2016/17, which will mean that more difficult savings will need to be implemented in 2016/17. To

mitigate this impact it is recommended that any one-off resources released or any additional capital receipts (i.e. in excess of the existing target) which can be achieved over the next few years are considered to be used to reduce the borrowing required to fund the depot relocation. This would be the subject of consideration as part of the following years (i.e. 2016/17) Medium Term Financial Strategy report. These proposals will then enable the revenue savings to be taken in future years as part of the Regeneration and Neighbourhoods savings plan.

The part year loan repayment costs in 2015/16 will be approximately £14,000 and can be funded from the existing capital financing budget. The full year costs in 2016/17 will be approximately £50,000 and this will be a budget pressure in 2016/17.

The Business Case for relocating the depot also indicates that this proposal will avoid future expenditure on the existing depot which would have been required over the next few years to sustain this facility.

10. PUBLIC HEALTH FUNDING

- 10.1 The Government has confirmed that the Council's Public Health funding allocation for 2015/16 will be the same as 2014/15 – i.e. £8.486m. Whilst, this is a cash freeze the Government's decision not to apply a 'pace of change' next year to equalise Public Health funding is welcomed as the Council continues to face significantly greater Public Health challenges than more affluent areas. As reported previously the potential for a 'pace of change' reduction may impact in 2016/17, or future years, which would impact on the sustainability of services.
- 10.2 The recommendation early in this report to carry forward the current year's Public Health underspend to future years will help the Council manage the impact of a 'pace of change adjustment' being applied after the General Election over more than one financial year. This strategy will need to be reviewed as part of the 2016/17 budget process when it is hoped there will be a multi-year Public Health funding settlement, which is essential if long standing public health inequalities are to be addressed and future cost pressures to the public sector (including the Council) arising from these issues are to be avoided.
- 10.3 Confirmation of the 2015/16 Public Health funding means that funding will be available next year to continue to address Public Health priorities and to provide funding of approximately £1.1m for existing Council services which contribute towards delivering the Public Health agenda. As reported previously if future Public Health Funding is reduced the approach will not be sustainable and will increase the General Fund deficits detailed earlier in the report.

11. ROBUSTNESS OF BUDGET FORECASTS – CHIEF FINANCE OFFICER'S PROFESSIONAL ADVICE

- 11.1 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 I would expect to arise for this Authority.
- 11.2 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.
- 11.3 The Chief Finance Officer can advise Members that in his professional opinion the budget proposals for 2015/16 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 under spends in the current year and the review of reserves to identify resources to fund additional one-off expenditure commitments over the next few years and to increase the Budget Support Fund. 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 2015/16 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 2015/16. 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 2015/16. 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 2015/16 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 to the same extent as it was in previous years;

- 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 the cost of living pay award impacting in 2015/16;
- A prudent provision for inflation on non pay budgets and income budgets during 2015/2016;
- 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 to support the General Fund budget over the period of the MTFS;
- An assessment of financial risks and the measure to mitigate these risks as detailed in Appendix F;
- An assessment of the key financial assumptions underpinning the 2015/16 budget as detailed in Appendix G;

11.4 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 2015/16 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.

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

The achievement of the capital receipts target continues to be extremely challenging and there remains a risk that this target takes longer to achieve than forecast, which would result in an unbudgeted revenue pressure in 2015/16.

As at 31st March 2014 a total of £2.1m has been achieved, leaving £4.4m of the £6.5m target to be achieved to fund forecast expenditure commitments. Owing to the different phasing of capital expenditure commitments and the phasing of capital receipts there was a temporary funding shortfall in 2013/14 of £1.128m. This was funded from Prudential Borrowing. The cost of using Prudential Borrowing was accommodated within existing budgets.

It is currently anticipated that a further £2m of capital receipts will be achieved in 2014/15 towards the remaining target of £4.3m. This is lower than previously reported as one of the 2014/15 anticipated receipt's is now forecast to complete in 2015/16.

As reported previously forecast capital receipts are earmarked to fund the Housing Market Renewal capital scheme and development on the former Brierton School site. An analysis of the expenditure phasing has been undertaken and it is expected that the combined spend on these two schemes will total £2.120m in 2014/15 and £1.127m in 2015/16. The position is summarised in the table below.

	2014/15 £m	2015/16 £m	Total £m
Forecast capital expenditure commitments	2.120	1.127	3.247
Temporary Prudential Borrowing from 2013/14	1.128	0.000	1.128
Forecast capital receipt	(2.027)	(2.348)	(4.375)
(Funding shortfall funded from temporary Prudential Borrowing)/Repayment of Prudential Borrowing	(1.221)	1.221	0.000
Shortfall in funding	0.000	0.000	0.000

The table demonstrates that the anticipated capital receipt for 2014/15 is not sufficient to fund in-year capital expenditure and to repay the temporary prudential borrowing required in the previous year. This results in a total temporary funding shortfall of £1.221m (i.e. £0.093m in addition to the £1.128m shortfall in 2013/14).

It is recommended that members approve additional prudential borrowing of £0.093m to fund the temporary funding shortfall increasing the total temporary borrowing in relation to the phasing of capital receipts to £1.221m. In the short term this can be funded by a slight increase in the netting down of investments. It is expected that this will be repaid in 2015/16 when additional capital receipts are achieved.

If the £2.348m capital receipt forecast for 2015/16 is not achieved this would result in an unbudgeted revenue pressure in 2016/17 of £0.188m.

The achievement of the additional receipts remains extremely challenging and there remains a risk that the required target is not achieved, or takes longer than anticipated to achieve. Achieving capital receipts will be conditional upon converting expressions of interest and tender submissions into contractual sales, which will be dependent on developers completing site investigations, there being no land contamination issues and the

achievement of planning permission. The position will continue to be monitored closely and the position should become clearer in the earlier part next financial year (2015/16). Regular updates will continue to be reported.

iii) **Jacksons Landing Development**

The previous MTFS report advised Members that the Council had secured a 2 year interest free 'Growing Places' loan which is repayable in October 2015. To partly mitigate the impact of this development being delayed one-off resources of £0.894m (including the funded Prudential Borrowing approval for 'Major Regeneration Projects' of £393,000) have previously been allocated to partly fund repayment of the 'Growing Places' loan.

It has also been recommended that the monies from the Domes receipt are also allocated towards the repayment of the 'Growing Places' loan, which will fully fund this potential phasing risk. As soon as the Jacksons Landing development is secured the one-off funding allocated to manage the phasing risk can be released. It is recommended that when this occurs these resources are allocated towards the Depot relocation project to either reinstate the one-off resources allocated towards this project, or to reduce the level of borrowing.

As a fall-back position for 2015/16 the outturn strategy recommends allocating £25,000 to fund the part year cost of using Prudential Borrowing to partly fund the repayment of the 'Growing Places' loan. This recommendation will remove any financial risk of the Jacksons Landing development being delayed until March 2016. At this stage there is no suggestion that this will be the case and the recommended strategy is designed to protect the Council's financial position in 2015/16.

iv) **Business Rate Retention – Power Station financial risks**

Following the phased withdrawal of 'Transitional Business Rates Relief', which is provided to phase increases in Business Rates arising from the 2010 Rateable Value assessment, the Power Station now accounts for 24% Business Rate income (17% in 2013/14). This increases the financial impact of unplanned shut downs at the Power Station.

There has been an extended shut down over the summer and it is anticipated that electricity generation will commence in November/December and then remain at 75% to 80% capacity until late summer 2015. Remedial works to one of the reactors is scheduled to be completed in summer 2015 and to the second reactor in 2016.

The Power Station has indicated they will be seeking reductions in their Business Rates for both the extended summer shut down and until both reactors are operating at 100% capacity.

Information from the Valuation Office indicates that at best a decision on the application to reduce the Power Station Business Rates will be made towards the end of March 2015.

An assessment of the forecast income loss in 2014/15 has been made and is reflected in the 2014/15 Outturn Strategy. Whilst this reduction in income is forecast to be significant it is below the £1.9m 'safety net limit'. Therefore, the Council will not receive Government 'safety net' grant in 2014/15.

An assessment of the forecast income losses for both 2015/16 and 2016/17 has also been made. Over this period a reduction of £1.1m is forecast (£0.7m in 2015/16 and £0.4m in 2016/17). These forecasts will be updated as more information becomes available. The Council will not receive any 'safety net' grant toward these shortfalls and this will commit more than half the available Power Station Business Rates risk reserve of £1.9m.

As this is a continuing financial risk, which may increase as the Power Station reaches the end of its currently approved operating license in 2019, the level of the risk reserve will need to be reviewed as part of the 2015/16 outturn and 2016/17 budget process.

v) **Business Rates Retention – Impact of Rateable Value appeals**

Councils are required to fund 49% of the backdated cost of successful rateable value appeals. Provision for these forecast liabilities has been made within the outturn strategies for 2013/14 and 2014/15. Provision for the ongoing liabilities for 2015/16 has been made within the forecast for this year. These forecasts will need to be reviewed when the outcome of appeals is known.

The Government has given a commitment to resolve 95% of appeals by July 2015, which makes financial planning difficult as the financial outcome of appeals is unknown. The situation is particularly challenging for Hartlepool as information recently provided by the Valuation Office confirms that the more complex and higher value appeals will not be within the 95% resolved by July 2015, which includes appeals from the Power Station and Supermarkets, respectively 24% and 10% of Hartlepool's Business Rates income.

Members will be updated as soon as more information is available.

vi) **Looked After Children costs and Social Work capacity**

As part of the Director of Child and Adult Services multi-year approach to managing service demands in this area the existing risk reserve will be allocated to support a higher level of expenditure in 2015/16 than can be supported from the 2015/16 base budget. This strategy provides a longer lead time to achieve service transformation and reduce costs. The proposal within the 2014/15 outturn strategy to increase this risk reserve will help manage this position in 2015/16. The achievement of this strategy will need to be reviewed as part of the 2016/17 budget process to ensure the necessary permanent cost savings will be achieved.

vii) Older People Care costs

A similar strategy for managing increasing Older People Care costs is also being implemented and this links into the Better Care Fund. This strategy will also need to be reviewed as part of the 2016/17 budget process.

12. CONSULTATION FEEDBACK

- 12.1 Budget consultation meetings have been held with the Trade Unions and Business Sector. Minutes of the meeting are included at Appendix H.

13. EQUALITY IMPACT ASSESSMENTS

- 13.1 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.

- 13.2 Equality Impact Assessments (EIA) have therefore been undertaken where required and are attached at Appendix I to enable Members to satisfy themselves that they are able to consider fully the potential impact of the proposed changes when making their decisions.

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

- 13.4 It is believed that the savings proposals do not have an overall potential impact on any one area and there is no requirement to arrange further corporate consultation in relation the budget proposals.

14. CONCLUSION

- 14.1 The 2015/16 budget will be the last budget before the General Election in May 2015. In 2015/16 the Council's grant will be approximately **£30.6m lower than it was in 2010/11, which is a cumulative cut of 39%**.

- 14.2 In relation to the budget position for **2015/16** the Government previously announced a grant cut in January 2014 of **14.6%** (2014/15 cut 9.6%) and it is anticipated this will be confirmed in December.

- 14.3 It is anticipated that grant cuts will continue after the election. In addition, unless there is a fundamental change to the existing Business Retention system and Local Council Tax Support system Councils will continue to face significant ongoing financial risks which did not exist prior to April 2013 when these changes were implemented. These are particularly challenging issues for Hartlepool owing to the impact of the Power Station on Business rates income and higher levels of deprivation on the costs of the LCTS scheme.
- 14.4 These issues make a multi-year financial strategy even more important than in previous years. The recommendations in relation to the **2014/15** outturn strategy provide the financial foundations for the 2015/16 to 2018/19 MTFS. Without these resources the future financial position would be significantly more difficult to manage and the impact on services greater.
- 14.5 The budget proposals for 2015/16 include significant benefits from the use of the Budget Support Fund, corporate budget savings and maximising the benefits of grant regimes. These measures account for approximately half (i.e. £3.7m) of the recommended measures to balance the 2015/16 budget. Without these measures Members would have faced even more difficult decisions in relation to services. The other half comes from reductions in existing departmental budgets.
- 14.6 Assuming the recommendation to increase the Budget Support Fund is approved phased contributions can be relied upon in future years, until this fund is used up. The other measures used to protect services 2015/16 (i.e. achieving corporate saving and maximising the benefits of grant regimes) cannot be repeated in future years. Therefore, there will be a greater impact on Departmental budgets and services from 2016/17 onwards.
- 14.7 On the upside the Council should benefit from future increases in Council Tax income and New Homes Bonus as a result of forecast house building over the period or the MTFS. These increases are forecast to reduce the total 2016/17 to 2018/19 deficit from £17.5m to **£14.8m**, a reduction of £2.7m.
- 14.8 The phased use of the Budget Support Fund will also help the Council smooth the profile of annual savings for the period 2016/17 and 2018/19, including removing the significant peak previously forecast in 2016/17. These proposals also avoid carrying forward an unfunded deficit after 2017/18, when the Budget Support Fund is used up.
- 14.9 Whilst, the overall deficit for future years reduces and annual deficits are more even the Council still faces significantly greater financial challenges after 2015/16. The cuts which will be required for these years will be even more difficult to achieve and have a more visible impact than has been the case so far. It is therefore recommended that work commences early in the new year on the development of a savings plan for 2016/17.
- 14.10 The Council will continue to face potential reductions in Business Rates income from the impact of appeals, which will permanently reduce income. There will also be temporary risks in relation to the Business Rates paid by

the Power Station, which will reduce income in 2015/16 and 2016/17. The recommendations within the report are designed to address these risks, as far as this is possible on the basis of existing information. These areas will continue to be monitored closely and Members will be updated when more information is available and the impact can be assessed.

15. RECOMMENDATIONS

15.1 It is recommended that Members consider and approve the following detailed recommendations for submission to Council:

15.2 General Fund 2014/15 Final Outturn (including impact of Reserves Review)

15.3 Approve the updated forecast outturn position detailed in Appendix A (including the outcome of the Reserves Review detailed in Appendix B) and the reserves recommended in table 4 to Appendix A, including:

- the proposal from the Trade Unions to allocate the saving from the day of industrial action of £40,000 to support the apprenticeship scheme; and
- one-off funding to provide 2015/16 Ward Member budget of £3,000 per Councillor.

15.4 To note that after reflecting the above proposal the uncommitted forecast 2014/15 General Fund outturn is between £1.457m to £1.542m and to approve that

- the lower forecast of £1.457m is allocated to supplement the existing Budget Support Fund available to support the MTFS. Proposals for using the Budget Support Fund are detailed in the recommendation at paragraph 15.23;
- the additional forecast uncommitted forecast outturn of £85,000 (i.e. £1.542m less £1.457m) is not committed until the final outturn is known.

15.5 Local Council Tax Support Scheme 2014/15 Forecast Outturn.

15.6 To note the detailed Local Council Tax Support (LCTS) scheme report to be referred to Council on 18th December 2014 will recommend that the 2014/15 underspend of £0.328m is allocated to supplement the LCTS Reserve, which will enable a lower reduction in LCTS support to be achieved in 2017/18.

15.7 2015/16 General Fund Budget

15.8 Approve the implementation of the following corporate savings:

- Additional ICT contract saving - £0.150m
- Terms and Conditions Review - £0.200m
- Centralised estimates saving - £0.270m

15.9 Note the risk in achieving the Terms and Conditions savings from 1st April 2015 and consequential impact on funding available to implement the increase in the Hartlepool Living Wage;

- 15.10 Approve the following package of measures to fund the 2015/16 budget deficit, which includes the corporate savings recommended in paragraph 15.8 and a contribution from the Budget Support Fund:

	£'000	Percentage
Departmental Budget Savings	5,406	73%
Use of the Budget Support Fund	1,116	15%
Corporate Budget Savings	620	8%
Use of one off resources to defer proposed savings in relation to Lifeguards, School Crossing Patrols and Advice and Guidance services	305	4%
	7,447	100%

- 15.11 Approve the Departmental savings options detailed in Appendix C.1 to C.7 and summarised below:

	£'000	Percentage of 2014/15 budget
Chief Executive's Department (1)	515	13%
Child and Adult Service - Use of grants (2)	1,700	4%
Child and Adult Services – Budget reductions	1,164	3%
Regeneration and Neighbourhoods (3)	1,860	8%
Public Health (General Fund budgets)	167	14%
Total Department budgets	5,406	

- 15.12 Note the information provided in paragraph 6.6 in relation to the impact of either accepting the Council Tax freeze grant, or increasing Council Tax by 1.9%;
- 15.13 Approve a 2015/16 Council Tax freeze for Council services;
- 15.14 Determine whether the permanent saving of £30,000 on the Coroners Service should be allocated to continue free summer swims on a permanent basis;
- 15.15 Approve the proposal that any final variation to the actual 2015/16 Core Grant allocation and / or final Collection Fund balance is managed by a corresponding increase/decrease in the use of the Budget Support Fund in 2015/16 and to note details of any necessary change will be reported within the final Council Tax setting report.
- 15.16 **Potential Legislative/funding changes**
- 15.17 Note the potential legislative changes detailed in section 7 in relation to the Care Act and the Independent Living Fund, which it is anticipated will be

budget neutral for 2015/16 and note further details will be reported when known.

- 15.18 Note the potential changes detailed in section 7 in relation to Local Welfare Support, which may require the Council to review the previous local decisions regarding funding for this service for the period 2014/15 to 2016/17 and note further details will be reported when known.
- 15.19 Note the potential for additional Local Council Tax Support scheme new burdens funding continuing in 2015/16 detailed in section 7. The Council received £110,000 for 2014/15.
- 15.20 Note the additional grant cut in relation to the Carbon Reduction Commitment funding detailed in section 7 and this amount has been reflected in the updated MTFS forecasts for 2015/16.
- 15.21 **General Fund 2016/17 to 2018/19**
- 15.22 Approve indicative annual Council Tax increases for Council Services for the period 2016/17 to 2018/19 of 1.9% and to note that the actual level of Council Tax will be considered on an annual basis to reflect the Council Tax referendum regime and Council Tax freeze arrangements apply at the time.
- 15.23 Approve the phased use of the increased budget support fund as follows (original phasing included for information):

Forecast use of Budget Support Fund

	Original Phasing £'000	Latest Recommended Phasing £'000
2015/16	1,626	1,116
2016/17	1,648	2,700
2017/18	0	915
2018/19	0	0
Total	3,274	4,731

- 15.24 Note the revised forecast deficits after reflecting the revised phasing of the Budget Support Fund as follows (original forecasts included for information):

Forecast Annual Budget Deficits

	Original Forecast £'000	Revised Forecast £'000
2016/17	7,600	5,100
2017/18	6,018	5,190
2018/19	3,890	4,518
Total	17,508	14,808

15.25 Capital Programme 2015/16

15.26 Approve the use of Prudential Borrowing for the purchase of 7 bungalows, as detailed in paragraph 9.5, subject to the Homes and Communities Agency grant being secured towards the cost of this scheme.

15.27 Approve the capital budget for the replacement of the depot, which will enable CCAD to relocate to this site, of between £3.065m to £3.75m (noting that the higher figure includes a contingency which it is recommended is included owing to the complexities and short time scale for designing and preparing the cost estimates for this scheme. Officers will work to limit costs to the lower figure) and the following funding:

- £1.065m contribution from 2014/15 Regeneration and Neighbourhood Services General Fund outturn;
- Prudential Borrowing £2m #
- Prudential Borrowing £0.685m. This amount will only be used if the scheme costs £3.75m##

The repayment costs will be funded from a combination of efficiency/operational savings arising from relocating the depot and increased income generated from new opportunities, which cannot currently be delivered from the existing depot. Therefore, there will be no cost to the General Fund budget in 2015/16.

Allocating the revenue savings/increased income will mean that this amount is not available towards achieving the Regeneration and Neighbourhood Services revenue savings in 2016/17, which will mean that more difficult savings will need to be implemented in 2016/17. Proposals to potentially mitigate this impact are detailed in recommendation 15.28.

The part year loan repayment costs in 2015/16 will be approximately £14,000 and can be funded from the existing capital financing budget. The full year costs in 2016/17 will be approximately £50,000 and this will be a budget pressure in 2016/17.

15.28 Approve the proposal that any one-off resources released or any additional capital receipts (i.e. in excess of the existing target) which can be achieved over the next few years are considered to be used to reduce the borrowing required to fund the depot relocation. This would be the subject of consideration as part of the following years (i.e. 2016/17) Medium Term Financial Strategy report. These proposals will then enable the revenue savings allocated to fund loan repayment costs to be taken in future years as part of the Regeneration and Neighbourhoods savings plan.

15.29 Approve the use Prudential Borrowing for the replacement of Operational Equipment as detailed in Appendix E, table 3 and note the annual repayment costs are already included within existing operational and trading accounts budgets.

15.30 Power Station Business Rates

15.31 Approve the proposal that as soon as the outcome of the current application by the Power Station for a reduction in Business Rates is known to seek a meeting with the Local Government Minister to again highlight the financial impact of the Power Station and to request that this exceptional and volatile risk is excluded from the standard safety net arrangements.

15.32 Robustness of Budget Forecasts

15.33 Note the detailed advice provided by the Chief Finance Officer and Corporate Management Team in section 11.

15.34 Approve an increase in the temporary Prudential Borrowing pending the achievement of planned capital receipts from £1.128m to £1.221m for 2014/15, and note that it is anticipated this amount will be repaid early in 2015/16 when capital receipts are forecast to be achieved.

16. REASON FOR RECOMMENDATIONS

16.1 To enable the Finance and Policy Committee to approve the 2015/16 budget proposals to be referred to Council for approval.

17. BACKGROUND PAPERS

Medium Term Financial Strategy 2014/15 to 2016/17 report to Finance and Policy Committee 6th February 2014.

Medium Term Financial Strategy 2014/15 to 2016/17 report to Finance and Policy Committee 30th June 2014.

Medium Term Financial Strategy Review of Reserves as at 31st March 2014 report to Finance and Policy Committee 15th September 2014.

18. CONTACT OFFICER

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Table 1 - Summary of Forecast Outturn 2014/15
(details provided in table 2)

Reported Previously			Latest Forecast	
Worst Case £'000	Best Case £'000		Worst Case £'000	Best Case £'000
(222)	(287)	Departmental Budgets	(1,527)	(2,047)
(540)	(590)	Corporate Budgets	(1,303)	(1,203)
0	0	Lower Core Grant reduction/Business Rates income	(1,420)	(1,420)
(1,870)	(1,870)	Reserves Review	(1,870)	(1,870)
(923)	(1,100)	Departmental Ring-fenced Grants	(1,465)	(1,695)
(240)	(240)	Departmental Business Case	(240)	(240)
(3,795)	(4,087)	Sub Total to be shown in Statement of Accounts	(7,825)	(8,475)
2,820	2,997	Recommended Reserves (details table 2)	6,368	6,933
(975)	(1,090)	Recommended 2017/18 Budget Support Fund Contribution	(1,457)	(1,542)

Table 2 - Detailed Forecast Outturn 2014/15

Reported Previously			Latest Forecast	
Worst Case £'000	Best Case £'000		Worst Case £'000	Best Case £'000
		Departmental Budgets		
(105)	(155)	Chief Executive's Dept	(290)	(290)
0	0	Child and Adult Services	(300)	(575)
98	98	Public Health General Fund	98	98
(215)	(230)	Regeneration and Neighbourhoods	(1,035)	(1,280)
(222)	(287)		(1,527)	(2,047)
		Non Departmental issues		
(600)	(650)	Corporate Budgets - 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.	(1,070)	(1,070)
60	60	Property Running Costs	60	60
0	0	Local Council Tax Support Scheme (LCTS) - the pressure included in the 2014/15 budget to partly fund of the cost of the scheme will not be needed as the cost is forecast to be lower than initially anticipated. As detailed in the LCTS report elsewhere on the agenda it is recommended that this amount is carried forward to support the LCTS scheme in future years to reduce cuts in support for low income working age households.	(328)	(328)
0	0	Section 31 Grant - funding allocated to Councils to support increase Council Tax collection workloads/costs arising from implementation of Local Council Tax Support schemes. Strategy for using these resources approved by Finance and Policy Committee 15.09.14, alongside reserves review.	(105)	(105)
0	0	Provision for Planning appeal costs - estimated cost of potential costs if Planning appeals are successful.	140	240
(762)	(877)	Sub Total - General Fund	(2,830)	(3,250)
0	0	Lower Core Grant reduction - detailed explanation provided in section 5 of report.	(890)	(890)
0	0	Business Rates - Section 31 grants - this grant compensates the Council for reduced Business Rate income arising from Relief Schemes implemented by the Government, which could not be quantified when the 2014/15 budget was approved. Where this income will continue in 2015/16 it has been built into the MTFS.	(530)	(530)
(1,870)	(1,870)	Reserves Review - As reported to the Finance and Policy Committee this amount has been released following a review of existing reserves and financial risks. This amount is earmarked to avoid specific cuts in 2015/16, to provide funding for potential protection costs arising from the implement of Terms and Conditions savings and to support the MTFS.	(1,870)	(1,870)
		Departmental Ring fenced Grants		
(375)	(375)	Local Welfare Support Grant	(375)	(375)
(548)	(725)	Public Health	(720)	(950)
0	0	Troubled Families	(370)	(370)
		Departmental Business Case		
(240)	(240)	Social Housing	(240)	(240)
(3,795)	(4,087)	Sub Total to be shown in Statement of Accounts	(7,825)	(8,475)
2,820	2,997	Recommended Departmental reserves as detailed in Table 2	6,368	6,933
(975)	(1,090)	Recommended 2017/18 Budget Support Fund Contribution	(1,457)	(1,542)

APPENDIX A

**Table 3 - Contribution to Reserves (includes impact of Reserves Review reported 15.09.14)
(details provided in table 4)**

Reported Previously			Latest Forecast	
Worst Case	Best Case		Worst Case	Best Case
£'000	£'000		£'000	£'000
923	1,100	Ring-fenced Grant Reserves	1,465	1,695
240	240	Business Case Reserves	240	240
215	215	General Fund Budget Reserves	3,221	3,556
1,442	1,442	Reserves approved following Reserves Review as report to Finance and Policy Committee 15.09.14	1,442	1,442
2,820	2,997	TOTAL	6,368	6,933

APPENDIX A

Table 4 - Detailed Contributions to Reserves (includes impact of Reserves Review reported 15.09.14)

Reported Previously			Latest Forecast	
Worst Case	Best Case		Worst Case	Best Case
£'000	£'000		£'000	£'000
Ring-fenced Grant Reserves				
375	375	Children's - Local Welfare Support Grants This creation of this reserve was included in the MTFS and approved by full Council on 4th February 2014 to use the balance of grant funding and the existing reserve to continue provision through to 2017/18.	375	375
548	725	Public Health Ring-fenced Grant Reserve created in line with grant conditions for repayment or use as initially intended.	720	950
0	0	Troubled Families Grant Reserve created to continue services in 2015/16	370	370
Business Case Reserves				
240	240	Social Housing - Creation of Reserve Contribution to the Major Repairs Fund in line with the approved business model for the Empty Homes Project.	240	240
General Fund Budget Reserves				
190	190	CCTV Relocation Reserve One-off funding required to fund the relocation of the CCTV service following the closure of Greenbank as reported to the Finance and Policy on 18.08.14.	190	190
25	25	NEPO Rebates Reserve Reserve created to manage the risk that income from NEPO rebates will reduce in future years following the introduction of a new recharge methodology.	25	25
0	0	Depot Relocation Reserve created to part fund relocation of depot costs to enable Hartlepool College of Art and Design to build on this site.	1,065	1,065
0	0	Looked after Children Risk Reserve Reserve created to manage increased costs of Looked after Children and to avoid an in-year budget pressure in 2015/16, pending implementation a strategy to reduce costs	0	275
		High Needs Risk Reserve Reserves created to manage in-year risks of high educational needs placements exceeding base budget, which will avoid an in-year budget pressure in 2015/16.	300	300
0	0	Power Station As indicated in the updated MTFS report it is recommended that the reduction in Business Rates arising from the closure in 2014 and subsequent operation at reduced capacity is funded from the 2014/15 outturn. This will maintain the existing risk reserve which will be needed in 2015/16 to fund the continued impact of the power station operating at reduced capacity and this ongoing risk in future years.	840	900
0	0	2017/18 Local Council Tax Support Scheme Reserve Reserves created to reduce forecast 2017/18 LCTS cut of 35%	328	328
0	0	Section 31 (Local Council Tax Support Scheme) Reserve Part of grant (£55k) allocated to support Advice & Guidance contract in 2015/16 and balance (£50k) to provide increased Council recovery capacity for 18 months up to 31.03.16 to deal with LCTS impacts.	105	105
0	0	Health and Safety Reserve Reserve created to manage the risk that increased income from Health and Safety may reduce in future years if contracts not retained.	24	24
0	0	Hartlepool Connect Capital Reserve created to fund works to support online access in relation to Universal Credit and other new developments as part of the provision through the Contact Centre.	50	50
0	0	2015/16 Ward Member Budget Reserve Reserve created to provide Ward Member budget of £3,000 per Member in 2015/16.	99	99
0	0	2015/16 Community Centres Reserve Reserve created to retain Community Centres in 2015/16 to provide a longer lead time to develop alternative funding/ operational arrangements	30	30
0	0	2015/16 Pay Costs Reserve To fund impact of higher pay award than forecast.	100	100
0	0	2015/16 Jacksons Landing Reserve Provision to fund part year interest costs in 2015/16 of using Prudential Borrowing to repay interest free Growing Places loan if sale / redevelopment is not achieved by October 2014, when the interest free loan is repayable.	25	25
0	0	2015/16 Apprenticeship Reserve Reserve funded from Strike Day saving and proposal from Trade Unions to use these one off resources to continue the existing Apprenticeship scheme.	40	40
Reserves approved following Reserves Review as report to Finance and Policy Committee 15.09.14				
220	220	Support 2015/16 budget Reserve to offset clarification of Better Care funding regime	220	220
27	27	Support Free Swims 2014 Contingency provision pending receipt of Domes monies	27	27
445	445	Support 2015/16 budget Covers deferment of Advice and Guidance (£55k), School Crossing Patrols (£240k) and Lifeguard services proposed savings (£150k).	445	445
750	750	Protection Costs Reserve Provision to fund protection costs arising from implementation of changes to Terms and Conditions.	750	750
2,820	2,997	TOTAL	6,368	6,933

CORPORATE RESERVES

Cost Centre	Reserve	Balance as at 31st March 2014	Planned Use of Reserve					Total Planned Use of Reserves	Estimated Balance at 31/03/18	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2014/15 to 2017/18	Reason for Release of Reserve
			2014/15	2015/16	2016/17	2017/18							
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
25959	Redundancies and Early Retirements Reserve	7,132	(750)	(3,200)	(1,800)	(1,382)	(7,132)	0	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. Phasing is indicative based on the forecast budget deficits and will be reviewed annually.	0	7,132		
25999	General Fund	5,153	(215)	(280)	(620)	0	(1,115)	4,038	This balance includes funding allocated by Council on 3rd July 2014 for the Social Housing scheme (£0.215m) which it is anticipated will be used in 2014/15 and Budget Support Fund 2015/16 (£0.28m). The balance also includes Public Health Funding (£0.62m) allocated within the February 2014 MTFS to manage potential risk of a reduction in Public Health funding in 2016/17. When account is taken of these commitments the net uncommitted General Fund reserve is £4.038m.	0	5,153		
25804	Insurance Fund	4,023	0	0	0	0	0	4,023	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 is not provided as the timing and settlement of individual claims is uncertain.	0	4,023		
25290	Local Council Tax Support Scheme Reserve	2,057	(10)	(1,236)	(504)	0	(1,750)	307	This reserve will be used to support the Local Council Tax Support scheme as detailed in the report to the Finance and Policy Committee on 21st July 2014. The report recommended retaining £0.307 of this reserve as uncommitted to manage potential LCTS demand risks to avoid an unbudgeted General Fund budget pressure.	0	2,057		
25972	Strategic Risk Reserve	2,028	0	0	0	0	0	2,028	The risk reserve was set up to cover one-off equal pay costs and reflected the risk assessment at the time. Phasing for the use of this reserve is not provided as the timing on the use of this reserve will be driven by external events.	1,000	1,028	These risks are reviewed on a 6 monthly basis by the Corporate Management Team and the most recent review has identified a number of risks which have reduced or no longer exist. Therefore, a reduction in this reserve can be made. This area will continue to be reviewed on a regular basis.	
25297	Business Rates Risk Reserve	1,900	0	0	0	0	0	1,900	This reserve has been established to address the ongoing annual financial from Business Rates being reallocated in April 2013 and the implementation of the 'safety net' arrangements. Under these arrangements the council will only receive 'safety net' grants for shortfalls above £1.9m. This is a significant risk to the Council owing to the potential loss of Business rates income from unplanned shutdowns at the Power Station. Phasing for the use of this reserve is not provided as the timing on the use of this reserve will be driven by external events.	0	1,900		
New Code	Treasury Management Risk Reserve	870	0	0	0	0	0	870	This reserve was created as part of the 2013/14 MTFS to manage the risk of interest rates increasing sooner and / or to a higher level than anticipated. The reserve is designed to ensure that the occurrence of these events does not result in an in year budget pressure against the reduced 2014/15 base budget and proposed additional savings for 2015/16. Phasing of the use of this reserve is not provided as the timing on the use of this reserve will be driven by external events.	0	870		
25326	Business Rates Equalisation Reserve	750	0	(750)	0	0	(750)	0	This reserve was created to fund Business Rates Risks. £0.250m covers the unbudgeted 2013/14 Business Rates Collection Fund deficit. £0.500m will cover the forecast reduction in Business Rates retained by the Council as a result of forecast successful appeals. Both liabilities are anticipated to arise in 2015/16 owing to the accounting requirements in relation to the Collection Fund and the timing of appeal outcomes.	0	750		
25321	Capital Risk Strategy	501	0	0	0	0	0	501	This reserve is earmarked to manage potential phasing risks in relation to the Jackson's Landing Development.	0	501		
25298	Income Risk Reserve	500	(250)	(250)	0	0	(500)	0	This reserve was created to fund potential income shortfalls in 2014/15 and 2015/16 in relation to the Shopping Centre and Land Charges.	0	500		
25959	Council Capital Fund Reserve	496	(496)	0	0	0	(496)	0	This reserve relates to the 2013/14 Council Capital Fund which was funded from one-off resources, rather than Prudential Borrowing. This reserve is earmarked to fund commitments arising over more than one year which have not yet been implemented. A number of these projects are currently being reviewed and if this releases uncommitted resources a separate report will be prepared for Members consideration.	0	496		
	Regeneration Projects	400	0	0	0	0	0	400	This reserve was created from one-off funding to support Regeneration Priorities. Phasing of this reserve will be linked to the Hartlepool Vision and the approval of individual projects.	0	400		
25292	Support 12/13 Loss of Council Tax Freeze Grant	379	(379)	0	0	0	(379)	0	This reserve was created to mitigate the loss of the 2012/13 Council Tax Freeze Grant in 2014/15.	0	379		
25294	Academies Reserve	363	0	(363)	0	0	(363)	0	This reserve has been established to manage the impact of schools becoming academies in 2013/14 and future years. As part of the approved 2014/15 MTFS it is planned to use the balance of this reserve in 2014/15.	0	363		

25865	Pension Actuarial Reserve	312	0	0	0	0	0	0	312	This reserve was created to manage the impact of the actual employers pension contributions being less than anticipated owing to the implementation of budget cuts and the Council having to make a one-off contribution to the Pension Fund.	312	0	The Actuarial Valuation was completed as at 31/03/14 and has set the Council contributions for the 3 years commencing 2014/15, reflecting the revised Pension arrangements from 1st April 2014 and the value of Pension Fund assets. As a result of these changes an ongoing saving in Pension contributions was built into the 2014/15 base budget and this reserve is no longer required.
25875	Emergency Planning	261	0	0	0	0	0	0	261	Reserve held on behalf of 4 authorities for Emergency Planning and only a proportion contributed by Hartlepool. This reserve is held to enable Emergency Planning to manage the budget over more than one financial year and avoid in-year additional financial demands on the 4 authorities.	0	261	
25853	Local Plan Reserve	250	(125)	(125)	0	0	0	(250)	0	This reserve will cover estimated costs over the period 2014/15 to 2015/16.	0	250	
25992	Development Control /Building Control Income Shortfall	204	(204)	0	0	0	0	(204)	0	This reserve was created to cover income shortfalls owing to the weakness in the economy.	0	204	Fully committed in 2014/15.
25293	ICT Contract	200	0	0	0	0	0	0	200	This Reserve is to cover the estimated one costs of implementing the new ICT contract, which provides significant ongoing revenue savings, which have been built into the base budget from 2014/15.	100	100	Officers are continuing to review the need for this reserve and the most recent assessment indicates the whole of this reserve will not be needed. Therefore, part of this reserve can now be released.
25291	Members Ward Issues	186	(186)	0	0	0	0	(186)	0	Used to fund ward issues for Members	0	186	Fully committed.
25288	Supporting Family Poverty	149	0	(149)	0	0	0	(149)	0	This Reserve was created to support Family Poverty Initiatives in the town. Members agreed to allocated this funding to support the Local Council Tax Support Scheme in 2015/16.	0	149	
25316	Carbon Reduction	137	0	0	0	0	0	0	137	The Carbon Reduction Commitment was a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. This reserve was set aside to fund the payment of Carbon Allowances in 2013/14 and 2014/15	137	0	Reserve no longer required following national changes to this regime which have removed liabilities previously anticipated based on the original national scheme.
25953	Business Transformation Set Up Costs	135	0	0	0	0	0	0	135	Funds set aside for Implementation costs of Business Transformation Programme and reallocated to fund potential one-off costs associated with the 3 borough collaboration project and the achievement of ongoing savings.	135	0	Owing to the scale and speed of the Government grant cuts individual authorities had to concentrated achieving their own budget reductions. Therefore, this reserve is no longer needed.
25286 & 252	Salary Sacrifice	62	0	0	0	0	0	0	62	This reserve was created to capture NI and Pension Savings generated by the Salary Sacrifice for Cars scheme to fund potential future pensions liabilities, pending the outcome of the Pension Fund Valuation and the determination of Employers Pension contributions for the three years commencing 2014/15.	62	0	The Actuarial Valuation was completed as at 31/03/14 and has set the Council contributions for the 3 years commencing 2014/15, reflecting the revised Pension arrangements from 1st April 2014 and the value of Pension Fund assets. As a result of these changes there is no requirement to make pension contributions in relation to Salary Sacrifice schemes.
25323	WW1 Commemoration Reserve	60	0	0	0	0	0	0	60	This reserve was created to fund costs in relation to this event and will be only be used if sponsorship for this event cannot be achieved. At this stage it is prudent to show this reserve as committed. As soon as sponsorship is certain this reserve can be released.	0	60	
25984	Funding for Modern Apprentices	50	0	(25)	(25)	0	0	(50)	0	This reserve was originally allocated to train staff on the redeployment register. The Finance and Policy Committee and Council determined to reallocate this reserve to provide funding for Modern Apprentices. The phasing reflects the use of the temporary Chief Executive Pensions saving in 2014/15 to fund apprenticeship costs and the use of this reserve in 2015/16 ad 2016/17.	0	50	
25325	Living Wage Reserve	49	(49)	0	0	0	0	(49)	0	This reserve was created to partly fund the cost of introducing the Hartlepool Living Wage in 2014/15.	0	49	
25990	Concessionary Fare	38	(38)	0	0	0	0	(38)	0	This reserve covers the tri-annual cost of replacing concessionary fares passes.	0	38	
25295	Vodafone	37	(37)	0	0	0	0	(37)	0	This reserve was created from previous savings and held to pump prime further initiatives which will provide additional ongoing savings in relation to telephony costs.	18	19	Part of reserve to be allocated to replace existing equipment, which will provide and ongoing saving from 2015/16 of £19,000 (not yet reflected in MTFS as business case has only been completed recently. Residual balance of £18,000 can be released.
25322	Environmental Apprenticeships Scheme	34	(34)	0	0	0	0	(34)	0	This reserve was created at 2013/14 outturn to fund this imitative in 2014/15	0	34	
25289	Works in Default Empty Homes	19	(19)	0	0	0	0	(19)	0	This reserve was created to fund works in Default Empty Homes. Phasing of the use of this reserve is not provided as the timing on the use of this reserve will be driven by external events.	0	19	
	Public Relations Reserve	10	(10)	0	0	0	0	(10)	0	This reserve was created for Corporate Communications.	10	0	Reserve no longer required as costs funded from base budget.
25962	NDC Fund	8	(8)	0	0	0	0	(8)	0	Reserve established from NDC under spend and will be transferred to the NDC Trust.	0	8	
25319	Public Enquiry	3	0	0	0	0	0	0	3	Reserve allocated to fund estimated Public Enquiry costs.	3	0	The actual costs were lower than forecast, therefore the residual amount is no longer needed.

Total Departmental Reserve	28,756	(2,810)	(6,378)	(2,949)	(1,382)	(13,519)	15,237
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1,777	26,979
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Cost Head	Reserve	Balance as at 31st March 2014	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/18	Reason for/purpose of the Reserve	Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2014/15 to 2017/18	Reason for Release of Reserve
			2014/15	2015/16	2016/17	2017/18							
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
25986	Children's Social Care & Early Intervention (previously known as Early Intervention Grant Reserve)	1,000	(167)	(320)	(300)	(213)	(1,000)	0	To support remodelling of early help and social care and potential costs arising from TUPE in event universal youth provision is commissioned from independent sector. As the timing of these commitments is uncertain the phasing is an initial assessment and will be reviewed on an annual basis.	0	1,000		
25960	Children & Families - Looked After Children (includes former Care Matters, Think Family, Child Poverty Local Duties and C&F Donations Reserves)	947	(340)	(400)	(207)	0	(947)	0	This reserve is held to fund pressures of increasing demand and costs within Looked After Children. As the timing of these commitments is uncertain the phasing is an initial assessment and will be reviewed on an annual basis.	0	947		
25327	Demographic Pressures in Adult Social Care - SRR (previously Older People Reserve)	421	0	(140)	(140)	(141)	(421)	0	This reserve is held to fund increasing demographic pressures within Adult Social Care. As the timing of these commitments is uncertain the phasing is an initial assessment and will be reviewed on an annual basis.	0	421		
25857	Youth Offending	227	0	(50)	(50)	(127)	(227)	0	Created from planned underspends in previous years to fund Youth Offending Service initiatives. Discussions are currently on-going with the Partnership Board to determine how these reserves will be used over future years to support the service.	0	227		
25327	Social Inclusion & Lifestyles Contract Extension	125	(125)	0	0	0	(125)	0	Created in 13/14 to fund the additional six months of contract extensions within Low Level Support Services.	0	125		
25856	Children & Families - Local Safeguarding Board (Partnership Funding)	44	0	0	(22)	(22)	(44)	0	This is Partnership Funding with other bodies so not all HBC funding; relates to underspends carried forward to support the work of the Board and any serious case reviews over the next few years. As the timing of these commitments is uncertain, the phasing is an initial assessment and will be reviewed on an annual basis.	0	44		
25327	Community Pool 14/15 Contribution	22	(22)	0	0	0	(22)	0	Finance and Policy Committee (24th April 2014) approved a one off contribution from the Child and Adult Social care outturn to support additional VCS organisations with core costs in 2014/15.	0	22		
TOTAL CHILD & ADULT (EXC EDUCATION)		2,786	(654)	(910)	(719)	(503)	(2,786)	0		0	2,786		

EDUCATION SERVICES RESERVES

Cost Centre	Reserve	Balance as at 31st March 2014	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/18	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2014/15 to 2017/18	Reason for Release of Reserve
			2014/15	2015/16	2016/17	2017/18	£'000						
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
25997	School Improvement	805	(167)	(563)	(75)	0	(805)	0	Reserve created to enhance and develop school improvement within Hartlepool. The Education Improvement Strategy was approved at Children Services Committee 8th July. The timing of commitments is uncertain and the phasing is based on initial assessment.	0	805		
25997	Academy Risk Reserve	217	(10)	(50)	(80)	(77)	(217)	0	Reserve created to ensure sustainability of services in future years as schools convert to Academy. Retained funding to manage the on going delivery of Education Services to Schools. The timing of the use of this reserve is uncertain and the phasing is based on the initial assessment of need.	0	217		
TOTAL CHILD EDUCATION SERVICES		1,022	(177)	(613)	(155)	(77)	(1,022)	0		0	1,022		

Cost Centre	Reserve	Balance as at 31st March 2014	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/18	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2014/15 to 2017/18	Reason for Release of Reserve
			2014/15	2015/16	2016/17	2017/18							
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
25988	Social Housing New Build	293	0	0	0	0	0	293	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. Phasing not provided as major repairs will commence after 2017/18 in line with the approved Business case.	0	293		
25954	Selective Licensing	109	(109)	0	0	0	(109)	0	Income generated from fees required to fund staffing costs of the scheme over a five year period.	0	109		
25942	Seaton CC 'Management'	108	0	(108)	0	0	(108)	0	Balance carried forward from previous years and represents surpluses generated by the Community Centre over years. This funding is managed by the overseeing board. Committed as part of the Seaton Master Plan.	0	108		
25994	Engineering Consultancy Reserve	100	0	(100)	0	0	(100)	0	Reserve created to manage Trading Activities over more than one year. This is earmarked to manage potential income shortfalls to provide funding for staff costs and allow time to react to changes in this market. The reserve also covers potential bad debts in this area. Phasing for the use of the reserve is an initial assessment and will vary depending upon the impact of external events.	0	100		
25994	Fleet Reserve	100	(40)	(20)	(40)	0	(100)	0	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. The use of vehicles is currently under review and this work is contributing to the savings programme for the department. The risk on maintenance still exists and this reserve is therefore still required.	0	100		
25981	Winter Maintenance	50	(50)	0	0	0	(50)	0	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.	0	50		
25994	Passenger Transport Reserve	45	(45)	0	0	0	(45)	0	Reserve created to manage the risk of income shortfalls in future years in a developing trading area of private hire. Risk remains on income budgets and new contracts are in place in this area therefore this reserve is still required.	0	45		
25994	Plant Replacement Reserve	40	(40)	0	0	0	(40)	0	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		
25850	Community Grants Pool	34	(34)	0	0	0	(34)	0	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.	0	34		
25981	Bikeability	25	0	(25)	0	0	(25)	0	Contribution received to fund projects which are underway and is committed to match fund the LSTF funding awarded for 2015/16..	0	25		
25941	Archaeology Projects (incl Monograph Series)	23	(23)	0	0	0	(23)	0	Reserve to be used for specific archaeology projects over more than one year and ensure the completion of projects which are not covered by the annual revenue budget.	0	23		
25982	Health & Safety Training	20	0	0	0	0	0	20	Legislative requirements for operational staff to be trained to Health & Safety Executive set standards.	20	0	Reserve no longer needed as Department will fund from annual revenue budget.	
25981	Speed Cameras	16	(16)	0	0	0	(16)	0	Relates to the funding ring-fenced for the Tees Valley Camera Partnership and future use is determined by the Partnership Board	0	16		
25982	Right to Challenge	9	0	0	0	0	0	9	Funding allocated late in 2012/13 to fund the costs associated with the additional legislative requirements.	9	0	Reserve has been offered up as no challenges received to date and any costs will be met from the revenue budget.	
25982	Right to Bid	5	0	0	0	0	0	5	Funding allocated late in 2012/13 to fund the costs associated with the additional legislative requirements.	5	0	Reserve has been offered up as no challenges received to date and any costs will be met from the revenue budget.	
TOTAL REGENERATION & NEIGHBOURHOODS		977	(357)	(253)	(40)	0	(650)	327		34	943		

(650) 327

977

PUBLIC HEALTH RESERVES

Cost Head	Reserve	Balance as at 31st March 2014	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/18	Reason for/purpose of the Reserve	Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2014/15 to 2017/18	Reason for Release of Reserve
			2014/15	2015/16	2016/17	2017/18	£'000						
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
25844	Public Health Grant Reserve	500	0	(500)	0	0	(500)	0	This is ring-fenced funding and can only be spent on Public Health initiatives. The reserve is held to manage the potential risk of a significant reduction in Public Health funding in future years if the government introduce the Pace of Change reforms. As the timing is uncertain the phasing is an initial assessment and will be reviewed on an annual basis.	0	500		
TOTAL PUBLIC HEALTH		500	0	(500)	0	0	(500)	0		0	500		

CHIEF EXECUTIVE DEPARTMENT RESERVES

Appendix B

Cost Centre	Reserve	Balance as at 31st March 2014	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/18	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2014/15 to 2017/18	Reason for Release of Reserve
			2014/15	2015/16	2016/17	2017/18							
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
25943	Corporate Strategy - ICT System Development	74	(37)	(37)	0	0	(74)	0	Created to fund temporary development resources for enhancements of current ICT and, Website/system upgrades. This reserve to be spent equally over 14 / 15 and 15 / 16 and will be utilised (based on there being no corporate budgets to support such changes) to fund transition costs in relation to technology and mobile working, support the development/delivery of the Digital First strategy and any costs attributable to keeping the authority compliant in respect of PSN compliance.	0	74		
25948	Finance - IT Investment	39	(20)	(19)	0	0	(39)	0	Created to fund a number of IT projects and will be used to support MyView and Resourcelink across 2014-15 and 2015-16.	0	39		
25949	Legal	36	(36)	0	0	0	(36)	0	Legal Reserve to fund temporary staffing arrangements in 2014-15.	0	36		
25948	IT Investment Shared Services	30	(30)	0	0	0	(30)	0	Shared Services Reserve for Project Development Work in 2014-15.	0	30		
25943	Corporate Strategy - Performance Management	29	(6)	(6)	(6)	0	(18)	11	To support related costs for performance management e.g. covalent charges over a 3 year period.	11	18	Part of reserve no longer needed as costs funded from revenue budget.	
25946	People Framework Development	18	(18)	0	0	0	(18)	0	There is no budget set aside for any costs in relation to the implementation of the previously agreed Workforce Strategy. In order to not have to draw on departmental resources for any costs this will be utilised to fund any identified and agreed costs.	0	18		
25944	Contact Centre	15	0	0	0	0	0	15	Identified for staff training to ensure that they meet the revised essential criteria for posts.	15	0	No longer needed as costs funded from revenue budget.	
25945	Registrars	15	(15)	0	0	0	(15)	0	To be used for redecoration of marriage room and replacement software for certificate production/online certificate requests and contribution to corporate booking system	0	15		
25943	Corporate Strategy - Working from Home Surplus	13	0	0	0	0	0	13	Created to manage the costs of home working key fobs between financial years	13	0	No longer needed as costs funded from revenue budget.	
25943	Hartlepool Partnership	10	0	0	0	0	0	10	To support the Household Survey costs due in 2013/14.	10	0	No longer needed as costs funded from revenue budget.	
25943	Corporate Strategy - Corporate Consultation	8	0	0	0	0	0	8	To support the viewpoint panel, online survey system costs .	8	0	No longer needed as costs funded from revenue budget.	
25945	Registrars Marriage Room	6	(6)	0	0	0	(6)	0	This reserve has been committed already in year in terms of the developments identified.	0	6		
25949	Reserve for Civic Responsibilities	2	(2)	0	0	0	(2)	0	This reserve has already been committed in year.	0	2		
25944	Contact Centre	2	0	0	0	0	0	2	Reserve for Public Access to ICT in the Customer Service Centre.	2	0	No longer needed as costs funded from revenue budget.	

TOTAL Chief Exec.	297	(170)	(62)	(6)	0	(238)	59
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59	238
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TOTAL ALL DEPARTMENTS	34,338	(4,168)	(8,716)	(3,869)	(1,962)	(18,715)	15,623
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1,870	32,468
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FINANCE AND POLICY COMMITTEE

21ST July 2014



Report of: Chief Executive

Subject: SAVINGS PROGRAMME 2015/16 – CHIEF EXECUTIVES DEPARTMENT

1.0 TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework.

2.0 PURPOSE OF REPORT

2.1 The purpose of this report is to enable Members to consider the initial 2015/16 savings proposals relating to the Committees remit. Comments made are to be incorporated with those received from each of the Policy Committees in relation to their remits.

3.0 BACKGROUND

3.1 As part of the process for the budget for 2015/16 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by your Committee and then Council. As the Finance and Policy Committee has responsibility for the Chief Executives department, then initial proposals are set out in this respect.

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 previous 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 universally 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 affected around 8,600 working age households and has impacted on Revenues, Benefits and the Contract Centre.

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). There has been an increase in services delivered to outside bodies over the last year although this is undertaken as part of a managed development. 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. 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	2014/15 Gross Budget £'000
Finance	2,497
Assistant Chief Executive	2,283
Chief Solicitor	1,107
	5,887

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.

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 96.1% in 2013/14 (2012/13 97%). National 2013/14 Metropolitan and Unitary Authority Council Tax data is not yet available. It is anticipated the 2013/14 average will be lower than the 2012/13 average of 96.8% owing to the impact of Local Council Tax Support schemes, which were introduced at the start of 2013/14. Hartlepool's Business Rates in year collection in 2013/14 was 98.5% (2012/13 98%). National Metropolitan and Unitary Authority was 97.1% in 2012/13, 2013/14 national data is not yet available. In 2013/14 Housing Benefit new claims average processing times were 20.3 calendar days (placing Hartlepool 5th out of 12 North East Councils in speed of processing) and Local Council Tax Support new claims were processed on average in 17.2days placing Hartlepool 2nd 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 Individual Electoral Registration (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 – During 2013/14 the Customer Service Centre dealt with over 370,000 customer enquiries across three primary contact channels, telephone, personal visit and online. Customer contacts increased particularly around changes in welfare reform and the waste management route optimisation programme. The introduction of customer

appointments has provided a more effective and planned approach to service delivery, with average customer waiting times for personal visitors reducing. Five apprentices were supported during the period with all achieving invaluable skills, experience and qualifications. Customer surveys carried out during the year showed high levels of satisfaction, with 97% of customers happy with how their enquiry was dealt with.

4.0 PROPOSALS

- 4.1 The savings target established at the outset of the budget process for Chief Executives department was £395k. 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 and the changes in requirements of the Authority.

The proposals in respect of the services in the Chief Executives Department, are ordered by Division within the Chief Executives Department. These savings total £515k, which exceeds the initial target of £395K (which was also the case in 2014/15) 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, recognising that some elements of the Chief Executives Department are front line services.

The corporate sweep for Voluntary Redundancies and Early retirements has been undertaken early this year and as part of a rolling process. This has been done to enable maximum time to consider the options that may be available and to maximise the aspect of the budget decisions that need making that are based on potentially vacant posts or volunteers rather than compulsory redundancies. There have been a number of requests for voluntary redundancies within the Department and vacant or fixed term posts which have been considered as part of the options for savings in this year. Whilst it is not possible to manage all of the savings in this way it has been an underpinning principle for the budget for 2015/16.

4.2 ASSISTANT CHIEF EXECUTIVE

- 4.2.1 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 to face. In previous years there has been scope to reduce running costs to contribute to the overall savings required within the Division. This has been reviewed again this year and is not believed to offer any significant options.

4.2.2 **Removal of vacant post / Changes in operations and management arrangements** **£220K**

At this stage there are limited options available around vacant posts though in the few areas where this is the case and there may be temporary or acting up arrangements in place, the option will be taken to review these and this will mean that there are options both now, and potentially through the year to take these opportunities for savings subject to an assessment of the service impact and the ability to continue to deliver services. In essence this aligns with the management practice supported by Members in previous years to minimise the impact of compulsory redundancies.

The further changes required to deliver the savings will be as a result of a review of the Management Structure and other operations within the Division with any changes delivering the net saving identified above. The review that has been undertaken to date 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 re-allocation of a range of tasks within the Division, the cessation of some aspects of operation and will enable the management arrangements to focus on the delivery of the core services. It is not without difficulty that the changes identified can be delivered and given the challenges faced in future years consideration has already started to be given to some of the changes required in future years, and looking forward. It is envisaged that a significant part of the savings identified will be delivered through either voluntary redundancies, fixed term posts with the being limited potential compulsory redundancies.

4.3 **CHIEF FINANCE OFFICER**

4.3.1 At this stage the savings target for the Division has been identified. It is anticipated that additional savings will again need to be made in 2014/15 to manage a further reduction in the Housing Benefit Administration grant and details will be reported when this grant cut is known. In previous years there has been scope to achieve savings through reducing running costs, increasing income (summons charges) and contract renegotiation. These areas have been reviewed again and they will not provide any significant additional benefit for 2015/16. Total gross savings of £180k have been identified within the Finance Division, as detailed in the following paragraphs.

4.3.2 **Removal of vacant post / Changes in operations and management arrangements** **£165k**

These savings will be achieved by reviewing existing management structures and other operations across the Finance Division. 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. The changes required are not without risk and given the impact of making additional savings to offset an anticipated forecast Housing Benefit Administration grant cut will need careful management. This will be particularly the case in relation to those elements of the savings which affect

the front facing services within the Division. These saving include the financial benefit of extending the Financial Service Level Agreement with Cleveland Fire Authority to include the section 151 role. It is currently envisaged that the remaining savings in staffing budgets can be achieved through a combination of voluntary redundancy and removal of vacant posts. There may be some instances where staff are redeployed in lower graded posts.

4.3.3 Income £15k

Changes in existing procedures will enable the Council to recover VAT on car mileage which it was not previously economical to recover, as the administrative costs exceeded the amount recovered owing to the small value of individual amounts. Improved IT systems enable these small amount to be recovered cost effectively and the aggregate income is estimated to be £15k per year.

4.4 CHIEF SOLICITOR

4.4.1 A total target savings of £63K has been identified to meet the Legal Services Division's commitment for 2015/2016.

4.4.2 Staffing Savings £63K

Previous savings have relied on the removal of vacant posts from which the greater part of the identified savings target has been met. This is not the case at present.

An application for ER/VR has been received and a realignment of duties and responsibilities of some staff who have also expressed a desire to alter their existing working arrangements is also being actively pursued.

All attempts will be made to manage savings through such a route although there may also be a need to reconfigure services at an operational level. It is anticipated that these savings can be accommodated without a significant impact, although, this will not necessarily be the case in future, where contingency and other planning will be needed.

The remaining savings will come from further staffing reductions and / or an increase in income. There are currently several options to achieve this figure but some of these options rely on reconfiguration in other Departments and will be outlined if necessary in a later report.

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.

4.5 Chief Executive's Department Cross cutting issues £50k

4.5.1 The Chief Executive's Department has experienced an increase in workload across a range of areas supporting the new Public Health Department. As

part of this there has been the appointment of the Public Health grant, previously utilised for overheads to recognise this. The workloads have been reviewed to absorb this work releasing this money for savings.

- 4.5.2 This approach provides the most cost effective approach for the whole Council, including the Public Health functions. The additional work in supporting the Public Health Department also helps protect jobs by diversifying the front line services support by the Chief Executive's Department.

5.0 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 may 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 reduce the current level of running costs.

- 5.3.1 The bringing together of the former Corporate Strategy and Workforce services divisions provided the opportunity last year to realise savings in the "running costs" of these divisions. This has been reviewed again this year but there is no significant scope to do this although further options will be looked at for next years budget.

- 5.4 Savings other than staffing and operational issues.

- 5.4.1 There are a range of savings identified through the ICT contract and in line with corporate considerations these have been accounted for corporately which is appropriate and have been reported separately to Members. Beyond this there are limited if any options to make savings other than those which can come from staffing and operational arrangements. The opportunity has been taken to realise these from voluntary arrangements where this has been possible but given the scale of the changes this is not always possible.

- 5.5 Consideration of service demands

- 5.5.1 The savings proposed reflect consideration of current service demands. As an example 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 (LCTS) are generating significant workload issues, which are increasing as higher reductions in LCTS support are phased in. These workload demands are likely to continue into the foreseeable future and therefore in defining 2015/16 savings proposals net reductions to key front line staffing capacity are not considered operationally appropriate or feasible. Although proposals for restructuring to provide resilience will be implemented. For 2015/16 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 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. Members will be aware that such an initiative is also set against a background of conducting elections, wherein there will be combined polls in 2015 and 2016.
- 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, 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.

6.0 RISK IMPLICATIONS

- 6.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:
- 6.2 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). 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.
- 6.3 It is considered that these savings can be delivered, although not without difficulty or some degree of risk but that this can be managed in this year, however achieving these savings becomes more difficult each year, which is the case in other departments

7.0 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 have 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. 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, considering early retirement / voluntary redundancy request where these have been received 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	
Deletion of vacant post / Changes in Management Arrangements	220
Chief Finance Officer	
Deletion of vacant post / Changes in Management Arrangements	165
Income	15
Chief Solicitor	
Staffing Savings	65
Cross cutting issues – absorption of Public Health Support Services	50
Total Proposed Savings	515

7.4 The savings which have been identified include a number of staffing changes. 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).

7.5 The savings identified for the Chief Executive's Department exclude the Corporate savings included within the MTFs report considered by this Committee on 30th June 2016 of £0.62m. The achievement of these savings is dependent upon the Chief Executive's Department having the necessary skills and capacity to deliver these savings, which involve the management of complex operational areas and negotiations covering the ICT contract, proposed changes to Terms and Conditions and Treasury Management activities.

8.0 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 90% of the above savings will be made by reducing staffing levels (mainly from vacant posts and ER/VR applications) with some changes to day to day running costs.

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.

9.0 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 13th October 2014.

10.0 REASON FOR RECOMMENDATIONS

10.1 The proposals included in this report have been identified as being sustainable and deliverable.

11.0 BACKGROUND PAPERS

11.1 The following background papers were used in the preparation of this report:-

Finance and Policy Committee - Medium Term Financial Strategy (MTFS)
2015/16 to 2017/18 - 30th June 2014

12.0 CONTACT OFFICERS

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ADULT SERVICES COMMITTEE

12 August 2014



Report of: Director of Child & Adult Services

Subject: SAVINGS PROGRAMME 2015/16 –
ADULT SERVICES

1. TYPE OF DECISION

Budget and Policy Framework

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 2015/16 budget process.

3. BACKGROUND INFORMATION

3.1 As part of the 2015/16 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the budget process for 2015/16 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 report identifies the areas where savings are expected to be achieved, the risks associated with achievement of savings and the considerations which have been taken into account in developing proposals.

3.3 Scope

The areas of expenditure under consideration within this review are:

Assessment & Care Management

- Care Management Teams (Social Work & Occupational Therapy)
- Adult Safeguarding

Residential Placements

Personal Budgets

- Home Care
- Equipment
- Day Services
- Supported Accommodation
- Direct Payments

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 (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 and through complaints and compliments.

There has been a requirement since 2012 for Local Authorities to publish a Local Account for adult social care to inform local residents about:

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

Hartlepool's Local Account for 2013/14 was approved by Adult Services Committee in March 2014.

3.7 Inputs / Expenditure

The total expenditure on adult social care is £45m, of which £16.5m is income from people's personal contributions and other sources (primarily NHS funding).

The breakdown of spend on adult social care is as follows:

Area of Expenditure	Spend
Assessment & Care Management	£5.3m
Residential Placements	£18.4m
Personal Budgets	£18.4m
Housing Related Support	£2.5m

The breakdown of spend on personal budgets is as follows:

Area of Expenditure	Spend
Home Care	£6.6m
Direct Payments	£5.2m
Supported Accommodation (including Extra care)	£2.9m
Day Services	£1.8m
Equipment	£0.9m
Other	£1.0 m

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 1,600 people currently being supported.
- People received over 5,600 pieces of equipment to help them stay at home and over 95% were received within 7 working days.

Some areas where particularly 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 Child & Adult services for 2015/16 is £2.860m.

The departmental approach to identifying savings was to focus on three key areas:

- Integration and service remodelling across functional areas
- Reducing cost of high end demand through prevention, early intervention and reducing unit costs; and
- Increasing income.

All areas of spend were reviewed under these headings, taking into account savings achieved in previous years and statutory responsibilities, and areas were identified where savings could be achieved with least impact on front line services for local people.

Within adult services, the following savings have been made over the last three financial years:

- 2012/13 - £1,540,000
- 2013/14 - £860,000
- 2014/15 - £1,520,000

Reducing budgets by this level on an ongoing basis cannot be achieved without an impact on frontline services and on people who use adult social care services, although proposals have sought to minimise this impact as far as possible. It is inevitable that further savings proposals will have an increasing impact on frontline services, as it is not possible to sustain current levels of service and performance with reducing budgets and increasing demands on services.

There is no scope to further increase income following the decision by Adult Services Committee in January 2014 to implement a revised Contributions Policy requiring people to contribute up to 100% of the costs of their support.

The proposed savings within adult services therefore focus primarily on integration and reducing high end demand (through the Better Care Fund work) and a small element of reducing unit costs through a review of contracts and management structures.

The proposed contribution to the departmental target from adult services is £1.075m.

4. PROPOSALS

4.1 Review of Contracts

- 4.1.1 A range of services are commissioned by the Council to support adults with social care needs.

These include:

- low level support;
- housing related support;
- support for people with sensory loss;
- day services for older people; and
- support for people with dementia.

The total value of these contracts is approximately £3.3m.

- 4.1.2 A saving of £915,000 has been made against these contracts over the past three years through renegotiation of existing contracts and retendering where appropriate to achieve better value for money, leaving little scope to achieve further savings in this area without a significant detrimental impact on people using services.
- 4.1.3 It is proposed that inflationary uplifts are not offered on these contracts from April 2015, which would achieve a saving of approximately £75,000.

4.2 Review of Management Structure

- 4.2.1 Following significant reductions in management capacity over recent years, a further review has been undertaken which has identified two posts that can be deleted, subject to voluntary redundancy applications being approved for the current post holders.
- 4.2.2 The posts identified for deletion are Head of Service (Band 15) and Modernisation Lead - Older People, Dementia, Carers and Dignity (Band 13). Deleting these posts will achieve a saving of approximately £100,000 but will have a significant impact on management capacity within adult services.

4.3 Further Integration of Health and Social Care

- 4.3.1 Local Authorities were notified in June 2013 of the launch of the Better Care Fund (BCF), a £3.8bn pool of funding identified nationally to promote the integration of health and social care services that support some of the most vulnerable population groups.
- 4.3.2 The guidance states that the BCF is a genuine catalyst to improve services and value for money and a real opportunity to create shared plans that integrate services to provide improvements for local communities.
- 4.3.3 The BCF allocation for Hartlepool is £7.476m which is made up as follows:

Funding Stream	Funding
Existing NHS Transfer to Social Care (2013/14)	£1.8m
Existing Reablement Funding	£0.61m
Existing Carers Funding	£0.2m
Additional NHS Transfer to Social Care (2014/15)	£0.5m
Capital Grants (including Disabled Facilities Grant)	£0.83m
Funding from CCG baseline budget	£3.536m

4.3.4 The BCF Plan for Hartlepool, which was approved by the Health & Wellbeing Board in March 2014, is based on a shared vision across health and social care:

‘To develop outstanding, innovative and equitable health and social care services, ensuring excellence and value in delivery of person centred care working across both health and social care’.

4.3.5 The plan is focused on three key areas:

- Low Level Support and Management of Long Term Conditions
- Intermediate Care
- Improved Dementia Pathways

4.3.6 In each of these areas, services will be delivered in a more integrated holistic way across health and social care, improving outcomes for people using services and reducing duplication, inefficiency and waste at the interface of care.

4.3.7 The aims of the Hartlepool BCF Plan are to:

- Reduce the number of people aged 65 and over who are permanently admitted to residential care;
- Maintain current excellent performance in relation to delayed discharges attributable to social care;
- Reduce the number of delayed discharges and lost bed days from acute settings for people aged 65 and over who are medically fit for discharge;
- Reduce avoidable emergency admissions of people aged 65 and over;
- Increase the diagnosis rate of dementia;
- Increase the number of people supported by assistive technology; and
- Increase the number of people accessing reablement services.

4.3.8 By moving to new models of service delivery, reorganisation of pathways and removal of professional boundaries, reliance on intensive, high cost interventions will be reduced which will achieve savings across the health and social care economy.

4.3.9 It is highlighted within the guidance that the BCF is intended to provide protection for social care services that would otherwise be at risk.

4.3.10 The Hartlepool BCF plan identifies that funding currently allocated through the NHS Transfer to Social Care has been used to enable the local authority

to sustain the current level of eligibility criteria and to maintain existing integrated services that support timely hospital discharge, delivery of reablement and telecare services, commissioning of low level support services and support for carers.

- 4.3.11 The plan states that investment in these services will need to be sustained to maintain this as the social care offer for Hartlepool and to maintain current eligibility criteria and will need to be increased in order to deliver 7 day services and to address the implications of the Care Bill, which will require additional assessments to be undertaken for people who did not previously access social care and provision of further support for carers.
- 4.3.12 It is also proposed that additional resources are invested in social care to deliver enhanced reablement and step up services, which will reduce hospital admissions and readmissions as well as permanent admissions to residential and nursing home care.
- 4.3.13 Prior to the changes to the national guidance regarding BCF it was anticipated that, through a combination of reducing the need for intensive, high cost services and additional investment in social care services that have a health benefit, a saving of £900,000 could be achieved through further integration of health and social care.

5. RECENT ANNOUNCEMENTS REGARDING THE BETTER CARE FUND

- 5.1 The Department of Health and Department for Communities and Local Government sent two letters to all Health and Wellbeing Board Chairs on 11 July 2014 outlining proposed changes to the BCF assurance and planning processes, including changes in relation to the performance and finance metrics.
- 5.2 The key points relating to pay for performance and risk sharing are as follows:
- Up to £1 billion of the Better Care Fund allocated to local areas is to be spent on out-of-hospital services according to the level of reduction in emergency admissions they achieve.
 - Health and Wellbeing Boards will propose their own performance pot based on their level of ambition for reducing emergency admissions (with a guideline reduction in emergency admissions of at least 3.5%) and they will be allocated a portion of the £1 billion performance money in the fund in accordance with the level of performance against this ambition.
 - Where local areas do not achieve their target reduction in emergency admissions the money not released will be available to CCGs, principally to pay for the unbudgeted acute activity
 - The remaining money from the performance pot not earned through reducing emergency admissions will be available upfront to be invested in out of hospital NHS commissioned services (including joint services), agreed by Health & Wellbeing Boards.

- Reduction in unplanned admissions will now be the sole indicator underpinning the pay for performance element of the BCF. The other existing performance metrics will not be linked to payments but must still be included within plans.
- 5.3 The key points relating to plan improvement and assurance are as follows:
- A revised planning template will be issued by NHS England, requesting additional financial data around metrics, planned spend and projected savings
 - Revised plans to be submitted at the end of the summer, ahead of a further process of national assurance and ministerial sign off
 - NHS England will provide revised guidance to shape the further development of local BCF plans, including information on the revised pay for performance and risk sharing arrangements
 - Plans will be reviewed later in the summer to ensure they are ambitious enough to achieve improvements in care and that every area is on track to begin in April 2015. A new national BCF Programme Team will be established working across Whitehall, local government and the NHS.
- 5.4 An initial analysis of impact on the Hartlepool BCF plan has been undertaken based upon the information received to date:
- The amount of funding to be held back in the Hartlepool BCF performance pot, dependent on the achievement of the target reduction in emergency admissions, will be between £776k (3.5% of spend on emergency admissions for Hartlepool) and £1.8m (based on a pro rata share of £1bn nationally).
 - The Hartlepool BCF plan sets an ambition of a 6.4% reduction in emergency admissions with expected savings of £1.4m.
 - Work is underway to determine which parts of the plan will be affected by the described funding changes and determine the overall impact on delivery of the outcomes.
- 5.5 Further guidance issued by NHS England and the Local Government Association on 25 July 2014 sets out the requirements for BCF plans to be revised and re-submitted by 19 September 2014 following sign off by Health & Wellbeing Boards.
- 5.6 The planning templates have been revised to provide added emphasis on the following:
- A clearer articulation of the analysis and evidence that underpins the BCF plans.
 - A clearer articulation of the delivery chain that will underpin the shift of activity away from acute activity.
 - A tighter description of the schemes underpinning the plan schemes and the underlying success factors.
 - A much clearer focus on the risks, the risk sharing arrangements and the contingency plan in case the target reduction in admissions are not met.
 - A clearer articulation of the alignment between the BCF and other plans and initiatives within a locality across NHS and social care.

- Ensuring that the potential impact of proposed schemes on providers are understood, and providers are fully engaged.
- 5.7 Further detail is also required regarding the protection of social care services, with the following information required:
- the total amount from the BCF that has been allocated for the protection of social care services.
 - the total level of resource that will be dedicated to carer-specific support, and the nature of that support.
 - Confirmation that at least the local proportion of the £135m has been identified from the NHS £1.9bn funding for implementation of new Care Act duties on councils (including new entitlements for carers, national minimum eligibility threshold, advocacy, safeguarding and other measures in the Care Act).
 - The financial impact on local authority's budgets resulting from changes to the BCF policy since April 2014.
- 5.8 Work is underway with the CCG to further assess the impact of the revised guidance on the Hartlepool BCF plan and to complete the revised planning templates. Once this work is complete, the impact on the proposed savings in adult services will also be re-assessed, and further reports to Adult Services Committee may be required if there is a need to develop alternative savings proposals.

6. OPTIONS ANALYSIS

- 6.1 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:

6.1.1 Reducing Capacity in Care Management Teams

This is considered too high risk due to the significant impact on people using services, impact on caseloads for social workers and the new requirements in relation to Deprivation of Liberty Safeguards. Reducing social work and occupational therapy capacity would also result in significant increases in waiting times for people who are referred for assessment and support and would have a negative impact on performance against key indicators, such as assessments completed within 28 days of referral, completion of annual reviews and people supported to access services using personal budgets.

6.1.2 Reducing Spend on Residential Placements

This is not possible in light of the fair cost of care and increased pressure on residential provision. A number of providers have already contacted the Council requesting an increase in fees due to the financial pressures on providers associated with increases in the National Minimum Wage and increasing costs of food and utilities.

6.1.3 Reducing Spend on Personal Budgets

It is not possible to reduce spend on personal budgets without a fundamental review of the Council's approach to personalisation and the Resource Allocation System. Any attempt to reduce spend without a full consultation exercise and a clear rationale for change would result in significant risk of juridical review, as has been seen elsewhere in the country. People who already have services could not have their personal budget reduced without evidence of a reduction in their assessed level of need as the Council has a statutory duty to meet assessed need. A reduction in assessed need is difficult to evidence when the majority of people that are supported by the department have an ongoing need or condition which is likely to result in increasing needs over time and with age. This issue will be revisited when considering savings for 2016/17 but is not expected to make a significant contribution to future savings targets.

6.1.4 Increasing Income

There is no scope to further increase income from contributions of people using services following the implementation in April 2014 of a revised Contributions Policy requiring people to contribute up to 100% of the costs of their support, dependent upon their ability to pay for services.

The savings proposals identified for 2015/16 take into account use of NHS funding via the Better Care Fund to support and protect social care services which would otherwise be at risk. Services already funded from the Better Care Fund allocation include reablement services, telecare, transitional care beds that support people after a hospital stay, support for carers, low level services, support services and equipment for older people in their own homes and day services for people with dementia.

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.

7.2 The risks considered in relation to the review of contracts are:

- Management of provider relationships.
- Implications of an increase in the National Minimum Wage and changes in Employment Law which may impact on the ability of providers to maintain current levels of service based on current contract values.

7.3 There are significant risks associated with the successful delivery of the BCF Plan which are logged in a BCF risk register and will be developed further as detailed plans for BCF implementation are agreed. The risks include:

- There is insufficient time to implement the schemes to have the impact in the short term on performance and savings.
- The schemes identified in the BCF fail to deliver the required reduction in acute and care home activity by 2015/16, impacting on the funding available to support core services and future schemes.
- Partners can't agree the best model of service delivery and / or the implementation of the model.

- Introduction of the Care Act results in significant pressures for social care services with resulting impacts on the delivery of the BCF plan.
- Workforce skill mix and availability to deliver the new pathways of care is not adequate.
- The focus is on performance and savings rather than being person-centred.
- Shifting resources to fund new integrated services destabilises current providers, particularly in the acute sector.

8. FINANCIAL CONSIDERATIONS

- 8.1 It has been highlighted in previous reports that failure to take savings identified as part of the 2015/16 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:-

Proposal	Proposed Savings
Review of Contracts	£75,000
Review of Management Structure	£100,000
Further Integration of Health & Social Care	£900,000
Total Proposed Savings	£1,075,000

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 An Equality Impact Assessment will be undertaken as more detailed proposals to deliver the Better Care Fund are developed.
- 9.2 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).

10. STAFF CONSIDERATIONS

- 10.1 Informal consultation with Trade Unions regarding any staffing implications associated with the savings proposals will be undertaken if needed as more detailed proposals to deliver the Better Care Fund are developed. Any staff affected by the proposals will be informally notified and formal consultation will be undertaken in line with agreed HR policies and procedures, if the proposals are accepted.
- 10.2 At this early stage, it is anticipated that two posts will be deleted to support achievement of the adult services saving proposals, both of which are linked

to expressions of interest in voluntary redundancy which will allow staff restructures and re-allocation of work to other team members.

11. RECOMMENDATIONS

- 11.1 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; and
 - note that further reports may need to be considered by the Adult Services Committee as the position regarding the changes to the Better Care Fund become clearer.

12. CONTACT OFFICER

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CHILDREN'S SERVICES COMMITTEE

12 August 2014



Report of: Director of Child and Adult Services

Subject: SAVINGS PROGRAMME

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Budget and Policy Framework

2. PURPOSE OF REPORT

2.1 The purpose of this report is to identify proposals for the delivery of savings across Children and Education Services as part of the 2015/16 budget process.

3. BACKGROUND INFORMATION

3.1 The overall reduction in the council revenue budget is currently forecast to be £5.65m. All Council Departments have, therefore, been considering potential options for achieving savings. Across Child and Adult Services the potential impact of the overall reduction in council budgets is currently forecast at £2.86m. In addition the Department is facing ongoing pressure for demand-led services as a result of increasing and high levels of need within families.

3.2 As part of the 2015/16 savings programme a number of options have been identified where savings could be made. As part of the process for setting the 2015/16 budget it has been agreed that individual policy committees will consider savings options prior to consideration by Finance and Policy Committee and then Council.

3.3 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
- ii) Financial considerations taken into account in developing the proposals.

3.4 The savings options under consideration involve: the integration of some service teams across the Children's Services Division and the Education Services Division; reducing high-end demand through prevention, early intervention; reducing unit costs; increasing traded services and reviewing the balance between directly provided services and those commissioned from the voluntary sector. Since the services across both these divisions deliver the statutory and non statutory duties of the Council as a Children's Services Authority and include the integration of teams across both Divisions the proposals are outlined in one report.

3.5 **Scope**

The services in scope are focussed on addressing the social care and education needs of all children and young people in Hartlepool, including the most disadvantaged and vulnerable, and their families and carers. In so doing the Department is also responsible for working closely with local partners to jointly plan and commission services that improve outcomes and the well being of children and young people in relation to their safety, health and education.

3.6 As a children's services is responsible for:

- 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.

3.7 Education Services Division is responsible for the delivery of:

- 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.

3.8 In addition both Divisions contribute to the Council's Public Health responsibilities in relation to children, young people and families.

3.9 **Service Users**

The Department is responsible for securing universal early years services, statutory education and youth services for all children and young people in Hartlepool aged 0-19 and specialist support for those in need of protection, care and additional care and education services for those aged 0-25.

3.10 **Engagement and Feedback**

The Department engages with children, young people and their families through a range of methods including:

- Youth Council
- Engagement with the council's Children's Services Committee
- Corporate Parenting Forum
- Young Inspectors
- Service user focus groups.

Feedback on the performance of services is also obtained from external inspections and reviews, and an analysis of compliments and complaints. Consideration of savings options has taken account of the feedback we have received from service users and OFSTED.

3.11 **Current Budget**

The net General Fund expenditure on Children's social care and education is £19.7m with £4.75m of income generated.

The breakdown of how the £19.7m is spent is as follows:

Children & Families inc. Looked after Children	£12.1m
Early Intervention Services	£4.8m
Education / Raising Educational Achievement	£1.3m
Other (including Integrated Youth Support Service and Youth Offending)	
£1.5m	
TOTAL	£19.7m

3.12 **Budget Pressures**

Across Children's Social Care the Department is currently facing significant pressure as a result of increasing demand for high- cost specialist services in relation to child protection and Looked After Children. Over the past three years there has been a 30% increase in demand for children's social care services. As a consequence the Department is managing a £400k pressure in relation to looked after placement costs and £175k in relation to social worker posts required to meet the demand in relation to child protection.

- 3.13 These are funded from Departmental Reserves in 2014/15 and 2015/16 however there will be a pressure relating to these in 2016/17 and this will need to be included in the updated Medium term Financial Strategy Report. The remodelling of early help services will be focussed on ensuring interventions are effective in reducing the demand for placements and statutory social work intervention over the next two years within the context of the Medium Term Financial Strategy.

4. **SAVINGS PROPOSALS**

- 4.1 The following services are within the scope of the proposals under consideration in this report:

- Early Help and targeted support across social care, education and health
- Youth Offer
- Looked After children costs
- SEND assessment and resource allocation across pre and post 16 education and care assessments 0-25
- Complex Needs Services
- Premature retirement costs
- Strategic Planning and asset management

- 4.2 The savings target for Children's Social Care and Education Services is £1,789,000.

4.3 **Details**

4.3.1 **Integration of Early Help and Intervention Services across social care, education and public health 0-19**

Saving £1m

It is proposed that we build upon our approach to family support and to Think Family, Think Community and remodel our early help and intervention services to achieve greater integration across social care, education and public health in order to identify need early and provide support to families as soon as possible. This will achieve a more efficient use of resource through the integration of teams, improve the co-ordination of help for families and will be central to our approach of a more focused model to manage high end

demand. In order to maintain, protect and improve existing services Public Health will contribute £0.5m towards this budget area. In addition, £0.5m of savings will be required. Changes to service provision will result in 2 staff leaving on ER/VR, a number of existing vacant hours being deleted within the Teams and approximately 9 redundancies across early intervention services. Other savings within this area will be achieved from contract savings within the Activities and Mentoring contracts and savings and non-inflationary increases across various non-pay budgets.

4.3.2 **Looked After Children Costs**

Proposed saving £440k

In order to achieve the departmental target of £1.79m, the department will need to achieve a saving of £800k in relation to the placement costs of children in care and this will be delivered over a three year period. This £800k is made up of a £400k pressure to be managed down (see paragraph 3.12) and a further £400k saving. Priority will be given to reducing numbers of looked after children and the costs of placements.

The strategy to manage this pressure is to reduce the number of children in care during 2015/16 by 10% (20 children) which will bring the budget spend back in line with budget allocation. Coupled with this, there will be a review of the policy on Child Arrangement (residence) and Special Guardianship Allowances and the use of section 17 budgets to try to reduce the number of looked after children. To achieve the balance of the savings in the following two years, this will be delivered through the remodelling of early help and intervention services and children's social care with a focus on demand reduction leading to fewer children in care. This will strategy be managed over a two year period to phase out the use of reserves and reduce the high levels of demand currently within the system through early intervention.

4.3.3 **Review of 0-25 Special Educational Needs and Disability (SEND) Assessment Arrangements and Complex Needs Services**

Proposed Saving £300k

A review of Complex Needs Services will be undertaken to ensure an appropriate balance in meeting the costs of providing for the care, health and education needs of children and young people receiving support from the small steps service, residential schooling for Looked After Children and assessment capacity. We will also integrate our SEND assessment and planning teams to develop a joined up approach to the one Education, Health and Care plans.

4.3.4 Pre Retirement Costs

Proposed reduction £11,000

This budget predominantly covers pre retirement costs relating to former Cleveland County Council. Savings from this budget can only be made when the number of former employees reduces. A review of this budget has identified savings of £11,000. The budget will be kept under annual review.

4.3.5 Strategic Planning and Asset Management

Proposed reduction £38,000

Education services currently hold a revenue budget to support feasibility studies in relation to asset management. A review of the budget has identified a £20,000 saving. Deleting this budget will mean that initially feasibility work will where possible be charged to the education capital programme. In addition a residual budget of £10k is currently held to support the development of the Children's Trust Plan and £8k in relation to the former children's services grant. It is proposed to delete these budgets and support the work through existing strategic commissioning capacity.

5. OPTION ANALYSIS

5.1 A range of options to achieve the required savings have been explored and discounted because of the level of risk involved. These include:

- Reducing capacity in social work teams which is considered to be too high a risk due to impact on case loads and the risk to child protection.
- Reducing capacity in school improvement which is considered to be too high a risk in relation to meeting the Council statutory responsibility for school improvement and the priority to ensure every school in Hartlepool is a good school
- Reducing Foster Carer Allowances which is considered to be too high a risk given the need to avoid expensive placements in the independent sector
- Closure of Children's Centres which would compromise the Council's ability to provide early community- based support to families
- Deletion of funding to support short breaks which would compromise the Council's ability to meet the needs of vulnerable families with disabled children
- Reduction in commissioned services to the voluntary and community sector which would compromise the council's ability to reduce high end demand through community based services.

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 the decision making process.

6.2 The risks relate to

- The need to accelerate service and system change in the reorganisation of services
- The early intervention services will need to bring about sufficient change to reduce high end demand
- Partners will need to fully engage in the process and agree the best ways of working together to achieve the necessary improvements and efficiencies
- Shifting resources to prevention from acute services could destabilise acute services.

6.3 Risk can be mitigated through

- Effective project management and governance
- Commencing the redesign process as early as possible
- Providing effective workforce development to support the change
- Planned short term use of reserves to support the shift from acute spend to prevention.

7. FINANCIAL CONSIDERATIONS

7.1 Failure to progress the proposals outlined in this report will result in the need to make alternative unplanned saving and redundancies elsewhere to balance the 2015/16 budget. The proposals outlined will deliver the following savings:

Service	Proposed Savings
Integration of early help and intervention services across social care, education and public health 0-19	£1,000,000
Looked After Children	£440,000
SEND and Complex Needs Services	£300,000
Premature Retirement Costs	£11,000
Strategic Planning & Asset Management	£38,000
Total Proposed Savings	£1,789,000

8. EQUALITY AND DIVERSITY CONSIDERATIONS

8.1 A full Equality Impact Assessment will be undertaken as detailed proposals are developed. By definition all the savings proposals will affect people who access children's services. The proposals will be developed to protect services to the most vulnerable and ensure equality of access to universal provision.

9. STAFF CONSIDERATIONS

- 9.1 At this early stage it is anticipated that six to eight posts will be deleted in support of the proposals and a further six will be subject to TUPE. Every effort will be made to achieve the deletions through deletion of vacant posts, turnover management and voluntary redundancy.
- 9.2 Informal consultation with Trade Unions will be undertaken as the proposals develop. Any individual staff affected by the proposals will be informally notified and formal consultation will be undertaken in line with Council policies and procedures.

10. RECOMMENDATIONS

- 10.1 It is recommended that members of the Committee note the contents of this report and formulate a response to be presented to Finance and Policy Committee

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REGENERATION SERVICES COMMITTEE

24th July 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: SAVINGS PROGRAMME 2015/16 –
REGENERATION DIVISION

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework Item.

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 (excluding Estates and Regeneration) for consideration as part of the 2015/16 budget process.

3. BACKGROUND INFORMATION

3.1 As part of the 2015/16 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2015/16 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 a range of information relating to the services within the Division is included in the report.

3.4 The services under consideration as part of this report are as follows: -

- 3.5 **Economic Regeneration** – The Economic Regeneration Team provides the Council lead on the Jobs and Economy Theme and offers services to residents and businesses.
- 3.5.1 The Business Team is responsible for Hartlepool's Business Incubation System and providing business infrastructure such as Queens Meadow, Incubation Units at Hartlepool Enterprise Centre and working with key partners including UKSE to develop high quality business units. The Team has established Enterprise Zones at Queens Meadow, Port Estates and Oakesway. At the same time the team works with growth companies to ensure they can maximise financial assistance available through, for example, Regional Growth Fund where the team has a successful track record. The service works closely with the Regeneration Team and is driving forward the Hartlepool Vision and Master Plan and regeneration plans for Seaton Carew, based on mixed development opportunities. The Team is supporting housing regeneration and is also driving forward the Innovation and Skills Quarter initiative.
- 3.5.2 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 with a particular focus on young people. The service has been successful in drawing down external funding to support key initiatives and has also launched the Hartlepool Youth Investment Project which provides the key framework for youth intervention
- 3.6 **Culture and Information** – The Culture and Information Section is responsible for the museums and galleries, libraries, heritage attractions, community centres, theatre and events programme across the Borough. These venues include:
- Museum of Hartlepool.
 - Hartlepool Maritime Experience.
 - Hartlepool Art Gallery.
 - Sir William Gray House.
 - Central Library.
 - Owton Manor Library.
 - Seaton Library.
 - Headland Library.
 - Owton Manor Community Centre.
 - Burbank Community Centre.
 - Masefield Centre.
 - Throston Library
- 3.6.1 The Service also operates a mobile library and home delivery service. Oversees events across the Borough and supports the Independent Safety

Advisory Group (ISAG). The Service is involved in a number of Tees Valley and Hartlepool projects such as the First World War Project, Enterprising Libraries, 999:What's Your Emergency, Young Cultural Ambassadors and the Summer Reading Challenge to name but a few.

- 3.7 **Planning Services** – The Planning Service consists of four discrete teams: Development Control Team focuses on assessing proposals for new development and their impact on their surroundings, particularly in the form of planning applications and informal planning submissions. The section is also responsible for monitoring development and, where necessary, implementing enforcement action against unauthorised development, including derelict untidy buildings and land.
- 3.7.1 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 Local Plan, which will establish the overarching planning policy framework for the Borough and will eventually replace the adopted Hartlepool Local Plan 2006.
- 3.7.2 Landscape Planning and Conservation provides professional and technical expertise aimed at the conservation, protection and enhancement of the natural and built environment of Hartlepool.
- 3.7.3 Tees Archaeology is a shared service between Hartlepool and Stockton Borough Councils based in Sir William Gray House. The section provides the Local Planning Authorities and other relevant organisations with advice on the archaeological implications of planning proposals and, maintains and updates a Heritage Environment Record (HER).
- 3.8 **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. 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. This section works with Registered Providers to build affordable housing in the town and with other developers to improve and increase the affordable housing options available to the market in Hartlepool. The 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.
- 3.8.1 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. The team also provides financial help for adaptations to houses for disabled persons and to owners to improve the condition of private houses.

3.8.2 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 Tenants Service to give advice and assistance to landlords and tenants in the conduct of tenancies.

3.9. Other services within the Division include Estates and Regeneration, Learning and Skills (Adult Education) and Building Control. Savings proposals relating to Estates and Regeneration will be reported through the Finance and Policy Committee. There are no savings being proposed at this stage for the Learning and Skills and Building Control Services.

3.10 **Scope of Proposed Savings**

3.10.1 The savings proposed can be bundled into four discrete packages as follows:-

- i) Divisional Management Structure
- ii) Cross Departmental Management Structure
- iii) Specific Operational Service Proposals
 - Economic Regeneration
 - Planning
 - Housing
 - Culture and Information

3.11 **Service Users**

3.11.1 The range of services covered by this report are delivered across the whole of the Borough dealing with people across all age groups, however, within these functions there are many discreet services which have been tailored for particular user groups. Some examples are listed below for illustrative purposes and are by no means exhaustive.

- 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 – targeted towards people in need of housing or who are homeless or at risk of becoming homeless.
- The Business Team – supports the business community from new start ups right through to large scale inward investors.
- Adult Education – providing a wide range of services and learning opportunities to people aged over 16.
- Planning One Stop Shop – providing comprehensive planning advice and guidance to residents, architects, consultants, developers and businesses.
- Book Trust Programme – aimed at children from 9 months to 5 years.

- Home Library Service – delivering books directly into the homes of library members who are in ill health or have mobility issues.
- Arts for Team – programme using art as a mechanism to inspire, develop and train young people.
- Museum of Hartlepool – 132,067 visitors 2014/14.
- Learning: School Visits – 1146 facilitated school visits by people to the Museum and Art Gallery in 2013/14.

3.12 Engagement

3.12.1 Feedback from service users is obtained in a variety of different ways and this is often determined by the type of service, the target audience, the way in which services are delivered. Examples include:

- Updating of the the Economic Regeneration Strategy involving consultation through the Economic Forum.
- Hartlepool Vision launch and engagement in January 2014 involving over 150 businesses and a similar number of residents.
- Following the launch of the Vision, the commencement of the Waterfront Masterplan process will see ongoing consultation over the next 6 – 9 months as the plan is developed. This will involve Members, the public, businesses and other interested groups.
- Training and Employability Programmes – all trainees are regularly consulted for satisfaction ratings.
- Housing Regeneration Carr and Hopps – regular one-to-one engagement with residents who remain in the area as the project moves forward.
- Regular attendance at resident group meetings to discuss, for example, housing standards, Selective Licensing, Empty Homes etc.
- Visitor surveys for specific events and festivals including, for example, Golf Week, to evaluate the success of the event and to learn from the experience.
- Annual satisfaction survey for tenants at the Hartlepool Enterprise Centre.
- Home Library User surveys – 394 in 2011.
- Cathy Cassidy – Author Event evaluation - 378 responses – February 2014.
- Local History lecture – 22 responses – March 2014.
- Library Services Review – Mobile Survey evaluation – 154 responses – September 2013.

3.13 Inputs

3.13.1 The current cost to the Council of providing the services relevant to the Regeneration Committee are as follows:-

Economic Regeneration	£950,000
Planning Services	£355,000

Housing Services	£640,000
Culture and Information	£1,700,000
Building Control	£60,000
Learning and Skills (100% grant funded)	£Nil
Total	£3,705,000

3.14 **Outputs and Outcomes**

3.14.1 The services provided within the Regeneration Division are so broad and varied that it would be difficult to list all outputs and outcomes across all areas of delivery, however, the following is a summary of some of the key highlights: -

3.14.2 **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. As an example youth unemployment rate has decreased from 17% in September 2012 to 9.7% in June 2014.
- To date the employability services of Family Wise, Going Forward and Connect 2 Work have achieved 221 employment outcomes for mainly young people.
- 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 8 projects have been delivered at Queens Meadow and the Port, the highest number of projects achieved across the Tees Valley Enterprise Zone to date, attracting £1.7M of private sector investment and creating or safeguarding 115 jobs.
- Hartlepool's business start up rate per 10,000 head of population has been consistently higher than the Tees Valley and North East rate and the gap between Hartlepool and the Great Britain figure has narrowed from 27 per 10,000 per head of population to 15.

3.14.3 **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.
- 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 better quality applications are submitted.
- Conservation provides specialist advice aimed at the 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.

3.14.4 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, to date 132 empty properties have been acquired for refurbishment and re-let.
- 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, for 2013/14 a total of 244 properties have benefited from this scheme.

- 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. During 2013/14 homelessness was prevented in 326 cases.
- 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 Perth/Hurworth and Carr/Hopps Street seeing significant investment in improving homes and housing stock. 84 properties are being built in Perth/Hurworth areas whilst 85% of the properties in Carr/Hopps Street have been acquired for demolition.
- 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 and plans are being prepared to propose an extension to the scheme to other areas of the town.

3.14.5 **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 service 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.

3.14.6 **Culture and Information**

- Over 38,852 hours of usage was achieved for the Library Peoples Network computer scheme against a target of 30,000 for 2013/14.
- 18,862 engagements with children aged 0-19 were achieved through library delivered literary and learning activities against a target of 12,000.

- 244,768 visits to the Museum of Hartlepool, Hartlepool maritime Experience and Hartlepool art Gallery against a target of 202,000.

4. PROPOSALS

4.1 The savings target for the Regeneration and Neighbourhoods Department is £1.860m for the financial year 2015/16. In addition to this target, the Department needs to find additional savings to offset Departmental budget pressures of £170,000. The overall savings figure is therefore £2.030m for 2015 / 16. 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. The contribution towards this from the service which fall under the remit of the Regeneration Committee equates to £380,000. The remainder will be considered by Finance and Policy Committee £540,000 and Neighbourhoods Committee £940,000.

4.2 Divisional Management Structure

Further to the management reconfigurations that have taken place year on year for the last 4 years, a further proposal to slim down the strategic management structure is being proposed. However, this will not result in any savings directly as it is purely to put in place a more streamlined strategic management structure.

Specifically the proposal is to merge the Building Control service into the Planning Service.

4.3 Cross Departmental Management Structure

Illustrating the theme of addressing the budget savings in a cross departmental way, a proposal is being put forward to merge two service areas through a reconfiguration of the two services, one within the Regeneration and one within the Neighbourhoods Division. This saving will be reported to the Neighbourhood Services Committee as part of the 2015 / 16 savings programme. This will result in a new service area under the Assistant Director for Regeneration which combines elements from the Parks and Countryside Service along with elements from the Landscape and Conservation Service.

4.4 Economic Regeneration £50k

Through a further reconfiguration of services related to marketing and the visitor economy, it is anticipated that savings in the order of £50,000 can be made. This will be achieved with the deletion of a currently vacant post plus savings made across various budget lines.

4.5 Planning £50k

Savings in the order of £50,000 are being proposed which would be a combination of efficiencies related to bringing various budgets together as a consequence of the merger of Building Control into the Planning Service.

4.6 **Housing Services £85k**

Savings of approximately £85,000 are being proposed from Housing Services through a combination of bringing services back into the Council which were previously delivered externally via a management agreement and was considered by Members at Finance and Policy Committee in December 2013 and subsequently approved in April 2014. Further anticipated income streams from for example, the setting up of a Social Lettings Agency which was agreed by Members at Finance and Policy Committee in June 2014.

4.7 **Culture and Information £195k**

4.7.1 The following proposals are being considered as savings from within Culture and Information:-

- Restructure library management and operational structure – with the loss of one post by early retirement/voluntary redundancy.
- Reduce various operational budgets.
- Reduce library staff hours and reduce by one further post by way of early retirement/voluntary redundancy.

4.7.2 The above proposals will achieve overall savings in the order of £195,000.

4.7.3 With regard to proposed savings related to the library services, consideration had been given to the closure of all or some of the branch libraries and whilst this proposal has not been ruled out entirely, it has been deferred for consideration for 2016/17 on the basis that if it is to be considered, a full review of the branch libraries will need to be undertaken. This will look at closure, community asset transfer, alternative delivery models etc, and will require full community consultation in order to ensure the decision, if it is made, is not subject to legal challenge.

4.8 **Impact**

The above proposals will potentially have the following impacts:-

- The weakening of the strategic management capability of the Regeneration Division.
- Direct impact to service users, either through the closure of community centres, the closure of some community centres or the reduction in the opening hours.
- The ability to meet performance targets in the Planning Service by deleting one post and spreading those duties across other members of the Planning Service. This could ultimately put pressure on the service with the ultimate risk of being placed in special measures.

- Direct impact on the service users by weakening of the front line services in the case of Planning, Economic Regeneration, Housing and Culture and Information staffing reductions.

5. OPTIONS ANALYSIS

5.1 A variety of options have been considered across all of the service areas within the Division, including the following:-

- Reducing staffing levels to only provide statutory services, however, this would prevent the Council from delivering on socio-economic wellbeing for its residents.
- Ceasing or reducing the delivery of services. This would specifically affect the Council's ability to deliver on key policy areas, weakening outcomes which can be achieved.
- Reducing Management capacity, at the strategic management level both within and across the two Divisions within the Department. This will affect management capacity, resilience and potentially effectiveness.
- Outsourcing key services. No obviously beneficial efficiencies have been identified with this option.

6. RISK IMPLICATIONS

6.1 There are a number of risks implicit in the delivery of any package of savings in the magnitude of those being proposed across the Department and it is important to highlight these clearly as part of the decision making process.

- Reduced staff morale. Where restructuring has a continuing impact as the level of staff left to deliver services, it is essential to engage fully with those staff in order services are delivered in an effective and efficient way.
- Loss of expertise. The proposed staffing restructures and reorganisation will ensure, as best as is possible in the circumstances, that the management and operational skill sets are maintained at an appropriate level and that training will be provided to staff to support them where appropriate.
- Reduced operational budgets can lead to a reduced ability to deliver key targets, outputs and outcomes.
- Reputational damage for the Council. With the continued reduction in budgets and the ability to deliver frontline services through reduced staffing capacity, there is a real danger the Council's reputation will suffer. There may be an increase in the number of complaints or a reduction in the level of customer satisfaction.

7. FINANCIAL CONSIDERATION

7.1 The proposals deliver the following savings options

Service	Proposed Savings
Economic Regeneration	£50,000
Planning	£50,000
Housing Services	£85,000
Culture and Information	£195,000
Total	£380,000

7.2 An impact Assessment has been undertaken and is attached at **Appendix A**

8. EQUALITY AND DIVERSITY CONSIDERATIONS

8.1 An Equality Impact Assessment has been completed assessing the impact of the Savings Programme proposals on those groups with protected characteristics, options to mitigate, avoid or reduce impact have been considered as part of the proposal. It is clear that there is no potential for discrimination or adverse impact on any Protected Characteristics groups. All opportunities to promote Equality have been taken and further Equality Impact Assessments have been identified to assess the impact on future savings proposals.

9. RECOMMENDATIONS

9.1 That Members note the content of the report and formulate a response to be presented to the Finance and Policy Committee on 13th October 2014 as part of the Councils overall budget considerations for 2015/16.

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. CONTRACT OFFICER

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Department	Division	Section	Owner/Officer
<i>Regeneration & Neighbourhoods</i>	<i>Regeneration</i>		<i>Denise Ogden / Damien Wilson</i>
Function/ Service	<p>SAVINGS PROGRAMME 2015/16 REGENERATION DIVISION</p> <p>The aim of this impact assessment is to ensure that any potential impact on equality is assessed and considered prior to decisions being made that impact on people and services.</p> <p>The savings proposed can be bundled into four discrete packages as follows:-</p> <ul style="list-style-type: none"> • Divisional Management Structure • Cross Departmental Management Structure • Specific Operational Service Proposals <ul style="list-style-type: none"> - Economic Regeneration - Planning - Housing - Culture and Information <p>Divisional Management Structure</p> <p>A proposal to slim down the strategic management structure is being proposed, specifically the proposal is to merge the Building Control service into the Planning Service. There is no direct impact on Equality.</p> <p>Cross Departmental Management Structure</p> <p>Reconfiguration of two services, one within the Regeneration and one within the Neighbourhoods Division. This will result in a new service which combines elements from the Parks and Countryside Service along with elements from the Landscape and Conservation Service. There is no direct impact in Equality.</p> <p>Economic Regeneration</p> <p>Further reconfiguration of services related to marketing and the visitor economy. There is no direct impact on Equality.</p> <p>Planning</p> <p>The savings proposal includes a combination of efficiencies related to bringing various budgets together. There is no direct impact on equality.</p> <p>Housing</p> <p>Savings of approximately £85,000 are being proposed from Housing Services through a combination of bringing services back into the Council which were previously delivered externally via a management agreement. Further anticipated income streams from for example, the setting up of a Social Lettings Agency which</p>		

	<p>was agreed by Members at Finance and Policy Committee in June 2014.</p> <p>Culture & Information</p> <p>Savings proposal includes, restructure library management and operational structure; reduction of operational budgets; staffing reductions due to voluntary redundancy/early retirement; reduce library staff hours and potential redundancies. The voluntary redundancy/early retirement opportunities are in line with HR policy and staff have been appropriately advised and will be supported throughout the process. No direct impact on Equality.</p> <p>With regard to proposed savings related to the library services and community centres, consideration had been given to the closure of all or some of the branch libraries and community centres and whilst this proposal has not been ruled out entirely, it has been deferred for consideration for 2016/17 on the basis that if it is to be considered, a full review of both services will need to be undertaken. This will look at closure, community asset transfer, alternative delivery models etc, and will require full community consultation in order to ensure the decision, if it is made, is not subject to legal challenge. A full Equality Impact Assessment will be completed at the appropriate time.</p>
<p>Information Available</p>	<p>The range of services considered as part of the savings programme are delivered across the whole of the Borough dealing with people across all age groups, however, within these functions there are many discreet services which have been tailored for particular user groups. Some examples are listed below for illustrative purposes and are by no means exhaustive. Feedback from these groups is used to inform the delivery of services.</p> <ul style="list-style-type: none"> • 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 – targeted towards people in need of housing or who are homeless or at risk of becoming homeless. • The Business Team – supports the business community from new start ups right through to large scale inward investors. • Adult Education – providing a wide range of services and learning opportunities to people aged over 16. • Planning One Stop Shop – providing comprehensive planning advice and guidance to residents, architects, consultants, developers and businesses. • Book Trust Programme – aimed at children from 9 months to 5 years.

	<ul style="list-style-type: none"> • Home Library Service – delivering books directly into the homes of library members who are in ill health or have mobility issues. • Arts for Team – programme using art as a mechanism to inspire, develop and train young people. • Museum of Hartlepool – 132,067 visitors 2014/14. • Learning: School Visits – 1146 facilitated school visits by people to the Museum and Art Gallery in 2013/14. <p>Engagement - Feedback from service users is obtained in a variety of different ways and this is often determined by the type of service, the target audience, the way in which services are delivered. Examples include:</p> <ul style="list-style-type: none"> • Updating of the Economic Regeneration Strategy involving consultation through the Economic Forum. • Hartlepool Vision launch and engagement in January 2014 involving over 150 businesses and a similar number of residents. • Following the launch of the Vision, the commencement of the Waterfront Masterplan process will see ongoing consultation over the next 6 – 9 months as the plan is developed. This will involve Members, the public, businesses and other interested groups. • Training and Employability Programmes – all trainees are regularly consulted for satisfaction ratings. • Housing Regeneration Carr and Hopps – regular one-to-one engagement with residents who remain in the area as the project moves forward. • Regular attendance at resident group meetings to discuss, for example, housing standards, Selective Licensing, Empty Homes etc. • Visitor surveys for specific events and festivals including, for example, Golf Week, to evaluate the success of the event and to learn from the experience. • Annual satisfaction survey for tenants at the Hartlepool Enterprise Centre. • Home Library User surveys – 394 in 2011. • Cathy Cassidy – Author Event evaluation - 378 responses – February 2014. • Local History lecture – 22 responses – March 2014. • Library Services Review – Mobile Survey evaluation – 154 responses – September 2013.
Relevance	Age
<i>Identify which strands are relevant to the area you are reviewing or changing</i>	Disability
	Gender Re-assignment
	Race
	Religion

	Gender		
	Sexual Orientation		
	Marriage & Civil Partnership		
	Pregnancy & Maternity		
Information Gaps	<p><i>An Equality Impact Assessment is required for Housing to assess the impact of bringing services back into HBC.</i></p> <p><i>Future Impact Assessment will be required as part of decisions and planning around the future of the library service.</i></p>		
What is the Impact	<p>Equality Impacts on those groups with protected characteristics have been considered as part of the Savings Programme proposals. Impact are deemed to be minimal and options to mitigate, avoid or reduce impact have been considered as part of the proposal, inc:</p> <ul style="list-style-type: none"> • Increased pressure on staff to deliver services and potential to reduce flexibility and effectiveness of services. • Impact on the service users by weakening of the front line services in the case of Planning, Economic Regeneration, Housing and Culture and Information staffing reductions. • Early Retirement/Voluntary Redundancy opportunities are in line with HR policy and staff have been advised appropriately. 		
Addressing the impact	<p><i>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</i></p> <p>1. No Impact- No Major Change - <i>It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</i></p>		
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?
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

19th August 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: SAVINGS PROGRAMME 2015/16 –
NEIGHBOURHOODS DIVISION

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework item.

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 Services Division for consideration as part of the 2015/16 budget process.

3. BACKGROUND INFORMATION

3.1 As part of the 2015/16 Savings Programme, a number of service areas have been identified where potential savings could be made. As part of the process for the budget for 2015/16 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 a range of information relating to the service is included in this report.

3.4 The services under consideration as part of this report are as follows:-

3.4.1 **Building Design and Construction** - The Building Design & Construction section provides an integrated property service comprising:

A complete building design consultancy service including feasibility studies, building surveying, condition surveying, design, advice, energy management, project management and a procurement service for construction schemes. It comprises Architects, Clerk of Works, Landscape Architects, Quantity Surveyors, Mechanical & Electrical Engineers and CDM Coordinators. A full CCTV design service is also available.

Full inspection compliance services, in accordance with current legislation including electrical test and inspection, Part 'P' inspections, Legionella control and management, gas safety inspections, asbestos management and accessibility/access audits.

Operational support services including stores provision and purchasing, depot operations, depot security, small plant and tool hire and a cutting facility for the manufactured joinery items.

Construction services including general building and mechanical and electrical services. To provide a full planned and cyclical building/property maintenance service, together with a 24 hour 7 day per week reactive and emergency call out service.

The combined services above enable the section to provide a one stop shop service for a full range of property/construction related projects and services ranging from the very small to the very large and complex. The section are focussed on creating long term value and long lasting relationships and the culture is one of continuous improvement and workforce development.

3.4.2 **Community Safety and Engagement**

Responsible for the development and activities of the Safer Hartlepool Partnership including the town's Community Safety Plan which aims to promote confident, cohesive and safe communities by reducing crime and anti-social behaviour, the harm caused by illegal drugs and alcohol, and reducing reoffending. This element of the section reports to the Finance and Policy Committee.

The team is responsible for the provision of support to the voluntary and community sector, capacity building, and engaging with residents to support elected Members to enable residents to influence and improve accountability in service delivery ensuring a co-ordinated approach to tackling issues across the neighbourhoods of Hartlepool.

Specific services include the Anti-social behaviour unit; CCTV; Victim and Crime Prevention Services; a commissioned specialist Domestic Violence Service; Community Development and Regeneration Service; Neighbourhood Planning; management and administration of the Community Pool, Ward Member Budgets, and Civic Lottery.

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 surveys and questionnaires
- Regular progress and liaison meetings with users and providers
- Neighbourhood forums
- Ward Councillor feedback

3.4.3 **Emergency Planning**

Hartlepool Borough Council is the lead Authority for Emergency Planning Unit.

The EPU co-ordinates the planning, training and documentation of emergency related requirements for the Tees Valley authorities of Hartlepool, Stockton, Middlesbrough and Redcar & Cleveland.

3.4.4 **Parks and Countryside**

The Parks and Countryside Section is responsible for the care, development and promotion of green spaces and the services that are dependent upon them. These include:

- Parks and Country Park areas
- Town wide Horticulture work
- Countryside Wardens and Nature Conservation areas
- Coast and associated Beach Safety provision
- Public Rights of Way and the Countryside Access Network
- Cemeteries and the Crematoria
- Children's outdoor play spaces and fixed play equipment
- Football pitches, games spaces and bowling greens

The team includes the experienced and flexible green space grounds maintenance staff out on sites and the support teams that co-ordinate this work. The section also has an important development role and the team, as part of its work, looks through partnerships with other agencies and the local community to access funding, support and educational opportunities to develop and enhance the value of Hartlepool's green spaces.

3.4.5 **Services Direct**

Services Direct operates and delivers a number of key service areas both within Hartlepool Borough Council and to the private sector, including:

- School Meals Service
- Function Catering
- Building Cleaning
- Security Contract

- Inspirations Café and Garden Centre
- Services Direct

The fundamental aim is to provide a value for money efficient service for our customers, ensuring continuous improvement within Service Level Agreements and workforce development and training for the 600 staff. Where it is feasible the section will endeavour to seek out new opportunities for growth, with particular attention to income generation and sustainability.

3.4.6 **Street Care**

The Street Care section provides a 'one-stop-shop' for a range of front-line services delivered across the town. 'Working for a safer, cleaner environment' is our key aim and we achieve this through a combination of on-street service delivery, co-ordinated education campaigns and enforcement activities when the need arises.

Services within Street Care include:

- Waste Disposal
- Street Cleansing
- Grounds Maintenance
- Refuse and Recycling Collection
- Highways (Repair and Maintenance)
- Street Lighting
- Environmental Enforcement
- Civil Enforcement
- Dog Warden Service
- Allotments

Scheduled day to day activities ensure that roads and back streets are kept clean and safe, domestic and street litter bins are emptied regularly, street lights are working and roadside verges are kept trimmed and free from litter.

The section also provides fast response teams to deal with emergencies ranging from horses straying on the highway to clean-up operations following road traffic accidents.

Education campaigns around litter, responsible dog ownership and recycling are carried out amongst schools and the wider community and these play an important part in changing people's attitudes. Partnership working is also at the heart of our section, which enables us to provide a multi-agency approach to service delivery.

3.4.7 **Technical Services**

The Technical Services Section provides a range of services across Traffic & Transport, Engineering Design and Integrated Transport.

Areas of responsibility include the management and co-ordination of the highway network, the provision of a safe and effective transport system, road safety and maintaining safe, smooth traffic flows.

The section also provides civil, structural and environmental engineering services for the Council, with areas of responsibility which encompass coast protection, land drainage, contaminated land, bridge maintenance, dangerous structures and demolition.

The integrated transport service includes road safety, this includes the school crossing patrol service, passenger transport and fleet services, aiming to provide a fully integrated single transport service, offering good links to fully accessible 'mainstream' public transport, regardless of mobility needs.

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, and 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

The Community Safety and Engagement section has a strong interface with Ward Councillors on a daily basis ensuring any ward issues raised by local residents are responded to immediately. The service is responsible for the Neighbourhood Management and Empowerment Strategy which aims to ensure appropriate governance arrangements are in place that enables meaningful participation and empowerment of communities in local government decision making processes supported by effective development work that increases cohesion; the promotion of integrated partnership working on a neighbourhood level; and tackling deprivation in our most disadvantaged

neighbourhoods through good quality planning that facilitates effective and sustainable change. Examples of how the service engages with communities includes:

- Provision and support of Neighbourhood Forums which meet quarterly and facilitate feedback from the public on all Council services.
- 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.
- 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.

3.7 Inputs

3.7.1. The current cost to the Council of the relevant services is as follows: -

Service Area	2014/15 Net Budget £'000
Building Design and Construction	(200)
Community Safety and Engagement	1,110
Emergency Planning	60
Parks and Countryside	340
Services Direct	940
Street Care	8,000
Technical Services	6,500
	16,750

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. 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.
- Delivery of the Council's Neighbourhood Management and Empowerment Strategy and the Voluntary and Community Sector Strategy.

4. PROPOSALS

- 4.1 The savings target for the Regeneration and Neighbourhoods Department is £1.860m for the financial year 2015/16. In addition to this target, the Department needs to find additional savings to offset Departmental budget pressures of £170,000. The overall savings figure is therefore £2.030m for 2015/16. 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 scale of budget savings on service delivery now has reached a point where difficult and unpalatable decisions have to be considered by officers and Members. Where consideration to 'part service reduction' was exercised in previous saving programmes, unfortunately it is necessary to consider 'full service reduction' in some areas as part of a 'non statutory service cessation strategy'.
- 4.3 To achieve the departmental savings it has become apparent we will have to cut some services further and for some, consider cessation of service altogether. The best approach to selection of service reduction has been to list all non-statutory services and undertake a prioritisation exercise for cessation of same.
- 4.4 Non-statutory service areas that have absorbed budget cuts previously and that now need to be considered for full cessation of service delivery are as follows:-

Road Safety - £90K

The proposed saving of approximately £90K will be achieved by the removal of initiatives such as 'Bikeability' and other road safety educational programmes.

Stopping contributing towards child injury initiatives is also proposed as part of the core budget reduction. Officers, over the course of the coming months, will look to re-establish as a 'buy-back' service for Schools and other groups to purchase.

The Department continues to bid for Government grant funding to assist in road safety initiatives such as the recent Local Sustainable Transport Fund (LSTF) which may reduce the financial impact on the service cuts. Officers are presently working on this as a possibility.

4.5 Other section functions identified which can accommodate savings in non- statutory service areas include:-

4.5.1 Community Safety & Engagement - £50K

The transfer of operational services from Neighbourhood Management to Street Care the Community Development and Engagement Service can be reconfigured. This together with the potential reduction to the Community Pool and potential cessation of Community Pool grants, savings can be made by further reconfiguring the level of service provided. It is envisaged savings in the region of £50K can be achieved.

4.5.2 Departmental Reconfiguration - £85K

It is proposed to merge some function elements between the Neighbourhoods division and the Regeneration division. The proposed merger of services will enable efficiencies to be identified across the department and allow for growth of some functions by way of new and emerging potential market opportunities as well as a broader portfolio of responsibilities.

This departmental function configuration should provide savings circa £85K.

4.5.3 Parks and Countryside - £90K

Services will be reconfigured to provide a saving of £90K. Savings will be achieved through the acceptance of two ER/VR requests and the deletion of one vacant post from the structure.

4.5.4 Building Cleaning - £20K

Building cleaning continues to be a valuable and well sought after service. Schools continue to buy back and have, in some cases this year signed up for 2 or 3 year contracts, providing a level of security within this service area. Additional savings will be achieved through the realignment of budgets and services as buildings close, income generation and the acceptance of an early retirement / voluntary redundancy.

4.5.5 School Catering - £140K

Take up continues to increase on school meals year on year and take up reached 62% last year. As a result it is possible to increase the income budget in this area and remove any general fund subsidy for 2015/16.

4.5.6 **Street Care Operations - £180K**

Reconfiguration of service and staffing across the services identified in Section 3.4.6.

Street Care services are a combination of front line operational services. The bringing together of operational services under one Manager has enabled the services to be scrutinised as a whole with respect to all working practices, supervision and overtime arrangements in delivering services to a similar standard.

Reduction in out of hour provision coupled with productivity measures, together with highly labour maintenance intensive features will all contribute to the savings identified. All services will be subjected to a process mapping exercise which will in turn provide efficiencies in staffing and supervision across all operational services.

4.5.7 **Fleet £100K**

Following the changes taking place regarding Street Care operational services, it is anticipated there will be a reduction in fleet costs in the region of £100K. A comprehensive analysis utilising Fleetmaster and the tracker system has identified a more efficient use of our fleet which together with a review of fleet financing arrangements will enable savings in the region of £100K to be achieved.

4.5.8 **Waste and Environment – 50K (Green Waste Collection)**

It is proposed to introduce the suspension of green waste collection during the winter period from November to March. Operational data would dictate the finding of very little green waste deposited in the brown bins over this period which in turn would suggest the operational element of this collection service and the associated costs are not best utilised in terms of effective deployment of the Department's resources.

4.5.9 **Income Generation £100K**

Although never guaranteed, the two areas of Engineering Design and Management and Building Design and Management both operate without core budget provision through the arrangement of Technical Officers' Salaries (TOS). This arrangement, in essence, dictates all staff to generate their own salary via fee income both from the internal and external market place.

Targets have been set for both sections to deliver a minimum income stream of:-

Engineering Design and Management	£50K
Building Design and Management	£50K

There is sufficient external work to support this proposal however, as with any income budget; there is always a risk that income streams reduce in future years. Should this occur the Department would seek to identify alternative savings to offset any budget pressures that would result in this area.

4.5.10 Cemeteries and Crematorium - £30K

Fees and charges will be reviewed in line with other providers and it is anticipated that this will generate an additional Tees Valley £30K income per annum.

4.5.11 Emergency Planning Unit (EPU) - £5K

The EPU is funded by the 4 former Cleveland Authorities of which Hartlepool Borough Council is the lead Authority. A 5% reduction year on year for the next 3 years has been agreed by TV CEX. Hartlepool's reduction in the level of subsidy will be achieved by an inflation freeze on our contribution. The EPU continues to bring in income through the training and development of Emergency Service agencies.

5. OPTIONS ANALYSIS

5.1 Various options have been explored across all of the other service areas, including the following: -

5.1.1 Integrated Transport Unit (ITU)

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 at this point in time would be detrimental to any collaborative or partnership working progression therefore no further reduction on the transport provision is proposed.

5.1.2 Community Safety and Engagement

The changes which took place within the neighbourhood management service are still being embedded, however it is important to note this is a non-statutory service and as such further savings can be achieved by stopping the service completely or in part. £50K has been proposed from existing arrangements within the service as outlined in 4.5.1 in addition to a further £50K CCTV saving being considered at Finance and Policy Committee.

There may also be opportunities to merge the service with another service either in the Regeneration Division or the Public Health Department. The operational engagement element could be managed by the existing Street

Care function. All options will be further considered as part of future efficiency initiatives.

5.1.3 **Garden Waste Collection**

Consideration has been given to charge for the Council's Garden Waste Collection service, i.e. provide a subscribed service, which could generate an income stream of circa £300K depending upon the level of participants. i.e. if 20% of residents took up the scheme income in the region of £150K could be generated. However, it is recognised that this would place additional pressures on residents. A part reduction of seasonal collection has been suggested as outlined in 4.5.8.

5.1.4 **Bowling Greens**

Self management of Bowling greens (town wide) could generate a saving of £64K. It must be noted however that leasing agreements may determine further dialogue with the Bowling Consortium to progress this saving in part of whole and will be progressed but at this stage have not been accounted for as part of the savings proposed.

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:

- 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

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 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	£ 000
Road safety (part service)	90
Community Safety & Engagement	50
Dept function reconfiguration	85
Parks and Countryside	90
Building Cleaning	20
Schools catering	140
Street Care operations	180
Fleet	100
Suspension of garden waste collection service for a prescribed period (seasonal)	50
Engineering Design and Management	50
Building Design and Management	50
Cemeteries & Crematorium	30
Emergency Planning Unit	5
Total Proposed Savings	£940K

- 7.3 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.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

- 8.1 An Impact Assessment has been completed and identifies that for the majority of changes expected as a result of the savings programme it is clear that there is no potential for discrimination or adverse impact on those with protected characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required. Where there is potential for adverse impact options to mitigate, avoid or reduce the impact have been considered as part of the proposals and are detailed in the Equality Impact Assessment.

9. RECOMMENDATIONS

- 9.1 That Members of the Committee note the content and formulate a response to be presented to Finance and Policy Committee at a later date.

10. CONTACT OFFICER

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Department	Division	Section	Owner/Officer
Regeneration & Neighbourhoods	Neighbourhoods		Denise Ogden /Alastair Smith
Function/Service	<p>SAVINGS PROGRAMME 2015/16 NEIGHBOURHOODS DIVISION</p> <p>The aim of this impact assessment to is ensure that any impact on equality is assessed and considered prior to decisions being made about the reduction of services.</p> <p>Non-statutory service areas that have absorbed budget cuts previously and that now need to be considered for full cessation of service delivery are as follows:-</p> <p>Road Safety – Removal of initiatives such as ‘bikeability’ and other educational programmes.To mitigate any impact these functions will be offered as a package to buy back</p> <p>Community Safety & Engagement – Transfer of operational services from Neighbourhood Management to Street Care operations will enable the Community Development and Engagement Service to be reconfigured and reductions to the Community Pool will enable further reconfiguring of the level of service provided. (A separate EIA has been completed to address the changes to the Community Pool)</p> <p>Departmental Re-configuration – Merging of some functions elements between the Neighbourhoods division and the Regeneration division. No direct impact on Equality</p> <p>Parks & Countryside - Two ER/VR requests approved and one vacant post deleted from the structure. No direct impact on Equality.</p> <p>Building Cleaning - Realignment of budgets and services as buildings close and the acceptance of an early retirement / voluntary redundancy. No direct impact on Equality.</p> <p>School Catering – Increase the income budget – No direct impact on Equality.</p> <p>Street Care Operations - Reconfiguration of service and staffing – No direct impact on equality</p> <p>Fleet – A new system has been introduced which has identified more efficient use of the Fleet.</p> <p>Waste & Environment - suspension of green waste collection during the winter period from November to March. Operational data tells us that very little green waste is deposited in the brown bins over this period which in turn suggests the operational element of this collection service and the associated costs are not best utilised in terms of effective deployment of the Department’s resources. It has also been considered to replace this service with</p>		

	<p>a paid for service, this has been assessed and dismissed due to the impact on elderly and disabled users of the service</p> <p>Cemeteries – Review of fee and charges to bring in-line with other providers.</p> <p>Emergency Planning - Reduction in the level of subsidy will be achieved by an inflation freeze on our contribution.</p>	
Information Available	<p>Information available that has been used to inform these proposed changes:</p> <ul style="list-style-type: none"> • Current structures and proposed structures. • Staffing profiles across all areas. • Established HR Procedures (Selection criteria is based on objective matters which are not related to any protected groups). • Job Descriptions. • Job evaluation process. • Information on service users <ul style="list-style-type: none"> - Satisfaction surveys and questionnaires - Regular progress and liaison meetings with users and providers - Neighbourhood forums - Ward Councillor feedback 	
Relevance <i>Identify which strands are relevant to the area you are reviewing or changing</i>	Age	X
	Disability	X
	Gender Re-assignment	
	Race	
	Religion	
	Gender	
	Sexual Orientation	
	Marriage & Civil Partnership	
	Pregnancy & Maternity	
Information Gaps	none	
What is the Impact	<p>Proposals have a minimal impact on equality and statutory services will not be affected.</p> <p>Equality impacts on particular groups and staff have been considered as part of the Savings Programme proposals. Equality impacts are deemed to be minimal and options to mitigate, avoid or reduce the impact have been considered as part of the proposals, inc:</p>	

	<ul style="list-style-type: none"> • Early Retirement/Voluntary Redundancy opportunities are in line with HR policy and staff have been appropriately advised and will be supported throughout the process • Reconfiguration of services and merging of functions – No specific impact on people and communities identified. However it is noted that there will be increased pressure on staff to deliver services and potential reduced flexibility and effectiveness of service • Reduction in the Community Pool – Separate EIA completed • Reduction in Road Safety functions – The impact of withdrawing functions within the Road Safety Service have been mitigated by offering this service as a buyback package which will be promoted to schools, academies and other organisations. 		
Addressing the impact	<p><i>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</i></p> <p>1. No Impact- No Major Change – <i>For certain aspects of the savings programme it is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</i></p>		
	<p>3. Adverse Impact but Continue – <i>Withdrawal of funding and reducing service functions have the potential to reduce the flexibility and effectiveness of the service</i></p>		
Actions			
<p><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></p>			
Action identified	Responsible Officer	By When	How will this be evaluated?
Date sent to Equality Rep for publishing	00/00/00		
Date Published	00/00/00		
Date Assessment Carried out	00/00/00		

FINANCE AND POLICY COMMITTEE

21st July 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: **SAVINGS PROGRAMME 2015/16 –
REGENERATION AND NEIGHBOURHOODS
DEPARTMENT**

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework item.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to identify proposals for the delivery of savings in respect of the Department for Regeneration and Neighbourhoods, relevant to this Committee for consideration as part of the 2015/16 budget process.

3. BACKGROUND INFORMATION

3.1 As part of the 2015/16 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2015/16 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 a range of information relating to the service is included in this report.

3.4 Scope

3.4.1 The services under consideration as part of this report are as follows:-

3.4.2 **Estates and Regeneration** – Centralised management of Council property, including building management and asset management. The Estates and Regeneration 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.

Property assets are a valuable and significant resource which must be actively managed to make sure they are always fit for purpose and adaptable to changing service needs and corporate goals.

This section deals at a strategic level with the organisation and management of the Corporate and Educational estate and the asset management planning function of the authority. Additionally the development and physical implementation of key regeneration projects, the generation of capital receipts and management of the investment property portfolio are all key functions.

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

The Support Services Section provides a range of administrative and business support services across the whole department.

Administrative support is centralised in order to be able to deliver an efficient and resilient service and one which ensures good practices are developed and shared throughout the department. Specific responsibilities include the provision of various clerical, financial, job costing, and customer services along with specialist support to areas such as car parking, enforcement and road safety. A small secretarial team provide dedicated personal support to the Director and Departmental Management Team. As well as typing, diary management, minute taking and telephone support, the team co-ordinates the production of Committee reports.

Service Development staff support the improvement of departmental services by way of business process reviews, systems development and overseeing performance management arrangements. This team also co-ordinates work in relation to departmental health and safety, complaints, staff training, website development and responding to freedom of information requests.

3.4.4 **Community Safety**

Responsible for the development and activities of the Safer Hartlepool Partnership including the towns Community Safety Plan which aims to promote confident, cohesive and safe communities by reducing crime and anti-social behaviour, the harm caused by illegal drugs and alcohol, and reducing reoffending .

Specific services include the Anti-social behaviour unit; CCTV; Victim and Crime Prevention Services; a commissioned specialist Domestic Violence Service; Community Development and Regeneration Service; Neighbourhood Planning; management and administration of the Community Pool, Ward Member Budgets, and Civic Lottery.

The key aims of the Community Pool are to support the Voluntary and Community Sector (VCS) to undertake activities and projects that clearly reflect the aspirations, aims, objectives and priorities of the Council's:-

- Community Strategy
- Child Poverty Strategy
- VCS Strategy
- The work of the Financial Inclusion Partnership

The Community Pool directly supports VCS organisations either through the commissioning of services or via the allocation of grants i.e. :-

- Universal welfare benefits and advice
- Universal Credit Union support
- Town wide specialist and support service grants
- Development and Investment grants
- Emergency contributions grants.

The team is also responsible for the provision of support to the voluntary and community sector, capacity building, and engaging with residents to support elected members to enable residents to influence and improve accountability in service delivery ensuring a co-ordinated approach to tackling issues across the neighbourhoods of Hartlepool. This service element reports to the Neighbourhood Services Policy Committee.

3.5 Service Users

- 3.5.1 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.

3.6 Engagement

- 3.6.1 The Councils Estates and Regeneration service engages primarily internally and with schools but has an increasing external customer base as income generation initiatives develop.

The Community Safety and Engagement section has a strong interface with Ward Councillors on a daily basis ensuring any ward issues raised by local

residents are responded to immediately. The service is responsible for the Neighbourhood Management and Empowerment Strategy which aims to ensure appropriate governance arrangements are in place that enables meaningful participation and empowerment of communities in local government decision making processes supported by effective development work that increases cohesion; the promotion of integrated partnership working on a neighbourhood level; and tackling deprivation in our most disadvantaged neighbourhoods through good quality planning that facilitates effective and sustainable change. Examples of how the service engages with communities includes:

- 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.
- 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.

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 surveys and questionnaires
- Regular progress and liaison meetings with users and providers
- Neighbourhood forums
- Ward Councillor feedback

3.7 Inputs

3.7.1 The current cost to the Council of the relevant services is as follows: -

Service Area	2014/15 Gross Budget £'000	2014/15 Net Budget £'000
Community Pool	220	220
Estates and Regeneration	290	(20)
Property Management	1,110	(250)
Community Safety	1,200	1,110
Strategic Management, Admin & Support Services	1,400	750

3.7.2 The cost of these services to the Council, in line with many other service areas in the Council has reduced significantly over the years. 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.

3.8 **Outputs/Outcomes**

- Support services to internal Council departments
- Property and facilities management to all of the Council's buildings, most schools and other customers
- Management of the Council's assets and delivery of the Asset Management and Property Strategy.
- Development and delivery of the Community Safety Plan including the Domestic Violence and Abuse Strategy; Reducing Reoffending Strategy; Cohesion Strategy; Anti-social behaviour Strategy, PREVENT, and associated services including antisocial behaviour, CCTV, crime prevention and victims services including domestic violence mediation and restorative justice and assertive outreach.

4. **PROPOSALS**

4.1 The savings target for the Regeneration and Neighbourhoods Department is £1.860m for the financial year 2015/16. In addition to this target, the Department needs to find additional savings to offset Departmental budget pressures of £170,000. The overall savings figure is therefore £2.030m for 2015 / 16. 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 Community Pool – £110K

At a previous Finance and Policy Committee meeting, 18th October 2013, the criteria and priorities were reviewed with an agreement in principle to make additional savings to the sum of £220,000 for 2015/16.

Members subsequently determined to provide one-off funding of £110,000 to support the Advice and Guidance service in 2015/16.

The review resulted in the following changes to the three current categories, detailed below:

Category 1 - The provision of universal welfare benefits and advice
This is procured as a contract. There has been no change to the budget allocated to this contract £110,000 per annum. Although through the tender process there was a slight saving in the cost, the value of the contract for 2014/15 is £108,544. This is delivered by West View Advice and Resource Centre.

Category 2 - The provision of universal credit union support
In 2014/15 Hartlepool Credit Union will receive a £35,000 grant contribution towards running costs to enable the organisation to deliver credit union services. Previously they received £75,000 per annum via a contract to provide these services.

Category 4 - The provision of town-wide specialist and support services
This part of the programme provides grants to support core costs for VCS groups in Hartlepool. In 2014/15 the budget available for this was reduced £75,000, in 2013/14 approximately £150,000 was available for these grants. To help accommodate the reduction maximum grants have been limited to £10,000 this year (last year this was £15,000). 9 organisations have been supported by this programme from the original budget. An additional 2 organisations have been supported due to the funding allocated from Child & Adults.

In addition, the cessation of Category 3 (Capacity and resource building in the Voluntary and Community Sector (VCS)) was agreed and no budget was allocated to Category 5 (The provision of development / investment and emergency grants) however there is a small amount of funding available for Category 5 grants following an under spend in 2013/14.

Category	Purpose	2013/14 Budget	2013 /14 Procurement Method	2014-15 Budget (£)	Procurement Method
Category 1	The provision of universal welfare benefits and advice	£109,352	Contract	110,000	Contract
Category 2	The provision of universal credit union support	£75,000	Contract	35,000	Grant
Category 3	Capacity and resource building in the Voluntary and Community Sector (VCS)	£66,851	Contract	0	N/A
Category 4	The provision of town-wide specialist and support services	£150,000	Grants	75,000	Grants
Category 5	The provision of development / investment and emergency grants.	£31,693*	Grants	0	N/A
			Total	220,000	

*This was made up of the unallocated funding against the budget and reserves carried forward.

4.3 Property Management - £265K

Property costs associated with the review of Community Centres, Youth Centres, and the closure of Adult Services Warren Road and the Community Safety premises in York Road, The Willows and Aurora Court.

The teams responsible for managing property related issues provide a range of services. The cost of providing day to day management of Council Buildings e.g. annual valuations or other statutory functions are funded from the General Fund budget provided. Other work, including supporting Capital Projects etc, is fee earning and as such the cost of providing this support is recharged to the Capital Income received or the external customer. The savings proposal is to increase the income budget and transfer resources onto more fee earning projects.

There is sufficient external work to support this proposal however, as with any income budget; there is always a risk that income streams reduce in future years. Should this occur the Department would seek to identify alternative savings to offset any budget pressures that would result in this area.

4.4 Support Services - £115K

A review of the structures and service provision across the reconfigured department will result in change in demand from administrative and support services which will achieve savings in the region of £100 - £115K. This will involve the removal of vacant posts and potential redundancies, a reduction in

departmental management support budgets such as postage, general office consumables and training together with a contribution from salary turnover savings if the savings cannot be found from the support services alone.

4.5 **Community Safety - £50K**

The CCTV Community Monitoring services are currently undertaken by Housing Hartlepool under a partnership agreement with the two organisations.

Housing Hartlepool/Thirteen are relocating from Greenbank, Hartlepool to North Shore Stockton and Titan House, York Road. This has provided the Council with an opportunity to review the current provision.

Alternative service delivery options are being considered and it is envisaged a saving of circa £50k can be achieved. The review will look at procurement, maintenance and monitoring arrangements. A further report will be presented to Members in August / September 2014.

5. **OPTIONS ANALYSIS**

5.1 Various options have been explored across all of the relevant service areas, including the following: -

- Cessation of services within the department. Community safety is a key priority of the Council. The Council has a statutory duty to develop and co-ordinate a strategic plan with other 'responsible authorities' such as the Police to address crime, anti-social behaviour, substance misuse, and reoffending; to deliver an anti-social behaviour service in line with new legislation, and a general s17 obligation to embed community safety considerations across the Council.
- Reduction of staffing levels across Estates and Regeneration – this service area is under extreme pressure not only to manage the Council's estate but to deliver capital receipts contribution of £6.5 m towards the MTFs. Any reduction in the service area would be detrimental across the Council. In addition this service plays a key role in the delivery of the Hartlepool Regeneration Vision.
- 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.
- Options are being explored between with CEX department as to whether service development and performance management can be delivered in a different way.

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:

- 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

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 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
Community Pool	£110,000
Property Management	£265,000
Community Safety	£50,000
Support Services	£115,000
Total Proposed Savings	£540,000

7.3 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.

7.4 A fair percentage of the savings identified relate to property costs which are dependent upon the outcome of the branch library and community centre review.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

8.1 For the majority of functions included within the savings proposal it is clear that there is no potential for discrimination or adverse impact on those within Protected Characteristic groups. All opportunities to promote Equality have

been taken and no further analysis or action is required. The changes to the Community Pool budgets and grants will impact particular groups that are supported by the VCS by way of reduce levels of service. To mitigate the impact officers will work with organisations affected to support them in seeking alternative solutions to sustain services and comprehensive equality Impacts Assessments have been completed for each category affected.

9. BACKGROUND PAPERS

9.1 The following background paper was used in the preparation of this report:-

(i) Finance & Policy Report, Community Pool Allocation Programme, 18th October 2013.

10. RECOMMENDATIONS

10.1 That Members of the Committee note the content and formulate a response to be presented to Finance and Policy Committee 13th October 2014 as part of the Councils overall budget considerations for 2015/16.

11. CONTACT OFFICER

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Department	Division	Section	Owner/Officer
<i>Regeneration & Neighbourhoods</i>			<i>Denise Ogden</i>
Function/ Service	<p>SAVINGS PROGRAMME 2015/16 – REGENERATION AND NEIGHBOURHOODS DEPARTMENT</p> <p>This Equality Impact Assessment aims to show that impact on equality has been assessed and considered as part of the Savings Programme process.</p> <p>As part of the 2015/16 Savings Programme, a number of service areas were identified where potential savings could be made, including:</p> <p>Community Pool</p> <p>Reduction in budget and grant contributions that support the Voluntary and Community Sector (VCS), including; grant reductions towards running the Hartlepool Credit Union, Cessation of grant and budgets for capacity and resource building in VCS and provision of development, investment and emergency grants.</p> <p>EIA's have been completed for each individual category affected by the proposals to assess the impact and feed into the decision making process. The changes that will impact particular groups that are supported by the VCS are in terms of service levels that will reduce as a result of reducing budgets and grants. To mitigate the impact officers will work with organisations affected to support them in seeking alternative solutions to sustain services.</p> <p>Property Management</p> <p>The savings proposal is to increase the income budget and transfer resources onto more fee earning projects. No Impact on Equality.</p> <p>Support Services</p> <p>Reconfiguration of structures and service provision. This will involve the removal of vacant posts and voluntary redundancies, a reduction in departmental management support budgets such as postage, general office consumables and training together with a contribution from salary turnover savings if the savings cannot be found from the support services alone. No impact on Equality, any changes that impact on staff will be in-line with HR Policy.</p> <p>Community Safety</p> <p>Review of CCTV Community Monitoring services. No impact on Equality.</p>		

<p>Information Available</p>	<p>Ways in which the service engages with communities, has helped to inform the proposals, including:</p> <ul style="list-style-type: none"> • 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. • 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. <p>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: -</p> <ul style="list-style-type: none"> • Satisfaction surveys and questionnaires • Regular progress and liaison meetings with users and providers • Neighbourhood forums • Ward Councillor feedback 																								
<p>Relevance</p> <p><i>Strands are relevant to changes proposed within the Community Pool</i></p>	<table border="1"> <tr> <td>Age</td> <td>X</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Disability</td> <td>X</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Gender Re-assignment</td> <td>X</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Race</td> <td>X</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Religion</td> <td>X</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Gender</td> <td>X</td> </tr> <tr> <td></td> <td></td> </tr> </table>	Age	X			Disability	X			Gender Re-assignment	X			Race	X			Religion	X			Gender	X		
Age	X																								
Disability	X																								
Gender Re-assignment	X																								
Race	X																								
Religion	X																								
Gender	X																								

	Sexual Orientation	x	
	Marriage & Civil Partnership		
	Pregnancy & Maternity		
Information Gaps	No Gaps		
What is the Impact	<ul style="list-style-type: none"> Reduction of budgets, grants and cessation of funding will impact on the levels of service delivered which in-turn will impact on people who access support provided by the VCS. 		
Addressing the impact	<p>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</p> <p>1. No Impact- No Major Change (For the majority of functions included within the proposal) It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</p>		
	<p>3. Adverse Impact but Continue - Reduction of budgets, grants and cessation of funding will impact on the levels of service delivered which in-turn will impact on people who access support provided by the VCS.</p>		
Actions			
It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.			
Action identified	Responsible Officer	By When	How will this be evaluated?
Date sent to Equality Rep for publishing	00/00/00		
Date Published	00/00/00		
Date Assessment Carried out	00/00/00		

REGENERATION COMMITTEE

24th July 2014

Report of: Director of Public Health

Subject: SAVINGS PROGRAMME 2015/16 – PUBLIC HEALTH DEPARTMENT



1. TYPE OF DECISION/APPLICABLE CATEGORY

Budget and Policy Framework.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to identify proposals for the delivery savings in relation to public health core revenue grant funded services for consideration as part of the 2015/16 budget process.

3. BACKGROUND

3.1 As part of the 2015/16 Savings Programme a number of service areas were identified where potential savings could be made. As part of the budget process 2015/16 it has been agreed that individual policy committees will consider savings proposals prior to consideration by Finance and Policy Committee and full Council.

3.2 There are two core revenue grant funded services in public health - Sport and Recreation and Public Protection. These services contribute to the Council's Strategic aims to protect and improve the health of the population.

3.3 Sport and Recreation services include:

- Mill House Leisure Centre
- Brierton Community Sports Centre
- Headland Sports Hall /Borough Hall
- Summerhill Outdoor Centre and Country Park
- Carlton Outdoor Education Centre (leased from Carlton Trustees)
- Grayfields Pavilion and Recreation Ground

Within the service structure, there is also a Learn to Swim Team, GP Referral Team and Sport and Physical Activity Team. In addition, the service also manages sports pitch bookings at all Council sites and has a strategic role around sports provision in general across the Borough and works in partnership with clubs, national governing bodies of sport and national agencies such as Sport England to ensure that the town has the relevant local offer. It is also responsible for delivery on regional and national priorities for sport.

- 3.4 Public Protection services are regulatory and statutory and include:
- Commercial services including environmental health, food inspections, water testing, animal welfare, health and safety.
 - Environmental protection including noise, pollution, air quality and pest control
 - Trading standards including weights and measures, licensing and retail inspections and product safety.
- 3.5 Users of Sport and Recreation services - The people who use the sport and recreation services are members of the public both in Hartlepool and out of area. Competitive sports and clubs participating in official leagues play at the sites as well general members of the public wishing to access the services to improve health and well being. National governing bodies of sport also use the sites to run club and coaching workshops. Other people may use the services for formal events or recreational activities such as those hosted at the Borough Hall.
- 3.6 Users of Public Protection services – There are a range of users of public protection services including the general public in relation to complaints and environmental issues. Other users of the service include businesses and people who are self employed.
- 3.7 As both Sport and Recreation and Public Protection are public facing front line services they engage with those who use the services on a regular basis. They do this through feedback questionnaires, satisfaction surveys, meeting users of the service directly to deal with any issues raised.
- 3.8 The Sport and Recreation Service budgets for 2014/15 are as follows:-

Gross budget £2.914m
Income Target £1.545m
Overall net budget (and cost to HBC) £1.369m
These figures include all centralised premises costs

The Public Protection service budgets are:

Environmental protection	£ 2,388
Consumer services	£ 576,270
Environmental standards	£ 182,175
Outdoor markets	£ (87,051)
Licensing Act 2003	£ (158,224)
Total	£ 515,558

3.9 The outputs and outcomes 2013/14 for the Sport are recreation Service are as follows in table below:

Leisure Centre attendances	351,483
Summerhill attendances	92,615
Attendance at sport & physical activity programmed sessions	30,780
Carlton residential attendances	2,146
Carlton day visits	1,251
GP Referral Programme – participants continuing with sport & physical activity 6 months after referral	79%
Primary School swimming – 25m attainment from HBC programme	49%
Number of volunteers actively engaged for one hour per week on sport & physical activity delivery	364
Level of external partnership funding attracted to deliver new initiatives/commissioned work in sport & physical activity	£734,968

The outputs and outcomes for the Public Protection Service are:

- 1671 programmed interventions including 100% of all food premises in accordance with risk rating & 100% of prescribed processes.
- Outcome 97.7% food businesses broadly compliant.
- 691 Smoke free visits
- 647 Samples taken
- 2375 service requests responded to
- 1351 licenses processed
- 85% customers satisfaction result up from 81% previous year.

3.10 The savings target for Public Health in 2015/16 is £150k but the proposals exceed this target by £17k and propose to achieve £167k.

3.11 The report identifies areas where savings might be achieved, the risks associated with achievement of savings and the financial considerations which have been taken into account in developing the proposals.

4. PROPOSALS [Updated to Reflect Regeneration Services Committee Decisions on 18th September 2014]

- 4.1 The savings target for Sport and Recreation for 2015/16 is £150,000. In addition to this, a further £37,500 of additional income needs to be achieved to allow for the 2.5% inflation uplift of income targets that is applied each year corporately. As a result, this report considers a strategy for achieving an overall savings target of £204,500 (of which £187,500 is from Sport & Recreation).
- 4.2 In addition, savings may need to be made to offset any income shortfall that there has been historically with the Borough Hall if the situation cannot be improved during the current financial year.
- 4.3 Officers have considered two alternatives to achieve the savings required, the first being to look at different management options available to the Council as an alternative to delivery “in-house” delivery and identify the potential benefits and savings that could be made.
- 4.4 The second option considered has been to assess whether the savings for 2015/16 can be achieved with the continuation of the existing in-house provision purely through internal improvements to service delivery resulting in additional income generation.
- 4.5 The following sections of this report therefore consider these two savings options.

5. OPTION A – CONSIDER ALTERNATIVE MANAGEMENT ARRANGEMENTS FOR THE DELIVERY OF SPORT AND RECREATION SERVICES TO ACHIEVE SAVINGS

- 5.1 As agreed by the Regeneration Services Committee at a meeting on May 8th 2014, Consultants were commissioned to undertake an assessment and appraisal of the Sport and Recreation service. This was to determine whether savings could be achieved through the alternative delivery models of:-
- Continuing with in-house operated services;
 - Developing a locally established Trust for management and delivery of the services; or
 - Commissioning in an established Trust / Private Sector partner
- 5.2 The assessment work has now been completed by the Consultants and involved:-
- a full operational review of the scope of the services;
 - a consideration of the potential management options open to the Council;
 - an evaluation of these options given the Council’s strategic and financial objectives;

- an evaluation of each of the options against the current in-house service delivery model; and
 - an assessment of potential revenue savings.
- 5.3 The Consultants report identifies potential savings opportunities in National Non Domestic Rates (NNDR), VAT and increased income generation and these have been reviewed to reflect local circumstances.
- 5.4 In relation to the NNDR saving identified, this is the gross saving to the service. However, owing to the impact of the Business Rates retention system, 50% of the gross saving will need to be earmarked to offset a corresponding reduction in the Council's share of retained Business Rates income.
- 5.5 The position in relation to VAT has also been assessed and a range of potential savings identified reflecting a more detailed assessment of potential VAT savings.
- 5.6 The Consultants assessment of the potential to increase income generation has also been examined. Given local circumstances again, this has been recalculated to better reflect these factors as well as the likelihood of additional income being achieved.
- 5.7 An assessment of the need for a Client function as well as a retained strategic core sport and physical activity function also needs to be allowed for and based on current service budgets (2014/15) the estimated cost of this is circa £250k per annum.
- 5.8 After reflecting all of these issues therefore, it is anticipated that this option provides a potential net saving to the Council of £114k to £194k.
- 5.9 If the Council ultimately decides to take this option and commission an alternative delivery partner, there would be a one-off cost element to consider as well. Taking into account other Local Authority experiences, a procurement process of this nature would normally take a minimum of 12 months and would need to be supported by additional external specialist support as well as a Project Manager. The cost of this is estimated to be in the region of £100k.

6. OPTION B – ACHIEVE SAVINGS THROUGH ADDITIONAL INCOME GENERATION BY THE EXISTING IN-HOUSE TEAM

- 6.1 The Consultants highlighted the potential for the service to increase income and this was therefore explored as a second option to achieve the savings target for 2015/16 of £187,500. Given some contributory research work commissioned by ourselves that was carried out by an independent leisure database company utilising Mosaic, latent demand does appear to exist for gym/fitness use and swimming lessons thus there is the potential for

achieving additional income.

- 6.2 Members will already be aware that the service has an excellent track record of delivery and improved performance through previous reports presented to Regeneration Services Committee. Officers have therefore examined the option of achieving additional income and it is believed that the potential for this exists in the following key areas:-

Aquatics Programme - £40k

The additional income will be achieved through increased numbers as a result of a re-launched programme aided by a new web-based software package. This will significantly improve course management but more importantly, the ability to offer participants continuous enrolment and progression mid-course.

Fitness/Gym Membership - £100k

An option of monthly payments by direct debiting was introduced at the Leisure Centres at the beginning of 2014 and so far, with little promotion of this has proved successful with 264 participants already using this option. It is envisaged with further work therefore that the additional take-up can be achieved.

Fees and Charges Revamp - £38k

We have commenced benchmarking fees and charges and the work completed so far has revealed that our existing charges are low in comparison with regional and national averages. We are already required to achieve an additional 2.5% income uplift therefore will revise our current pricing structure, pricing policy and leisure card scheme (Active Card) to achieve this additional income.

Sponsorship - £10k

Work will be undertaken on securing sponsorship income for different areas across the services. This includes such things as providing advertising space within our facilities and on our vehicles (minibuses) to staff uniform.

- 6.3 The ability to income generate to the levels envisaged will be dependent upon our ability to become more commercially and sales orientated and to be able to generate business opportunities in order to increase market share.
- 6.4 External operators have “Head Offices” with dedicated specialist leisure staff in the areas of sales (and e-sales), sponsorship, branding, market research, marketing and promotion. Some additional capacity will therefore be provided to complete the required skill set and expertise of the in-house management team which will be time limited.
- 6.5 Income generation will also be dependent on providing technology improvements that will be required to make facilities and services more accessible, customer facing and in accordance to users wishes, for example, on-line bookings and payments.

- 6.6 This option therefore offers the delivery of the required savings of £187,500 for 2015/16 through increased income generation. However it is believed that the potential for further savings could be realised moving forwards (for example secondary spend through retail, café provision etc.) and into 2016/17. This will form part of an ongoing strategic review of services and facilities into the future.

7. FINANCIAL CONSIDERATIONS

- 7.1 In summary, the financial implications of Option A which is to commission an alternative delivery partner for the services are as follows:-

- Savings forecast of between £114k and £194k (net cost of client and retained functions) compared to savings target for 2015/16 of £187.5k.
- It is unlikely that this can be achieved in full during 2015/16 due to procurement timescales which are estimated to take a minimum of 12 months.
- The cost of procurement is estimated to be in the region of £100k as a one-off payment.
- All income risk would be transferred to the new delivery partner

- 7.2 The financial implications of Option B which is to continue with the Council delivery of services and achieve savings through increased income generation are as follows:-

- It is anticipated that the savings target of £187.5k can be achieved by increasing income.
- The Council will have more control over the delivery of the increased income which it is anticipated can be achieved for 2015/16.
- Financial risk regarding income generation remains with the Council.

- 7.3 It is noteworthy that despite having a larger budget than Public Protection, Sport and recreation is taking a disproportionate share of the £167,000 savings target in 2015/16. This has been discussed by the senior management team within the Public Health Department and it was felt that for 2015/16 this was a realistic split to propose to Members. However, given the financial pressures and reduced budgets in 2016/17 it is anticipated that Public Protection will bear a greater share of the Departmental savings target in this year, ideally developing proposals for Members consideration seeking to increase public protection income.

8. STAFF CONSIDERATIONS

- 8.1 To date, all staff have been kept informed via regular communication, briefings etc. of the work that has been ongoing over the past few months. We have also kept our Union colleagues advised.
- 8.2 Obviously under Option A, the vast majority of staff involved in the delivery of services would be transferred to a new management partner provider under the Transfer of Undertakings (Protection of Employment) Regulations

(TUPE) with terms and conditions of service and pension protected. Some staff however would be retained within the Council's employ to provide the client function as well as a strategic component of the Public Health Department.

- 8.3 Under Option B however, all staff would remain within the Council's employment.
- 8.4 Additional Proposal – Review of the Metrology Service. The staff implications of this proposal are unknown at this stage but will be identified as part of the service review. As Hartlepool Borough Council does not directly employ staff working in the metrology service then any staffing implications will fall to Middlesbrough Council as the host authority for this service.
- 9. Additional Proposal – Review of the Metrology and Testing Service.**
- 9.1 The Metrology and Testing Service carries out a number of functions including:
- Maintaining statutory Local Standards of Mass and Length and calibrating the Working Standards used by staff in each local authority to carry out their statutory retail inspections. The service also carries out commercial calibration, predominantly for local business.
 - Specialist inspectors from the service ensure that local industrial manufacturing processes operate within the statutory weights and measures requirements to ensure commodities such as petrol, diesel and domestic heating fuel are accurately measured when supplied to the public. The service also provides comprehensive sampling testing facilities to assist partner authorities in enforcing the Consumer Protection and Food legislation.
- 9.2 The proposal to review the Metrology Laboratory is fairly complex as it is to some extent interdependent on other local authorities. The Metrology and Testing Service is delivered through a joint arrangement led by Middlesbrough Council on behalf of the four contributing local authorities (Middlesbrough, Redcar and Cleveland, Stockton and Hartlepool). It was established at the time of the Local Government Reorganisation when it was agreed that it would be more efficient to provide the service across Councils rather than by individual Councils. The service was subject to a review in 2007.
- 9.3 Officers in Hartlepool Borough Council Public Protection Service propose that it is now timely to review whether this is still the case that the Metrology and Testing Service should continue to be provided across Councils. Officers recommend the service is reviewed as initial estimates by Hartlepool Officers is that there may be approximately £17,000 savings for Hartlepool if alternative options for providing the service are considered. The current contribution to the service from Hartlepool is £42,000 and so a £17,000 saving would not be insignificant.

- 9.4 The Directors of Place based services (for Hartlepool the Director of Regeneration and Neighbourhoods) across the four authorities have had initial discussions as to the value of reviewing the Metrology and Testing Service. They have concluded that given the pressure on all local authorities' budgets this is worthy of further exploration. The Directors of Place have commissioned a review. The review will consider the following:
- Alternative delivery models and their respective merits.
 - Impact of ceasing elements of the service or outsourcing non statutory elements of the service.
 - Feasibility and Implications if each local authority had their own in house service including the cost of the equipment.
 - Impact of any of the above options on other users of the service aside of local authorities and impact on consumers of service.
- 9.5 The outcome of the review is due to be presented to the Directors of Place later in the year and this will then be reported to Committee for a decision on the implications for Hartlepool and how the proposed savings of £17,000 are realised.
- 9.6 The risk of realising savings in 2015/16 in relation to the Metrology and Testing Service is the reliance on the other Local Authorities to ensure the review is undertaken efficiently. The savings in 2015/16 may only have a part year effect as the existing contract with Middlesbrough Council requires one year notice.

10. RISK IMPLICATIONS

- 10.1 As previously highlighted, if an alternative delivery partner was commissioned, all financial risks associated with income generation would transfer to the new operator. However, if the service remains in-house this obviously remains too.
- 10.2 The service is already required to generate income of £1.545m and this is closely monitored and managed throughout the year. Achieving the savings target by increasing the income by a further £187.5k will require even closer monitoring and management therefore to ensure the proposed new income streams are achieved and sustained.
- 10.3 Whilst the existing in-house operation is relatively successful and over the past has delivered consistently high levels of service, whilst the potential for additional income generation appears to be possible, there will be great pressure placed on all staff within the service to achieve this.
- 10.4 If the Council decided to pursue contract management, whilst the fixed subsidy payment would be known for the length of the contract, the flexibility of being able to renegotiate this if future savings were required may be limited. In the current financial climate, this is a significant risk for a non-statutory service.

- 10.5 There could also be a very real staff morale issue for the Council in trying to keep existing staff working to their full potential whilst any procurement of a different delivery partner was pursued (which could take as a minimum 12 months). This could have significant implications for the existing revenue performance required.
- 10.6 The Council continues to face a period of massive change and there is a risk that this uncertainty may not necessarily be a good basis for major change in the management of the services.

11. LEGAL CONSIDERATIONS

- 11.1 As highlighted in paragraph 8, TUPE will apply to existing staff if an alternative delivery partner was commissioned. This will need to be taken into account in any decision making process, contractual documentation and negotiations as part of the procurement process.

12. CONCLUSIONS

- 12.1 In conclusion, Officers have examined two options available to the Council to achieve a savings target of £187,500 with the Sport and Recreation service area for the financial year 2015/16.
- 12.2 Option A is for the Council to consider alternative management arrangements for the delivery of the services but as identified in paragraph 7.1:-
- The savings target would not be achieved in full during 2015/16 due to the timescales required for a procurement exercise.
 - There would be an additional budgetary pressure of approximately £100k to fund the procurement process.
 - There would be a lack of flexibility in the Council being able to find additional savings during the lifetime of the contract.
- 12.3 Option B is for the Council to continue delivering the services and based on our assessment, the savings target for 2015/16 can be achieved.
- 12.4 Our assessment therefore is that the service should be continued to be delivered by the Council as there appears to be no justifiable reason to consider alternatives at this present time.
- 12.5 This would demonstrate the Council's commitment to the staff working in this area and would serve as a further endorsement of their work where services continue to be delivered to a high standard.

13. RECOMMENDATIONS

- 13.1 Officers would recommend that Committee approves the adoption of Option B that is to continue with the existing in-house Council delivery of services.
- 13.2 Given that Committee approves adoption of Option B that Members of the Committee formulate a response on the savings to be achieved that will be presented to Finance and Policy Committee at a later date.
- 13.3 That Members of the Committee note the content of the report

14. REASONS FOR RECOMMENDATIONS

- 14.1 To ensure Members are fully aware of the proposed core revenue grant funded Public Health Department savings proposals.

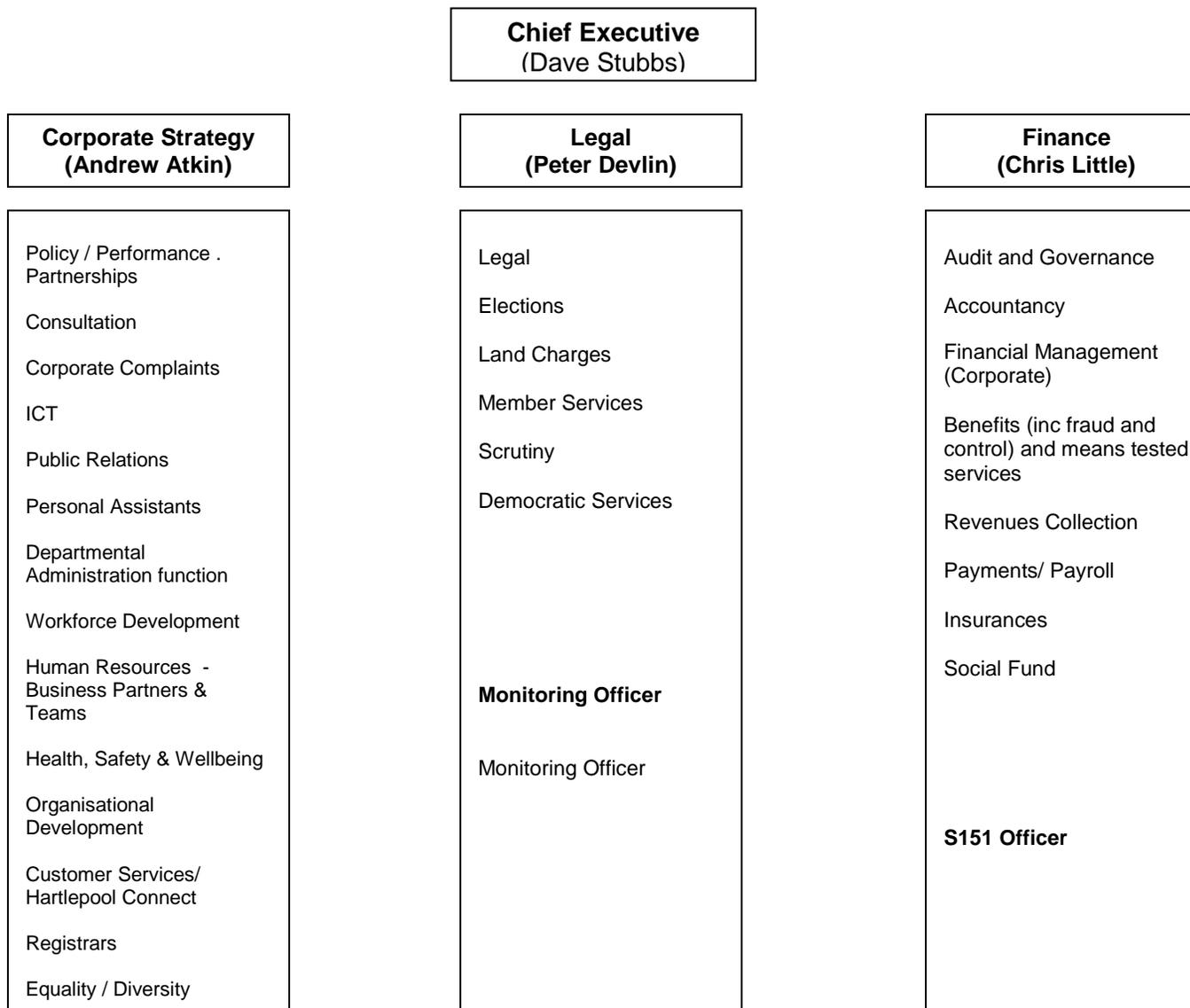
15. BACKGROUND PAPERS

- 15.1 Regeneration Committee – Sport and Recreation Service – Options Appraisal Update – 8th May 2014.
- 15.2 Regeneration Committee – Sport and Recreation Service Options Appraisal Review – 18th September 2014

16. CONTACT OFFICER

Louise Wallace
Director of Public Health
Hartlepool Borough Council
Level 4 Civic Centre
Hartlepool
TS24 8AY
Tel 01429 523773
Email: louise.wallace@hartlepool.gov.uk

CHIEF EXECUTIVE'S DEPARTMENT



CHILD & ADULT SERVICES DEPARTMENT

Director of Child & Adult Services (Gill Alexander)		
Assistant Director Children's Services (Sally Robinson)	Assistant Director Education (Dean Jackson)	Assistant Director Adult Services (Jill Harrison)
<p>Safeguarding, Assessment & Support</p> <p>Children looked after and leaving care</p> <p>Children with disabilities</p> <p>Fostering and adoption</p> <p>Safeguarding and Review/ Independent Reviewing Officers</p> <p>Local Safeguarding Children Board</p> <p>Children's Strategic Commissioning</p> <p>Youth Support Services</p> <p>Youth Offending Service</p> <p>Early Intervention and Prevention Services</p> <p>Principal Social Worker (Child and Adults)</p> <p>Workforce Development and Training</p> <p>Advice and Guidance Hub</p>	<p>School improvement monitoring, challenge and support</p> <p>Governor Support</p> <p>ICT in schools</p> <p>Priority Schools Building Programme</p> <p>Social and Educational Inclusion</p> <p>School Transformation</p> <p>Special Educational Needs</p> <p>Educational Psychology</p> <p>Early Years Foundation Stage</p> <p>School Data</p> <p>School Capital (in partnership with R&N)</p> <p>School Admissions and School Place Planning</p> <p>Departmental Administration</p>	<p>Strategic Commissioning</p> <p>Adult Care Management Teams</p> <ul style="list-style-type: none"> • Older People • Learning Disabilities • Mental Health • Physical Disabilities • Sensory Loss <p>Safeguarding Vulnerable Adults</p> <p>Occupational Therapy</p> <p>Early Intervention and Reablement</p> <p>Provider Services (Direct Care and Support & Day Services)</p> <p>Performance Management and Management Information</p> <p>Departmental Development and Complaints</p>

REGENERATION AND NEIGHBOURHOODS DEPARTMENT

**Director of Regeneration and
Neighbourhoods**
(Denise Ogden)

Strategic Procurement
Reprographics / Support Services

**Assistant Director
(Regeneration)**
(Damien Wilson)

Planning Services
Building Control
Economic Regeneration
Housing Services
Strategic Asset Management including
Schools
Culture and Information
Adult Education

**Assistant Director
(Neighbourhoods)**
(Alastair Smith)

Technical Services
Waste & Environment
Parks and Countryside
Building Design & Construction
Community Safety & Engagement
Services Direct
Emergency Planning

PUBLIC HEALTH DEPARTMENT

Director of Public Health
 Health Protection / Population healthcare /
 Tees Valley Shared Service
(Louise Wallace)

Health Improvement

Sexual health
 Children's public health
 Immunisations
 Screening
 Smoking / Tobacco Control/respiratory disease
 Obesity / physical activity/nutrition
 Cancer prevention & early intervention
 Drugs & Alcohol
 Accident prevention
 Workplace Health Improvement
 CVD primary prevention programme
 Public mental health/suicide prevention
 Public health and community safety (domestic violence)
 Oral Health
 Public health resource library and health Promotion

Commissioning & Clinical Quality

Public Health Contracts
 Clinical Governance
 Drug & Alcohol Commissioning
 Primary Care Commissioning
 Sexual Health Commissioning
 CJIT Commissioning
 Pharmacy Contracts
 Performance Monitoring

Drug & Alcohol Service Delivery

Criminal Justice Intervention Team
 Whitby Street Community Drug Centre
 Drug treatment services
 Alcohol treatment services
 National Drug/Alcohol Data Management and analysis
 Tier 4 service Delivery

Public Protection

Trading Standards
 Environmental Health – Commercial Services
 Environmental Health - Protection

Sports and Recreation

Mill House LC
 Headland Sports Hall & Borough Hall
 Brierton Community Sports Centre
 Grayfields
 Summerhill & Outdoor Activities service
 Carlton Outdoor Education Centre
 Sport & Physical Activity Team
 Learn to Swim Team
 GP Referral Team
 Football Development
 Policy / Sports Strategy
 Sports facilities / Playing Field / Pitch development
 Public Health Grants / Community Activities Network
 School / Clubs Links
 Educational Visits
 Coach / Volunteer Development

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2015/16 TO 2017/18

TABLE 1 - FORECAST CAPITAL RESOURCES

	Forecast Resources 2015/2016 (Provisional)				Forecast Resources 2016/2017 (Provisional)				Forecast Resources 2017/2018 (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												
Adult Social Services (Better Care Fund)	0	0	275	275	0	0	275	275	0	0	275	275
Devolved Formula Capital (Schools)*	0	0	178	178	0	0	147	147	0	0	147	147
Disabled Facilities Grant (Better Care Fund)	0	0	451	451	0	0	451	451	0	0	451	451
Local Transport Plan	0	0	1,556	1,556	0	0	1,556	1,556	0	0	1,556	1,556
Schools Capital Programme**	0	0	1,009	1,009	0	0	137	137	0	0	0	0
	0	0	3,469	3,469	0	0	2,566	2,566	0	0	2,429	2,429
Departmental Prudential Borrowing - Funded from Specific Business Cases												
Allotments (Table 2)	91	0	0	91	0	0	0	0	0	0	0	0
Empty Homes - Phase 2	70	0	0	70	0	0	0	0	0	0	0	0
Replacement Wheelie Bins	60	0	0	60	60	0	0	60	60	0	0	60
Vehicle Procurement (Table 3)	470	0	0	470	1,234	0	0	1,234	1,085	0	0	1,085
	691	0	0	691	1,294	0	0	1,294	1,145	0	0	1,145
Useable Capital Receipts and RCCO												
Schools Capital Programme (Dedicated Schools Grant)	0	628	0	628	0	628	0	628	0	628	0	628
	0	628	0	628	0	628	0	628	0	628	0	628
Specifically Funded Schemes												
Council Capital Fund (Table 4)	600	0	0	600	0	0	0	0	0	0	0	0
Depot Relocation***	2,685	1,065	0	3,750	0	0	0	0	0	0	0	0
	2,685	1,065	0	4,350	0	0	0	0	0	0	0	0
Total Forecast Resources	3,376	1,693	3,469	9,138	1,294	628	2,566	4,488	1,145	628	2,429	4,202

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

** Schools Capital Programme includes an estimate of £878k Capital Maintenance Grant for 2015/16 as it has not been announced by the Government. This is an estimate based on the current level of funding. However it is expected that the funding allocation method will change in 2015/16 and therefore this level of funding cannot be guaranteed. In addition the Council has received a Basic Need funding allocation for 2015/16 and 2016/17, this is reflected in the above figures.

*** The cost of this scheme will be between £3.065m and £3.750m (including land purchase). The higher figure includes a contingency which it is recommended is included owing to the complexities and short time scale for designing and preparing the cost estimates for this scheme. Officers will work to limit costs to the lower figure. Funding of £3.750m has been identified for this project from a combination of the Regeneration and Neighbourhood Services 2014/15 outturn (£1.065m), Prudential Borrowing £2m (loan repayment costs to be funded from efficiency savings/increased income) and further Prudential Borrowing (£0.685m) to fund the contingency if this is needed.

TABLE 2 - ALLOTMENT CAPITAL WORKS PROGRAMME

Allotment Site	Works Required	2015/16 £'000
Burn Valley	Security Fencing	31
Nicolson Field	Security improvements	25
Stranton	Drainage works	35
Grand Total		91

This is phase 2 of the scheme approved by Council on 6th February 2014.

TABLE 3 - VEHICLE REPLACEMENT PROGRAMME 2015/16 TO 2017/18

Type	Quantity	Service Area	£'000
Gritter body	2	Highways	60
15,000kg Gulley Emptier	1	Highways	80
Ashphalt hot box	1	Highways	30
Trailer	1	Highways	5
7,500kg Box body	1	Waste Management	45
ROM Cylinder Grinder	1	Grounds Maintenance	30
Garage Plant & Equipment			70
Phasing Contingency (Note 1)			150
			470

TABLE 3(B) 2016/17 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	£'000
Box Trailer	3	Cleansing	21
Sweeper	1	Cleansing	50
Small Precinct Sweeper	1	Cleansing	50
Ride on Mower	4	Horticulture	68
Trailer	1	Horticulture	5
16s Welfare Bus	5	Passenger Transport	325
26,000kg RCV	4	Waste Management	515
Garage Plant & Equipment			50
Phasing Contingency (note 1)			150
			1,234

TABLE 3(C) 2017/18 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	£'000
Medium sweeper	1	Cleansing	110
Sweepers	8	Cleansing	536
4x4 pick up	1	Parks & Countryside	15
Medium Panel Van	1	Parks & Countryside	14
Large 360° excavator	1	Waste Management	160
Garage Plant & Equipment			100
Phasing Contingency (note 1)			150
			1,085

Note 1

The above replacement programme has been based on maximising the operational life of existing vehicles and the deferral of vehicle replacements where possible. This has significantly reduced the annual value of replacements. However in order to mitigate the risk that some vehicles may need to be replaced earlier than assumed for their extended life, a contingency has been added to allow for earlier replacements in cases where it becomes more cost effective to replace rather than repair.

TABLE 4 - COUNCIL CAPITAL FUND

Project	Description	Estimated Cost £'000
Aneurin Bevan House	Roof replacement.	111
Aneurin Bevan House	Accessibility works in compliance with Accessibility Code of Practice.	32
Borough Hall	Main hall lighting and wiring replacement.	40
Borough Hall	Structural works to external walls to ensure structural stability at this site.	27
Carlton Outdoor Centre	Replacement of hot water system installations.	13
CETL (Brierton)	Replacement of heating controls.	45
Hartlepool Art Gallery	Accessibility works in compliance with Accessibility Code of Practice.	40
Kitchen works	Three school kitchen replacements to ensure compliance with statutory obligations and operational requirements.	50
Mill House	Electrical distribution board replacement.	25
Mill House	Replacement Pool Covers - Energy efficiency.	20
Rossmere Youth Centre	Roof replacement.	117
Rossmere Youth Centre	Window Replacement.	33
Town Hall Theatre	Lighting and distribution board replacement.	25
Contingency	For any major capital works identified by our current round of conditions surveys.	22
		600

2015/16 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	2015/16 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Pay	Amber	54,634	68%	The MTFS includes provision for a 2.2% pay award from 1st January 2015. 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	5,100	6%	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 may be 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 Council also has a Treasury Management Risk Reserve to the risk of interest rate increases. 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. The Council has netted down investments to mitigate counterparty risk and avoid interest costs in relation to long term borrowing.
Planned Maintenance Budget	Amber	215	0.3%	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.
Schools Buy-Back Income	Amber	1,461	1.8%	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	725	0.9%	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	0	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	2015/16 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Increased Demand for Looked After Children Placements	Red	5,200	6.5%	There is a national trend of increasing numbers and increased costs for the placement of children looked after. This particular area is highly volatile and potentially subject to unexpected increases in the numbers of children. This area includes foster placements, special guardianship, residence order and adoption allowances as well as residential placements.
Home to School Transport Costs	Amber	1,432	1.8%	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	9,510	11.9%	This funding has been cash limited at 2012/13 levels. Schools are required 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 retained DSG. The LA delegates 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	10,100	12.6%	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
Demographic changes in Working Age Adults	Red	7,900	9.9%	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. 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. The changes reflect the increased demand from those moving from children's services through the transition process.
Non-achievement of income targets - CCG specific Income	Amber	-3,000	-3.8%	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. Risks exist for joint packages whereby an individual's 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.

REGENERATION & NEIGHBOURHOODS

Financial Risk	Risk Rating	2015/16 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Car Parking	Amber	1,460	1.8%	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	720	0.9%	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	1.9%	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	1,560	2.0%	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	28,000	35.1%	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	2015/16 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	450	0.6%	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	1,570	2.0%	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 2015/16 include 2.5% for anticipated general inflation on non pay expenditure and 2.2% 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 2015/16 are departmental savings. Work undertaken during 2014/15 to deliver these savings in advance makes the 2015/16 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 21 July 2014

Present: ***Hartlepool Borough Council Officers***
 Councillor Christopher Akers-Belcher, Leader of the Council
 Councillor Peter Jackson
 Councillor Chris Simmons
 Councillor Robbie Payne
 Dave Stubbs, Chief Executive
 Gill Alexander, Director (Child & Adult Services)
 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 Carl Richardson
 Lesley Hamilton
 Steve Williams

Emma Armstrong, PA to CEMT (Minutes)

1.	Presentation
<p>Councillor Christopher Akers-Belcher welcomed the group and provided a brief update on</p> <ul style="list-style-type: none"> - Proposals for Living Wage in Hartlepool - Members Allowances 2014/15 - Family Poverty reserve / LCTS - Bringing forward budget timetable - Industrial Action. <p>Chris Little reported on Hartlepool's financial position for 2015/16 – 2018/19 and provided a brief summary of the MTFs Savings reports submitted to Finance & Policy Committee 30th June 2014.</p> <ul style="list-style-type: none"> • Final 2013/14 Outturn • 2015/16 Budget • 2015/16 Budget Timetable • 2016/17 and 2018/19 Financial outlook 	

Comments Made	Response
<p>The Trade Unions (TU) welcomed the early start of the budget process in July.</p> <p>TU recognised the difficulty and understand the position HBC face in relation to Council Tax. However have concerns in relation to Council Tax in the future.</p> <p>TU welcomed the Living Wage to Hartlepool and the continued assistance from HBC for the development of this.</p> <p>It was mentioned that it may be not just a one-off Industrial Action pay saving, as the action may continue until a compromise nationally is reached.</p> <p>TU noted the position Members have stated in relation to Members Allowances (allowances to only increase linked to pay awards for employees).</p>	<p>DS noted these responses and stated that HBC need to invest to enable growth for the town, even more so in the current difficult financial position at present.</p>
<p>TU acknowledged the need for growth within Hartlepool.</p>	<p>The Leader noted that it is an amalgamation of many projects needed to achieve the growth of the town.</p> <p>The Leader welcomed the TU to pose any queries to any of the Policy Chairs and welcomed any alternative suggestions.</p>
<p>TU raised the issue regarding skills of the workforce in the region / Hartlepool.</p>	<p>DO raised that the development of the whole town including transport links encourages people to come and live and work in Hartlepool and this work continues.</p>

BUDGET CONSULTATION MEETING WITH BUSINESS REPRESENTATIVES

**Minutes of Meeting held on 19 September 2014
at 3.30pm in the Leader's Office, Level 2, Civic Centre**

Present: ***Hartlepool Borough Council***
Councillor Carl Richardson (Chair)
Councillor Robbie Payne
Councillor Chris Simmons
Chris Little, Chief Finance Officer
Andrew Atkin, Assistant Chief Executive
Louise Wallace, Director of Public Health

Business Representatives

Peter Olson
Adrian Liddell
Andrew Steel

Apologies:

Councillor Christopher Akers-Belcher
Councillor Peter Jackson
Dave Stubbs, Chief Executive
Denise Ogden, Director of Regeneration and Neighbourhoods
Gill Alexander, Director Child and Adult Services
S Cavey

1.	Introduction and Presentation
<p>Councillor Richardson welcomed the group and highlighted key issues in relation to:</p> <ul style="list-style-type: none"> • The Living Wage proposals • Members Allowances • Family Poverty Reserve / Local Council Tax Support Service • Budget timetable and the continuation of a multi – year financial year <p>Chris Little provided a detailed presentation covering:</p> <ul style="list-style-type: none"> • Final 2013/14 Outturn • 2015/16 Budget and Budget Timetable • 2016/17 to 2018/19 Financial Outlook. <p>It was emphasised that 2015/16 was the second year of a two year Government Grant Settlement, therefore there are no significant changes from position reported in February 2014.</p>	

2.	Discussion and Questions
<p>Representatives from the Business Sector made a number of observations on the financial position of the Council and officers responded to a range of questions. Key issues included:</p> <ul style="list-style-type: none">• The increasing challenge of addressing the impact of Government Grant cuts and the impact on services, employees and the local economy.• Support for a 2015/16 Council tax freeze.• Support of the strategy to retain the lifeguard service and school crossing patrols and recognition of the difficult budget decisions to be made in 2016/17 and future years. <p>Councillor Richardson thanked the Business Sector representatives for their continued input. Mr Steel stated that it was helpful to have an understanding of the financial challenges facing the Council.</p>	

BUDGET CONSULTATION MEETING WITH TRADE UNION REPRESENTATIVES - Minutes of Meeting held on 22 September 2014

Present: ***Hartlepool Borough Council Officers***
 Councillor Christopher Akers-Belcher, Leader of the Council
 Councillor Chris Simmons
 Councillor Robbie Payne
 Councillor Carl Richardson
 Dave Stubbs, Chief Executive
 Chris Little, Chief Finance Officer
 Denise Ogden, Director of Regeneration and Neighbourhoods
 Louise Wallace, Director of Public Health
 Gill Alexander, Director of Child & Adult Services

Trade Union Representatives

Edwin Jeffries
 Malcolm Sullivan
 Lesley Hamilton
 Steve Williams
 Tony Watson
 Gill McDade

Apologies:

Councillor Peter Jackson
 Andrew Atkin, Assistant Chief Executive
 Debbie Kenny

Emma Armstrong, PA to CEMT (Minutes)

1.	Presentation
<p>Chris Little provided a brief update following the presentation given to the Trade Union group on 21/07/14 (the first stage consultation meeting).</p> <p>He reported on Hartlepool's financial position for 2015/16 – 2018/19 and provided a brief summary of the Reserves Review and the updated MTFS Savings proposals submitted to Finance & Policy Committee 15th September 2014.</p>	

Comments Made	Response
<p>The Trade Unions queried “What representations to the MP have been made on the future budget positions, if it is a Labour victory in the next Election.”</p>	<p>Officers and Leader have regular meetings with the MP, however nothing has been specifically discussed.</p> <p>The CFO (with ANEC colleagues) has recently attended a meeting with the LGA/CIPFA Independent Commission to highlight the issues raised by HBC in relation to the budget.</p> <p>The Leader indicated that HBC still have the ambition to implement a local Living Wage, which will need funding.</p>
<p>The Trade Unions noted that other authorities must be envious of HBC and the current financial position, as HBC are managing / planning for this better than some neighbours</p>	<p>Officers noted this and Members raised that Trade Union attendance was welcomed at Policy Committee meetings to encourage knowledge and working together with TU's.</p>
<p>The Trade Union's welcomed continued liaison with CMT and members.</p> <p>The Trade Union's questioned the position of the Power Station extra shut down.</p>	<p>Officers commented that the full position is unknown at present, but some reserve is put aside to assist with this. Once more information is known this will be circulated.</p>

Impact Assessment Form

Department	Division	Section	Owner/Officer
CED	All	All	Andrew Atkin/Chris Little/Peter Devlin
Function/ Service	<p data-bbox="491 365 1348 407">Chief Executives Department – Budget Savings 2015/16</p> <p data-bbox="491 443 1262 553">The Chief Executives Department provides a range of services both to internal and external customers. The majority of services are delivered internally.</p> <p data-bbox="491 589 1278 698">External customers include residents of Hartlepool and other local organisations e.g. the Fire Authority and schools.</p> <p data-bbox="491 734 1350 920">Where services are delivered to residents they are available borough-wide and to all potential users (across the diverse groups). This includes services such as the Customer Service Centre, Revenues and Benefits, Elections & Electoral registration, Local land searches etc.</p> <p data-bbox="491 956 1337 1178">Where necessary access to services is tailored to reflect the needs of diverse groups – this includes having accessible buildings for disabled people, translation services for those whose first language is not English, front line Customer Services staff trained in British Sign Language,</p> <p data-bbox="491 1214 1315 1323">The proposed budget savings within the Chief Executives Department are as follows and mean the scaling back of some activities:</p> <p data-bbox="491 1359 794 1402">CED (0% staffing) –</p> <p data-bbox="491 1438 1321 1655">Cross-cutting issues (£50k) - Achieved through review of workloads to allow the absorption of public health work by existing staff allowing saving to be made on public health grant previously allocated for overheads. No direct impact on services to the public but this will impact on existing staff.</p> <p data-bbox="491 1691 1034 1733">Corporate Strategy (95% staffing) –</p> <p data-bbox="491 1769 1350 2080">Removal of vacant post / Changes in operations and management arrangements (£220k) – Achieved through ER/VR request, deletion of vacant posts and compulsory redundancy which will be delivered through restructure and scaling back of services in non-public facing areas. The installation of an automated telephone solution within the Customer Service Centre will ensure service targets are not compromised and customer enquiries continue to be handled in a timely manner.</p>		

	<p>Legal Services (100% staffing) –</p> <p>Staffing savings (£63k) – Achieved through ER/VR request with elements of work re-assigned within Division. Also, review of working arrangements with reduction of working hours following request from officers – change accommodated within respective roles without discernible impact on delivery of service. No direct impact on services to the public but will impact on existing staff.</p> <p>Corporate Finance (92% staffing) –</p> <p>Removal of vacant post / Changes in operations and management arrangements (£165k) – Achieved through staffing restructures and accepting ER/VR requests. No services to stop and the changes that will be implemented will be designed to avoid impacting on services. There is a risk that service standards (i.e. collection rates for Council Tax/Business rates and the processing time for benefit applications) will be harder to maintain, although this is not expected to have a major impact in 2015/16. There may be some impact on internal clients through changes to Central Finance but procedures are to be changed in order to mitigate against this. Extended processing times may delay the receipt of benefits for members of the public.</p> <p>Income (£15k) – Achieved through recovery of VAT on car mileage which is now possible due to improved IT systems making the process cost effective to implement.</p>	
<p>Information Available</p>	<p>Information available that has been used to inform these proposed changes:</p> <ul style="list-style-type: none"> • Current structures and proposed structures. • Job descriptions • Job Evaluation 	
<p>Relevance</p> <p><i>Identify which strands are relevant to the area you are reviewing or changing</i></p>	<p>Age</p>	<p>X</p>
	<p><i>The potential for longer processing times for benefit claims may impact on this group.</i></p>	
	<p>Disability</p>	<p>X</p>
	<p><i>The potential for longer processing times for benefit claims may impact on this group.</i></p>	
	<p>Gender Re-assignment</p>	
	<p>Race</p>	
	<p>Religion</p>	
	<p>Gender</p>	
	<p></p>	
	<p></p>	

	Sexual Orientation			
	Marriage & Civil Partnership			
	Pregnancy & Maternity			X
<i>The potential for longer processing times for benefit claims may impact on this group.</i>				
Information Gaps	<i>None identified</i>			
What is the Impact	<p>Proposals will have a minimal impact on equality.</p> <p>Equality impacts on particular groups and staff have been considered as part of the Savings Programme proposals. Equality impacts are deemed to be minimal and options to mitigate, avoid or reduce the impact have been considered as part of the proposals, inc:</p> <ul style="list-style-type: none"> • Early Retirement/Voluntary Redundancy opportunities are in line with HR policy and staff have been appropriately advised and will be supported throughout the process; • There may be an impact on the length of time it takes to process benefit claims and although this will affect all claimants equally there are likely to be more claimants from the 3 groups identified above. Longer processing times may in turn may affect a tenants relationship with their landlord. 			
Addressing the impact	1. No Impact - No Major Change – <i>it is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</i>			
Action identified	Responsible Officer	By When	How will this be evaluated?	
Monitor processing times to consider impact on claimants.	John Morton	Dec 2015		
Date sent to Equality Rep for publishing				
Date Published				
Date Assessment Carried out				

Department	Division	Section	Owner/Officer
Regeneration & Neighbourhoods	Neighbourhoods		Denise Ogden /Alastair Smith
Function/Service	<p>SAVINGS PROGRAMME 2015/16 NEIGHBOURHOODS DIVISION</p> <p>The overall savings figure is £2.420m for 2015/16. The scale of budget savings on service delivery now has reached a point where difficult decisions have to be considered.</p> <p>To achieve the departmental savings it has become apparent we will have to cut some services further and for some, consider cessation of service altogether. The best approach to selection of service reduction has been to list all non-statutory services and undertake a prioritisation exercise for cessation of same.</p> <p>The aim of this impact assessment is to ensure that any impact on equality is assessed and considered prior to decisions being made about the reduction of services.</p> <p>Non-statutory service areas that have absorbed budget cuts previously and that now need to be considered for full cessation of service delivery are as follows:-</p> <p>Road Safety – Removal of initiatives such as ‘bikeability’ and other educational programmes. To mitigate any impact these functions will be offered as a package to buy back</p> <p>Community Safety & Engagement – Transfer of operational services from Neighbourhood Management to Street Care enable the Community Development and Engagement Service to be reconfigured and reductions to the Community Pool will enable further reconfiguring of the level of service provided. (A separate EIA has been completed to address the changes to the Community Pool)</p> <p>Departmental Re-configuration – Merging of some functions elements between the Neighbourhoods division and the Regeneration division. No direct impact on Equality</p> <p>Parks & Countryside - Two ER/VR requests approved and one vacant post deleted from the structure. No direct impact on Equality.</p> <p>Building Cleaning - Realignment of budgets and services as buildings close and the acceptance of an early retirement / voluntary redundancy. No direct impact on Equality.</p> <p>School Catering – Increase the income budget – No direct impact on Equality.</p> <p>Street Care Operations - Reconfiguration of service and staffing – No direct impact on equality</p>		

	<p>Fleet – A new system has been introduced which has identified more efficient use of the Fleet.</p> <p>Waste & Environment - suspension of green waste collection during the winter period from November to March. Operational data tells us that very little green waste is deposited in the brown bins over this period which in turn suggests the operational element of this collection service and the associated costs are not best utilised in terms of effective deployment of the Department's resources. It has also been considered to replace this service with a paid for service, this has been assessed and dismissed due to the impact on elderly and disabled users of the service</p> <p>Cemeteries – Review of fee and charges to bring in-line with other providers.</p> <p>Emergency Planning - Reduction in the level of subsidy will be achieved by an inflation freeze on our contribution.</p>																																		
<p>Information Available</p>	<p>Information available that has been used to inform these proposed changes:</p> <ul style="list-style-type: none"> • Current structures and proposed structures. • Staffing profiles across all areas. • Established HR Procedures (Selection criteria is based on objective matters which are not related to any protected groups). • Job Descriptions. • Job evaluation process. • Information on service users <ul style="list-style-type: none"> - Satisfaction surveys and questionnaires - Regular progress and liaison meetings with users and providers - Neighbourhood forums - Ward Councillor feedback 																																		
<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>Age</td> <td style="text-align: center;">X</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Disability</td> <td style="text-align: center;">X</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Gender Re-assignment</td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Race</td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Religion</td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Gender</td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Sexual Orientation</td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Marriage & Civil Partnership</td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Pregnancy & Maternity</td> <td></td> </tr> </table>	Age	X			Disability	X			Gender Re-assignment				Race				Religion				Gender				Sexual Orientation				Marriage & Civil Partnership				Pregnancy & Maternity	
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Sexual Orientation																																			
Marriage & Civil Partnership																																			
Pregnancy & Maternity																																			

Information Gaps	none		
What is the Impact	<p>Proposals have a minimal impact on equality and statutory services will not be affected.</p> <p>Equality impacts on particular groups and staff have been considered as part of the Savings Programme proposals. Equality impacts are deemed to be minimal and options to mitigate, avoid or reduce the impact have been considered as part of the proposals, inc:</p> <ul style="list-style-type: none"> • Early Retirement/Voluntary Redundancy opportunities are in line with HR policy and staff have been appropriately advised and will be supported throughout the process • Reconfiguration of services and merging of functions – No specific impact on people and communities identified. However it is noted that there will be increased pressure on staff to deliver services and potential reduced flexibility and effectiveness of service • Reduction in the Community Pool – Separate EIA completed • Reduction in Road Safety functions – The impact of withdrawing functions within the Road Safety Service have been mitigated by offering this service as a buyback package which will be promotes to schools, academies and other organisations. 		
Addressing the impact	<p><i>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</i></p> <p>1. No Impact- No Major Change – <i>For certain aspects of the savings programme it is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</i></p> <p>3. Adverse Impact but Continue – <i>Withdrawal of funding and reducing service functions have the potential to reduce the flexibility and effectiveness of the service</i></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?
Monitoring buy back levels and impact on the number of young people who can	P Watson Road Safety Team		Increase in take up

access road safety initiatives.			
Date sent to Equality Rep for publishing			00/00/00
Date Published			00/00/00
Date Assessment Carried out			00/00/00

Department	Division	Section	Owner/Officer
<i>Regeneration & Neighbourhoods</i>			<i>Denise Ogden</i>
Function/ Service	<p>SAVINGS PROGRAMME 2015/16 – REGENERATION AND NEIGHBOURHOODS DEPARTMENT</p> <p>This Equality Impact Assessment aims to show that impact on equality has been assessed and considered as part of the Savings Programme process.</p> <p>As part of the 2015/16 Savings Programme, a number of service areas were identified where potential savings could be made, including:</p> <p>Community Pool</p> <p>Reduction in budget and grant contributions that support the Voluntary and Community Sector (VCS), including; grant reductions towards running the Hartlepool Credit Union, Cessation of grant and budgets for capacity and resource building in VCS and provision of development, investment and emergency grants.</p> <p>EIA's have been completed for each individual category affected by the proposals to assess the impact and feed into the decision making process. The changes that will impact particular groups that are supported by the VCS are in terms of service levels that will reduce as a result of reducing budgets and grants. To mitigate the impact officers will work with organisations affected to support them in seeking alternative solutions to sustain services.</p> <p>Property Management</p> <p>The savings proposal is to increase the income budget and transfer resources onto more fee earning projects. No Impact on Equality.</p> <p>Support Services</p> <p>Reconfiguration of structures and service provision. This will involve the removal of vacant posts and potential redundancies, a reduction in departmental management support budgets such as postage, general office consumables and training together with a contribution from salary turnover savings if the savings cannot be found from the support services alone. No impact on Equality, any changes that impact on staff will be in-line with HR Policy.</p> <p>Community Safety</p> <p>Review of CCTV Community Monitoring services. No impact on Equality.</p>		
Information	Ways in which the service engages with communities, has helped		

Available	<p>to inform the proposals, including:</p> <ul style="list-style-type: none"> • 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. • 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. <p>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: -</p> <ul style="list-style-type: none"> • Satisfaction surveys and questionnaires • Regular progress and liaison meetings with users and providers • Neighbourhood forums • Ward Councillor feedback 	
Relevance <i>Strands are relevant to changes proposed within the Community Pool</i>	Age	X
	Disability	X
	Gender Re-assignment	X
	Race	X
	Religion	X
	Gender	X
	Sexual Orientation	X

	Marriage & Civil Partnership			
	Pregnancy & Maternity			
Information Gaps	No Gaps			
What is the Impact	<ul style="list-style-type: none"> Reduction of budgets, grants and cessation of funding will impact on the levels of service delivered which in-turn will impact on people who access support provided by the VCS. 			
Addressing the impact	<p>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</p> <p>1. No Impact- No Major Change (For the majority of functions included within the proposal) It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</p>			
	<p>3. Adverse Impact but Continue - Reduction of budgets, grants and cessation of funding will impact on the levels of service delivered which in-turn will impact on people who access support provided by the VCS.</p>			
Actions				
It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.				
Action identified	Responsible Officer	By When	How will this be evaluated?	
Date sent to Equality Rep for publishing	00/00/00			
Date Published	00/00/00			
Date Assessment Carried out	00/00/00			

Department	Division	Section	Owner/Officer
Regeneration & Neighbourhoods	Regeneration		Denise Ogden / Damien Wilson
Function/ Service	<p>SAVINGS PROGRAMME 2015/16 REGENERATION DIVISION</p> <p>The aim of this impact assessment is to ensure that any potential impact on equality is assessed and considered prior to decisions being made that impact on people and services.</p> <p>The savings proposed can be bundled into four discrete packages as follows:-</p> <ul style="list-style-type: none"> • Divisional Management Structure • Cross Departmental Management Structure • Specific Operational Service Proposals <ul style="list-style-type: none"> - Economic Regeneration - Planning - Housing - Culture and Information <p>Divisional Management Structure</p> <p>A proposal to slim down the strategic management structure is being proposed, specifically the proposal is to merge the Building Control service into the Planning Service. There is no direct impact on Equality.</p> <p>Cross Departmental Management Structure</p> <p>Reconfiguration of two services, one within the Regeneration and one within the Neighbourhoods Division. This will result in a new service which combines elements from the Parks and Countryside Service along with elements from the Landscape and Conservation Service. There is no direct impact in Equality.</p> <p>Economic Regeneration</p> <p>Further reconfiguration of services related to marketing and the visitor economy. There is no direct impact on Equality.</p> <p>Planning</p> <p>The savings proposal includes a combination of efficiencies related to bringing various budgets together. There is no direct impact on equality.</p> <p>Housing</p> <p>Savings of approximately £85,000 are being proposed from Housing Services through a combination of bringing services back into the Council which were previously delivered externally via a management agreement. Further anticipated income streams from for example, the setting up of a Social Lettings Agency which</p>		

	<p>was agreed by Members at Finance and Policy Committee in June 2014.</p> <p>Culture & Information</p> <p>Savings proposal includes, restructure library management and operational structure; reduction of operational budgets; staffing reductions due to voluntary redundancy/early retirement; reduce library staff hours. The voluntary redundancy/early retirement opportunities are in line with HR policy and staff have been appropriately advised and will be supported throughout the process. No direct impact on Equality.</p> <p>With regard to proposed savings related to the library services, consideration had been given to the closure of all or some of the branch libraries and whilst this proposal has not been ruled out entirely, it has been deferred for consideration for 2016/17 on the basis that if it is to be considered, a full review of the branch libraries will need to be undertaken. This will look at closure, community asset transfer, alternative delivery models etc, and will require full community consultation in order to ensure the decision, if it is made, is not subject to legal challenge. A full Equality Impact Assessment will be completed at the appropriate time.</p>
<p>Information Available</p>	<p>The range of services considered as part of the savings programme are delivered across the whole of the Borough dealing with people across all age groups, however, within these functions there are many discreet services which have been tailored for particular user groups. Some examples are listed below for illustrative purposes and are by no means exhaustive. Feedback from these groups is used to inform the delivery of services.</p> <ul style="list-style-type: none"> • 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 – targeted towards people in need of housing or who are homeless or at risk of becoming homeless. • The Business Team – supports the business community from new start ups right through to large scale inward investors. • Adult Education – providing a wide range of services and learning opportunities to people aged over 16. • Planning One Stop Shop – providing comprehensive planning advice and guidance to residents, architects, consultants, developers and businesses. • Book Trust Programme – aimed at children from 9 months to 5 years.

	<ul style="list-style-type: none"> • Home Library Service – delivering books directly into the homes of library members who are in ill health or have mobility issues. • Arts for Team – programme using art as a mechanism to inspire, develop and train young people. • Museum of Hartlepool – 132,067 visitors 2014/14. • Learning: School Visits – 1146 facilitated school visits by people to the Museum and Art Gallery in 2013/14. <p>Engagement - Feedback from service users is obtained in a variety of different ways and this is often determined by the type of service, the target audience, the way in which services are delivered. Examples include:</p> <ul style="list-style-type: none"> • Updating of the Economic Regeneration Strategy involving consultation through the Economic Forum. • Hartlepool Vision launch and engagement in January 2014 involving over 150 businesses and a similar number of residents. • Following the launch of the Vision, the commencement of the Waterfront Masterplan process will see ongoing consultation over the next 6 – 9 months as the plan is developed. This will involve Members, the public, businesses and other interested groups. • Training and Employability Programmes – all trainees are regularly consulted for satisfaction ratings. • Housing Regeneration Carr and Hopps – regular one-to-one engagement with residents who remain in the area as the project moves forward. • Regular attendance at resident group meetings to discuss, for example, housing standards, Selective Licensing, Empty Homes etc. • Visitor surveys for specific events and festivals including, for example, Golf Week, to evaluate the success of the event and to learn from the experience. • Annual satisfaction survey for tenants at the Hartlepool Enterprise Centre. • Home Library User surveys – 394 in 2011. • Cathy Cassidy – Author Event evaluation - 378 responses – February 2014. • Local History lecture – 22 responses – March 2014. • Library Services Review – Mobile Survey evaluation – 154 responses – September 2013.
Relevance	Age
<i>Identify which strands are relevant to the area you are reviewing or changing</i>	Disability
	Gender Re-assignment
	Race
	Religion

	Gender		
	Sexual Orientation		
	Marriage & Civil Partnership		
	Pregnancy & Maternity		
Information Gaps	<p><i>An Equality Impact Assessment is required for Housing to assess the impact of bringing services back into HBC.</i></p> <p><i>Future Impact Assessment will be required as part of decisions and planning around the future of the library service.</i></p>		
What is the Impact	<p>Equality Impacts on those groups with protected characteristics have been considered as part of the Savings Programme proposals. Impact are deemed to be minimal and options to mitigate, avoid or reduce impact have been considered as part of the proposal, inc:</p> <ul style="list-style-type: none"> • Increased pressure on staff to deliver services and potential to reduce flexibility and effectiveness of services. • Impact on the service users by weakening of the front line services in the case of Planning, Economic Regeneration, Housing and Culture and Information staffing reductions. • Early Retirement/Voluntary Redundancy opportunities are in line with HR policy and staff have been advised appropriately. 		
Addressing the impact	<p><i>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</i></p> <p>1. No Impact- No Major Change - <i>It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</i></p>		
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?
Monitoring the impact on protected groups of bringing housing services back in house	N Johnson		
Undertake EIA when considering	D Worthington		

library proposals for 2016/17			
Date sent to Equality Rep for publishing	00/00/00		
Date Published	00/00/00		
Date Assessment Carried out	00/00/00		

COUNCIL REPORT

5 February 2015



Report of: Finance and Policy Committee

Subject: MEDIUM TERM FINANCIAL STRATEGY 2015/2016
TO 2018/2019 - UPDATE

1. PURPOSE OF REPORT

- 1.1 To update the Medium Term Financial Strategy (MTFS) 2015/16 to 2018/19 to reflect the provisional Local Government Finance Settlement announcement on 18th December 2014 and changes in local factors arising since approval of the MTFS by Council in December 2014.

2. BACKGROUND

- 2.1 In accordance with the Constitution the Finance and Policy Committee's detailed budget proposals, including a 2015/16 Council Tax freeze, were considered and approved by Council on 18th December 2014. The previous report to Council also advised Members that further reports would be submitted to Council on 5th and 26th February 2015 to finalise the 2015/16 budget process. These arrangements were followed in previous years and reflect the timing of the final 2015/16 Local Government Finance Settlement announcement and the statutory timetable for the Police and Crime Commissioner and the Fire Authority determining their Council Tax levels.
- 2.2 Section 3 of this report provides an update of issues impacting on the 2015/16 budget.
- 2.3 The report to Council on 26th February 2015 will provide details of the statutory Council Tax calculations, including the Council Tax levels approved by the Police and Crime Commissioner, Cleveland Fire Authority and Parish Councils.

3. MTFS UPDATE

- 3.1 Owing to the timing of meetings the Finance and Policy Committee had not met to consider the final 2015/16 budget proposals before the agenda papers for Council had to be issued. To enable all Members to familiarise themselves with these issues a copy of the detailed 'MTFS 2015/2016 to 2018/2019 – Update' report submitted to the Finance and Policy Committee on 30th January 2015 is attached as Appendix A to this report and covers the following issues:

- Local Government Finance Settlement 2015/16;
- Update on Terms and Conditions Financial Issues;
- Local Welfare Support;
- National Museum of the Royal Navy;
- Grants for New Responsibilities;
- Specific Government Capital Allocations.

3.2 As detailed in Appendix A the provisional Local Government Finance Settlement for 2015/16 was not issued until 18th December 2014, which makes financial planning more difficult as there was uncertainty regarding the level of Government funding for 2015/16 and also the Council Tax freeze/referendum arrangements for 2015/16 until this information is provided by the Government. The final Local Government Finance Settlement for 2015/16 will be issued in late January/early February 2015, although it is not expected there will be any significant changes from the provisional settlement.

3.3 In addition, and in line with the arrangements adopted in previous years details of the overall General Fund budget, which includes detailed Departmental budgets, are included in a separate booklet with the agenda papers for this meeting. These detailed figures reflect the budget decisions approved by Council in December and will be updated to reflect any necessary changes arising from the final budget decisions to be taken by Council on 5th February 2015. The final approved figures will then provide the detailed basis for managing the 2015/16 budget.

4. PROPOSALS

4.1 Details of the additional budget proposals to be referred to Council by the Finance and Policy Committee following their meeting on 30th January 2015 are provided in section 10 of Appendix A. If there are any changes to these proposals following consideration of these issues by the Finance and Policy Committee an update report will be provided before the Council meeting.

4.2 For Members convenience these issues are detailed below and for ease of reference the paragraph numbers detailed are the same as the MTFs Report attached at Appendix A.

Extract from Finance and Policy Committee Report

5. FINANCE AND POLICY COMMITTEE PROPOSALS

5.1 It is recommended that Members:

- i) Note the continuation of LWS funding in 2015/16 and confirm the Council maintains the base budget for this area at £260,000 for 2015/16;

- ii) Note that if recommendation (i) is adopted the budget pressure for continuing the LWS scheme in 2017/18 when the existing one-off funds runs out can be removed.
- iii) Note the actual core grant and specific grant allocations provide uncommitted resources of £93,000;
- iv) Determine which of the Living Wage options will be implemented for the Living Wage, noting that either option can be funded as summarised in the following table:

Funding of full year costs

	Option 1 £'000	Option 2 £'000
Terms and Conditions savings achieved in excess to MTFs requirement of £200,000	73	73
Uncommitted Grant as detailed in recommendation (iii)	93	93
Cost of Living Wage	(150)	(80)
Net Uncommitted Resources available to reduce 2016/17 budget deficit	16	86

Part Year costs 2015/16 - to note that if option 1 is approved that in 2015/16 funding of £15,000 will need to be allocated from the uncommitted 2014/15 outturn to offset the phased implementation of these changes.

Living Wage Options

- Option 1 - Implement the planned Living Wage of £7.88
 - Option 2 - Implement a lower increase in the Living Wage of £7.67.
- v) Approve the use of the Protection Costs Reserve of £750,000 to fund:
 - One-off Protection Costs of £550,000 in relation to the achievement of recurring annual Terms and Conditions savings of £273,000;
 - Funding of £90,000 per year for 2015/16 and 2016/17 for holiday pay costs arising from a recent ECJ decision, which avoids having to identify additional budget cuts of £90,000 for 2015/16 to address the impact of the ECJ decision and provides a longer lead time to potentially reduce the ongoing costs to a lower level;
 - £20,000 uncommitted resources which will be carried forward and a strategy for using these resources developed as part of the 2016/17 budget process. To note that if the actual Protection costs and ECJ holiday pay costs are less than forecast the uncommitted resources will be added to the £20,000.
 - vi) Approve the release of one-off funding of £0.52m previously earmarked to maintain LWS spending in 2015/16 and 2016/17 to fund 98% of the potential additional one-off contributions to the NMRN over the period

2015/16 to 2019/20. To note this proposal will avoid budget pressures in future years;

- vii) To note that the one-off funding re-allocated to fund the additional one-off contributions to the NMRN is a worst case forecast. The amount held at the end of each financial year will be reviewed to determine if any funding can be released in light of income received (or forecast to be received in future years) under the 50/50 profit share.
- viii) Note that the first call on any resources which can be released (under recommendation vi) may be required to fund capital works to the Hartlepool Maritime Experience. To note that further work is needed to identify these potential works and to assign responsibility between the Council and the NMRM and will be subject to a further report;
- ix) Note the statutory budget calculations to be referred to Council will be prepared to reflect the decisions the Committee make in relation to the above recommendations;
- x) Approve the proposal to carry forward the 2015/16 Local Council Tax Support Scheme New Burdens funding of £38,000 to 2016/17 to retain Council Tax recovery capacity and to maintain a longer lead time if this funding is removed after 2015/16.

6. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

30 January 2015



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2015/16 TO 2018/19 - UPDATE

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework Decision.

2. PURPOSE OF THE REPORT

2.1 The purposes of the report are to:-

- i) Update the MTFS to reflect the provisional 2015/16 Local Government Settlement announcement on 18th December 2014; and
- ii) To inform Members of the arrangements to finalise the statutory 2015/16 Budget and Council Tax calculations (excluding Police and Fire precepts) to be referred to Council on 5th February 2015.

3. BACKGROUND

3.1 At the meeting on 24th November 2014 the Committee determined the Budget and Council Tax proposals to be referred to Council. These issues were considered and approved by Council on the 18th December 2014. As these reports were prepared before the Local Government Finance Settlement was issued the following recommendation was included in the previous MTFS report:

- Approve the proposal that any final variation to the actual 2015/16 Core Grant allocation and / or final Collection Fund balance is managed by a corresponding increase/decrease in the use of the Budget Support Fund in 2015/16 and to note details of any necessary change will be reported within the final Council Tax setting report.

3.2 The Local Government Finance Settlement was issued on the afternoon of 18th December 2014 and Council was advised that officers were assessing the detailed information, although no major changes were anticipated.

3.3 This report provides details of the Local Government Finance Settlement and the impact on the MTFS.

4. LOCAL GOVERNMENT FINANCE SETTLEMENT 2015/16

4.1 The following paragraphs provide details of the key issues confirmed in the Local Government Finance Settlement and also details of changes from the indicative information provided by the Government in January 2014.

4.2 Council Tax Freeze and Council Tax Referendum arrangements

4.3 The Government has confirmed that a 1% grant will be paid to Authorities which freeze Council Tax. The referendum trigger point has been confirmed as 2%. These are the planning assumptions detailed in the previous MTFS report.

4.4 Core Revenue Grant

4.5 The Government transferred responsibility for Local Welfare Support from the DWP to Councils in 2013/14, with a reduction of funding in 2014/15 and stated that no further funding would be provided after 2014/15.

4.6 In response to this situation a local solution was developed to sustain funding on this service at £0.26m from 2014/15 onwards. This strategy was resourced by allocating available funding from the 2013/14 and 2014/15 LWS allocations to support expenditure in 2015/16 and 2016/17. The MTFS then included a potential pressure in 2017/18 which would need to be re-considered as part of the 2017/18 budget process in view of the financial challenges facing the Council.

4.7 Following legal challenge the Government has determined not to implement the proposal to remove the Local Welfare Support (LWS) funding. Nationally £172m has been identified within the 2015/16 settlement. As this is not a ring-fenced grant it is anticipated this funding will not be separately identified in future years. Therefore, the amount to be spent on LWS in 2015/16 and future years is a local decision for individual Councils.

4.8 It is apparent from the settlement that this is not all new money and part is simply an allocation of the total available funding, as highlighted in the following table. The table also shows the LWS budget allocation and after reflecting this commitment there is a net increase in the forecast core grant of £67,000.

	MTFS Forecast £'000	Provisional Grant Allocation £'000	Increase/ (Decrease) in funding £'000
Core Grant	48,010	47,859	(151)
LWS (notional allocation)	0	478	478
Total Grant	48,010	48,337	327
LWS budget allocation	-	-	(260)
Net Uncommitted Grant	-	-	67

4.9 Specific Grants

- 4.10 Details of a range of specific grants have also been provided, as summarised below. It is recommended that the minor shortfalls are funded from the increase in the 'New Home Bonus Returned Funding' allocation to avoid the need for further cuts at this late stage in the budget process. The NHB Returned Funding was previously top sliced from the national grant allocation by the Government to pay for the estimated cost of NHB payments. As actual NHB payments have been lower than forecast this income is returned to Councils.

	Grant shortfall/ (increase) £'000
Flooding grant	6
NHB 15/16 allocation	27
NHB 'Returned Funding' (i.e. DCLG top sliced too much from core grant in previous year for NHB)	(84)
Department of Health Revenue Grant	25
Uncommitted Resources	(26)

4.11 Summary Position - Core and Specific grants

- 4.12 After reflecting the issues detailed in the previous paragraphs there is a net gain from the settlement of £93,000 as summarised below:

	£'000
Core Grant – Based on LWS Option 3	67
Specific Grants	26
Uncommitted resources	93

5. Update on Terms and Conditions Financial Issues

- 5.1 The approved 2015/16 MTFs proposals include a saving from implementing changes to Terms and Conditions changes. The achievement of this saving is designed to fund the implementation of the Living Wage and provide a net General Fund saving of £0.2m.
- 5.2 As detailed in the previous report negotiations are still ongoing with the Trade Unions and will not be complete until after the Committee meets and the final statutory budget calculations have been approved by full Council on 26th February 2015.
- 5.3 At this stage it is anticipated that a gross full year saving from the Terms and Conditions changes of £0.273m will be achieved, compared to an initial forecast of £0.35m.
- 5.4 Previous MTFs reports have recommended that the Living Wage can only be implemented if this can be funded from savings achieved from changes to Terms and Conditions. Part of the gross Terms and Conditions savings need

to be earmarked to achieve the General Funding saving target of £0.2m. Therefore, after reflecting this commitment the Terms and Conditions changes provide net funding of £73,000 towards the cost of implementing the Living Wage of £150,000. Two options for funding the shortfall of £77,000 have been identified, as detailed below:

- **Option 1 - Implement the planned Living Wage of £7.88 per hour**

This option will require full year funding of £77,000 to be allocated from the uncommitted grant settlement of £93,000 detailed in paragraph 4.12. In 2015/16 there will be a one-off shortfall of £15,000 owing to the part year impact of these changes. It is recommended that this amount is funded from the 2014/15 forecast outturn.

- **Option 2 - Implement a lower increase in the Living Wage of £7.67 per hour**

This option would provide an increase in the existing Living Wage of £7.43 and in a full year would leave £86,000 of the uncommitted grant settlement of £93,000 available to reduce the budget deficit in 2016/17. In 2014/15 there will an unused balance on the uncommitted grant which could be allocated to reduce the use of the Budget Support Fund in 2015/16 in accordance with the recommendation included in the previous MTFS report, as detailed in paragraph 3.1.

5.5 Either of the above options can be implemented within the resources available and without increasing the budget cuts which need to be implemented over the period of the MTFS, as summarised in the following table. The table shows that if Option 1 for the Living Wage is adopted that the overall deficit reduces by £0.170m, which is owing to the removal of the forecast 2017/18 Local Welfare Support pressure as detailed in section 6 less the holiday pay commitments detailed in paragraph 5.8.

5.6 If Option 2 for the Living Wage is adopted there is a further reduction in the overall deficit of £70,000, which is owing to the removal of the 2015/16 Living Wage pressure.

Summary or Revised Budget Deficits

	Reported 24.11.14 £'000	Revised Deficits based on Option 1 for Living Wage £'000	Revised Deficits based on Option 2 for Living Wage £'000
2016/17	5,100	5,051	4,981
2017/18	5,190	5,084	4,994
2018/19	4,518	4,503	4,593
Total	14,808	14,638	14,568

- 5.7 To enable the Terms and Conditions savings to be implemented as part of the 2015/16 savings plan one-off resources of £750,000 have been set aside within the 2014/15 outturn strategy to fund protection costs. This amount was based on an initial assessment of forecast protection costs.
- 5.8 A detailed assessment of protection costs has now been completed to reflect the proposed Terms and Conditions changes recommended for implementation. On this basis one off protection costs are estimated to be £550,000. This estimate is based on all existing employees receiving protection remaining in the same posts with the Council for two years. The one-off cost compares to the recurring annual saving from the Terms and Conditions changes of £0.273m, which provides a pay-back period of 2.015 years.
- 5.9 A funding strategy has also been developed to address the financial impact of a recent European Court of Justice (ECJ) decision on holiday pay. It is anticipated that from 2015/16 this will result in an additional ongoing cost above the existing budget provision of £90,000. To avoid having to make additional budget cuts before the start of the new financial year it is recommended that for 2015/16 and 2016/17 that this additional cost is funded from the uncommitted Terms and Conditions Protection Costs Reserve. From 2017/18 the ECJ decision will result in a permanent budget pressure of £90,000, which is reflected in the updated budget forecast detailed in paragraph 5.5.
- 5.10 Officers will examine options to reduce the ongoing costs arising from the ECJ decision and report the outcome of this work to a future meeting. Until this work is completed the recommended funding strategy reflects the current worst case forecast and ensures this issue is reflected in the MTFs.
- 5.11 After reflecting the recommended funding strategy for protection costs and holiday pay costs it is anticipated that there will be a net uncommitted balance on the Terms and Conditions Protection Costs Reserve of £20,000. It is recommended that this is held as an uncommitted resource and a strategy for using the £20,000 developed as part of the 2016/17 budget process.

Summary of Commitments against the Terms and Conditions Reserve

	£'000
Terms and Conditions Reserve	750
Less - Forecast Terms and Conditions Protection costs 2015/16 and 2016/17	(550)
Less - Forecast Holiday Pay costs 2015/16 and 2017/18 arising from ECJ decision	(180)
Uncommitted Resources	20

6. Local Welfare Support

- 6.1 The Government decision not to withdraw funding for LWS provides funding within the base budget to continue this support in 2015/16 and future years. From 2016/17 the level of LWS can then be prioritised alongside all other services.
- 6.2 The Government's decision also enables the Council to reallocate the one-off funding of £0.52m previously earmarked for LWS in 2015/16 and 2016/17.

7. National Museum of the Royal Navy

- 7.1 As detailed in a separate report on the agenda there are significant regeneration benefits arising from the Council securing the National Museum of the Royal Navy's northern hub, both in terms of securing and enhancing the existing visitor attractions and the medium term regeneration of the Marina. Detailed work on the operational and financial arrangements with the National Museum of the Royal Navy (NMRN) is nearing completion. This information could not have been reported earlier as negotiations were ongoing and related to commercially sensitive information.
- 7.2 The existing base budget (inclusive of a Business Rates saving) is £424,000. The detailed NMRN report indicates that on a worst case basis the Council will need to commit to make additional revenue contributions over the period 2015/16 to 2019/20 as follows:

	£'000
2015/16	126
2016/17	176
2017/18	126
2018/19	76
2019/20	26
Total	530

- 7.3 It is hoped that as visitor numbers increase and the Council benefits from the 50/50 profit sharing agreement that the actual additional contributions will be less than the worst case forecast. However, for planning purposes it is recommended that resources are earmarked on the worst case basis. This will ensure funding is available for this development and avoid budget pressures in future years, which would increase the level of budget cuts required.
- 7.4 It is therefore recommended that the one-off resources which can be released following changes to the LWS regime of £0.52m are re-allocated to fund the worst case additional contributions to the NMRN. This proposal covers 98% of the forecast cost of £0.53m. It is also recommended that the resources allocated for the NMRN is reviewed on an annual basis to determine if any of these one-off resources can be released.

7.5 In the first instance the first call on any resources which can be released will be the Council's potential capital commitments in relation to the HME. Further work is needed to determine the value and phasing of these potential commitments.

7.6 Grants for New Responsibilities

7.7 The previous MTFs report provided details of new Local Authority responsibilities and indicative funding allocation. Actual funding allocations have now been provided covering the following issues:

- **Adult Social Care New Burdens Funding – 2015/16 allocation £488,000**

This funding has been provided to cover the costs associated with the implementation of the Care Act. The actual allocation is slightly higher than the revised indicative allocation provided in the summer by the Government of between £458,000 and £470,000. However, the actual allocation is lower than the initial indicative allocation provided in February 2014 of £595,000.

As reported in the previous MTFs report this is a complex area and detailed proposals for complying with the Care Act and using this funding will be reported to the Adult Services Committee as soon as practical. At this stage it is anticipated that for 2015/16 the changes will be budget neutral. The position in 2016/17 and future years will need to be assessed when detailed funding allocations are known and the impact of these changes has been fully assessed.

- **Better Care Fund – 2015/16 revenue allocation £6.651m and capital allocation of £0.825m.**

These allocations are in line with the indicative allocations previously provided by the Government.

- **Local Council Tax Support New Burdens 2015/16 allocation**

The Government has confirmed a New Burdens allocation of £38,000 for 2015/16 (£105,000 in 2014/15) to address the increase in collection workloads associated with the LCTS support scheme (i.e. collecting from an additional 8,600 households).

Part of the 2014/15 allocation i.e. £55,000 was allocated to support the overall budget in 2015/16 and the remaining £50,000 allocated to increased Council Tax recovery capacity for 18 months covering 2014/15 and 2015/16.

As it is unclear if this funding will continue after 2015/16 it is recommended that the £38,000 grant is carried forward to retain Council Tax recovery capacity in 2016/17. This will help maximise Council Tax

collection in 2016/17 and provide a longer lead time to manage the withdrawal of this funding.

8. Statutory Budget Calculations

- 8.1 Details of the statutory budget calculations will be completed once the Committee has considered the recommendations in this report and the final settlement announcement has been made by the Government. These details will then be referred to Council on 26th February 2015.

9. Specific Government Capital Allocations

- 9.1 At the time the previous MTFs report was considered by the Committee the Government had not provided this information. The following allocations have now been provided and the 2014/15 allocations are also shown for information:

- **Highways Maintenance Formula Allocations**

- 2014/15 £1.011m (includes pot hole allocations)
- 2015/16 £1.185m
- 2016/17 £1.086m
- 2017/18 £1.053m
- 2018/19 to 2020/21 indicative allocation £0.953m

- **Integrated Transport Block**

- 2014/15 £0.790m
- 2015/16 £0.719m
- 2016/17 to 2018/19 £0.719m

- **Adult Personal Social Services Allocation**

- 2014/15 £0.275m
- 2015/16 £0.279m

- 9.2 Details of the Schools Capital Programme allocation for 2015/16 had not been provided at the time this report was prepared.

- 9.3 As reported in the November MTFs report and in line with procedures adopted in previous years' detailed proposals for using ring fenced capital allocations will be reported to the relevant Policy Committee for approval.

10. Recommendations

- 10.1 It is recommended that Members:

- i) Note the continuation of LWS funding in 2015/16 and confirm the Council maintains the base budget for this area at £260,000 for 2015/16;
- ii) Note that if recommendation (i) is adopted the budget pressure for continuing the LWS scheme in 2017/18 when the existing one-off funds runs out can be removed.

- iii) Note the actual core grant and specific grant allocations provide uncommitted resources of £93,000;
- iv) Determine which of the Living Wage options will be implemented for the Living Wage, noting that either option can be funded as summarised in the following table:

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Part Year costs 2015/16 - to note that if option 1 is approved that in 2015/16 funding of £15,000 will need to be allocated from the uncommitted 2014/15 outturn to offset the phased implementation of these changes.

Living Wage Options

- Option 1 - Implement the planned Living Wage of £7.88
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- v) Approve the use of the Protection Costs Reserves of £750,000 to fund:
- One-off Protection Costs of £550,000 in relation to the achievement of recurring annual Terms and Conditions savings of £273,000;
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 - £20,000 uncommitted resources which will be carried forward and a strategy for using these resources developed as part of the 2016/17 budget process. To note that if the actual Protection costs and ECJ holiday pay costs are less than forecast the uncommitted resources will be added to the £20,000.
- vi) Approve the release of one-off funding of £0.52m previously earmarked to maintain LWS spending in 2015/16 and 2016/17 to fund 98% of the potential additional one-off contributions to the NMRN over the period 2015/16 to 2019/20. To note this proposal will avoid budget pressures in future years;

- vii) To note that the one-off funding re-allocated to fund the additional one-off contributions to the NMRN is a worst case forecast. The amount held at the end of each financial year will be reviewed to determine if any funding can be released in light of income received (or forecast to be received in future years) under the 50/50 profit share.
- viii) Note that the first call on any resources which can be released (under recommendation vi) may be required to fund capital works to the Hartlepool Maritime Experience. To note that further work is needed to identify these potential works and to assign responsibility between the Council and the NMRM and will be subject to a further report;
- ix) Note the statutory budget calculations to be referred to Council will be prepared to reflect the decisions the Committee make in relation to the above recommendations;
- x) Approve the proposal to carry forward the 2015/16 Local Council Tax Support Scheme New Burdens funding of £38,000 to 2016/17 to retain Council Tax recovery capacity and to maintain a longer lead time if this funding is removed after 2015/16.

11. REASON FOR RECOMMENDATIONS

- 11.1 To enable the Finance and Policy Committee to approve the final 2015/16 budget proposals and statutory Budget and Council Tax calculations to be referred to Council for approval.

12. BACKGROUND PAPERS

Medium Term Financial Strategy 2014/15 to 2016/17 report to Finance and Policy Committee 6th February 2014.

Medium Term Financial Strategy Review of Reserves as at 31st March 2014 report to Finance and Policy Committee 15th September 2014.

Medium Term Financial Strategy 2014/15 to 2016/17 report to Finance and Policy Committee 30th June 2014.

13. CONTACT OFFICER

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COUNCIL
MINUTES OF PROCEEDINGS
5 February 2015

The meeting commenced at 7.00 pm in the Civic Centre, Hartlepool

PRESENT:-

The Deputy Ceremonial Mayor (Councillor Fleet) presiding:

COUNCILLORS:

Ainslie	C Akers-Belcher	Atkinson
Barclay	Beck	Brash
Clark	Cook	Cranney
Dawkins	Gibbon	Griffin
Hall	Jackson	James
Lauderdale	Lilley	Loynes
Martin-Wells	Dr Morris	Payne
Richardson	Riddle	Robinson
Simmons	Springer	Thomas
Thompson		

Officers: Dave Stubbs, Chief Executive
Peter Devlin, Chief Solicitor
Andrew Atkin, Assistant Chief Executive
Chris Little, Chief Finance Officer
Denise Ogden, Director of Regeneration and Neighbourhoods
Alastair Smith, Assistant Director, Neighbourhoods
Louise Wallace, Director of Public Health
Alastair Rae, Public Relations Manager
Joan Stevens, Scrutiny Manager
Amanda Whitaker, Angela Armstrong, Democratic Services Team

Prior to the commencement of business, Members stood in silence as a mark of respect following the recent deaths of Alderman Dennis Bentley and former consort Kath Flintoff.

115. APOLOGIES FOR ABSENT MEMBERS

The Ceremonial Mayor (Councillors S Akers-Belcher) and Councillors Hargreaves, Hind and Sirs.

116. DECLARATIONS OF INTEREST FROM MEMBERS

None.

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

None.

118. PUBLIC QUESTION

The following public questions had been submitted for consideration at the meeting:-

1. Mr White to Chair of Finance and Policy Committee

“Can Councillor Christopher Akers-Belcher outline the reasons why I have been refused the opportunity to ask a question of the Chairman of this Council and first citizen of the town at this public meeting? And furthermore does he believe it fair, democratic or reasonable for an elected member to take the public’s money, by way of his special responsibility allowance, but not answer legitimate questions posed by the public in a full council meeting?”

The Chair of Finance and Policy Committee highlighted that Council invited public questions and had within the Constitution set aside a period of 45 minutes for public questions. Constitutionally those questions should be directed to Chairs of Committees and Sub Committees. As part of the review of the Council’s Constitution through a Council Working Group (which was open to members of the public to participate within) in January, 2014, it was asked whether questions should be directed to the Ceremonial Mayor/Chair of Council. Given that the Ceremonial Mayor does not have decision making powers it was determined that public questions should not be put to the Ceremonial Mayor as the role was both civic and ceremonial. The minutes of that Working Group from 28th January were reported into Council for consideration at the meeting held on 3rd April, 2014, when this view was confirmed. The Chief Solicitor’s advice both to the Council’s Chief Executive who receives public questions under the Council’s constitutional arrangements and to the questioner, was in strict accordance with the Constitution but also acknowledging the intent of Council, following this earlier review of the Constitution.

The Council had proceeded upon the recommendations of the Independent Remuneration Panel on the level of allowances that should be paid to members, including those attracting ‘special responsibility’. The Panel recommended the special responsibility allowance for the Chair of Council which was also consistent with that for the Policy Chairs and the Chair of Planning. Further, it was highlighted that those recommendations as adopted by Council through its allowance scheme were with full knowledge and understanding of the role of the Ceremonial Mayor/Chair of Council.

During the debate the merits of the public being able to ask questions to all Members at Council meeting were presented. Although it was recognised that the role of Ceremonial Mayor was civic and ceremonial, the view was expressed that the role included decision making responsibilities. With regard to the terms of the question and whether the current constitution provisions were fair, the Chair of Finance and Policy Committee advised that he did think they were fair and reflected the decisions agreed by Council. The vast array of meetings where there was the opportunity to ask questions of Members were highlighted by the Chair. It was highlighted also that the role of the Ceremonial Mayor was set out in the Constitution including the civic and ceremonial roles, functions and responsibilities.

2. Mr Corbett to Chair Finance and Policy Committee

“In light of the Previous & Forthcoming major cuts to services & facilities that Hartlepool & Its residents have had to bare, I have concerns about the costs of various tasks & services that council employees may be required to commit to, with that in mind could you address the following points.

Could you inform myself & other interested members of the public how much council employee time has been taken up by the Mayors charitable endeavours during the last 12 months ie. the general administrative requirements, phone calls, accounting tasks etc connected to the functioning of the Mayors Charity.

Could also provide a breakdown of the estimated costs to the council tax payers of the time used in the administration of the charity & also a breakdown of the costs of any consumables involved, including phone usage, printing & paper costs etc etc.”

The Chair of Finance and Policy Committee advised that staff within the Council’s Legal Services Division provided administrative and other support to all 33 Elected Members. Accordingly, no specific member of staff was solely dedicated to the support of the Ceremonial Mayor for charitable duties. There was no itemisation of time taken over telephone calls or e-mails or the number of such communications in relation to charity events as staff undertake a range of duties on behalf of all Elected Members. The Council in reviewing its Constitution following a change in governance arrangements had made specific reference to the role and function of the Ceremonial Mayor (Part 2, Article 5 of the Council’s Constitution refers). Amongst those various roles and functions it was stated that ‘Charity Event(s)’ are ‘to be held at the discretion of the Ceremonial Mayor’. It was highlighted that charity events were self-funded from ticket sales and most events attracted sponsorship given the nature and objective behind such fundraising. This particular feature of the role of a civic Mayor is recognised across the sphere of local government and is a source of appreciation by the recipients of such charitable events as well as underpinning the charitable works associated with a Civic Mayor. It was highlighted also that staff and volunteers gave a huge amount of time freely as it was a valuable dimension of the Council to support the many charities that had benefitted from over £110,000 over the previous three years. The charities included 7 youth charities, four local cancer charities and this current year the focus was on

raising funds for the Hartlepool and District Hospice, Great North Air Ambulance, Miles for Men and the RNLI.

3. Mr Corbett to Chair Finance and Policy Committee

“Considering the severe constraints & cuts in council funding & services in the coming year, why is it considered appropriate by elected councillors, for council tax payers money to be spent on providing a Full Time Unison Union official, & will councilors re-assess the financial outlay on providing such financial support.”

The Chair Finance and Policy Committee reiterated a response he had provided at a Council meeting in July 2013 that by law employers had to provide paid time off for trade union members to undertake union duties and training of trade union representatives, act as union health and safety representatives and union learning representatives. Trade union duties included collective bargaining, working with management, communicating with union members, liaising with their trade union and in handling individual disciplinary and grievance matters on behalf of employees. In common with many other Local Authorities, there had been a long-standing arrangement for this Council to cover the associated salary costs of staff who took time off from their role within the Council to devote time to trade union duties via facility time. This arrangement had resulted in the Council having a strong working relationship with trade unions over the years and had helped to save money over time due to the regular dialogue and the ability to resolve any issues quickly. Further to this the ACAS Code of Practice covered entitlements for time off for trade union duties and activities which stated “There were positive benefits for employers, employees and for union members in encouraging the efficient performance of union representatives work, for example in adding the resolution of problems and conflicts at work”. It was highlighted that the Council (if schools are included) employed almost 4500 staff, if schools were excluded this was still over 2000 employees. Having effective relationships with the trade Unions, and providing the facility time for trade unions to undertake this role is an important part of maintaining effective relationships. In terms of the last part of the question the Chair’s response was that it was part of the good governance and the maintenance of effective working relations in the Council

4. Mr Price to Chair of Audit and Governance Committee

“Given the report made to Cleveland Police about an alleged incident with Radio Hartlepool, do you think it appropriate that you stand aside from your role as the Chair of Audit and Governance Committee even though these investigations have now been concluded and in any event would you have any objections to the content of the calls being made public?”

Prior to responding to the question, the Chair of Audit and Governance Committee sought clarification from the Chief Solicitor whether questions 4 and 5 should be answered together. The Chief Solicitor advised that as the questions were directed to two different Chairs, there should be two separate responses.

The Chair of Audit and Governance Committee advised that Cleveland Police had publicly stated that they were satisfied that no further investigation was required and there had been no inappropriate conduct. It was appreciated that the Chief Solicitor would consider the complaint as separate investigation. In terms of standing aside, the Chair reiterated that he had done nothing wrong and would therefore not be standing aside. In relation to the release of the contents of the tape, the Chair advised that it appeared that the tape did not meet legislative requirements and he had been advised that he should not pass further comment at this time.

5. Mr White to Chair of Adult Services Committee

“Given the ongoing Council investigation into an alleged incident with Radio Hartlepool, do you not think it appropriate that you temporarily stand aside from your role as the Chair of the Adult Services Committee until these investigations are concluded? Furthermore, now that the recordings of the conversations that took place are no longer subject to Police evidence, would you give your consent for those recordings to be made public?”

The Chair of Adult Services Committee expressed concerns as to the reason the investigation had been conducted and considered that the issue had been politically motivated. He advised that when he had answered the telephone call it had been in good faith. Legal advice had been sought with regard to the call being recorded without his knowledge. He advised that he would not be standing aside as he had done nothing wrong.

The Chief Solicitor was requested to provide clarification whether there was an ongoing investigation considering if there had been a breach of the Code of Conduct for Councillors. The Chief Solicitor advised that a standards investigation was being conducted which involved two Members of the Council, excluding the Chair of Adult Services Committee. During the debate the alleged political motivation of the issue was discussed with contrary views expressed. The merits of allowing the recordings to be made public were presented. Following a request for clarification from a Member, the Chief Executive provided the background to the complaint and his understanding of the detail of the phone calls.

119. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 18 December 2014, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

The minutes were thereupon signed by the Chairman.

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

Further to minute 97(a), reference was made to the Council's agreement that a letter of appreciation be sent to all organisations involved in Christmas toy appeals across the Tees Valley for the benefit of Hartlepool children. The Chief Executive confirmed that a letter had been sent, by the Ceremonial Mayor, to those organisations.

With reference to minute 101(4), clarification was requested on whether the views of Newcastle City Council had been sought in relation to its licensing policy with reference to Minimum Unit Price and whether an invitation had been extended to Manchester City Council to meet with this Council's Licensing Committee. The Chief Executive agreed to seek clarification and to confirm to Members in relation to the action which had been taken.

With reference to minute 110, Council agreed the Assistant Director, Education be thanked for his hard work and commitment to raise standards of education in the Town.

Further to minute 113 and in reply to clarification sought to what extent Councillor Brash had contributed to the Care Quality Commission (CQC) response, Councillor Brash advised Council that all his views had been taken on board and submitted to the CQC. Tribute was paid to the Scrutiny Manager who had formulated the response in a timely and professional manner.

121. QUESTIONS FROM MEMBERS OF THE COUNCIL

- a) Questions to the Chairs about recent decisions of Council Committees and Forums without notice under Council Procedure Rule 12.1

Reference was made to a Healthwatch report which had included a recommendation to urgently review care systems for patients when being released from hospital. The Chair of the Committee agreed that the Adult's Services Committee would undertake an urgent review of the care system in light of the recommendations included in the report.

- b) Questions on notice to the Chair of any Committee or Forum under Council Procedure Rule 12.2

1. From Councillor Riddle to Chair Regeneration Services Committee

"Regarding the forthcoming allocation of a proposed gypsy and traveller site, will the council officers be free to recommend ANY potential site from across the town? Or are they simply restricted to the two sites in Hart, which a majority of councillors previously voted for (against the advice of officers)?"

The Chair Regeneration Services Committee advised that when selecting the Gypsy Site in the withdrawn 2013 Local Plan the assessment criteria used (which looked at all suitably sized sites in the town) had resulted in a shortlist of

potential/appropriate sites which were put before Members at Finance and Policy Committee on 8th August 2013. Members in that instance selected the Hart village site(s) as the Council's preferred location for the Gypsy Site in the then Local Plan. It was highlighted that the current situation in 2015 is different from the 2013 situation. In 2013 there was a requirement to provide a dedicated site, in line with the 2009 GTAA evidence, whereas the new 2014 GTAA evidence base suggested there was no need to provide a site in the Local Plan as the need would not be manifested into demand. In preparing the new Local Plan, in line with the new GTAA evidence, there would be no new Gypsy Site allocated through the new Local Plan. However, should a private individual wish to submit a private planning application anywhere in the Borough for a Gypsy site now, the Hsg14 policy in the 2006 Local Plan provided the assessment criteria policy to determine the suitability of the application.

Following the response, Councillor Riddle sought further clarification from the Chair in relation to the answer to his question. The Chief Executive reiterated that if any private planning application was submitted in relation to anywhere in the Borough for a gypsy site, the application would be considered on its planning merits. As a result of further clarification sought during the debate, the Chief Solicitor provided further planning advice. The Chair of Regeneration Services Committee was requested to advise whether he was concerned that the Planning Inspector would find the Local Plan to be unsound. In response the Chair acknowledged that there was uncertainty in terms of the findings which would be made by the Planning Inspector and reiterated his earlier comments regarding the process which had been undertaken prior to submission of the report to Finance and Policy Committee on 8th August 2013. The Chair of Finance and Policy Committee added that the decision made at that meeting had been a unanimous decision.

2. From Councillor Riddle to Chair of Neighbourhood Services Committee

“Background

Residents of Falcon Road have again raised their concerns that their road was, is and may remain a 'rat run' due to limited access to and from the Bishop Cuthbert estate. It was 2006 when the council first received complaints about the road, some 9 years ago.

Since then the estate itself has increased dramatically in size. The removal of the town plan has also compounded the problem and the estate is currently growing at a rapid rate.

In March 2012 a cabinet decision was taken for the road to remain open.

Residents have expressed concerns that the petition with 1,662 signatures on it submitted to the council in November of 2011 (which called for the road to remain open), potentially politicised the issue. Councillors may have been fearful of losing the votes of the residents who signed the petition, as the decision was made just 2 months before the election.

Question – Has the time now come to re-visit the concerns of the residents of Falcon Road and undertake a new consultation to establish the impact made by the growth of the estate?”

The Chair Neighbourhood Services Committee recognised that it had been some time since this issue had been considered and therefore advised Council of the timeline associated with the subject. Members were advised that the first complaints had been received about volume of traffic on Falcon Road in August 2006. Two phases of consultation had subsequently taken place and in October 2007 a petition had been received from residents of Falcon Road in favour of closure. In November 2007, closure of the road had been approved. In February 2008 a legal road closure order had been advertised and in March 2008 on closure of the advertisement, 77 letters and 2 petitions were received in objection together with 8 letters supporting the closure. A number of meetings had subsequently taken place and in January 2009, a HGV ban for Falcon Road had been advertised which had received 3 objections. In February 2009, additional traffic calming measures had been designed followed in October 2009 by the removal of temporary speed humps on Merlin Way, at the northern end of the estate. In 2010 additional traffic calming measures had been approved by Cabinet. Further consultation had taken place in 2011, the results of which had been 475 against closure and 52 for closure. In September 2011, Cabinet had agreed to close the road at Throston Grange Lane. In October 2011 a traffic regulation order for road closure had been advertised with 218 objections received. A 1662 name petition, against the closure, had been received in November 2011. The petition had been reported to Council in December 2011 which had referred the issue back to Cabinet for further consideration. In March 2012 Cabinet made a decision for the road to remain open. The Chair addressed the political issues and alleged implications on the election as referred to by the questioner.

The Chair acknowledged that the estate had increased in size with a consequential increase in traffic. It was considered that if the consultation was repeated, any consultation would inevitably result in more residents being in favour of the road remaining open, as indicated by the 1662 signature petition received when closure was last considered. It was considered that it would be unfair on the residents of Falcon Road to repeat the consultation.

Following an expression of support for the decision made by Cabinet, Councillor Riddle advised that he was not advocating the closure of Falcon Road but had highlighted the possibility of repeating consultation given the increase in the size of the estate.

3. From Councillor Lilley to Chair of Finance and Policy Committee

“In March 2015 Council will be asked to agree that Hartlepool Borough Council sign up to a ‘Tees Valley Combined Authority’. Are you happy this is to be done without any meaningful consultation or endorsement from the majority of Hartlepool residents?”

The Chair of Finance and Policy Committee advised Council that Finance and Policy Committee had considered a report in November of last year on the development of a set of proposals for the creation of a Combined Authority including consultation. A Combined Authority would combine the strengths of

the Local Enterprise Partnership with new powers afforded by a Combined Authority.

The Chair advised that it was important to correct a view that this was about recreating Cleveland County Council. It was highlighted that it was not about merging Councils. A Combined Authority would not do this; it would assist decision-making on matters of jointly agreed priorities of economic development, skills and transport across the five Boroughs. It was about the fact that this Council and the other Authorities were hugely ambitious for the Tees Valley and its communities and wanted to be in a position (in the same way as the North East CA, the Greater Manchester CA, the Merseyside CA and the West Yorkshire CA) to build on that success and the premise that their economy could grow faster if they all worked together. The Councils wanted to be in a position to strengthen democratic decision-making and further develop partnership which was important for the following reasons:-

- At a sub regional level we are securing more money to deliver our economic ambitions and we need to make sure we spend the money wisely, in line with our agreed priorities and to generate outcomes for our Boroughs and communities as quickly as possible
- Authorities need to move fast in the modern world. Opportunities are presented to us which often require a fleet of foot approach so that we can compete effectively with other sub-regions for available resources
- We need to offer our communities and businesses the certainty that comes with cementing our partnership and the consistency of approach that this will bring
- We need to continue to consider the views of business in a proper, democratically accountable governance structure.

In addition and in the light of the Scottish referendum and commitment by all major political parties in the UK to greater devolution, the creation of a Combined Authority was an opportunity to have the right governance arrangements in place to make the case for and receive devolved powers and associated additional resources. It was considered to be right that we have been reviewing our own governance arrangements at the Tees Valley level and could position themselves to maximise involvement in shaping the devolution agenda. As part of the development of the Combined Authority proposals officers had been working with officials from the Department for Communities and Local Government. This had included discussions with these officials on the consultation process which had been undertaken. DCLG officials had recommended that Tees Valley Authorities follow the model undertaken for the North East Combined Authority as this was a good practice model.

The consultation which was detailed in the report to Finance and Policy Committee at the end of November had included consultations with a range of stakeholders and (as part of this) a range of information in the form of Frequently Asked Questions, the reports considered by each authority's Finance and Policy Committees/Cabinet, Press releases publicising the consultation and other related activity.

Members were advised that the consultation undertaken across the Tees Valley had generated almost 2000 responses. The good practice model suggested by DCLG (the North East CA) had generated around 700. The results of the consultation were to be reported to each Council's Finance and Policy Committees /Cabinet and then Councils prior to there being any submission to Government. It was highlighted that there had been a significantly greater response rate than others looking to follow this route. The Combined Authority, with its focus on economic development, skills and transport across the five Boroughs, was an ideal position to accelerate the economic prosperity and development of Hartlepool (and the Tees Valley), to lobby Government for increased resources and fight the case against other sub regions.

Concerns were expressed by some Members regarding the consultation process which had been undertaken with particular reference to the survey, with the view expressed that the questions included in the survey were biased. The Chair of Finance and Policy Committee reiterated that a report would be submitted to the March meeting of the Committee and would be then submitted to Council.

4. From Councillor Atkinson to Chair of Regeneration Services Committee

“Could the Chair of Regeneration Services Committee confirm whether Hartlepool Borough Council posted a bid to Coastal Community Fund? If so, has he received any explanation as to why Hartlepool has been snubbed by this funding?”

The Chair of Regeneration Services Committee responded by advising that a bid was submitted which was unsuccessful and that no detailed feedback had been provided.

Disappointment was expressed by Councillor Atkinson. It was moved by Councillor Atkinson and seconded by Councillor Thompson:-

“That a letter be forwarded to the Big Lottery Fund to seek feedback on why the bid for Coastal Communities Funding was not successful and to seek advice on submitting future bids for funding.”

The Chair of Regeneration Services Committee advised Members that the Coastal Communities programme had been oversubscribed with the English programme receiving 233 bids worth £153m, with only £42m available from the Coastal Communities Fund. The Chair clarified that the bid had been based around the Innovation and Skills Quarter and the development of a creative network to support the growth of the creative industries sector.

The Chief Executive supported the details provided by the Chair and advised Council that the Tees Valley Local Enterprise Partnership had recently agreed an expansion to its Growth Deal with the Government which will see an extra £13.9m invested in Tees Valley between 2016 and 2021. It was highlighted that £5.5m had been identified for the Innovation and Skills Quarter to deliver the ambitions identified in the Hartlepool Vision. This was the largest single funding

allocation within the Tees Valley and created an opportunity for significant job creation and economic growth.

Councillors Atkinson and Thompson made a personal explanation and advised Council that their earlier comments had not related to Seaton Carew only. Councillor Thompson requested that his personal explanation be noted.

Support was expressed to a letter being sent to the Big Lottery Fund as proposed.

The sending of a letter was agreed by show of hands.

It was confirmed, in the absence of dissent, that this was the unanimous decision of the Council.

- c) Questions on notice to the Council representatives on the Police and Crime Panel and Cleveland Fire Authority

None.

- d) Minutes of the meetings held by the Cleveland Fire Authority and the Police and Crime Panel

Minutes of the meeting held by the Cleveland Fire Authority held on 17 October 2014 were noted.

122. BUSINESS REQUIRED BY STATUTE

None

123. ANNOUNCEMENTS

None.

124. 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.

125. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES

None.

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

None.

127. REPORT FROM THE POLICY COMMITTEES

- (a) Proposal in relation to the Council's budget and policy framework
- (1) Medium Term Financial Strategy 2015/2016 to 2018/2019 – Update – Report of Finance and Policy Committee

The Chair of Finance and Policy Committee reminded Members that Council had approved the main budget issues on 18th December 2014. The report of the Finance and Policy Committee covered the final budget decisions referred by the Finance and Policy Committee which reflected the provisional Local Government Finance Settlement announcement on 18th December 2014 and local factors which had arisen since Council approved the 2015/16 budget proposals.

The provisional Local Government Finance Settlement announcement provided clarification on a range of issues, including the funding arrangements for Local Welfare Support and specific grant allocations for a range of revenue and capital initiatives. As detailed in the report the revenue grants provided uncommitted resources of £93,000. This amount, together with the forecast terms and conditions savings would enable the Council to implement an increase in the Living Wage.

The report to the Finance and Policy Committee had outlined two options for the Living Wage and it was recommended that Option 1 was implemented, which would provide a Living Wage of £7.88 although implementation depended on the Terms and Conditions savings being achieved.

The Chair expressed his hope that all Members would support this proposal which would benefit the Council's lowest paid workers and help partly redress pay restraint over the last few years.

The report detailed proposals for:

- addressing the one-off protection costs associated with the Terms and Conditions savings from the resources which have previously set aside for this purpose; and
- the re-allocation of one-off resources not now needed for Local Welfare Support as this is now included in the base budget, towards the National Museum of the Royal Navy project which secures a major visitor attraction for Hartlepool.

The Council report suggested that an update report would be provided following the Finance and Policy Committee. As there were no changes to the proposals, other than the Finance and Policy Committee approving a Living Wage of £7.88, an update report had not been required.

The Chair concluded by advising Council that he had been updated on the final 2015/16 grant settlement issued by the Government by the Chief Finance Officer and Chief Executive the previous day. The final grant allocation was £205,000 more than had been indicated in December. In line with the recommendation approved by Council on 18 December 2014 this amount would be used to reduce the use of the Budget Support Fund in 2015/16 which would assist with future year's budgets.

The Chair moved the recommendations detailed in the Council report. The motion was seconded by Councillor Richardson.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the motion.

Those in favour:

Councillors Ainslie, C Akers-Belcher, Atkinson, Barclay, Beck, Brash, Clark, Cook, Cranney, Dawkins, Fleet, Gibbon, Griffin, Hall, Jackson, James, Lauderdale, Lilley, Loynes, Martin-Wells, Morris, Payne, Richardson, Riddle, Robinson, Simmons, Springer, Thomas and Thompson

Those against:

None.

Those abstaining:

None.

The vote was carried and the recommendations detailed in the report were approved.

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

None.

128. MOTIONS ON NOTICE

Two Motions had been submitted as follows:-

1. "In a time of austerity, public sector cuts and a cost of living crisis, the council must be prudent in the face of draconian cuts by central government. Our greatest resource, in these difficult times, is our dedicated and hard-working staff and so we fully support the pay-rise that they have been awarded this year.

However, at a time when many in the public and private sector are seeing their wages frozen or even cut it is both lacking in prudence and moral standing to hike the pay of politicians. Voting to equate our work and remuneration to that of council staff was ill-judged and wrong. They

deserve the pay rise and we do not. We therefore call upon all Councillors to forgo the 2.2% increase in their allowance, so that the money can go toward supporting services here in Hartlepool."

Signed: Councillors Brash, Hargreaves, Thompson, Riddle and Lilley

The Motion was moved by Councillor Brash and seconded by Councillor Thompson.

On moving the motion, the motivation for submission of the Motion was detailed. The mover of the Motion indicated that whilst he fully supported that employees receive the agreed pay increase, he disagreed that Members should receive an increase. Members of a number of Local Authorities across the country had refused to accept any increase in their allowances at the current time. He considered it wrong to contemplate an increase in Members allowances at a time when people were suffering pay cuts, pay freezes and job losses.

On seconding the motion, it was commented that it was abhorrent that Members would consider accepting an increase in their allowance in the current financial climate adding that he had already approached the Chief Finance Officer to indicate he did not want to receive any increase should it be approved. A number of other Members indicated that they had also contacted the Chief Finance Officer to refuse any approved increase in their Members' allowance.

The Leader of the Council responded that as a result in the change to the Council's governance arrangements in April 2013 the Council had shown a commitment to reducing the cost of Members' allowances and had achieved an ongoing annual saving of around £120,000 per year. He added that the proposed increase was in line with the pay award for employees and provided a Basic Allowance to £5,953, which was significantly less than the North-East average of £8,965 and the amount recommended by the IRP of £6,517 (from 1st April 2015).

During the debate a discussion ensued on the different levels of attendance by Members at Council Committees and residents' meetings. It was highlighted that some Members have difficulty attending meetings held during the day due to work commitments and reference was made to requests for meetings to be held in an evening.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the motion:-

Those in favour:

Councillors Atkinson, Brash, Dawkins, Gibbon, Lauderdale, Lilley, Riddle, Springer and Thompson

Those against:

Ainslie, C Akers-Belcher, Barclay, Beck, Clark, Cook, Cranney, Fleet, Griffin, Hall, Jackson, James, Loynes, Martin-Wells, Morris, Payne, Richardson, Robinson, Simmons and Thomas

Those abstaining:

None.

The Motion was lost.

2. "Putting Hartlepool First believe zero hours contracts are incompatible with building a loyal, skilled and productive workforce.
We propose that this council undertakes an immediate review of all HBC employees and all associated contractors, subcontractors and organisations successful in gaining council tenders or monies of any form, who currently use zero hour's contracts.
Specifically, we would like our council to work towards and implement the 6 key principles outlined below within 6 months, should this motion be passed.

Employees and contractors on Zero hours contracts should, within 6 months;

- not be obliged to be available outside contracted hours
- be free to work for other employers
- have a right to compensation if shifts are cancelled at short notice
- have "clarity" from their employer about their employment status, terms and conditions
- have the right to request a contract with a "minimum amount of work" after six months with an employer - this could only be refused if employers could prove their business could not operate any other way
- have an automatic right to a fixed-hours contract after 12 months with an employer

We would welcome the support of all councillors regarding this motion."

Signed: Councillors Riddle, Brash, G Lilley, Gibbon and Atkinson

The motion was moved by Councillor Riddle and seconded by Councillor Lilley.

During the debate, it was highlighted that the Council made very limited use of zero hours contracts and had been reduced to 22 employees currently employed on that basis with Officers rigorously reviewing the potential of any new zero hours contracts as part of the Single Status Arrangements. The Leader of the Council indicated that the motion would not add anything to current Council practices and may even result in an increase in either cost, use of casual workers or redundancy.

Amendment moved by Councillor C Akers-Belcher and seconded by Councillor Richardson:-

“That the motion be referred to the Monitoring Officer as part of his annual review of the Council’s Pay Policy Statement when a full and balanced appraisal can be presented to Members and a robust decision can be made.”

It was highlighted that there was already a commitment by the Council to remove all zero hours contracts. The Monitoring Officer confirmed that the Pay Policy Statement would be submitted to Council on 26 March 2015.

The mover of the Motion accepted the amendment.

The amendment was agreed.

The Chief Solicitor referred Members to Rule 10 of the Council Procedure Rules and sought Council approval to the meeting continuing beyond 9.30p.m. It was agreed that the meeting be extended until all business had been dispatched.

129. REGIONAL HEALTH SCRUTINY COMMITTEE

The Chief Executive reported that the Regional Health Scrutiny Committee comprised the 12 North East Local Authorities and was responsible for the scrutiny of issues around the planning, provision and operation of health services across the North-East region. The membership of the Committee was made up of 1 Elected Member from each Local Authority with the Chair appointed on an annual basis. South Tyneside Council currently Chaired the Committee and had done so since September 2013, with an extension of their term of office to the end of January 2015 to enable the identification of a new Chair for 2015/16. On this basis, expressions of interest were now being sought from all 12 North East Local Authorities to Chair the Regional Health Scrutiny Committee, with effect from the 1st February 2015. The appointment of the Chair would then be confirmed at the first meeting of the Committee for 2015/16, on the 24th February 2015. A nomination was sought from Council to Chair the Regional Health Scrutiny Committee.

It was moved by Councillor Loynes and seconded by Councillor C Akers-Belcher:-

“That Cllr Martin-Wells be appointed Chair of the Regional Health Scrutiny Committee”

It was moved by Councillor Thompson and seconded by Councillor Atkinson:-

“That Cllr Brash be appointed Chair of the Regional Health Scrutiny Committee”

A vote was taken on the two nominations for the position of Chair of the Regional Health Scrutiny Committee.

As a result of the vote, Councillor R Martin-Wells was appointed Chair of the Regional Health Scrutiny Committee.

130. HEALTH MINUTES

Council was advised that to assist the Audit and Governance Committee in undertaking its statutory health scrutiny responsibilities, previous practice had been for the Committee to receive minutes of the Health and Wellbeing Board, Finance and Policy Committee (relating to Public Health), Tees Valley Joint Health Scrutiny Committee and Regional Health Scrutiny Committee. This process had proven to be beneficial in ensuring that the Committee was aware of health discussions at other committees / bodies and assisted in the identification of issues on which further information may be required. As Health Scrutiny was now within the remit of Full Council, the minutes of the following meetings had been circulated for Members information:-

Appendix A - Health and Wellbeing Board – 1 December 2014

Appendix B- Regional Health Scrutiny Committee – 29 September 2014

Appendix C – Tees Valley Joint Health Scrutiny Committee – 3 March 2014, 17 July 2014, 11 September 2014 and 27 November 2014

It was recommended that the minutes be noted and consideration be given as to whether any further information is required.

RESOLVED – That the minutes be noted

131. 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 previous 3 months. Details were provided of any payments made to a body/entity listed on the Member's Register of Interests during the last 3 months. 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.

132. TREASURY MANAGEMENT STRATEGY

The Chief Executive reported 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 were affordable, prudent and sustainable. The Act therefore required the Council to determine a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which set 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 to be approved by full Council, which was also included in this report. The 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 Council. This responsibility had been allocated to the Audit and Governance Committee. The recommended Treasury Management Strategy was considered by the Audit and Governance Committee on the 11^h December 2014 and that report had been circulated. The Audit and Governance Committee had carefully scrutinised the proposed Treasury Management strategy and approved that the recommended strategy be referred to full Council.

At the time of the Audit and Governance Committee, it had not been possible to calculate supporting Prudential Indicators as this was reliant on Government Capital Allocations which had not been issued. However, as the Treasury Management Strategy outlined the key principles covering the operation of the Authority's borrowing and investment strategy the unavailability of this information did not prevent the Audit and Governance Committee from considering and scrutinising the proposed strategy.

Prudential indicators and other regulatory information had now been completed and were appended to the report also.

RESOLVED - That approval be given to the following recommendations from the Audit and Governance Committee in respect of the 2015/16 Treasury Management Strategy and related issues;

Borrowing Strategy 2015/16

- i) **Core borrowing requirement** - Approve the adoption of Option 1 to delay long term borrowing until there is a significant increase in the base rate;
- ii) To note that in the event of a change in forecast interest rates the Chief Finance Officer may implement Option 2 to fund the borrowing requirement at fixed long term interest rates at an affordable level to protect the Authorities long term financial position;

- iii) **Borrowing required for business cases** – Approve the adoption of Option 2 to fixed interest rates for individual business cases.

Investment Strategy 2015/16

- iv) Approve the addition of Svenska Handelsbanken to the counterparty list with a counterparty limit of £1m and time limit of 3 months.
- v) Approve the addition of three Money Market Funds to the counterparty list, with a counterparty limit of £1m per fund, noting that funds will be liquid (i.e. instance access) therefore a time limit is not applicable.
- vi) For existing counterparties, extend the time limits for investments to a maximum of 1 year.

Minimum Revenue Provision (MRP) Statement

- vii) Approve the MRP statement outlined in paragraph 9.2 of Appendix F.

Prudential Indicators 2015/16

- viii) Approve the prudential indicators outlined in Appendix G.

133. APPOINTMENT OF CHIEF EXECUTIVE (HEAD OF PAID SERVICE)

The Chief Executive reminded Members that he had handed in his notice to the Leader of the Council and intended to leave the authority on 31st May 2015. Council, at the meeting on 18th December 2014, had agreed to the establishment of an Appointments Panel for the remainder of the Municipal Year. The Panel had been convened and would meet on 13 February 2015 to consider all aspects of the appointment process for the Chief Executive (Head of Paid Service). Members were reminded that the appointment of the Head of Paid Service (Chief Executive) required Council approval and would be submitted to Council when the process had been concluded.

The Chief Solicitor advised that sentiments expressed by a Member following presentation of the report, that the appointment should be subject to an external process, would be conveyed to the Panel.

RESOLVED – That the report be noted.

134. HOSPITAL SERVICES FOR HARTLEPOOL – RESPONSE FROM SECRETARY OF STATE

The Chief Executive reported that, on the 1st December 2014, the Ceremonial Mayor had written to the Secretary of State for Health requesting a meeting to discuss the management of the North Tees and Hartlepool Foundation Trust

and the suitability and effectiveness of hospital services for Hartlepool and its surrounding communities. This meeting request had been declined by the Secretary of State on the 22 December, 2014. A further letter had been sent by the Ceremonial Mayor on the 6 January, 2015, asking that the Secretary of State reconsider his decision. Confirmation had now been received from Mr Hunt (MP) that he would be unable to meet with representatives from Hartlepool, re-iterating that decisions about the provision of local health services should be made at a local level.

In addition to the above, Members were requested to note that in accordance with the wishes of Full Council on the 18th December 2014, under Regulation 23(9) of the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations, the Council had formally referred the Trust's proposal to 'pause' development work on the 'new hospital' at Wynyard to the Secretary of State. The referral letter had been sent by the Ceremonial Mayor on the 24th December, 2015 and a formal response was now awaited.

Following presentation of the report, the Leader of the Council advised Members that he had spoken to the MP for Hartlepool who had advised that he would honour the agreement, previously agreed by Council, for a cross party delegation to meet with Secretary of State.

RESOLVED – That the report be noted

The meeting concluded at 9.45 p.m.

DEPUTY CEREMONIAL MAYOR

COUNCIL

26 February 2015



Report of: Chief Executive

Subject: FORMAL COUNCIL TAX SETTING 2015/2016 –
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 2015/2016.

2. BACKGROUND AND LEGAL FRAMEWORK FOR COUNCIL TAX DECISION MAKING

- 2.1 In accordance with current statutory provisions there are two types of 'authority' which have the legal power and responsibility to set an annual budget and Council Tax level, namely:

- **Precepting Authorities** - these are independent organisations with the legal power to set their annual budget and Council Tax precept (i.e. Council Tax level). Current Precepting Authorities include Cleveland Fire Authority, the Office of the Police and Crime Commissioner and Parish Councils. Fire Authorities and the Office of the Police and Crime Commissioners are subject to the Council Tax referendum thresholds determined by the Government and are eligible to receive the Council Tax freeze grant if they do not increase Council Tax. These arrangements do not currently apply to Parish Councils.

Where Members of a Billing Authority also service as Members of a Precepting Authority they are required to make budget and Council Tax decisions in respect of the Precepting Authority in the financial interests of the Precepting Authority and not the Billing Authority.

- **Billing Authorities** – have the legal powers to set their own annual budget and Council Tax level. As Members will recall the Medium Term Financial Strategy and Council Tax for 2015/16 for this Authority was approved by full Council on 18th December 2014.

In addition, Billing Authorities are responsible for formally setting the overall Council Tax level for their area including the Council Tax set by Precepting Authorities. This additional responsibility is an administrative function of Billing Authorities. Therefore, whilst Members of a Billing Authority may not agree with the decision reached by a Precepting Authority regarding the level of Council Tax for the forthcoming financial year they have no power to veto the statutory decisions reached by Precepting Authorities.

3. DETERMINATION OF OVERALL COUNCIL TAX LEVELS

- 3.1 The determination of the overall Council Tax level is a statutory function, which brings together the individual Council Tax levels determined by this Council, Cleveland Fire Authority, the Office of the Police and Crime Commissioner and where applicable Parish Councils.
- 3.2 To ensure there is clear accountability for decisions made by Precepting Authorities I would advise Members that 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 approved by these organisations as follows:
- The decision by the Fire Authority on 13th February 2015 to approve a 1.9% Council Tax increase for 2015/16;
 - The decision of the Office of the Police and Crime Commissioner on 6th February 2015 to approve a 1.988% Council Tax increase for 2015/16
- 3.3 The Table below shows the statutory Council Tax calculations, incorporating the 2015/16 Council Tax levels approved by the Council, the Office of the Police and Crime Commissioner and Cleveland Fire Authority, which this Council is required to approve as a **Billing 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	137.51	160.42	183.34	206.26	252.10	297.93	343.77	412.52
Fire Authority	46.91	54.72	62.54	70.36	86.00	101.63	117.27	140.72
Areas without a Parish Council	1,130.22	1,318.57	1,506.95	1,695.32	2,072.07	2,448.79	2,825.54	3,390.64

3.4 The statutory calculations incorporating the 2015/16 Council Tax levels approved by the Office of the Police and Crime Commissioner, Cleveland Fire Authority and the parish Precepts are shown in Appendix A , Table 3.

4. PROPOSALS

4.1 Council is requested to

- i) Note the respective responsibilities of Precepting Authorities and Billing Authorities detailed in paragraph 2.1; and
- ii) As the Billing Authority for the area to approve the statutory calculations detailed in Appendix A, which include the Council Tax and 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
Telephone: 01429 523003
Email: chris.little@hartlepool.gov.uk

SUPPORTING STATUTORY RESOLUTIONS - COUNCIL TAX FREEZE

- 1 Full Council needs to approve the following supporting statutory amounts which must be calculated by the Council for 2015/2016 in accordance with the Local Government Finance Act 1992 and relevant regulations:
- i) To note that on 22nd December 2014 the Finance and Policy Committee approved the 2015/16 Council Tax Base for:
- The whole Council area as 22,298.8 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	103.2	Greatham	574.3
Elwick	461.3	Hart	286.3
Headland	723.4	Newton Bewley	30.6

- 2 That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) is £31,635,308.
- 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) £81,309,657 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) £49,650,657 Being the aggregate of the sums which the Council estimate will be payable to it in respect of Revenue Support Grant £22,683,954, Business Rates Baseline Funding of £19,228,539, Top up Funding of £7,447,590 and the estimate to be paid from the Collection Fund of £290,574 as at 31st March 2015, 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) £31,659,000 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) £1,419.76 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) £23,692 Parish Precepts Being the aggregate amount of all special items referred to in Section 34 (1) of the Local Government Finance Act 1992.
- £14,235 Concurrent Services Concurrent Services - as detailed in Table 1 to this Appendix.
- (f) £1,418.70 Being the amount calculated by the Council in accordance with Section 34 (2) of the Local Government Finance Act 1992, as the basic amount of Council Tax for the year 2015/16 (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 2015/16 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 2015/16 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 2015/16 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 2015/2016

	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	5,444	103.2	52.75	1,418.70	1,471.45	369	2,839	8,652
Elwick	6,237	461.3	13.52	1,418.70	1,432.22	393	6,684	13,314
Greatham	2,716	574.3	4.73	1,418.70	1,423.43	484	1,385	4,585
Hart	3,516	286.3	12.28	1,418.70	1,430.98	284	3,327	7,127
Headland	5,599	723.4	7.74	1,418.70	1,426.44	2,401	0	8,000
Newton Bewley	180	30.6	5.88	1,418.70	1,424.58	15	0	195
	23,692					3,946	14,235	41,873

TABLE 2 - Council Taxes For Each Property Band 2015/2016**(Including Parish Precepts but 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	980.97	1,144.46	1,307.96	1,471.45	1,798.44	2,125.43	2,452.42	2,942.90
Elwick	954.81	1,113.95	1,273.09	1,432.22	1,750.50	2,068.76	2,387.03	2,864.44
Greatham	948.95	1,107.11	1,265.27	1,423.43	1,739.75	2,056.06	2,372.38	2,846.86
Hart	953.99	1,112.98	1,271.99	1,430.98	1,748.98	2,066.97	2,384.97	2,861.96
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	949.72	1,108.01	1,266.30	1,424.58	1,741.16	2,057.73	2,374.30	2,849.16
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 2015/2016**(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	1,165.39	1,359.60	1,553.84	1,748.07	2,136.54	2,524.99	2,913.46	3,496.14
Elwick	1,139.23	1,329.09	1,518.97	1,708.84	2,088.60	2,468.32	2,848.07	3,417.68
Greatham	1,133.37	1,322.25	1,511.15	1,700.05	2,077.85	2,455.62	2,833.42	3,400.10
Hart	1,138.41	1,328.12	1,517.87	1,707.60	2,087.08	2,466.53	2,846.01	3,415.20
Headland	1,135.38	1,324.59	1,513.83	1,703.06	2,081.53	2,459.97	2,838.44	3,406.12
Newton Bewley	1,134.14	1,323.15	1,512.18	1,701.20	2,079.26	2,457.29	2,835.34	3,402.40
Areas without a Parish Council	1,130.22	1,318.57	1,506.95	1,695.32	2,072.07	2,448.79	2,825.54	3,390.64

COUNCIL

MINUTES OF PROCEEDINGS

26 February 2015

The meeting commenced at 7.00 pm in the Civic Centre, Hartlepool

PRESENT:-

The Ceremonial Mayor (Councillor S Akers-Belcher) presiding:

COUNCILLORS:

Ainslie	C Akers-Belcher	Atkinson
Barclay	Beck	Brash
Clark	Cook	Cranney
Dawkins	Fleet	Gibbon
Griffin	Hall	Jackson
James	Lauderdale	Lilley
Loynes	Martin-Wells	Payne
Richardson	Riddle	Robinson
Simmons	Springer	Thomas
Thompson		

Officers: Gill Alexander, Director of Child and Adult Services
Andrew Atkin, Assistant Chief Executive
Peter Devlin, Chief Solicitor
Chris Little, Chief Finance Officer
Louise Wallace, Director of Public Health
Joan Stevens, Scrutiny Manager
Amanda Whitaker, Denise Wimpenny, Democratic Services Team

140. APOLOGIES FOR ABSENT MEMBERS

Councillors Hargreaves, Hind and Dr Morris

141. DECLARATIONS OF INTEREST FROM MEMBERS

None although declarations were made later in the meeting (minute 152 refers).

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

None

Prior to the commencement of public questions, the Ceremonial Mayor highlighted Council Procedure Rule 11.1 and advised that a period of 45 minutes would be permitted for questions from the public.

143. PUBLIC QUESTION

1. From Mr Latimer to Chair of Finance and Policy Committee

“Could you please inform me as to the total advertising spend of Hartlepool Borough Council with the Hartlepool Mail for the last full 12 month period for which figures are available.”

The Chair of Finance and Policy Committee responded that spending with the Hartlepool Mail in 2013/14 totalled £49,789. This included the cost of statutory notices which Local Authorities were legally required to publish in a local newspaper. In 2013/14 65% i.e. approximately £32,000 of spending with the Hartlepool Mail had related to statutory notices covering Highways Orders, Planning notices and notifications in relation to the Annual External Audit process. Expenditure for the current year up to 20th February 2015 was £36,165. The Chair advised that details of the percentage of this spending on statutory notices would not be available until the year end.

2. From Mrs Little to Chair of Finance and Policy Committee

“Whatever direction you come into Seaton, from either Brenda Road you hit the food factories, Seaton Carew Road, (stench from the Chemical sites), Tees Road or Coronation Drive you hit the stench from the landfills. When you walk along the prom you run occasionally run into some foul stench from the sewage works, as this seems to be a ongoing problem for the residents of Seaton Carew Area. Could the Council please inform me, how they are monitoring the air pollution in Seaton Carew?”

The Chair of Finance and Policy Committee advised that at the present time there was no equipment available to carry out odour monitoring. Therefore any monitoring had to be carried out by officers when they visited sites. At this time there was no routine monitoring being carried out in the Seaton Carew area. Intermittent monitoring was carried out by officers when they were in the area. It was highlighted that some of the activities referred to in the question were the responsibility of the Environment Agency.

With regard to landfill sites, the Council had previously undertaken extensive monitoring in relation to odours from those sites. This had involved liaison with the Environment Agency who had enforcement responsibility for such sites. This work had been completed in October 2014. The Environment Agency had responsibility for chemical sites and the Council were currently working with one food manufacturer to look at implementing additional measures to resolve a current problem.

It was acknowledged that the Council was aware of intermittent problems with odours from sewage work sites. They were investigated and where necessary

action was taken. The Chair advised that if anyone was experiencing odour problems from any of these activities they should contact the Council's Public Protection Division who would investigate and take action if required.

3. From Mr Measor to Chair of Regeneration Services Committee

“Could the Chair of Regeneration Services Committee please give the good people of Hartlepool an update on the progress being made with the production of the local plan? When it was withdrawn on the 17th October 2013 you were confident the plan could be turned around in six months. Given that it's now 15 months down the line will he admit that the original statement was wildly optimistic, and will he give us a more realistic date for its completion as this decision is costing the hard working tax payers of Hartlepool dearly.”

The Chair of Regeneration Services Committee responded that since the withdrawal of the Local Plan in October 2013 the Council had started work on the preparation of a new Local Plan. The preparation of a Local Plan was a long and complicated process which started with the gathering of key evidence on issues including demographic change, housing need, economic growth and retail capacity. Only once these key areas had been investigated and the number and type of houses needed to be built were known and how much land to allocate for economic growth could the Council effectively plan for the overall needs of the Borough over the next 15 years. Council officers had been working hard and were nearing the end of the evidence gathering phase. The Chair added that if there had been a delay in Local Plan process it was primarily down to the complex nature of the evidence base documents and the need for the evidence to be fully in accordance with all national and regional growth forecasts; which were out of the control of the Council. If the Government produced new statistical information, on job creation rates or population projections for instance, the Council was minded to incorporate those into its plans. Throughout 2014 and into early 2015 this had been the case where new national and regional announcements had meant that officers had to pause and assess the implications of the new information and then work to incorporate the changes into the existing evidence. This had meant that the evidence gathering process had taken longer than anticipated. In order for any new Local Plan to be sound, robust, effective and deliver development that would improve the Borough over the next 15 years, it was crucial that the evidence was accurate and reflected all the current and future issues. At this stage officers were nearing the end of the evidence gathering phase and were due to start the actual drawing up of the draft Local Plan. It was anticipated that a draft Local Plan would be prepared and subject to an 8 week public consultation in the summer of 2015. Once the Council received the findings of the public consultation it would start to prepare the final Local Plan document that would be submitted to the Secretary of State and then it would be up to the Planning Inspectorate as to when Public Hearings were held. If the Local Plan was found to be sound by the Planning Inspectorate the Council could then adopt the new Local Plan.

Following the response, the Chair of Finance and Policy Committee highlighted that there had been much debate previously regarding the Local Plan. He

expressed his view that the Local Plan that was withdrawn did not resonate with the residents in Hartlepool. The view was expressed that the new Local Plan had had the benefit of a higher profile and gave the Council an opportunity to articulate the wishes of the residents. In addition there had been the opportunity to review the Gypsy and Traveller assessment which had resulted in not having to identify any site within the Borough. The Chair advised Council that his concern, in view of previous Council meetings, was specifically about health and the town's hospital.

It was moved by Councillor C Akers-Belcher and seconded by Councillor Cook:-

“This Council as part of the development of the Hartlepool Local Plan, requires Officers to identify, in conformity with the National Planning Policy Framework, strategic policies for the ‘provision of health, security, community and cultural infrastructure and other local facilities’ but with a clear policy and priority to safeguard the existing University Hospital of Hartlepool site for hospital and health related use”.

Members debated issues arising from the Motion including the background, motivation and implications of the withdrawal of the Local Plan and the timescale for production of the new Local Plan.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the motion.

Those in favour:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Atkinson, Barday, Beck, Brash, Clark, Cook, Cranney, Dawkins, Fleet, Gibbon, Griffin, Hall, Jackson, James, Lauderdale, Lilley, Loynes, Martin-Wells, Payne, Richardson, Riddle, Robinson, Simmons, Springer, Thomas and Thompson

Those against:

None.

Those abstaining:

None.

The vote was carried.

Prior to the next public question being put to Council, the Ceremonial Mayor advised Members that a response would be provided to question numbers 4, 6 and 7 collectively as they all related to the same subject.

4. From Mr Robertson to Chair of Finance and Policy Committee

“As a resident in Hartlepool and on behalf of all the residents of Hartlepool, we would like to request a town wide referendum to decide if Hartlepool should be moved to establish a combined authority with the other 4 tees valley councils.

For Hartlepool Borough Council to make such a move, without a majority vote as it has already been noted that only 1235 of the 1900 people who responded to an on-line survey (65%) supported the move representing just 0.0025% of the total area population of around 493,000. There is approximately 90,000 residents in Hartlepool I along with many others did not know about the online survey so therefore could not respond to it.”

6. From Mr Corbett to Chair of Finance and Policy Committee

“Considering long held opinions of many towns people surrounding the benefits or lack off, that Hartlepool received whilst involved in the old Cleveland County Council & that only 1900 people out of a total Tees Valley population of almost 500,000 which equates to 0.0025% of the population that replied to a questionnaire that contained a number of “Loaded Questions” in the consultation exercise of the 5 local authorities. Will Hartlepool Borough Council in the interests of “Local Democracy & Common Sense” instigate a Local Referendum on Hartlepool’s future involvement in a Tees Valley Combined Authority?”

7. From Mr Fisher to Chair of Finance and Policy Committee

Please indicate whether, or not, the people of Hartlepool will be afforded a specific opportunity to formally vote upon any proposals or agreements to “join” “to create” or “to amalgamate” or whatever with any new body of authority across Tees Valley.

The Chair of Finance and Policy Committee advised that a report had been submitted to the Committee in November of last year on the development of a set of proposals for the creation of a Combined Authority including consultation. The process that had been followed had been clear and in the public domain since that time. The Combined Authority would carry out the activities of the Local Enterprise Partnership including; work with businesses to attract business investment; influence training and education to ensure business had the skilled people it needed and local residents were able to get the training they needed to secure locally created jobs; work to influence Government policy and ensure the economic needs of the Tees Valley were understood and accommodated. Government had indicated that devolution of more powers and resources was more likely to an area served by a Combined Authority. The Chair advised that the Labour Party had also affirmed its commitment to devolve power and resources to Combined Authorities.

It was considered important to correct a view that this was about recreating Cleveland County Council. It was highlighted that it was not about merging Councils. The plans would see the councils continue to exist in their own right delivering local services but unite as a formal Tees Valley Combined Authority when focusing on strategic economic development, transport, infrastructure and skills. There seemed to be a view that Hartlepool would fair badly out of a Combined Authority, or that it had fared badly out of the previous arrangement centred on Tees Valley Unlimited. The Chair presented recent history to put in

context what had been achieved and the investment in the town that had come from being part of the current arrangements and which the Chair advised would be strengthened in the new arrangements. It was highlighted that this Council and the other Authorities were hugely ambitious for the Tees Valley and its communities and wanted to be in a position, in the same way as the North East CA, the Greater Manchester CA, the Merseyside CA the West Yorkshire CA, to build on success and the premise that its economy could grow faster by working together.

Authorities wanted to be in a position to strengthen democratic decision-making and further develop partnership for a number of reasons highlighted by the Chair. In addition and in the light of the Scottish referendum and commitment by all major political parties in the UK to greater devolution, the creation of a Combined Authority was an opportunity to seize the moment by having the right governance arrangements in place to make the case for and receive devolved powers and associated additional resources. It was considered to be correct that governance arrangements at the Tees Valley level had been reviewed in order to maximise involvement in shaping the devolution agenda. The Chair advised that not being part of a Combined Authority would potentially disadvantage Hartlepool both in terms of access to funding, potential influence and being in a position to utilise any devolved powers and additional resources that could be available.

As part of the development of the Combined Authority proposals officers had been working with officials from Department for Communities and Local Government. This had included discussions with the officials on the consultation process which had been undertaken. DCLG officials had recommended that Tees Valley Authorities follow the model undertaken for the North East Combined Authority as this was a good practice model. The consultation which was detailed in the report to Finance and Policy Committee at the end of November included consultations with a range of stakeholders and a range of information in the form of Frequently Asked Questions, the reports considered by each authority's Finance and Policy Committee, Press releases publicising the consultation and other related activity. The consultation undertaken across the Tees Valley had generated almost 2000 responses. The good practice model suggested by DCLG for the North East CA had generated around 700. The results of the consultation were to be reported to each Councils Finance and Policy Committee/Cabinet and then to Councils prior to there being any submission to Government.

It was noted that legislation provided for referendums on specific subjects such as seeking approval for a change in the governance arrangements of a local authority, approval of a level of Council Tax above the threshold set by the Secretary of State and the approval of a Neighbourhood Plan. Outside of such approvals, a principal local authority, which included a Borough Council could hold a referendum to consult local people on 'matters of particular local controversy' (*White Paper 'Modern Local Government; in touch with the people (1998)*). Section 116 of the Local Government Act, 2003, allows the holding of an advisory but not binding referendum. It would be for the local authority to determine who is to be polled and how that poll is conducted.'

The Chair had been informed by the Council's Local Returning Officer, that it would not be prudent to conduct such a poll on 7 May, 2015, owing to the UK Parliamentary General Election, Local Government election and the potential for local parish council elections on that day.

During the debate, a number of Members expressed the view that although they did not necessarily oppose the Combined Authority concept, they were concerned at the consultation process which had been undertaken. Concerns expressed at a previous meeting of Council were reiterated in relation to the survey, with the view expressed that the questions included in the survey were biased. The view was expressed that it was proper for Hartlepool residents to decide and that a referendum should therefore be conducted. In response, the Local Returning Officer reiterated that should the Council agree to a referendum, it was not practical to conduct the referendum on 7 May owing to the other elections being conducted that day.

5. From Mrs Little to Chair of Finance and Policy Committee

“Figures about the attendance of Councillors at meetings are starkly different, with councillors attending over 129 meetings in the Headland and Harbour Ward to 37 for the Seaton Ward. Can the public have a comment on the level of the basic allowance for Councillors of Hartlepool Borough Council in relation to meetings attended?”

The Chair of Finance and Policy Committee advised that in accordance with the Council's Constitution, Members were entitled to claim certain allowances in recognition of time devoted by them to their work as a councillor. A 'Basic Allowance' covered attendance at formal and informal meetings of the Council as well as meetings with constituents, such as through Ward Surgeries. A 'Special Responsibility Allowance' was payable to those Councillors who undertook specified additional duties as defined in the Members' Allowance Scheme. That Scheme was fully compliant with the Local Authorities (Members' Allowance) Regulations 2003. It also took into account the recommendations made by an Independent Remuneration Panel to Council. The Chair of Finance and Policy Committee advised that the Basic Allowance had been £5,825 since 1st April 2013. Prior to that the basic allowance had been frozen for 4 years at £5,767. From 1st January 2015 the Basic Allowance was £5,953, which would remain in place until at least 31st March 2016, in line with the pay award for the Council's staff. This would be significantly less than the North-East average of £8,965 and below the highest Basic Allowance in the region of £13,300, and less than the amount recommended by the IRP of £6,517 from 1st April 2015.

It was noted that attendances were published once a year to coincide with the publication of allowances. Following a Freedom of Information request, details of attendances up to the date of the request for the current Municipal Year were also available on the Council's website.

The Chair acknowledged that attendances varied considerably, that not all attendances were recorded and attendance at meetings was one of many

functions carried out by Members.

8. From Mr Measor to Chair of Neighbourhood Services Committee

“Regarding the recent banning of Sea coal collection from Seaton Carew beach. The collection of Sea coal is part of our history and heritage, and has been going on since the 1800's. Will the council please agree to a sensible way forward on this issue? In order to take this forward, will the council please agree to approach the Crown Estate Commissioners to implement a second variation of the lease, allowing the collection of Sea Coal during agreed times? In addition to this, will they also agree to undertake a risk assessment on allowing legitimate beach access for the sea coalers, and following this, approach their own insurers to see if they would subsequently cover such activity? Furthermore, our Sea Coalers already have their own public liability insurance of five million pounds for "collection of sea coal from the beach", why then has our council seen fit to ban them?”

The Chair of Neighbourhood Services Committee responded that on Monday 19th January 2015, the Neighbourhood Services Committee had been presented with a number of recommendations to ensure that the Council was not in contravention of its lease agreement with the Crown Estates. The lease agreement prohibited the ‘driving of mechanically propelled vehicles’ across the foreshore (excepting those covered by a later exemption). It was agreed by the Committee that the barrier on the foreshore at Station Lane should be closed and that all other vehicle barriers were secured. However, the Committee also agreed to pursue the idea of adopting a scheme which enabled sea coalers to legitimately access the beach with vehicles. The removal of sea coal under such a scheme would also assist with cleansing operations. It was clarified that ‘unauthorised’ vehicle access had been prohibited at this time and not the actual collecting of sea coal.

An application had been made to the Crown Estates on 18th December 2014 for a new amendment to the lease, which was more prescriptive than the former, but would allow the Council to still control vehicular access. This amendment was read out as follows; -

‘1) Notwithstanding clause 3(8) of the Lease, the Commissioner grants to the Tenants the right to permit the pass and repass of mechanically propelled vehicles which require access for statutory functions or for monitoring and maintenance purposes’.

It was considered that if this variation was approved then further consideration could be given to adopting an official mechanism for allowing the collection of sea coal.

It was highlighted that health and safety and public liability would be fundamental to any future decisions made, which allowed vehicular access to the beach, regardless of purpose or activity. As access by vehicles was not permitted under the terms and conditions of the lease agreement with the Crown Estates, sea coal vehicles were effectively accessing the land without permission. The Council was advised that this practice negated any insurance. It

would also mean that any persons taking a motorised vehicle on to the beach was in contravention of the Road Traffic Act 1988 and could face prosecution by the police. The Neighbourhood Services Committee had agreed to pursue the idea of adopting a scheme which enabled sea coalers to legitimately access the beach with vehicles. A Working Group which consisted of Officers from the Council and sea coalers had been set up and meetings had been scheduled to progress matters in this regard.

The Ceremonial Mayor thanked the public who had submitted questions.

144. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 5 February 2015 and the extraordinary meeting of Council held on 16th February 2015 had been laid before the Council.

The minutes of the meeting held on the 5 February 2015 were confirmed.

A number of concerns were expressed regarding the accuracy of the minutes of the extraordinary Council meeting held on 16th February 2015. It was stated that the reference in the minutes to an adjournment of the meeting was incorrect and should be replaced to reflect the meeting being closed by the Ceremonial Mayor. Following a request for clarification, the Assistant Chief Executive advised that his recollection of the meeting was that as the Ceremonial Mayor left the Chamber he had said that the meeting was adjourned. The view of the Ceremonial Mayor was requested. In response, the Ceremonial Mayor advised that he had adjourned the meeting.

Following interruptions to proceedings, the Ceremonial Mayor advised that the meeting was adjourned for five minutes until order had been restored.

The meeting reconvened. Prior to the remainder of business being considered, the Ceremonial Mayor requested that the Chamber not be disrespected.

Further to the earlier debate in relation to the accuracy of the minutes of the extraordinary meeting held on 16th February 2015, the following issues were raised:-

- A recording of the meeting verifies that the Ceremonial Mayor had stated that the meeting was closed and not adjourned as stated in the minutes
- A paragraph was missing from the debate to reflect a request for clarification of what was going to be done to address the concerns raised at the meeting, rather than what could not be done as advised at the meeting.
- Clarification was sought in relation to the reason a recorded vote was not taken.
- The minutes should reflect a member of the public being requested to leave the meeting
- The minutes should reflect the warning from the Ceremonial Mayor, to

the public gallery, at the commencement of the meeting regarding conduct at the meeting.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the accuracy of the minutes of the extraordinary Council meeting held on 16th February 2015.

Those in favour:

Councillors Ainslie, S Akers-Belcher, Barclay, Beck, Clark, Cranney, Fleet, Griffin, Hall, Jackson, James, Loynes, Martin-Wells, Richardson, Robinson and Simmons

Those against:

Councillors Dawkins, Gibbon, Lauderdale, Lilley, Riddle, Springer and Thompson

Those abstaining:

Councillors C Akers-Belcher, Atkinson, Brash, Cook, Payne and Thomas

The vote was carried.

The minutes of the extraordinary Council meeting held on 16th February 2015 were confirmed.

The minutes of both meetings were thereupon signed by the Chairman.

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

With reference to minute 120 of the meeting held on 5 February 2015, reference was made to a letter which had been circulated to all Members from the Director of Public Health which provided clarification on matters raised at the Council meeting on 5th February with reference to Minimum Unit Price. It was highlighted that the Director had advised that the issue would be considered at the next meeting of the Health and Wellbeing Board. Clarification was sought from the Chair of the Health and Wellbeing Board in relation to whether an invitation would be extended to Members and Legal Officers from Manchester City Council. The Chair of the Board advised that he was content for that to be considered by the Board.

With reference to minute 139 of the extraordinary meeting held on 16 February 2015, a Member advised that it was considered that the political process had failed at the last meeting which had resulted in public dissatisfaction. In view of the circumstances and issues arising from the meeting, it was considered that responsibility should be passed to 'the people'.

Motion moved by Councillor Brash and seconded by Councillor Thompson:-

“That a referendum be held to allow the public the opportunity to express their view as to whether they believe they are being adequately served by the North Tees and Hartlepool NHS Foundation Trust”

The Returning Officer reiterated his advice which had been conveyed earlier in the meeting that it would not be prudent to conduct a poll on 7 May, 2015, owing to the UK Parliamentary General Election, Local Government election and the potential for local parish council elections on that day.

The view was expressed that a referendum could be conducted separate from the poll on 7 May when votes could be cast on both the Hospital Trust and the Combined Authority issues.

It was highlighted that a cross party delegation was due to meet with the Secretary of State the following week. It was considered that it was appropriate therefore to amend the Motion to defer a referendum decision until after that meeting with the Secretary of State.

Points of Order were raised and were heard immediately.

The mover of the Motion advised that he would accept the amendment if the next meeting of Council was an Extraordinary meeting to discuss the outcome of the meeting with the Secretary of State and in the event that this Council is not satisfied with the outcome of that meeting, then a referendum be pursued. Following a request for clarification, the Chief Solicitor provided advice in terms of the earliest date for that Extraordinary Council meeting and reminded Members that statutory notice of five clear working days would be required.

The Ceremonial Mayor agreed that every effort would be made for an Extraordinary meeting to be held at the earliest opportunity following the meeting with the Secretary of State.

The mover of the Motion accepted the amendment.

146. QUESTIONS FROM MEMBERS OF THE COUNCIL

- a) Questions to the Chairs about recent decisions of Council Committees and Forums without notice under Council Procedure Rule 12.1

None

- b) Questions on notice to the Chair of any Committee or Forum under Council Procedure Rule 12.2

- 1. Question from Councillor Brash to Chair of Neighbourhood Services Committee

“Can the Chair of Neighbourhood Services Committee briefly explain the extent to which HBC charges staff to park at work?”

The Chair of Neighbourhood Services Committee advised that historically staff parking spaces had been issued from a waiting list and prioritised to designated “essential car users” however changes to the Single Status Agreement had removed all essential, casual and non-casual drivers and as a consequence any allocation had been made entirely from a waiting list only. A review of the allocation of car parking had been undertaken and from 1st April 2014 the criteria, recognising the operational need of post holders, the requirement to transport essential equipment, and/or a frequency and dependency to undertake regular visits associated with their work had been introduced.

It was highlighted that staff parking bays were linked to the annual salary of the officer, where a monthly deduction was made dependant on the individual’s band/grading, although in the case of the Civic Centre underground car park a further supplementary charge was also applicable at a rate of £10/month. The Chair advised of the current charges as follows:-

Band 1-9 pay £8.50 per month
Band 10-11 pay £9.50 per month
Band 12-15 pay £14.00 per month
Band 15 plus pay £19.50 per month

Following the response to the question, Councillor Brash advised that he was uncomfortable charging staff for car parking and referred to criticism which had been expressed by some Members to representatives of the Hospital Trust in relation to car parking charges the Trust made to staff.

It was moved by Councillor Brash and seconded by Councillor Riddle:-

“That either staff car parking charges be abolished or car parking charges be introduced for Elected Members”.

The implications of the Motion were highlighted.

Members responded to concerns highlighted by the Chair of Neighbourhood Services Committee.

The Ceremonial Mayor suggested that it would be appropriate to refer the issue to the appropriate Policy Committee for consideration.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the motion.

Those in favour:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Atkinson, Barday, Beck, Brash, Clark, Cook, Cranney, Dawkins, Fleet, Gibbon, Griffin, Hall, Jackson, Lauderdale, Lilley, Loynes, Martin-Wells, Payne, Richardson, Riddle, Robinson, Simmons, Thomas and Thompson

Those against:

None.

Those abstaining:

Councillors James and Springer.

The vote was carried.

2. From Councillor Riddle to Chair of Finance and Policy Committee

“In last months’ debate concerning the rise in councillors allowances multiple references were made to a councillors ‘worth’ as an elected member. It was argued this ‘worth’ was directly related to councillor’s attendance (or lack of it) at meetings. Having had time to reflect, would the Chair of Finance and Policy not concede that it is surely a members’ contribution at such meetings which is a truer measure of their worth?”

The Chair of Finance and Policy Committee advised that he considered a Councillors worth as an elected member had a number of aspects. He did not believe it had been argued at the last meeting that this was directly related to attendance at meetings. It was offered as an aspect which could be used to measure worth. He stated that he was happy to give his view of what could be taken into account to measure a Councillors worth. He added that in reality a councillors contribution had a number of aspects as Councillors had a number of aspects to their role. These were encapsulated in the Localism Act 2011 and then reflected in the Council’s constitution as part of the Members Code of Conduct. The principles of public life reflected in the constitution were detailed by the Chair. It was suggested that any individual Councillor should measure themselves against these principles and assess for themselves, as the electorate may do, against them.

It was highlighted that Councillors had a responsibility in the decision making and governance processes for the authority. This was in terms of decision making and policy formulation. This policy formulation and forward thinking aspect was what defined, in the context of the strategic direction of the Council, the ability to achieve established priorities, secure resources to support the implementation of those priorities and make the town a better place to live and work. The Chair considered that Councillors could and should contribute to this process and the current governance structures made this a far more inclusive process should members chose to participate. It was not always the case that some elected members do participate, or they chose to make their contribution at a very late stage. It was highlighted also that a Councillors role was not just the meetings in the Civic centre and the contribution at these meetings. Councillors had a clear and important community role. The contribution of a member would be demonstrated by their willingness and ability to deal with issues raised with them by members of the public, to work with local resident and community groups, providing leadership and guidance to assist

communities and deal with matters of interest to them. The Chair referred to a range of examples of how this could happen including parish council meetings, resident association meetings and ward surgeries. As Councillors were elected by the people of Hartlepool, ultimately they would be the judge of the worth of Members.

During the debate that followed the response, reference was made to comments made at the last meeting regarding Members' attendance. A number of concerns were expressed regarding both attendances of individual Members and in relation to attendance of ward councillors with reference to a recent Planning Committee meeting. Subsequent debate took place regarding issues relating to that Planning Committee meeting. Explanations were provided in relation to attendance/non attendance at meetings and following intervention by the Chief Solicitor a Member retracted comments made earlier in the debate replacing his reference to a 'lie' with 'untrue'.

3. From Councillor Brash to Chair of Finance and Policy Committee

“Can the Chair of Finance and Policy Committee briefly explain how HBC appraises its staff?”

The Chair of Finance and Policy Committee responded that Council had an appraisal scheme that applied to all council employees, with the exception of teachers (who have their own separate scheme) and those employed for less than 12 months in any one period of continuous service. The scheme was based on a competency framework designed to develop individuals and improve performance, the framework was relevant to all areas of the Council and comprised of a number of core competencies which were applied to every employee, in addition there were further competencies that were selected based on their relevance to a particular role. The Chair added that in order to ensure that all employees were afforded the opportunity of participating in the appraisal process, a condensed version of the scheme had also been developed. The condensed version was based on the principles of the standard version however, it could only be applied to posts, identified by departments where assessment was required solely against the core competencies, this tended, though not exclusively to operate in former blue collar areas.

The Appraisal Scheme required appraisals to be undertaken on an annual basis and followed up by a 6 monthly review. Some areas of the Council do monitor completion rates for appraisal. This was not monitored corporately in terms of implementation but was a recognised part of management and staff development arrangements.

Following the response, Councillor Brash advised that he had no issue with the appraisal scheme. Reference was made to debate earlier in the meeting regarding the 'worth' of Elected Members and it was highlighted that those Elected Members did not have an appraisal.

Motion moved by Councillor Brash and seconded by Councillor Thompson:-

“That the principal of introducing a formal Appraisal Scheme for Elected Members be endorsed.”

The Chair of Finance and Policy Committee highlighted that a Member Development Programme had been adopted by Council. Clarification was sought on how an Elected Member appraisal scheme would be undertaken. In response Councillor Brash advised that he accepted a report would be required and that the motion he had moved related to the principle of introducing a scheme for Members.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the motion.

Those in favour:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Atkinson, Barday, Beck, Brash, Clark, Cook, Cranney, Dawkins, Fleet, Gibbon, Griffin, Hall, Jackson, James, Lauderdale, Lilley, Loynes, Martin-Wells, Payne, Richardson, Riddle, Robinson, Simmons, Springer, Thomas and Thompson

Those against:

Councillor Simmons.

Those abstaining:

None.

The vote was carried.

- c) Questions on notice to the Council representatives on the Police and Crime Panel and Cleveland Fire Authority

None

- d) Minutes of the meetings held by the Cleveland Fire Authority and the Police and Crime Panel

None

147. BUSINESS REQUIRED BY STATUTE

None

148. ANNOUNCEMENTS

None

149. 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

150. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES

None

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

None

152. REPORT FROM THE POLICY COMMITTEES

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

1. Formal Council Tax Setting 2015/2016 – Incorporation of Fire Authority, Office of the Police and Crime Commissioner and Parish Council Precepts

Councillor Ainslie apologised to Council and advised that he should perhaps declare an interest in this item as Chair of Headland Parish Council.

Councillor Thomas declared an interest as a member of Headland Parish Council.

The report enabled Council to set the overall level of Council Tax following the notification by precepting Authorities of their Council Tax levels for 2015/2016. Members were advised 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. In order to ensure that there was clear accountability for decisions made by Precepting Authorities, Members were advised that the Council Tax bills for Hartlepool residents would clearly show that Hartlepool Council had frozen its own tax and would show the relevant percentage increases for the Fire Authority and the Office of the Police and Crime Commissioner approved by these organisations as follows:

- i) The decision by the Fire Authority on 13th February 2015 to approve a 1.9% Council Tax increase for 2015/16;
- ii) The decision of the Office of the Police and Crime Commissioner on 6th February 2015 to approve a 1.988% Council Tax increase for 2015/16

The Table included in the report illustrated the statutory Council Tax calculations, incorporating the 2015/16 Council Tax levels approved by the Council, the Office of the Police and Crime Commissioner and Cleveland Fire Authority, which this Council was required to approve as a Billing Authority:

Council was requested to

- i) Note the respective responsibilities of Precepting Authorities and Billing Authorities detailed in paragraph 2.1; and
- ii) As the Billing Authority for the area to approve the statutory calculations detailed in Appendix A, which include the Council Tax and precepts set by the Office of the Police and Crime Commissioner, Cleveland Fire Authority and Parish Councils.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the motion.

Those in favour:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Atkinson, Barday, Beck, Brash, Clark, Cook, Cranney, Dawkins, Fleet, Gibbon, Griffin, Hall, Jackson, James, Lauderdale, Lilley, Loynes, Martin-Wells, Payne, Richardson, Riddle, Robinson, Simmons, Springer, Thomas and Thompson

Those against:

None.

Those abstaining:

None.

The vote was carried and the recommendations of the Finance and Policy Committee were approved and adopted.

Reference was made to Rule 10 of the Council Procedure Rules. A Member sought the approval of Council to extend the duration of the meeting until 9.45 p.m. if required.

A vote was taken.

The vote was lost.

It was highlighted by the Ceremonial Mayor that in accordance with Council Procedure Rules the meeting would last until 9.30 p.m. at the latest.

Councillor Thompson requested that his belief that the outcome of the vote taken in relation to the duration of the meeting was an attempt to stifle debate

be recorded in the minutes of the meeting.

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

None

153. MOTIONS ON NOTICE

The following Motion had been submitted:-

“In the interests of promoting democracy, Putting Hartlepool First propose a referendum on the issue of a forming a combined authority with Darlington, Middlesbrough, Stockton and Redcar and Cleveland.”

Signed: Councillors Riddle, Atkinson, Gibbon, Lilley and Dawkins.

The Motion was moved by Councillor Riddle and seconded by Councillor Thompson.

The mover of the Motion outlined the rationale for submission of the Motion in terms of promotion of democracy. Support of the Motion was expressed and the principles and purpose of a referendum were highlighted. It was suggested that there was the opportunity to have a combined referendum on the formation of a combined authority and on the North Tees and Hartlepool NHS Foundation Trust as debated earlier in the meeting.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the Motion.

Those in favour:

Councillors Atkinson, Brash, Dawkins, Gibbon, Lauderdale, Lilley, Loynes, Riddle, Springer and Thompson

Those against:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Clark, Cook, Cranney, Fleet, Griffin, Hall, Jackson, James, Martin-Wells, Payne, Richardson, Robinson, Simmons and Thomas

Those abstaining:

None.

The vote was lost.

The meeting concluded at 9.15 p.m.

CEREMONIAL MAYOR

SECTION B

Detailed Revenue Budgets by Department

STATEMENT OF GENERAL FUND REQUIREMENTS FOR 2015/16

2014/15 BUDGET		2015/2016 BUDGET
£m.		£m.
	<u>DEPARTMENTAL REQUIREMENTS</u>	
50.178	Child & Adult Services Department	47.886
3.993	Chief Executives Department	4.179
1.544	Rent Allowances/C.Tax benefit not subsidised	1.583
(1.309)	Rent Allowances Grant	(1.342)
1.189	Public Health Department	1.083
21.970	Regen & Neighbourhoods	20.563
77.565	TOTAL DEPARTMENTAL REQUIREMENTS	73.952
2.844	Property Budgets	2.790
	<u>EXTERNAL REQUIREMENTS</u>	
0.212	Magistrates, Probation and Coroners Court	0.187
0.025	North Eastern Sea Fisheries Levy	0.026
0.074	Flood Defence Levy	0.071
0.113	Discretionary NNDR Relief	0.000
	<u>CORPORATE COMMITMENTS</u>	
3.274	I.T.	2.919
0.000	Free Swims	0.030
0.172	Audit Fees	0.166
6.084	Centralised Estimates	5.311
0.254	Insurances	0.260
0.046	Designated Authority Costs	0.047
0.452	Pensions	0.464
0.274	Members Allowances	0.281
0.000	Living Wage	0.150
0.072	Emergency Planning	0.069
0.026	Parish Precepts	0.027
0.280	Pressure from loss of funding for academies programme	0.050
(0.327)	Shopping Centre	(0.335)
(0.100)	Income from Lease BHH	0.000
0.030	Modern Apprentices funded from Chief Executive - Pension and Increments	0.000
0.488	Increase in CTB costs arising from planned Council Tax increase/demand and lower grant	0.312
(0.250)	Pensions Employers Saving	(0.250)
0.000	Terms & Conditions	(0.273)
0.000	Holiday Pay	0.190
0.000	Discretionary Transport Saving & Contribution from School	0.000
0.000	Contribution to Reserve - Reduction in Baseline from Appeals	0.586
0.000	Reduction in April 2015 pay award	(0.100)
0.000	Uncommitted Resources	0.016
91.608	GROSS BASE BUDGET REQUIREMENT	86.946
0%	Council Tax Percentage Increase	0%
38.260	Formula Grant	30.132
18.066	Retained Business Rates	19.229
31.071	Council Tax	31.635
0.022	Council Tax - Precept Income	0.022
0.260	Collection Fund Surplus/(deficit)	0.291
2.215	Specific Grants	3.770
1.714	Use of Budget Support Fund / Risk Reserves	1.867
91.608	BUDGET LIMIT	86.946
0.000	DEFICIT/(SURPLUS)	0.000
0.000	Less Cumulative cuts in previous years	0.000
0.000	New Annual Savings	0.000

CHILD & ADULT SERVICES
DETAILED REVENUE BUDGETS 2015/2016

2015/2016 BUDGET - CHILD AND ADULT SERVICES SUMMARY

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2015/2016 (2+3+4+5+6+7+8)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Child							
164	Access to Education	170	(20)	0	0	102	(102)	150
761	Central Support Services	108	0	0	0	0	0	108
11,953	Children & Families	12,139	(713)	42	(28)	500	(500)	11,440
5,262	Early Intervention Grant	5,494	(881)	7	(21)	0	0	4,599
10	Information, Sharing and Assessment	10	(10)	0	0	0	0	0
533	Other School Related Expenditure	545	(8)	0	0	0	0	537
(4)	Play & Care	4	0	0	0	0	0	4
193	Raising Educational Achievement	195	(8)	0	0	111	(111)	187
221	Special Educational Needs	267	(42)	80	(80)	0	0	225
171	Strategic Management	302	(107)	0	0	0	0	195
355	Youth Offending	372	0	0	0	0	0	372
0	Dedicated Schools Grant - Early Years Block	0	0	0	0	0	0	0
0	Dedicated Schools Grant - Schools Block	0	0	0	0	30	(30)	0
0	Dedicated Schools Grant - High Needs Block	0	0	0	0	0	0	0
19,619	Sub-Total Child	19,606	(1,789)	129	(129)	743	(743)	17,817
	Adult							
47	Carers & Assistive Technology	48	(48)	0	0	33	(33)	0
3,843	Commissioning - Adults	4,106	(544)	4	(24)	0	0	3,542
1,263	Commissioning - Mental Health	1,272	(76)	0	0	270	(270)	1,196
9,886	Commissioning - Older People	10,158	0	28	(8)	0	0	10,178
7,674	Commissioning - Working Age Adults	7,887	(41)	0	0	0	0	7,846
215	Complaints, Investigations & Public Information	189	(3)	0	0	30	(30)	186
1,144	Departmental Running Costs	1,154	0	0	0	0	0	1,154
1,167	Direct Care & Support Team	907	(63)	0	0	0	0	844
376	Learning Disability & Transition Social Work Teams	380	0	0	0	0	0	380
2,595	Locality & Safeguarding Social Work Teams	2,678	(139)	0	0	0	0	2,539
634	Mental Health Services	643	0	0	0	0	0	643
363	Occupational Therapy Services & Disability Equipment	370	(160)	0	0	0	0	210
148	Workforce Planning & Development	181	0	0	0	0	0	181
1,204	Working Age Adults Day Services	1,170	0	0	0	0	0	1,170
30,559	Sub-Total Adult	31,143	(1,074)	32	(32)	333	(333)	30,069
50,178	Net Budget Requirement	50,749	(2,863)	161	(161)	1,076	(1,076)	47,886

2015/2016 BUDGET - SERVICE UNIT: ACCESS TO EDUCATION

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Buildings and School Places						
79	Direct costs - Employees	80	0	0	0	0	80
14	- Other	18	(5)	0	0	102	115
93	Total Direct Cost	98	(5)	0	0	102	195
32	Support Recharges	30	(15)	0	0	0	15
0	Income	0	0	0	0	0	0
125	Gross Budget Requirement	128	(20)	0	0	102	210
	Attendance and Behaviour						
290	Direct costs - Employees	293	0	0	0	0	293
27	- Other	27	0	0	0	0	27
317	Total Direct Cost	320	0	0	0	0	320
0	Support Recharges	31	0	0	0	0	31
(278)	Income	(309)	0	0	0	0	(309)
39	Gross Budget Requirement	42	0	0	0	0	42
164	Total Gross Budget Requirement	170	(20)	0	0	102	252
0	Use Of Departmental Reserves	0				(102)	(102)
164	Net Budget Requirement	170	(20)	0	0	0	150

Corporate Budget Reductions

This relates to the reduced feasibility costs for capital schemes

2015/2016 BUDGET - SERVICE UNIT: CENTRAL SUPPORT SERVICES

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
0	Central Support Services						
0	Direct costs - Employees						0
0	- Other						0
0	Total Direct Cost	0	0	0	0	0	0
1,114	Support Recharges	461					461
(353)	Income	(353)					(353)
761	Gross Budget Requirement	108	0	0	0	0	108
	Use Of Departmental Reserves					0	0
761	Net Budget Requirement	108	0	0	0	0	108

2015/2016 BUDGET - SERVICE UNIT: CHILDREN & FAMILIES

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Children & Families						
5,362	Direct costs - Employees	5,532	(113)	42	(28)	243	5,676
7,123	- Other	7,306	(450)	0	0	257	7,113
12,485	Total Direct Cost	12,838	(563)	42	(28)	500	12,789
111	Support Recharges	114	0	0	0	0	114
(643)	Income	(813)	(150)	0	0	0	(963)
11,953	Gross Budget Requirement	12,139	(713)	42	(28)	500	11,940
0	Use Of Departmental Reserves	0				(500)	(500)
11,953	Net Budget Requirement	12,139	(713)	42	(28)	0	11,440

Corporate Budget Reductions

These relate to a planned reduction in the number of looked after children through the remodelling of early help and intervention services and children's social care with a focus on demand reduction leading to fewer children in care and greater integration with Public Health.

In addition, changes to service provision have resulted in a reduction in staffing arising from a combination of deletion of vacant posts, ER/VR's and some compulsory redundancies across early intervention services.

Departmental Budget Pressures

This relates to creation of a new Social Worker post funded from existing vacant hours and inflationary savings within early intervention services.

Departmental Budget Reductions to Fund Pressures

This relates to deletion of a vacant post.

One Off Costs Funded from Department Reserves

These relate to the Troubled Families Programme, Adoption Reform Grant and use of the Social Care and Early Intervention reserve to fund additional Social Work requirements.

2015/2016 BUDGET - SERVICE UNIT: EARLY INTERVENTION SERVICES

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Early Intervention Services</u>						
3,527	Direct costs - Employees	3,552	(337)	0	(5)	0	3,210
1,863	- Other	2,082	(50)	2	(11)	0	2,023
5,390	Total Direct Cost	5,634	(387)	2	(16)	0	5,233
1	Support Recharges	1	0	0	0	0	1
(129)	Income	(141)	(494)	5	(5)	0	(635)
5,262	Gross Budget Requirement	5,494	(881)	7	(21)	0	4,599
0	Use Of Departmental Reserves						0
5,262	Net Budget Requirement	5,494	(881)	7	(21)	0	4,599

Corporate Budget Reductions

These relate to a combination of greater integration of Early Help and intervention services across social care, education and public health incorporating those children with complex needs, changes to service provision resulting in a reduction in staffing arising from a combination of deletion of vacant posts, ER/VR's and some compulsory redundancies across early intervention services and some contract savings within the Activities and Mentoring contracts.

2015/2016 BUDGET - SERVICE UNIT: INFORMATION SHARING & ASSESSMENT

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Information Sharing & Assessment</u>						
0	Direct costs - Employees	0	0	0	0	0	0
10	- Other	10	(10)	0	0	0	0
10	Total Direct Cost	10	(10)	0	0	0	0
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
10	Gross Budget Requirement	10	(10)	0	0	0	0
0	Use Of Departmental Reserves						0
10	Net Budget Requirement	10	(10)	0	0	0	0

Corporate Budget Reductions

Deletion of a residual budget currently held to support the development of the Children's Trust plan and in relation to the former Children's Services grant.

2015/2016 BUDGET - SERVICE UNIT: OTHER SCHOOL RELATED EXPENDITURE

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Other School Related Expenditure</u>						
206	Direct costs - Employees	209	(8)	0	0	0	201
937	- Other	1,492	0	0	0	0	1,492
1,143	Total Direct Cost	1,701	(8)	0	0	0	1,693
0	Support Recharges	0	0	0	0	0	0
(610)	Income	(1,156)	0	0	0	0	(1,156)
533	Gross Budget Requirement	545	(8)	0	0	0	537
0	Use Of Departmental Reserves						0
533	Net Budget Requirement	545	(8)	0	0	0	537

Corporate Budget Reductions

On going pension savings have been achieved

2015/2016 BUDGET - SERVICE UNIT: PLAY & CARE

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Play & Care</u>						
102	Direct costs - Employees	109	0	0	(5)	0	104
26	- Other	27	0	0	0	0	27
128	Total Direct Cost	136	0	0	(5)	0	131
0	Support Recharges	0	0	0	0	0	0
(132)	Income	(132)	0	5	0	0	(127)
(4)	Gross Budget Requirement	4	0	5	(5)	0	4
0	Use Of Departmental Reserves						0
(4)	Net Budget Requirement	4	0	5	(5)	0	4

2015/2016 BUDGET - SERVICE UNIT: RAISING EDUCATIONAL ACHIEVEMENT

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Raising Educational Achievement</u>						
493	Direct costs - Employees	524		2		81	607
346	- Other	388		10			398
839	Total Direct Cost	912	0	12	0	81	1,005
11	Support Recharges	8	(8)				0
(657)	Income	(725)			(12)	30	(707)
193	Gross Budget Requirement	195	(8)	12	(12)	111	298
193	Total Gross Budget Requirement	195	(8)	12	(12)	111	298
0	Use Of Departmental Reserves					(111)	(111)
193	Net Budget Requirement	195	(8)	12	(12)	0	187

Corporate Budget Reductions

Permanent savings in respect of running costs

One off costs Funded from Department Reserves

Temporary costs to support School Improvement provision in Hartlepool, funded from reserves

2015/2016 BUDGET - SERVICE UNIT: SPECIAL EDUCATIONAL NEEDS

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Special Educational Needs</u>						
727	Direct costs - Employees	779	(42)	54	0	0	791
32	- Other	39	0	26	0	0	65
759	Total Direct Cost	818	(42)	80	0	0	856
6	Support Recharges	15	0	0	0	0	15
(544)	Income	(566)	0	0	(80)	0	(646)
221	Gross Budget Requirement	267	(42)	80	(80)	0	225
0	Use Of Departmental Reserves						0
221	Net Budget Requirement	267	(42)	80	(80)	0	225

Corporate Budget Reductions

Savings achieved from the deletion of a long term vacant post

Department Budget Reductions to Fund Pressures

Additional budget required to support the delivery of increased demand for Educational Psychology services, which is off set by income generation

One Off Costs Funded from Department Reserves

2015/2016 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Strategic Management						
329	Direct costs - Employees	483	0	0	0	0	483
58	- Other	50	0	0	0	0	50
387	Total Direct Cost	533	0	0	0	0	533
0	Support Recharges	0	0	0	0	0	0
(216)	Income	(231)	(107)	0	0	0	(338)
171	Gross Budget Requirement	302	(107)	0	0	0	195
0	Use Of Departmental Reserves						0
171	Net Budget Requirement	302	(107)	0	0	0	195

Corporate Budget Reductions

2015/2016 BUDGET - SERVICE UNIT: YOUTH OFFENDING

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Youth Offending						
675	Direct costs - Employees	693	0	0	0	0	693
204	- Other	203	0	12	(12)	0	203
879	Total Direct Cost	896	0	12	(12)	0	896
0	Support Recharges	0	0	0	0	0	0
(524)	Income	(524)	0	0	0	0	(524)
355	Gross Budget Requirement	372	0	12	(12)	0	372
0	Use Of Departmental Reserves						0
355	Net Budget Requirement	372	0	12	(12)	0	372

2015/2016 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - EARLY YEARS BLOCK

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Dedicated Schools Grant - Early Years Block						
2,395	ISB	2,202					2,202
85	Direct costs - Employees	86					86
2,323	- Other	2,096					2,096
4,803	Total Direct Cost	4,384	0	0	0	0	4,384
100	Support Recharges	0					0
(4,903)	Income	(4,384)					(4,384)
0	Gross Budget Requirement	0	0	0	0	0	0
0	Use Of Departmental Reserves						0
0	Net Budget Requirement	0	0	0	0	0	0

The budgets shown are indicative at this stage until funding the early years census information is confirmed in June 2015

2015/2016 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - SCHOOLS BLOCK

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Dedicated Schools Grant - Schools Block						
52,618	ISB	35,624					35,624
408	Direct costs - Employees	408			(65)		343
1,200	- Other	1,101		6	(27)	30	1,110
54,226	Total Direct Cost	37,133	0	6	(92)	30	37,077
571	Support Recharges	571					571
(54,794)	Income	(37,701)		86			(37,615)
3	Gross Budget Requirement	3	0	92	(92)	30	33
(3)	Use Of Departmental Reserves	(3)				(30)	(33)
0	Net Budget Requirement	0	0	92	(92)	0	0

The funding received in respect of the schools block is net of funding for Academies. The adjustments reflect the change in operation of the Space to Learn Facility

2015/2016 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - HIGH NEEDS BLOCK

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Dedicated Schools Grant - High Needs Block						
1,292	ISB	1,192	0	0	0	0	1,192
435	Direct costs - Employees	590	0	0	0	0	590
6,242	- Other	6,594	0	0	0	0	6,594
7,969	Total Direct Cost	8,376	0	0	0	0	8,376
490	Support Recharges	555	0	0	0	0	555
(8,459)	Income	(8,931)	0	0	0	0	(8,931)
0	Gross Budget Requirement	0	0	0	0	0	0
0	Use Of Departmental Reserves						0
0	Net Budget Requirement	0	0	0	0	0	0

2015/2016 BUDGET - SERVICE UNIT: CARERS AND ASSISTIVE TECHNOLOGY

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	<u>Carers and Assistive Technology</u>						
47	Direct costs - Employees	48	(48)	0	0	0	0
35	- Other	35	0	5	0	33	73
82	Total Direct Cost	83	(48)	5	0	33	73
0	Support Recharges	0	0	0	0	0	0
(35)	Income	(35)	0	0	(5)	0	(40)
47	Gross Budget Requirement	48	(48)	5	(5)	33	33
	Use Of Departmental Reserves					(33)	(33)
47	Net Budget Requirement	48	(48)	5	(5)	0	0

Corporate Budget Reductions

This relates to an ER/VR post deletion.

One off costs funded from dept reserves

This relates to continued support of carers services.

2015/2016 BUDGET - SERVICE UNIT: COMMISSIONING - ADULTS

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	<u>Commissioning - Adults</u>						
1,818	Direct costs - Employees	1,838	(61)	4	0	0	1,781
2,970	- Other	3,500	(104)	0	(20)	0	3,376
4,788	Total Direct Cost	5,338	(165)	4	(20)	0	5,157
230	Support Recharges	225	(25)	0	(4)	0	196
(1,175)	Income	(1,457)	(354)	0	0	0	(1,811)
3,843	Gross Budget Requirement	4,106	(544)	4	(24)	0	3,542
0	Use Of Departmental Reserves						0
3,843	Net Budget Requirement	4,106	(544)	4	(24)	0	3,542

Corporate Budget Reductions

These mainly relate to an ER/VR, not applying an inflationary increase to various contracts and greater integration between health and social care.

Departmental Budget Reductions to Fund Pressures

These relate to reductions across various supplies and services budgets.

2015/2016 BUDGET - SERVICE UNIT: COMMISSIONING - MENTAL HEALTH

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	<u>Commissioning - Mental Health</u>						
24	Direct costs - Employees	24	0	0	0	85	109
2,027	- Other	2,025	(1)	0	0	185	2,209
2,051	Total Direct Cost	2,049	(1)	0	0	270	2,318
0	Support Recharges	0	0	0	0	0	0
(788)	Income	(777)	(75)	0	0	0	(852)
1,263	Gross Budget Requirement	1,272	(76)	0	0	270	1,466
	Use Of Departmental Reserves					(270)	(270)
1,263	Net Budget Requirement	1,272	(76)	0	0	0	1,196

Corporate Budget Reductions

These relate to services being provided through greater integration between health and social care.

One off costs funded from dept reserves

This relates to the Deprivation of Liberty Safeguards budget pressure to be funded from reserves in 2015/16.

2015/2016 BUDGET - SERVICE UNIT: COMMISSIONING - OLDER PEOPLE

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Commissioning - Older People						
0	Direct costs - Employees	0	0	0	0	0	0
20,033	- Other	20,535	0	28	(8)	0	20,555
20,033	Total Direct Cost	20,535	0	28	(8)	0	20,555
0	Support Recharges	0	0	0	0	0	0
(10,147)	Income	(10,377)	0	0	0	0	(10,377)
9,886	Gross Budget Requirement	10,158	0	28	(8)	0	10,178
	Use Of Departmental Reserves						0
9,886	Net Budget Requirement	10,158	0	28	(8)	0	10,178

2015/2016 BUDGET - SERVICE UNIT: COMMISSIONING - WORKING AGE ADULTS

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Commissioning - Working Age Adults						
0	Direct costs - Employees	0	0	0	0	0	0
10,990	- Other	11,286	(41)	9	0	0	11,254
10,990	Total Direct Cost	11,286	(41)	9	0	0	11,254
0	Support Recharges	0	0	0	0	0	0
(3,316)	Income	(3,399)	0	0	(9)	0	(3,408)
7,674	Gross Budget Requirement	7,887	(41)	9	(9)	0	7,846
0	Use Of Departmental Reserves						0
7,674	Net Budget Requirement	7,887	(41)	9	(9)	0	7,846

Corporate Budget Reductions

These relate to services being provided through greater integration between health and social care.

2015/2016 BUDGET - SERVICE UNIT: COMPLAINTS, INVESTIGATIONS & PUBLIC INFORMATION

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Complaints, Investigations & Public Information						
110	Direct costs - Employees	111	0	0	0	30	141
164	- Other	168	(3)	0	0	0	165
274	Total Direct Cost	279	(3)	0	0	30	306
0	Support Recharges	0	0	0	0	0	0
(59)	Income	(90)	0	0	0	0	(90)
215	Gross Budget Requirement	189	(3)	0	0	30	216
	Use Of Departmental Reserves					(30)	(30)
215	Net Budget Requirement	189	(3)	0	0	0	186

One off costs funded from dept reserves

This relates to a temporary post funded from the Better Care Fund reserve.

2015/2016 BUDGET - SERVICE UNIT: DEPARTMENTAL RUNNING COSTS

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Departmental Running Costs						
974	Direct costs - Employees	984	0	1	(3)	0	982
164	- Other	164	0	2	0	0	166
1,138	Total Direct Cost	1,148	0	3	(3)	0	1,148
6	Support Recharges	6	0	0	0	0	6
0	Income	0	0	0	0	0	0
1,144	Gross Budget Requirement	1,154	0	3	(3)	0	1,154
	Use Of Departmental Reserves						0
1,144	Net Budget Requirement	1,154	0	3	(3)	0	1,154

2015/2016 BUDGET - SERVICE UNIT: DIRECT CARE & SUPPORT TEAM

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Direct Care & Support Team						
1,083	Direct costs - Employees	1,094	0	0	0	0	1,094
154	- Other	156	0	0	0	0	156
1,237	Total Direct Cost	1,250	0	0	0	0	1,250
0	Support Recharges	0	0	0	0	0	0
(70)	Income	(343)	(63)	0	0	0	(406)
1,167	Gross Budget Requirement	907	(63)	0	0	0	844
	Use Of Departmental Reserves						0
1,167	Net Budget Requirement	907	(63)	0	0	0	844

Corporate Budget Reductions

These relate to services being provided through greater integration between health and social care.

2015/2016 BUDGET - SERVICE UNIT: LEARNING DISABILITY & TRANSITIONS SOCIAL WORK TEAMS

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Learning Disability & Transitions Social Work Teams						
368	Direct costs - Employees	372	0	0	0	0	372
8	- Other	8	0	0	0	0	8
376	Total Direct Cost	380	0	0	0	0	380
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
376	Gross Budget Requirement	380	0	0	0	0	380
	Use Of Departmental Reserves						0
376	Net Budget Requirement	380	0	0	0	0	380

2015/2016 BUDGET - SERVICE UNIT: LOCALITY & SAFEGUARDING SOCIAL WORK TEAMS

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Locality & Safeguarding Social Work Teams						
2,794	Direct costs - Employees	2,868	0	2	(2)	0	2,868
89	- Other	119	0	1	(1)	0	119
2,883	Total Direct Cost	2,987	0	3	(3)	0	2,987
0	Support Recharges	0	0	0	0	0	0
(288)	Income	(309)	(139)	0	0	0	(448)
2,595	Gross Budget Requirement	2,678	(139)	3	(3)	0	2,539
	Use Of Departmental Reserves						0
2,595	Net Budget Requirement	2,678	(139)	3	(3)	0	2,539

Corporate Budget Reductions

These relate to services being provided through greater integration between health and social care.

2015/2016 BUDGET - SERVICE UNIT: MENTAL HEALTH SERVICES

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Mental Health Services						
525	Direct costs - Employees	531	0	0	0	0	531
109	- Other	112	0	0	0	0	112
634	Total Direct Cost	643	0	0	0	0	643
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
634	Gross Budget Requirement	643	0	0	0	0	643
	Use Of Departmental Reserves						0
634	Net Budget Requirement	643	0	0	0	0	643

2015/2016 BUDGET - SERVICE UNIT: OCCUPATIONAL THERAPY SERVICES & DISABILITY EQUIPMENT

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Occupational Therapy Services & Disability Equipment						
0	Direct costs - Employees	0	0	0	0	0	0
485	- Other	492	0	0	0	0	492
485	Total Direct Cost	492	0	0	0	0	492
0	Support Recharges	0	0	0	0	0	0
(122)	Income	(122)	(160)	0	0	0	(282)
363	Gross Budget Requirement	370	(160)	0	0	0	210
	Use Of Departmental Reserves						0
363	Net Budget Requirement	370	(160)	0	0	0	210

Corporate Budget Reductions

These relate to services being provided through greater integration between health and social care.

2015/2016 BUDGET - SERVICE UNIT: WORKFORCE PLANNING & DEVELOPMENT

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Workforce Planning & Development</u>						
139	Direct costs - Employees	142	0	0	0	0	142
50	- Other	51	0	0	0	0	51
189	Total Direct Cost	193	0	0	0	0	193
0	Support Recharges	0	0	0	0	0	0
(41)	Income	(12)	0	0	0	0	(12)
148	Gross Budget Requirement	181	0	0	0	0	181
0	Use Of Departmental Reserves						0
148	Net Budget Requirement	181	0	0	0	0	181

2015/2016 BUDGET - SERVICE UNIT: WORKING AGE ADULTS DAY SERVICES

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Working Age Adults Day Services</u>						
884	Direct costs - Employees	818	0	0	0	0	818
410	- Other	412	0	0	0	0	412
1,294	Total Direct Cost	1,230	0	0	0	0	1,230
0	Support Recharges	7	0	0	0	0	7
(90)	Income	(67)	0	0	0	0	(67)
1,204	Gross Budget Requirement	1,170	0	0	0	0	1,170
0	Use Of Departmental Reserves						0
1,204	Net Budget Requirement	1,170	0	0	0	0	1,170

**CHIEF EXECUTIVE'S
DETAILED REVENUE BUDGETS 2015/2016**

2015/2016 BUDGET - CHIEF EXECUTIVES SUMMARY

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2015/2016 (2+3+4+5+6+7+8)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
(546)	Benefits	(529)	0	52	(52)	0	0	(505)
(1,499)	Central Administration Recharges	(859)	0	0	0	0	0	(859)
1,059	Corporate Finance	1,062	(110)	0	0	0	0	952
725	Corporate Strategy & Public Consultation	734	(75)	0	0	43	(43)	659
182	Council Tax & Housing Benefits	182	0	0	0	0	0	182
967	Customer and Support Services	965	(93)	0	0	0	0	872
189	Democratic	193	(7)	0	0	0	0	186
98	Fraud	99	0	0	0	0	0	99
526	Human Resources & Health and Safety	529	(75)	0	0	0	0	454
227	Internal Audit	230	0	0	0	0	0	230
466	Legal Services	467	(43)	0	0	0	0	424
189	Municipal Elections and Registration of Electors	192	0	0	0	0	0	192
(77)	Other Office Services	(79)	0	0	0	0	0	(79)
81	Public Relations	80	0	0	0	0	0	80
(102)	Registration Services	(104)	0	0	0	0	0	(104)
910	Revenues	918	(60)	0	0	0	0	858
(383)	Revenue & Benefits Central	(398)	0	24	(24)	0	0	(422)
657	Shared Services	658	(30)	0	0	19	(19)	628
89	Scrutiny Function	89	(22)	0	0	0	0	67
115	Support to Members	119	0	0	0	0	0	119
17	Training & Equality	18	0	0	0	0	0	18
338	Corporate Management Running Expenses	369	0	0	0	0	0	369
4,228	Net Budget Requirement	4,935	(515)	76	(76)	62	(62)	4,420

2015/2016 BUDGET - SERVICE UNIT: BENEFITS

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Benefits						
739	Direct costs - Employees	747	0	0	(52)	0	695
38	- Other	38	0	0	0	0	38
777	Total Direct Cost	785	0	0	(52)	0	733
0	Support Recharges	0	0	0	0	0	0
(1,323)	Income	(1,314)	0	76	0	0	(1,238)
(546)	Gross Budget Requirement	(529)	0	76	(52)	0	(505)
0	Use Of Departmental Reserves						0
(546)	Net Budget Requirement	(529)	0	76	(52)	0	(505)

Departmental Budget Pressures

The pressure relates to the reduction in the Housing Benefit Subsidy Administration Grant.

Departmental Budget Reductions to Fund Pressures

Deletion of vacant posts within the Benefits Section.

2015/2016 BUDGET - SERVICE UNIT: CENTRAL ADMINISTRATION RECHARGES

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Central Administration Recharges						
0	Direct costs - Employees	0	0	0	0	0	0
0	- Other	0	0	0	0	0	0
0	Total Direct Cost	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0
(1,499)	Income	(859)	0	0	0	0	(859)
(1,499)	Gross Budget Requirement	(859)	0	0	0	0	(859)
0	Use Of Departmental Reserves						0
(1,499)	Net Budget Requirement	(859)	0	0	0	0	(859)

2015/2016 BUDGET - SERVICE UNIT: CORPORATE FINANCE

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Corporate Finance						
1,472	Direct costs - Employees	1,488	(61)	0	0	0	1,427
97	- Other	96	0	0	0	0	96
1,569	Total Direct Cost	1,584	(61)	0	0	0	1,523
0	Support Recharges	0	0	0	0	0	0
(510)	Income	(522)	(49)	0	0	0	(571)
1,059	Gross Budget Requirement	1,062	(110)	0	0	0	952
0	Use Of Departmental Reserves						0
1,059	Net Budget Requirement	1,062	(110)	0	0	0	952

Corporate Budget Reductions

Deletion of vacant posts within the Corporate Finance Section and increased income generation.

2015/2016 BUDGET - SERVICE UNIT: CORPORATE STRATEGY & PUBLIC CONSULTATION

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Corporate Strategy & Public Consultation</u>						
708	Direct costs - Employees	719	(75)	0	0	0	644
26	- Other	25	0	0	0	43	68
734	Total Direct Cost	744	(75)	0	0	43	712
0	Support Recharges	0	0	0	0	0	0
(9)	Income	(10)	0	0	0	0	(10)
725	Gross Budget Requirement	734	(75)	0	0	43	702
0	Use Of Departmental Reserves					(43)	(43)
725	Net Budget Requirement	734	(75)	0	0	0	659

Budget Reductions

The reduction relates to savings from a restructure within the Corporate ICT and Public Consultation Sections.

One off costs Funded from Department Reserves

To fund enhancements of current ICT systems and the rationalisation of systems to achieve savings.

2015/2016 BUDGET - SERVICE UNIT: COUNCIL TAX & HOUSING BENEFITS

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Council Tax & Housing Benefits</u>						
0	Direct costs - Employees	0	0	0	0	0	0
48,539	- Other	48,539	0	0	0	0	48,539
48,539	Total Direct Cost	48,539	0	0	0	0	48,539
0	Support Recharges	0	0	0	0	0	0
(48,357)	Income	(48,357)	0	0	0	0	(48,357)
182	Gross Budget Requirement	182	0	0	0	0	182
0	Use Of Departmental Reserves						0
182	Net Budget Requirement	182	0	0	0	0	182

2015/2016 BUDGET - SERVICE UNIT: CUSTOMER/SUPPORT SERVICES

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Customer/Support Services</u>						
859	Direct costs - Employees	858	(70)	0	0	0	788
110	- Other	109	0	0	0	0	109
969	Total Direct Cost	967	(70)	0	0	0	897
0	Support Recharges	0	0	0	0	0	0
(2)	Income	(2)	(23)	0	0	0	(25)
967	Gross Budget Requirement	965	(93)	0	0	0	872
0	Use Of Departmental Reserves						0
967	Net Budget Requirement	965	(93)	0	0	0	872

Budget Reductions

Savings resulting from a restructure within the Customer and Support Services Sections and additional income generation.

2015/2016 BUDGET - SERVICE UNIT: DEMOCRATIC SERVICES

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Democratic Services						
170	Direct costs - Employees	174	(7)	0	0	0	167
20	- Other	20	0	0	0	0	20
190	Total Direct Cost	194	(7)	0	0	0	187
0	Support Recharges	0	0	0	0	0	0
(1)	Income	(1)	0	0	0	0	(1)
189	Gross Budget Requirement	193	(7)	0	0	0	186
0	Use Of Departmental Reserves						0
189	Net Budget Requirement	193	(7)	0	0	0	186

Budget Reductions

The reduction relates to reduced working hours within the Democratic Service Section.

2015/2016 BUDGET - SERVICE UNIT: FRAUD

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Fraud						
89	Direct costs - Employees	90	0	0	0	0	90
9	- Other	9	0	0	0	0	9
98	Total Direct Cost	99	0	0	0	0	99
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
98	Gross Budget Requirement	99	0	0	0	0	99
0	Use Of Departmental Reserves						0
98	Net Budget Requirement	99	0	0	0	0	99

2015/2016 BUDGET - SERVICE UNIT: HUMAN RESOURCES & HEALTH AND SAFETY

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Human Resources & Health and Safety						
780	Direct costs - Employees	790	(75)	0	0	0	715
12	- Other	11	0	0	0	0	11
792	Total Direct Cost	801	(75)	0	0	0	726
0	Support Recharges	0	0	0	0	0	0
(266)	Income	(272)	0	0	0	0	(272)
526	Gross Budget Requirement	529	(75)	0	0	0	454
0	Use Of Departmental Reserves						0
526	Net Budget Requirement	529	(75)	0	0	0	454

Budget Reductions

Savings resulting from a restructure within the Human Resources and Health and Safety Sections.

2015/2016 BUDGET - SERVICE UNIT: INTERNAL AUDIT

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Internal Audit						
242	Direct costs - Employees	245	0	0	0	0	245
15	- Other	15	0	0	0	0	15
257	Total Direct Cost	260	0	0	0	0	260
0	Support Recharges	0	0	0	0	0	0
(30)	Income	(30)	0	0	0	0	(30)
227	Gross Budget Requirement	230	0	0	0	0	230
0	Use Of Departmental Reserves						0
227	Net Budget Requirement	230	0	0	0	0	230

2015/2016 BUDGET - SERVICE UNIT: LEGAL SERVICES

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Legal Services						
556	Direct costs - Employees	561	(36)	0	0	0	525
37	- Other	37	0	0	0	0	37
593	Total Direct Cost	598	(36)	0	0	0	562
0	Support Recharges	0	0	0	0	0	0
(127)	Income	(131)	(7)	0	0	0	(138)
466	Gross Budget Requirement	467	(43)	0	0	0	424
0	Use Of Departmental Reserves						0
466	Net Budget Requirement	467	(43)	0	0	0	424

Budget Reductions

The reduction relates to staffing changes within the Legal Section.

2015/2016 BUDGET - SERVICE UNIT: MUNICIPAL ELECTIONS AND REGISTRATION OF ELECTORS

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Municipal Elections and Registration of Electors						
128	Direct costs - Employees	131	0	0	0	0	131
62	- Other	63	0	0	0	0	63
190	Total Direct Cost	194	0	0	0	0	194
0	Support Recharges	0	0	0	0	0	0
(1)	Income	(2)	0	0	0	0	(2)
189	Gross Budget Requirement	192	0	0	0	0	192
0	Use Of Departmental Reserves						0
189	Net Budget Requirement	192	0	0	0	0	192

2015/2016 BUDGET - SERVICE UNIT: OTHER OFFICE SERVICES

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Other Office Services						
54	Direct costs - Employees	55	0	0	0	0	55
0	- Other	0	0	0	0	0	0
54	Total Direct Cost	55	0	0	0	0	55
7	Support Recharges	7	0	0	0	0	7
(138)	Income	(141)	0	0	0	0	(141)
(77)	Gross Budget Requirement	(79)	0	0	0	0	(79)
0	Use Of Departmental Reserves						0
(77)	Net Budget Requirement	(79)	0	0	0	0	(79)

2015/2016 BUDGET - SERVICE UNIT: PUBLIC RELATIONS

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Public Relations						
148	Direct costs - Employees	149	0	0	0	0	149
67	- Other	68	0	0	0	0	68
215	Total Direct Cost	217	0	0	0	0	217
0	Support Recharges	0	0	0	0	0	0
(134)	Income	(137)	0	0	0	0	(137)
81	Gross Budget Requirement	80	0	0	0	0	80
0	Use Of Departmental Reserves						0
81	Net Budget Requirement	80	0	0	0	0	80

2015/2016 BUDGET - SERVICE UNIT: REGISTRATION SERVICES

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Registration Services						
15	Direct costs - Employees	16	0	0	0	0	16
9	- Other	9	0	0	0	0	9
24	Total Direct Cost	25	0	0	0	0	25
0	Support Recharges	0	0	0	0	0	0
(126)	Income	(129)	0	0	0	0	(129)
(102)	Gross Budget Requirement	(104)	0	0	0	0	(104)
0	Use Of Departmental Reserves						0
(102)	Net Budget Requirement	(104)	0	0	0	0	(104)

2015/2016 BUDGET - SERVICE UNIT: REVENUES

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Revenues						
747	Direct costs - Employees	755	(60)	0	0	0	695
181	- Other	181	0	0	0	0	181
928	Total Direct Cost	936	(60)	0	0	0	876
14	Support Recharges	14	0	0	0	0	14
(32)	Income	(32)	0	0	0	0	(32)
910	Gross Budget Requirement	918	(60)	0	0	0	858
0	Use Of Departmental Reserves						0
910	Net Budget Requirement	918	(60)	0	0	0	858

Budget Reductions

The reduction relates to savings from a restructure within the Revenues Section.

2015/2016 BUDGET - SERVICE UNIT: REVENUE & BENEFITS CENTRAL

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Revenue & Benefits Central						
228	Direct costs - Employees	229	0	0	0	0	229
131	- Other	131	0	0	0	0	131
359	Total Direct Cost	360	0	0	0	0	360
0	Support Recharges	0	0	0	0	0	0
(742)	Income	(758)	0	0	(24)	0	(782)
(383)	Gross Budget Requirement	(398)	0	0	(24)	0	(422)
0	Use Of Departmental Reserves						0
(383)	Net Budget Requirement	(398)	0	0	(24)	0	(422)

Departmental Budget Reductions to Fund Pressures

Increased income from Court Costs. This has been used to partly fund the reduction in the Housing Benefit Subsidy Administration Grant.

2015/2016 BUDGET - SERVICE UNIT: SHARED SERVICES

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Shared Services						
888	Direct costs - Employees	899	(15)	0	0	0	884
179	- Other	180	0	0	0	19	199
1,067	Total Direct Cost	1,079	(15)	0	0	19	1,083
0	Support Recharges	0	0	0	0	0	0
(410)	Income	(421)	(15)	0	0	0	(436)
657	Gross Budget Requirement	658	(30)	0	0	19	647
0	Use Of Departmental Reserves					(19)	(19)
657	Net Budget Requirement	658	(30)	0	0	0	628

Budget Reductions

Deletion of a vacant post in the Shared Services Section and additional income generation.

One off costs Funded from Department Reserves

To fund IT projects integral to Corporate IT changes.

2015/2016 BUDGET - SERVICE UNIT: SCRUTINY FUNCTION

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Scrutiny Function						
87	Direct costs - Employees	88	0	0	0	0	88
2	- Other	1	0	0	0	0	1
89	Total Direct Cost	89	0	0	0	0	89
0	Support Recharges	0	0	0	0	0	0
0	Income	0	(22)	0	0	0	(22)
89	Gross Budget Requirement	89	(22)	0	0	0	67
0	Use Of Departmental Reserves					0	0
89	Net Budget Requirement	89	(22)	0	0	0	67

Budget Reductions

Increased income generated from Public Health.

2015/2016 BUDGET - SERVICE UNIT: SUPPORT TO MEMBERS

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Support to Members						
65	Direct costs - Employees	68	0	0	0	0	68
50	- Other	51	0	0	0	0	51
115	Total Direct Cost	119	0	0	0	0	119
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
115	Gross Budget Requirement	119	0	0	0	0	119
0	Use Of Departmental Reserves						0
115	Net Budget Requirement	119	0	0	0	0	119

2015/2016 BUDGET - SERVICE UNIT: TRAINING & EQUALITY

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Training & Equality						
3	Direct costs - Employees	3	0	0	0	0	3
14	- Other	15	0	0	0	0	15
17	Total Direct Cost	18	0	0	0	0	18
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
17	Gross Budget Requirement	18	0	0	0	0	18
0	Use Of Departmental Reserves						0
17	Net Budget Requirement	18	0	0	0	0	18

2015/2016 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 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Victoria Park</u>						
0	Direct costs - Employees	0	0	0	0	0	0
0	- Other	0	0	0	0	0	0
0	Total Direct Cost	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0
(19)	Income	(19)	0	0	0	0	(19)
(19)	Gross Budget Requirement A	(19)	0	0	0	0	(19)
	<u>Corporate Management Running Expenses</u>						
234	Direct costs - Employees	262	0	0	0	0	262
11	- Other	11	0	0	0	0	11
245	Total Direct Cost	273	0	0	0	0	273
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
245	Gross Budget Requirement B	273	0	0	0	0	273
	<u>Trade Union Representative</u>						
0	Direct costs - Employees	0	0	0	0	0	0
44	- Other	45	0	0	0	0	45
44	Total Direct Cost	45	0	0	0	0	45
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
44	Gross Budget Requirement C	45	0	0	0	0	45
	<u>Central Council Expenses</u>						
0	Direct costs - Employees	0	0	0	0	0	0
73	- Other	75	0	0	0	0	75
73	Total Direct Cost	75	0	0	0	0	75
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
73	Gross Budget Requirement D	75	0	0	0	0	75
	<u>Smallholdings</u>						
0	Direct costs - Employees	0	0	0	0	0	0
0	- Other	0	0	0	0	0	0
0	Total Direct Cost	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0
(5)	Income	(5)	0	0	0	0	(5)
(5)	Gross Budget Requirement E	(5)	0	0	0	0	(5)
338	Gross Budget Requirement of (A) to (E)	369	0	0	0	0	369
0	Use Of Departmental Reserves						
338	Net Budget Requirement	369	0	0	0	0	369

PUBLIC HEALTH
DETAILED REVENUE BUDGETS 2015/2016

2015/2016 BUDGET - PUBLIC HEALTH SUMMARY

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2015/2016 (2+3+4+5+6+7+8)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
Public Health (funded from ringfenced grant)								
806	Children's Public Health	1,021	0	0	0	0	0	1,021
50	Health Protection	50	0	0	0	0	0	50
1,338	Misc Public Health Services	1,282	0	0	0	0	0	1,282
128	NHS Health Programme	71	0	0	0	0	0	71
266	Obesity	180	0	0	0	0	0	180
170	Physical Activity	290	0	0	0	0	0	290
815	Prescribing	815	0	0	0	0	0	815
(7,744)	Public Health Advice	(7,726)	0	0	0	0	0	(7,726)
722	Sexual Health	800	0	0	0	0	0	800
496	Smoking & Tobacco	459	0	0	0	0	0	459
2,953	Substance Misuse	2,758	0	0	0	0	0	2,758
0	Public Health Ringfenced Grant Subtotal	0	0	0	0	0	0	0
Public Health (funded from General Fund)								
614	Consumer Services	686	(17)	0	0	0	0	669
2	Environmental Protection	2	0	0	0	0	0	2
(87)	Environmental Standards	(86)	0	0	0	0	0	(86)
660	Sport & Recreation	648	(150)	0	0	0	0	498
1,189	Public Health General Fund Subtotal	1,250	(167)	0	0	0	0	1,083
1,189	Net Budget Requirement	1,250	(167)	0	0	0	0	1,083

2015/2016 BUDGET - PUBLIC HEALTH SUMMARY

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Children's Public Health</u>						
0	Direct costs - Employees	0	0	0	0	0	0
828	- Other	1,782	0	0	0	0	1,782
828	Total Direct Cost	1,782	0	0	0	0	1,782
0	Support Recharges	0	0	0	0	0	0
(22)	Income	(761)	0	0	0	0	(761)
806	Gross Budget Requirement	1,021	0	0	0	0	1,021
0	Use Of Departmental Reserves	0	0	0	0	0	0
806	Net Budget Requirement	1,021	0	0	0	0	1,021

2015/2016 BUDGET - SERVICE UNIT: HEALTH PROTECTION

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Health Protection</u>						
0	Direct costs - Employees	0	0	0	0	0	0
50	- Other	50	0	0	0	0	50
50	Total Direct Cost	50	0	0	0	0	50
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
50	Gross Budget Requirement	50	0	0	0	0	50
0	Use Of Departmental Reserves	0	0	0	0	0	0
50	Net Budget Requirement	50	0	0	0	0	50

2015/2016 BUDGET - SERVICE UNIT: GENERAL PUBLIC HEALTH SERVICES

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>General Public Health Services</u>						
44	Direct costs - Employees	48	0	0	0	0	48
1,294	- Other	1,234	0	0	0	0	1,234
1,338	Total Direct Cost	1,282	0	0	0	0	1,282
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
1,338	Gross Budget Requirement	1,282	0	0	0	0	1,282
0	Use Of Departmental Reserves	0	0	0	0	0	0
1,338	Net Budget Requirement	1,282	0	0	0	0	1,282

2015/2016 BUDGET - PUBLIC HEALTH SUMMARY

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	NHS Health Check Programme						
0	Direct costs - Employees	0	0	0	0	0	0
128	- Other	71	0	0	0	0	71
128	Total Direct Cost	71	0	0	0	0	71
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
128	Gross Budget Requirement	71	0	0	0	0	71
0	Use Of Departmental Reserves	0	0	0	0	0	0
128	Net Budget Requirement	71	0	0	0	0	71

2015/2016 BUDGET - SERVICE UNIT: OBESITY

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Obesity						
0	Direct costs - Employees	0	0	0	0	0	0
266	- Other	180	0	0	0	0	180
266	Total Direct Cost	180	0	0	0	0	180
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
266	Gross Budget Requirement	180	0	0	0	0	180
0	Use Of Departmental Reserves	0	0	0	0	0	0
266	Net Budget Requirement	180	0	0	0	0	180

2015/2016 BUDGET - SERVICE UNIT: PHYSICAL ACTIVITY

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Physical Activity						
0	Direct costs - Employees	0	0	0	0	0	0
170	- Other	290	0	0	0	0	290
170	Total Direct Cost	290	0	0	0	0	290
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
170	Gross Budget Requirement	290	0	0	0	0	290
0	Use Of Departmental Reserves	0	0	0	0	0	0
170	Net Budget Requirement	290	0	0	0	0	290

2015/2016 BUDGET - PUBLIC HEALTH SUMMARY

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Prescribing</u>						
0	Direct costs - Employees	0	0	0	0	0	0
815	- Other	815	0	0	0	0	815
815	Total Direct Cost	815	0	0	0	0	815
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
815	Gross Budget Requirement	815	0	0	0	0	815
0	Use Of Departmental Reserves	0	0	0	0	0	0
815	Net Budget Requirement	815	0	0	0	0	815

2015/2016 BUDGET - SERVICE UNIT: PUBLIC HEALTH ADVICE

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Public Health Advice</u>						
448	Direct costs - Employees	411	0	0	0	0	411
336	- Other	348	0	0	0	0	348
784	Total Direct Cost	759	0	0	0	0	759
0	Support Recharges	0	0	0	0	0	0
(8,528)	Income	(8,485)	0	0	0	0	(8,485)
(7,744)	Gross Budget Requirement	(7,726)	0	0	0	0	(7,726)
0	Use Of Departmental Reserves	0	0	0	0	0	0
(7,744)	Net Budget Requirement	(7,726)	0	0	0	0	(7,726)

2015/2016 BUDGET - SERVICE UNIT: SEXUAL HEALTH

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Sexual Health</u>						
0	Direct costs - Employees	0	0	0	0	0	0
722	- Other	800	0	0	0	0	800
722	Total Direct Cost	800	0	0	0	0	800
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
722	Gross Budget Requirement	800	0	0	0	0	800
0	Use Of Departmental Reserves	0	0	0	0	0	0
722	Net Budget Requirement	800	0	0	0	0	800

2015/2016 BUDGET - PUBLIC HEALTH SUMMARY

Approved Budget 2013/2014 2014/2015 (1) £'000	Service Unit	Budget Projection 2014/2015 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5 +6+7) (7) £'000
	Smoking & Tobacco						
0	Direct costs - Employees	0	0	0	0	0	0
496	- Other	459	0	0	0	0	459
496	Total Direct Cost	459	0	0	0	0	459
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
496	Gross Budget Requirement	459	0	0	0	0	459
0	Use Of Departmental Reserves	0	0	0	0	0	0
496	Net Budget Requirement	459	0	0	0	0	459

2015/2016 BUDGET - SERVICE UNIT: SUBSTANCE MISUSE

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5 +6+7) (7) £'000
	Substance Misuse						
288	Direct costs - Employees	303	0	0	0	0	303
2,665	- Other	2,455	0	0	0	0	2,455
2,953	Total Direct Cost	2,758	0	0	0	0	2,758
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
2,953	Gross Budget Requirement	2,758	0	0	0	0	2,758
0	Use Of Departmental Reserves	0	0	0	0	0	0
2,953	Net Budget Requirement	2,758	0	0	0	0	2,758

2015/2016 BUDGET - PUBLIC HEALTH SUMMARY

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	<u>Consumer Services</u>						
805	Direct costs - Employees	932	0	0	0	0	932
119	- Other	89	(17)	0	0	0	72
924	Total Direct Cost	1,021	(17)	0	0	0	1,004
48	Support Recharges	47	0	0	0	0	47
(358)	Income	(382)	0	0	0	0	(382)
614	Gross Budget Requirement	686	(17)	0	0	0	669
0	Use Of Departmental Reserves	0	0	0	0	0	0
614	Net Budget Requirement	686	(17)	0	0	0	669

Budget Reductions

Savings relate to a reduction in services provided externally.

2015/2016 BUDGET - SERVICE UNIT: ENVIRONMENTAL PROTECTION

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	<u>Environmental Protection</u>						
0	Direct costs - Employees	0	0	0	0	0	0
26	- Other	26	0	0	0	0	26
26	Total Direct Cost	26	0	0	0	0	26
9	Support Recharges	10	0	0	0	0	10
(33)	Income	(34)	0	0	0	0	(34)
2	Gross Budget Requirement	2	0	0	0	0	2
0	Use Of Departmental Reserves	0	0	0	0	0	0
2	Net Budget Requirement	2	0	0	0	0	2

2015/2016 BUDGET - SERVICE UNIT: ENVIRONMENTAL STANDARDS

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	<u>Environmental Standards</u>						
0	Direct costs - Employees	0	0	0	0	0	0
23	- Other	7	0	0	0	0	7
23	Total Direct Cost	7	0	0	0	0	7
0	Support Recharges	0	0	0	0	0	0
(110)	Income	(93)	0	0	0	0	(93)
(87)	Gross Budget Requirement	(86)	0	0	0	0	(86)
0	Use Of Departmental Reserves	0	0	0	0	0	0
(87)	Net Budget Requirement	(86)	0	0	0	0	(86)

2015/2016 BUDGET - SERVICE UNIT: SPORT & RECREATION

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	<u>Sport & Recreation</u>						
1,727	Direct costs - Employees	1,733	(1)	0	0	0	1,732
548	- Other	491	(20)	0	0	0	471
2,275	Total Direct Cost	2,224	(21)	0	0	0	2,203
8	Support Recharges	8	0	0	0	0	8
(1,623)	Income	(1,584)	(129)	0	0	0	(1,713)
660	Gross Budget Requirement	648	(150)	0	0	0	498
0	Use Of Departmental Reserves	0	0	0	0	0	0
660	Net Budget Requirement	648	(150)	0	0	0	498

Budget Reductions

Savings relate to additional income generation and a small reduction in non employee running costs.

REGENERATION & NEIGHBOURHOODS
DETAILED REVENUE BUDGETS 2015/2016

2015/2016 BUDGET - REGENERATION AND NEIGHBOURHOODS SUMMARY

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2015/2016 (2+3+4+5+6+7+8)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
22	Archaeology	20	0	0	0	0	0	20
461	Asset Management	469	(50)	0	0	0	0	419
(730)	BDM - Building Design & Management	(763)	(50)	0	0	0	0	(813)
(25)	Building Control	(25)	0	0	0	0	0	(25)
(105)	Building Maintenance	(104)	0	0	0	0	0	(104)
84	CADCAM	87	(87)	0	0	0	0	0
(628)	Car Parking	(648)	0	115	(70)	0	0	(603)
89	Community Centres	90	(43)	0	0	0	0	47
1,280	Community Safety & Engagement	1,305	(210)	0	0	115	(115)	1,095
0	Council Housing	0	0	0	0	0	0	0
402	Cultural Services	401	(3)	0	0	0	0	398
843	Economic Regeneration	909	(51)	0	0	104	(104)	858
35	Economic Regeneration - External Funded	0	0	0	0	61	(61)	0
445	Engineering & Design	450	(50)	0	0	0	0	400
1,087	Facilities Management	1,127	(160)	0	0	0	0	967
32	General Allotments	33	0	0	0	0	0	33
1,837	Grounds Maintenance	1,883	(117)	50	(48)	0	0	1,768
1,379	Highway Maintenance	1,413	0	0	0	0	0	1,413
560	Highways Liability	560	0	0	0	0	0	560
(238)	Highways Trading	(238)	0	0	0	0	0	(238)
510	Highways Traffic & Transport Management	515	0	0	0	0	0	515
664	Housing Services	671	(85)	0	0	18	(18)	586
1,417	ITU Passenger Transport	1,417	0	0	0	0	0	1,417
213	ITU Road Safety	215	(90)	0	0	0	0	125
(50)	ITU Strategic Management	(52)	0	0	0	0	0	(52)
(34)	ITU Vehicle Fleet	(33)	(100)	0	0	0	0	(133)
1,187	Libraries	1,201	(149)	0	0	0	0	1,052
(98)	Logistics	(97)	0	0	0	0	0	(97)
(2)	NDORS	(1)	0	0	0	0	0	(1)
1,215	Network Infrastructure	1,245	0	0	0	0	0	1,245
337	Parks & Countryside	340	(141)	0	0	0	0	199
380	Planning Services	359	(50)	0	0	125	(125)	309
88	Procurement	88	0	0	0	0	0	88
(40)	Reprographics	(42)	0	0	0	0	0	(42)
(1)	Renaissance In The Regions	0	0	0	0	0	0	0

2015/2016 BUDGET - REGENERATION AND NEIGHBOURHOODS SUMMARY

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2015/2016 (2+3+4+5+6+7+8)
£'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
756	Strategic Management, Admin & Service Development	713	(115)	0	0	0	0	598
1,769	Street Cleansing	1,800	(121)	0	0	0	0	1,679
2,310	Sustainable Transport	2,370	0	0	0	0	0	2,370
0	Traffic Management	0	0	0	0	0	0	0
4,519	Waste & Environmental Services	4,615	(58)	0	(47)	0	0	4,510
21,970	Net Budget Requirement	22,293	(1,730)	165	(165)	423	(423)	20,563

2015/2016 BUDGET - SERVICE UNIT: ARCHAEOLOGY

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Archaeology						
90	Direct costs - Employees	92	0	0	0	0	92
22	- Other	10	0	0	0	0	10
112	Total Direct Cost	102	0	0	0	0	102
12	Support Recharges	12	0	0	0	0	12
(95)	Income	(94)	0	0	0	0	(94)
29	Gross Budget Requirement	20	0	0	0	0	20
(7)	Use Of Departmental Reserves	0	0	0	0	0	0
22	Net Budget Requirement	20	0	0	0	0	20

2015/2016 BUDGET - SERVICE UNIT: ASSET MANAGEMENT

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Asset Management						
211	Direct costs - Employees	252	0	0	0	0	252
40	- Other	40	0	0	0	0	40
251	Total Direct Cost	292	0	0	0	0	292
483	Support Recharges	495	(50)	0	0	0	445
(273)	Income	(318)	0	0	0	0	(318)
461	Gross Budget Requirement	469	(50)	0	0	0	419
0	Use Of Departmental Reserves	0	0	0	0	0	0
461	Net Budget Requirement	469	(50)	0	0	0	419

Budget Reductions

Additional income from external fees (Asset Management).

2015/2016 BUDGET - SERVICE UNIT: BDM - BUILDING DESIGN & MANAGEMENT

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	BDM - Building Design & Management						
1,027	Direct costs - Employees	1,019	0	0	0	0	1,019
81	- Other	81	0	0	0	0	81
1,108	Total Direct Cost	1,100	0	0	0	0	1,100
	Support Recharges	0	0	0	0	0	0
(1,838)	Income	(1,863)	(50)	0	0	0	(1,913)
(730)	Gross Budget Requirement	(763)	(50)	0	0	0	(813)
0	Use Of Departmental Reserves	0	0	0	0	0	0
(730)	Net Budget Requirement	(763)	(50)	0	0	0	(813)

Budget Reductions

Additional income from external fees (Building Design and Management).

2015/2016 BUDGET - SERVICE UNIT: BUILDING CONTROL

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Building Control						
164	Direct costs - Employees	170	0	0	0	0	170
26	- Other	26	0	0	0	0	26
190	Total Direct Cost	196	0	0	0	0	196
12	Support Recharges	12	0	0	0	0	12
(227)	Income	(233)	0	0	0	0	(233)
(25)	Gross Budget Requirement	(25)	0	0	0	0	(25)
0	Use Of Departmental Reserves	0	0	0	0	0	0
(25)	Net Budget Requirement	(25)	0	0	0	0	(25)

2015/2016 BUDGET - SERVICE UNIT: BUILDING MAINTENANCE

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Building Maintenance						
1,129	Direct costs - Employees	1,129	0	0	0	0	1,129
3,015	- Other	3,014	0	0	0	0	3,014
4,144	Total Direct Cost	4,143	0	0	0	0	4,143
470	Support Recharges	470	0	0	0	0	470
(4,719)	Income	(4,717)	0	0	0	0	(4,717)
(105)	Gross Budget Requirement	(104)	0	0	0	0	(104)
0	Use Of Departmental Reserves	0	0	0	0	0	0
(105)	Net Budget Requirement	(104)	0	0	0	0	(104)

2014/2015 BUDGET - SERVICE UNIT: CADCAM

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	CADCAM						
0	Direct costs - Employees	0	0	0	0	0	0
123	- Other	87	(87)	0	0	0	0
123	Total Direct Cost	87	(87)	0	0	0	0
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
123	Gross Budget Requirement	87	(87)	0	0	0	0
(39)	Use Of Departmental Reserves	0	0	0	0	0	0
84	Net Budget Requirement	87	(87)	0	0	0	0

Budget Reductions

Reduction in property management costs associated with Aurora Court.

2015/2016 BUDGET - SERVICE UNIT: CAR PARKING

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Car Parking						
333	Direct costs - Employees	335	0	0	(70)	0	265
487	- Other	501	0	80	0	0	581
820	Total Direct Cost	836	0	80	(70)	0	846
14	Support Recharges	14	0	0	0	0	14
(1,462)	Income	(1,498)	0	35	0	0	(1,463)
(628)	Gross Budget Requirement	(648)	0	115	(70)	0	(603)
0	Use Of Departmental Reserves	0	0	0	0	0	0
(628)	Net Budget Requirement	(648)	0	115	(70)	0	(603)

Departmental Pressures/Reductions

Pressures include the increase applied to the car parking income budget to allow for inflation, whilst charges have not increased in 15/16, and an increase in running costs associated with rates and the Shopping Centre service charge. Savings have been identified to offset these additional costs which includes reducing the cost of enforcement.

2015/2016 BUDGET - SERVICE UNIT: COMMUNITY CENTRES

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Community Centres						
111	Direct costs - Employees	113	(30)	0	0	0	83
13	- Other	13	(8)	0	0	0	5
124	Total Direct Cost	126	(38)	0	0	0	88
0	Support Recharges	0	0	0	0	0	0
(35)	Income	(36)	(5)	0	0	0	(41)
89	Gross Budget Requirement	90	(43)	0	0	0	47
0	Use Of Departmental Reserves	0	0	0	0	0	0
89	Net Budget Requirement	90	(43)	0	0	0	47

Budget Reductions

Savings resulting from the restructure within Culture and Information and additional income generation.

2015/2016 BUDGET - SERVICE UNIT: COMMUNITY SAFETY & ENGAGEMENT

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Community Safety & Engagement						
628	Direct costs - Employees	636	(20)	0	0	0	616
1,078	- Other	801	(190)	0	0	115	726
1,706	Total Direct Cost	1,437	(210)	0	0	115	1,342
0	Support Recharges	0	0	0	0	0	0
(171)	Income	(132)	0	0	0	0	(132)
1,535	Gross Budget Requirement	1,305	(210)	0	0	115	1,210
(255)	Use Of Departmental Reserves	0	0	0	0	(115)	(115)
1,280	Net Budget Requirement	1,305	(210)	0	0	0	1,095

Budget Reductions

Review of Community Pool criteria and priorities (£110k).

Review of CCTV Service delivery including additional income generation (£50k).

Review of Neighbourhood Management support and Community Safety and Engagement commitments (£50k).

One Off Costs Funded from Department Reserves

Ward Member Budgets and Grants awarded from the Civic Lottery Reserve.

2015/2016 BUDGET - SERVICE UNIT: COUNCIL HOUSING

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Council Housing						
0	Direct costs - Employees	0	0	0	0	0	0
373	- Other	373	0	0	0	0	373
373	Total Direct Cost	373	0	0	0	0	373
15	Support Recharges	25	0	0	0	0	25
(388)	Income	(398)	0	0	0	0	(398)
0	Gross Budget Requirement	0	0	0	0	0	0
0	Use Of Departmental Reserves	0	0	0	0	0	0
0	Net Budget Requirement	0	0	0	0	0	0

2015/2016 BUDGET - SERVICE UNIT: CULTURAL SERVICES

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Cultural Services						
677	Direct costs - Employees	665	0	0	0	0	665
303	- Other	274	(3)	0	0	0	271
980	Total Direct Cost	939	(3)	0	0	0	936
0	Support Recharges	0	0	0	0	0	0
(531)	Income	(538)	0	0	0	0	(538)
449	Gross Budget Requirement	401	(3)	0	0	0	398
(47)	Use Of Departmental Reserves	0	0	0	0	0	0
402	Net Budget Requirement	401	(3)	0	0	0	398

Budget Reductions

Reductions to various supplies and service budgets across the service area.

2015/2016 BUDGET - SERVICE UNIT: ECONOMIC REGENERATION

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Economic Regeneration						
546	Direct costs - Employees	598	(21)	0	0	39	616
739	- Other	624	(30)	0	0	65	659
1,285	Total Direct Cost	1,222	(51)	0	0	104	1,275
1	Support Recharges	1	0	0	0	0	1
(307)	Income	(314)	0	0	0	0	(314)
979	Gross Budget Requirement	909	(51)	0	0	104	962
(136)	Use Of Departmental Reserves	0	0	0	0	(104)	(104)
843	Net Budget Requirement	909	(51)	0	0	0	858

Budget Reductions

Removal of vacant post and reconfiguration of services related to marketing.

One Off Costs Funded from Department Reserves

Use of a reserve created from a surplus on the Future Jobs Fund project used to support Business Grants in 15/16.

External Funding carried forward to fund staffing costs associated with Employment Schemes in 15/16.

2015/2016 BUDGET - SERVICE UNIT: ECONOMIC REGENERATION - EXTERNALLY FUNDED

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Economic Regeneration - Externally Funded						
98	Direct costs - Employees	38	0	0	0	61	99
611	- Other	8	0	0	0	0	8
709	Total Direct Cost	46	0	0	0	61	107
2	Support Recharges	0	0	0	0	0	0
(442)	Income	(46)	0	0	0	0	(46)
269	Gross Budget Requirement	0	0	0	0	61	61
(234)	Use Of Departmental Reserves	0	0	0	0	(61)	(61)
35	Net Budget Requirement	0	0	0	0	0	0

One Off Costs Funded from Department Reserves

External Funding carried forward to contribute towards Employment Schemes in 15/16.

2015/2016 BUDGET - SERVICE UNIT: ENGINEERING & DESIGN

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Engineering & Design						
290	Direct costs - Employees	314	0	0	0	0	314
663	- Other	561	0	0	0	0	561
953	Total Direct Cost	875	0	0	0	0	875
18	Support Recharges	19	0	0	0	0	19
(426)	Income	(444)	(50)	0	0	0	(494)
545	Gross Budget Requirement	450	(50)	0	0	0	400
(100)	Use Of Departmental Reserves	0	0	0	0	0	0
445	Net Budget Requirement	450	(50)	0	0	0	400

Budget Reductions

Additional income from external fees (Engineering Design and Management).

2015/2016 BUDGET - SERVICE UNIT: FACILITIES MANAGEMENT

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Facilities Management						
3,787	Direct costs - Employees	3,949	0	0	0	0	3,949
3,082	- Other	3,124	(70)	0	0	0	3,054
6,869	Total Direct Cost	7,073	(70)	0	0	0	7,003
348	Support Recharges	354	0	0	0	0	354
(6,130)	Income	(6,300)	(90)	0	0	0	(6,390)
1,087	Gross Budget Requirement	1,127	(160)	0	0	0	967
0	Use Of Departmental Reserves	0	0	0	0	0	0
1,087	Net Budget Requirement	1,127	(160)	0	0	0	967

Budget Reductions

Additional income relating to School Catering which reflects the increase in take up of School Meals.

Savings in Building Cleaning relate to additional income generation and savings on supplies and services spend across the division.

2015/2016 BUDGET - SERVICE UNIT: GENERAL ALLOTMENTS

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	General Allotments						
1	Direct costs - Employees	1	0	0	0	0	1
96	- Other	99	0	0	0	0	99
97	Total Direct Cost	100	0	0	0	0	100
0	Support Recharges	0	0	0	0	0	0
(65)	Income	(67)	0	0	0	0	(67)
32	Gross Budget Requirement	33	0	0	0	0	33
0	Use Of Departmental Reserves	0	0	0	0	0	0
32	Net Budget Requirement	33	0	0	0	0	33

2015/2016 BUDGET - SERVICE UNIT: GROUNDS MAINTENANCE

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Grounds Maintenance						
1,241	Direct costs - Employees	1,271	(117)	50	(48)	0	1,156
469	- Other	488	0	0	0	0	488
1,710	Total Direct Cost	1,759	(117)	50	(48)	0	1,644
560	Support Recharges	560	0	0	0	0	560
(433)	Income	(436)	0	0	0	0	(436)
1,837	Gross Budget Requirement	1,883	(117)	50	(48)	0	1,768
0	Use Of Departmental Reserves	0	0	0	0	0	0
1,837	Net Budget Requirement	1,883	(117)	50	(48)	0	1,768

Budget Reductions

Reduced staffing costs resulting from the reconfiguration of Street Care Operations. These include a reduction in Agency Staff and unscheduled overtime.

Departmental Pressures/Reductions

Pressures relate to additional maintenance requirements resulting from developments across the town. These have been funded by reducing costs elsewhere as part of the reconfiguration of Street Care Operations.

2015/2016 BUDGET - SERVICE UNIT: HIGHWAYS MAINTENANCE

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Highways Maintenance						
0	Direct costs - Employees	0	0	0	0	0	0
1,393	- Other	1,428	0	0	0	0	1,428
1,393	Total Direct Cost	1,428	0	0	0	0	1,428
0	Support Recharges	0	0	0	0	0	0
(14)	Income	(15)	0	0	0	0	(15)
1,379	Gross Budget Requirement	1,413	0	0	0	0	1,413
0	Use Of Departmental Reserves	0	0	0	0	0	0
1,379	Net Budget Requirement	1,413	0	0	0	0	1,413

2015/2016 BUDGET - SERVICE UNIT: HIGHWAYS LIABILITY

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Highways Liability						
0	Direct costs - Employees	0	0	0	0	0	0
560	- Other	560	0	0	0	0	560
560	Total Direct Cost	560	0	0	0	0	560
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
560	Gross Budget Requirement	560	0	0	0	0	560
0	Use Of Departmental Reserves	0	0	0	0	0	0
560	Net Budget Requirement	560	0	0	0	0	560

2015/2016 BUDGET - SERVICE UNIT: HIGHWAYS TRADING

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Highways Trading						
745	Direct costs - Employees	775	0	0	0	0	775
701	- Other	701	0	0	0	0	701
1,446	Total Direct Cost	1,476	0	0	0	0	1,476
717	Support Recharges	717	0	0	0	0	717
(2,401)	Income	(2,431)	0	0	0	0	(2,431)
(238)	Gross Budget Requirement	(238)	0	0	0	0	(238)
0	Use Of Departmental Reserves	0	0	0	0	0	0
(238)	Net Budget Requirement	(238)	0	0	0	0	(238)

2015/2016 BUDGET - SERVICE UNIT: HIGHWAYS TRAFFIC & TRANSPORT MANAGEMENT

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Highways Traffic & Transport Management						
512	Direct costs - Employees	501	0	0	0	0	501
21	- Other	30	0	0	0	0	30
533	Total Direct Cost	531	0	0	0	0	531
27	Support Recharges	27	0	0	0	0	27
(50)	Income	(43)	0	0	0	0	(43)
510	Gross Budget Requirement	515	0	0	0	0	515
0	Use Of Departmental Reserves	0	0	0	0	0	0
510	Net Budget Requirement	515	0	0	0	0	515

2015/2016 BUDGET - SERVICE UNIT: HOUSING SERVICES

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Housing Services						
900	Direct costs - Employees	916	0	0	0	0	916
300	- Other	243	(85)	0	0	18	176
1,200	Total Direct Cost	1,159	(85)	0	0	18	1,092
31	Support Recharges	54	0	0	0	0	54
(443)	Income	(542)	0	0	0	0	(542)
788	Gross Budget Requirement	671	(85)	0	0	18	604
(124)	Use Of Departmental Reserves	0	0	0	0	(18)	(18)
664	Net Budget Requirement	671	(85)	0	0	0	586

Budget Reductions

Savings relate to contracts delivered externally which have now been brought in house.

One Off Costs Funded from Department Reserves

The reserve relates to income generated in previous years which have been earmarked to fund staffing costs for schemes delivered over more than one year.

2015/2016 BUDGET - SERVICE UNIT: ITU PASSENGER TRANSPORT

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	ITU Passenger Transport						
814	Direct costs - Employees	824	0	0	0	0	824
1,230	- Other	1,229	0	0	0	0	1,229
2,044	Total Direct Cost	2,053	0	0	0	0	2,053
400	Support Recharges	401	0	0	0	0	401
(1,027)	Income	(1,037)	0	0	0	0	(1,037)
1,417	Gross Budget Requirement	1,417	0	0	0	0	1,417
0	Use Of Departmental Reserves	0	0	0	0	0	0
1,417	Net Budget Requirement	1,417	0	0	0	0	1,417

2015/2016 BUDGET - SERVICE UNIT: ITU ROAD SAFETY

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	ITU Road Safety						
228	Direct costs - Employees	223	(20)	0	0	0	203
174	- Other	2	0	0	0	0	2
402	Total Direct Cost	225	(20)	0	0	0	205
15	Support Recharges	0	0	0	0	0	0
(79)	Income	(10)	(70)	0	0	0	(80)
338	Gross Budget Requirement	215	(90)	0	0	0	125
(125)	Use Of Departmental Reserves	0	0	0	0	0	0
213	Net Budget Requirement	215	(90)	0	0	0	125

Budget Reductions

Additional income has been secured to fund Road Safety initiatives in 15/16.

2015/2016 BUDGET - SERVICE UNIT: ITU STRATEGIC MANAGEMENT

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5 +6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	ITU Strategic Management						
0	Direct costs - Employees	0	0	0	0	0	0
67	- Other	68	0	0	0	0	68
67	Total Direct Cost	68	0	0	0	0	68
0	Support Recharges	0	0	0	0	0	0
(117)	Income	(120)	0	0	0	0	(120)
(50)	Gross Budget Requirement	(52)	0	0	0	0	(52)
0	Use Of Departmental Reserves	0	0	0	0	0	0
(50)	Net Budget Requirement	(52)	0	0	0	0	(52)

2015/2016 BUDGET - SERVICE UNIT: ITU VEHICLE FLEET

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5 +6+7) (7) £'000
	ITU Vehicle Fleet						
411	Direct costs - Employees	427	0	0	0	0	427
3,147	- Other	3,092	(100)	0	0	0	2,992
3,558	Total Direct Cost	3,519	(100)	0	0	0	3,419
363	Support Recharges	363	0	0	0	0	363
(3,915)	Income	(3,915)	0	0	0	0	(3,915)
6	Gross Budget Requirement	(33)	(100)	0	0	0	(133)
(40)	Use Of Departmental Reserves	0	0	0	0	0	0
(34)	Net Budget Requirement	(33)	(100)	0	0	0	(133)

Budget Reductions

Relates to savings on vehicle running costs, including borrowing costs and repairs and maintenance.

2015/2016 BUDGET - SERVICE UNIT: LIBRARIES

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5 +6+7) (7) £'000
	Libraries						
875	Direct costs - Employees	889	(80)	0	0	0	809
330	- Other	325	(61)	0	0	0	264
1,205	Total Direct Cost	1,214	(141)	0	0	0	1,073
21	Support Recharges	29	(6)	0	0	0	23
(39)	Income	(42)	(2)	0	0	0	(44)
1,187	Gross Budget Requirement	1,201	(149)	0	0	0	1,052
0	Use Of Departmental Reserves	0	0	0	0	0	0
1,187	Net Budget Requirement	1,201	(149)	0	0	0	1,052

Budget Reductions

Savings relate to a management and operational restructure. Non staff savings relate to various operational budgets which have also been reduced across the service area.

2015/2016 BUDGET - SERVICE UNIT: LOGISTICS

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5 +6+7) (7) £'000
	Logistics						
207	Direct costs - Employees	207	0	0	0	0	207
626	- Other	633	0	0	0	0	633
833	Total Direct Cost	840	0	0	0	0	840
132	Support Recharges	132	0	0	0	0	132
(1,063)	Income	(1,069)	0	0	0	0	(1,069)
(98)	Gross Budget Requirement	(97)	0	0	0	0	(97)
0	Use Of Departmental Reserves	0	0	0	0	0	0
(98)	Net Budget Requirement	(97)	0	0	0	0	(97)

2015/2016 BUDGET - SERVICE UNIT: NDORS

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	NDORS						
34	Direct costs - Employees	34	0	0	0	0	34
1,214	- Other	1,215	0	0	0	0	1,215
1,248	Total Direct Cost	1,249	0	0	0	0	1,249
103	Support Recharges	103	0	0	0	0	103
(1,353)	Income	(1,353)	0	0	0	0	(1,353)
(2)	Gross Budget Requirement	(1)	0	0	0	0	(1)
0	Use Of Departmental Reserves	0	0	0	0	0	0
(2)	Net Budget Requirement	(1)	0	0	0	0	(1)

2015/2016 BUDGET - SERVICE UNIT: NETWORK INFRASTRUCTURE

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Network Infrastructure						
0	Direct costs - Employees	0	0	0	0	0	0
1,215	- Other	1,245	0	0	0	0	1,245
1,215	Total Direct Cost	1,245	0	0	0	0	1,245
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
1,215	Gross Budget Requirement	1,245	0	0	0	0	1,245
0	Use Of Departmental Reserves	0	0	0	0	0	0
1,215	Net Budget Requirement	1,245	0	0	0	0	1,245

2015/2016 BUDGET - SERVICE UNIT: PARKS & COUNTRYSIDE

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Parks & Countryside						
505	Direct costs - Employees	434	(88)	0	0	0	346
750	- Other	726	(23)	0	0	0	703
1,255	Total Direct Cost	1,160	(111)	0	0	0	1,049
9	Support Recharges	10	0	0	0	0	10
(927)	Income	(830)	(30)	0	0	0	(860)
337	Gross Budget Requirement	340	(141)	0	0	0	199
0	Use Of Departmental Reserves	0	0	0	0	0	0
337	Net Budget Requirement	340	(141)	0	0	0	199

Budget Reductions

Reduced staffing costs resulting from the reconfiguration of Street Care Operations, including the removal of vacant posts, a reduction in the use of Agency staff and unscheduled overtime

2015/2016 BUDGET - SERVICE UNIT: PLANNING SERVICES

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Planning Services						
749	Direct costs - Employees	808	(10)	0	0	0	798
230	- Other	80	(40)	0	0	125	165
979	Total Direct Cost	888	(50)	0	0	125	963
0	Support Recharges	0	0	0	0	0	0
(474)	Income	(529)	0	0	0	0	(529)
505	Gross Budget Requirement	359	(50)	0	0	125	434
(125)	Use Of Departmental Reserves	0	0	0	0	(125)	(125)
380	Net Budget Requirement	359	(50)	0	0	0	309

Budget Reductions

Savings relate to efficiencies that have been achieved as a result of merging the Building Control and Planning Services.

One Off Costs Funded from Department Reserves

One off funding relates to the Local Plan Review.

2015/2016 BUDGET - SERVICE UNIT: PROCUREMENT

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Procurement						
168	Direct costs - Employees	171	0	0	0	0	171
1	- Other	1	0	0	0	0	1
169	Total Direct Cost	172	0	0	0	0	172
0	Support Recharges	0	0	0	0	0	0
(81)	Income	(84)	0	0	0	0	(84)
88	Gross Budget Requirement	88	0	0	0	0	88
0	Use Of Departmental Reserves	0	0	0	0	0	0
88	Net Budget Requirement	88	0	0	0	0	88

2015/2016 BUDGET - SERVICE UNIT: REPROGRAPHICS

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5 +6+7) (7) £'000
	Reprographics						
78	Direct costs - Employees	79	0	0	0	0	79
231	- Other	237	0	0	0	0	237
309	Total Direct Cost	316	0	0	0	0	316
0	Support Recharges	0	0	0	0	0	0
(349)	Income	(358)	0	0	0	0	(358)
(40)	Gross Budget Requirement	(42)	0	0	0	0	(42)
0	Use Of Departmental Reserves	0	0	0	0	0	0
(40)	Net Budget Requirement	(42)	0	0	0	0	(42)

2015/2016 BUDGET - SERVICE UNIT: RENAISSANCE IN THE REGIONS

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5 +6+7) (7) £'000
	Renaissance In The Regions						
60	Direct costs - Employees	0	0	0	0	0	0
238	- Other	0	0	0	0	0	0
298	Total Direct Cost	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0
(299)	Income	0	0	0	0	0	0
(1)	Gross Budget Requirement	0	0	0	0	0	0
0	Use Of Departmental Reserves	0	0	0	0	0	0
(1)	Net Budget Requirement	0	0	0	0	0	0

2015/2016 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT, ADMIN & SERVICE DEVELOPMENT

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5 +6+7) (7) £'000
	Strategic Management, Admin & Service Development						
1,381	Direct costs - Employees	1,406	(75)	0	0	0	1,331
167	- Other	131	(18)	0	0	0	113
1,548	Total Direct Cost	1,537	(93)	0	0	0	1,444
513	Support Recharges	525	0	0	0	0	525
(1,305)	Income	(1,349)	(22)	0	0	0	(1,371)
756	Gross Budget Requirement	713	(115)	0	0	0	598
0	Use Of Departmental Reserves	0	0	0	0	0	0
756	Net Budget Requirement	713	(115)	0	0	0	598

Budget Reductions

Savings relate to a review of service provision across the reconfigured Department. Savings include the removal of vacant posts along with reductions to general supplies and services budgets e.g. postage and general office consumables.

2015/2016 BUDGET - SERVICE UNIT: STREET CLEANSING

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Street Cleansing						
942	Direct costs - Employees	951	(121)	0	0	0	830
223	- Other	228	0	0	0	0	228
1,165	Total Direct Cost	1,179	(121)	0	0	0	1,058
699	Support Recharges	719	0	0	0	0	719
(95)	Income	(98)	0	0	0	0	(98)
1,769	Gross Budget Requirement	1,800	(121)	0	0	0	1,679
0	Use Of Departmental Reserves	0	0	0	0	0	0
1,769	Net Budget Requirement	1,800	(121)	0	0	0	1,679

Budget Reductions

Reduced staffing costs resulting from the reconfiguration of Street Care Operations. These include a reduction in Agency Staff and unscheduled overtime.

2015/2016 BUDGET - SERVICE UNIT: SUSTAINABLE TRANSPORT

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Sustainable Transport						
0	Direct costs - Employees	0	0	0	0	0	0
2,310	- Other	2,370	0	0	0	0	2,370
2,310	Total Direct Cost	2,370	0	0	0	0	2,370
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
2,310	Gross Budget Requirement	2,370	0	0	0	0	2,370
0	Use Of Departmental Reserves	0	0	0	0	0	0
2,310	Net Budget Requirement	2,370	0	0	0	0	2,370

2015/2016 BUDGET - SERVICE UNIT: TRAFFIC MANAGEMENT

Approved Budget 2014/2015	Service Unit	Budget Projection 2015/2016	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2015/2016 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Traffic Management						
0	Direct costs - Employees	0	0	0	0	0	0
11	- Other	11	0	0	0	0	11
11	Total Direct Cost	11	0	0	0	0	11
0	Support Recharges	0	0	0	0	0	0
(11)	Income	(11)	0	0	0	0	(11)
0	Gross Budget Requirement	0	0	0	0	0	0
0	Use Of Departmental Reserves	0	0	0	0	0	0
0	Net Budget Requirement	0	0	0	0	0	0

2015/2016 BUDGET - SERVICE UNIT: WASTE & ENVIRONMENTAL SERVICES

Approved Budget 2014/2015 (1) £'000	Service Unit	Budget Projection 2015/2016 (2) £'000	Corporate Budget Reductions (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2015/2016 (2+3+4+5+6+7) (7) £'000
	Waste & Environmental Services						
1,366	Direct costs - Employees	1,426	(8)	0	(47)	0	1,371
2,805	- Other	2,863	(50)	0	0	0	2,813
4,171	Total Direct Cost	4,289	(58)	0	(47)	0	4,184
766	Support Recharges	788	0	0	0	0	788
(418)	Income	(462)	0	0	0	0	(462)
4,519	Gross Budget Requirement	4,615	(58)	0	(47)	0	4,510
0	Use Of Departmental Reserves	0	0	0	0	0	0
4,519	Net Budget Requirement	4,615	(58)	0	(47)	0	4,510

Budget Reductions

The Corporate Budget Reduction relates to the suspension of the garden waste collection service for a prescribed Winter period.

Departmental Budget Reduction relates to a review of the enforcement service to fund pressures in the Car Parking Service Area.

SECTION C

Treasury Management Strategy 2015/16

COUNCIL
5th February 2015



Report of: Chief Executive

Subject: BUSINESS REPORT (Extract)

1. PURPOSE OF REPORT

1.1 To enable the Council to approve the recommended Treasury Management Strategy for 2015/2016.

2. BACKGROUND

2.1 The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA Prudential Code and to set prudential indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

2.2 The Act therefore requires the Council to determine a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came into force on 1st April, 2004. This guidance recommends that all Local Authorities produce an Annual Investment Strategy that is approved by full Council, which is also included in this report.

2.3 The Council is required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to Council. This responsibility has been allocated to the Audit and Governance Committee.

2.4 The recommended Treasury Management Strategy was considered by the Audit and Governance Committee on the 11th December 2014 and this report is attached as Appendix 1.

2.5 The Audit and Governance Committee carefully scrutinised the proposed Treasury Management strategy and approved that the recommended strategy be referred to full Council.

2.6 At the time of the Audit and Governance Committee it was not possible to calculate supporting Prudential Indicators as this is reliant on Government Capital Allocations which had not been issued. However, as the Treasury Management Strategy outlines the key principles covering the operation of the Authority's borrowing and investment strategy the unavailability of this information did not prevent the Audit and Governance Committee from considering and scrutinising the proposed strategy.

2.8 Prudential indicators and other regulatory information have now been completed and are attached as Appendix 2 and cover the following:

- Prudential Indicators;
- Capital Expenditure and Financing Requirement
- Affordability Prudential Indicators
- Borrowing Prudential Indicators;
- Investment Prudential Indicators and Other Limits on Treasury Activity;

3. PROPOSALS

3.1 It is recommended that Members note the report and the recommendation from the Audit and Governance Committee to approve the following detailed recommendations for the 2015/16 Treasury Management Strategy and related issues;

3.2 **Borrowing Strategy 2015/16**

- i) **Core borrowing requirement** - Approve the adoption of Option 1 to delay long term borrowing until there is a significant increase in the base rate;
- ii) To note that in the event of a change in forecast interest rates the Chief Finance Officer may implement Option 2 to fund the borrowing requirement at fixed long term interest rates at an affordable level to protect the Authorities long term financial position;
- iii) **Borrowing required for business cases** – Approve the adoption of Option 2 to fixed interest rates for individual business cases.

3.3 **Investment Strategy 2015/16**

- iv) Approve the addition of Svenska Handelsbanken to the counterparty list with a counterparty limit of £1m and time limit of 3 months.
- v) Approve the addition of three Money Market Funds to the counterparty list, with a counterparty limit of £1m per fund, noting that funds will be liquid (i.e. instance access) therefore a time limit is not applicable.

vi) For existing counterparties, extend the time limits for investments to a maximum of 1 year.

3.5 **Minimum Revenue Provision (MRP) Statement**

vii) Approve the MRP statement outlined in paragraph 9.2 of Appendix 1.

3.4 **Prudential Indicators 2015/16**

viii) Approve the prudential indicators outlined in Appendix 2.

4. **BACKGROUND PAPERS**

None.

5. **CONTACT OFFICER**

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

AUDIT AND GOVERNANCE COMMITTEE

11th December 2014



Report of: Chief Finance Officer

Subject: TREASURY MANAGEMENT STRATEGY

1. PURPOSE OF REPORT

- 1.1 The purposes of the report are to:
- i. Provide a review of Treasury Management activity for 2013/14 including the 2013/14 outturn Prudential Indicators.
 - ii. Provide a mid-year update of the 2014/15 Treasury Management activity.
 - iii. Enable the Audit and Governance Committee to scrutinise the recommended 2015/16 Treasury Management Strategy before it is referred to the full Council for approval.

2. BACKGROUND

- 2.1 The Treasury Management Strategy covers the:
- the borrowing strategy relating to the Council's core borrowing requirement arising from historic capital expenditure funded from Prudential Borrowing;
 - the borrowing strategy for the use of Prudential Borrowing for approved capital investment business cases, for example LED streetlight replacement, housing schemes and the development of a new 'Centre for Independent Living' where loan repayment costs are funded from budget savings and / or increased income; and
 - the annual Investment strategy relating to the Council's cash flow.
- 2.2 The Treasury Management Strategy needs to ensure the loan repayment costs of historic capital expenditure do not exceed the available General Fund revenue budget, which has been reduced as part of the Medium Term Financial Strategy. Similarly, for specific business cases the Treasury Management Strategy needs to ensure loan repayment costs do not exceed the costs built into the business cases.
- 2.3 The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA (Chartered Institute of Public Finance and Accountancy) Prudential

Code and to set prudential indicators for the next three years to ensure capital investment plans are affordable, prudent and sustainable.

- 2.4 The Act therefore requires the Council to set out a 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.
- 2.5 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. Key elements of this report have also been referred to the Finance and Policy Committee for information owing to the linkages with the Medium Term Financial Strategy.
- 2.6 This report covers the following areas:
- Economic background and outlook for interest rates
 - Treasury management outturn position for 2013/14
 - Treasury Management Strategy 2014/15 mid-year review
 - Treasury Management Strategy 2015/16
 - Minimum Revenue Provision and Interest Cost and Other Regulatory Information 2015/16

3. ECONOMIC ENVIRONMENT AND OUTLOOK FOR INTEREST RATES

3.1 The Global Economy

3.2 **U.S.A. economy** – The Federal Reserve has continued monthly reductions in Quantitative Easing (QE) throughout 2014 and it was announced that QE had ended in October. The U.S.A faces similar debt problems to those of the UK, although the annual Government deficit has been halved from its peak without appearing to do too much damage to growth. However, weak labour force participation remains a key concern for the Federal Reserve as this will continue to depress sustainable consumer lead growth. Therefore, the Federal Reserve faces a similar dilemma to the Bank of England regarding the timing and scale of future interest rate increases.

3.3 **Eurozone economy** – continues to face the most challenging economic position owing to the increasing threat from weak or negative growth and deflation. Therefore, whilst concerns in financial markets for the Eurozone subsided during 2013, the sovereign debt difficulties (i.e. Government debt levels) have not gone away. Consequently, major issues could return for countries which have not addressed the fundamental issues of low growth, international uncompetitiveness and the need for economic reform. These factors mean that sovereign debt concerns have not disappeared, but have only been postponed. This situation is likely to lead to continuing weak or negative growth over the next few years within the Eurozone.

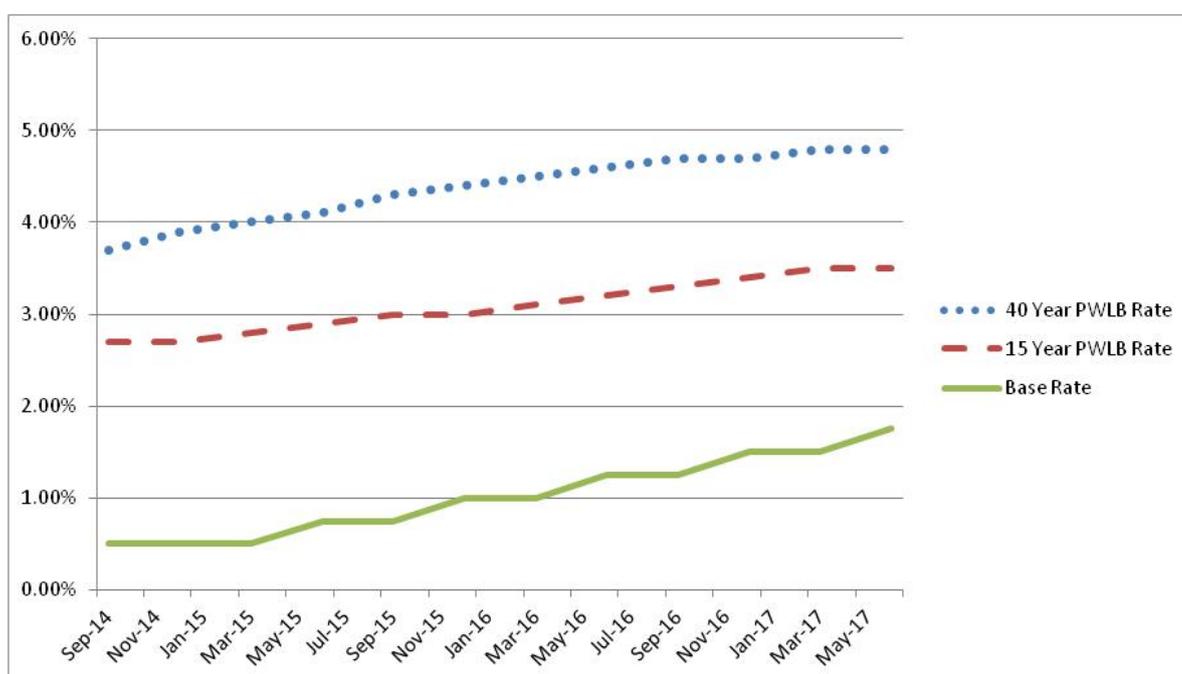
- 3.4 **China** – Government action in 2014 to stimulate the economy is not working as well as anticipated and the growth target of 7.5% is increasingly unlikely to be met. There are also concerns regarding the creditworthiness of bank lending to the corporate sector and Chinese local government during the post 2008 credit expansion period and the potential impact of a significant reduction in houses prices drawing nearer. These factors could reduce future Chinese growth, which would have a negative impact on other economies.
- 3.5 **The UK Economy**
- 3.6 The UK economy grew in 2013 and is forecast to continue growing in 2014 and 2015. However, for the recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, particularly manufactured goods. This will be challenging owing to the outlook for the global economy, particularly in relation to the Eurozone.
- 3.7 One of the key issues for the UK economy and the Council's Treasury Management Strategy is the outlook for interest rates. In August 2013 the Governor of the Bank of England initiated "forward guidance", with the intention of making the banks policies more effective and to provide businesses and households with greater clarity on future interest rates.
- 3.8 Forward Guidance has been updated on a regular basis by the Governor of the Bank of England to reflect changes in the economic outlook. In response to the frequency of changes in the outlook for interest rates announced by the Governor some economic commentators have suggested the Governor has changed from being the 'unreliable boyfriend', blowing hot one day and cold the next (i.e. will interest rates increase soon, or won't they), to being the 'fearful fiancée' who has popped the question but can't bring himself to name the day (i.e. interest rates will increase, but the size and timing of the increase(s) is uncertain).
- 3.9 The position facing the Governor is extremely complicated owing to the unprecedented challenges of managing interest increases from the current historically low level and of managing the unwinding of 'Quantitative Easing'. The frequency of updated forward guidance reflects the Governors consistent approach that interest rate decisions will be driven by data and regular updates are designed to enable business and households to prepare for future changes in interest rates.
- 3.10 At this stage the outlook is for steady and small increase in the Base Rate commencing in 2015, with a peak rate below the pre 2008 Base Rate of 5%, reflecting the negative impact increased interest rates will have on the economy. What remains uncertain is the timing of the first interest increase and the frequency/value of subsequent increases. The Governor has indicated these decisions will be subject to regular review to assess the impact of changes in the economy.

3.11 In terms of the impact on longer term borrowing rates it is currently anticipated that there will much smaller increases as longer terms rates have changed less and forecast rates already anticipate increases in the Base Rate.

3.12 Interest Rate Forecasts

3.13 As indicated above forecasting future interest rates remains extremely challenging as the base rate has remained unchanged for longer than most economists initially forecast. Capita Asset Services (the Council's Treasury Management advisors) continue to update their forecasts to reflect statements by the Governor and changes in the economy. The latest forecasts up to June 2017 are provided in the following graph.

4. Interest Rate Forecast up to June 2017



TREASURY MANAGEMENT OUTTURN POSITION 2013/14

4.1 Capital Expenditure and Financing 2013/14

4.2 The Council's approved capital programme is funded from a combination of capital receipts, capital grants, revenue contributions and prudential borrowing.

4.3 Part of the Council's treasury management activities is to address the prudential borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activity also includes managing the Council's day to day cash flows, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then optimise performance.

- 4.4 Actual capital expenditure forms one of the required prudential indicators. As shown at Appendix A, the total amount of capital expenditure for the year was £23.590m, of which £6.269m was funded by Prudential Borrowing.
- 4.5 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is the accumulated value of capital expenditure which has been financed from Prudential Borrowing. Each year the Council is required to apply revenue resources to reduce this outstanding balance.
- 4.6 Whilst the Council's CFR sets a limit on underlying need to borrow, the Council can manage the actual borrowing position by either;
- borrowing externally to the level of the CFR; or
 - choosing to use temporary internal cash flow funds instead of borrowing; or
 - a combination of the two.
- 4.7 The Council's CFR for the year was £92.236m as shown at Appendix A comprising £80.378m relating to the core CFR and £11.858 relating to business cases. This is lower than the approved estimate of £98.411m owing to the rephasing of capital expenditure in relation business cases over a number of years.
- 4.8 The Council's total long term external borrowing as at 31st March, 2014 was £54.525m. This is currently less than the CFR as a result of being able to use the Council's balances to internalise the funding of capital expenditure, the position is summarised in the table below. This strategy was approved in February 2013 and enabled the council to significantly reduce counterparty risk by reducing the level of external investments. This strategy was also the most cost effective strategy in 2013/14 and contributed to the overall favourable 2013/14 outturn. In line with the approved strategy, specific borrowing was taken out in relation to specific business cases:
- Waste recycling scheme - £0.680m
 - Installation of new cremators - £1.385m

Split of Borrowing between Core and Departmental Capital Financing Requirement (CFR)	2013/14 CFR £'000	2013/14 Borrowing £'000	2013/14 Under Borrowing £'000
Borrowing Relating to Core CFR	80,378	48,279	(32,099)
Borrowing Relating to Business Case CFR	11,858	6,228	(5,630)
Total	92,236	54,507	(37,729)

- 4.9 The Council can also borrow for future planned increases in the CFR up to 3 years in advance, when this is deemed to be appropriate. No borrowing in relation to advanced funding of the CFR was taken out in 2013/14.

4.10 Prudential Indicators and Compliance Issues 2013/14

4.11 Details of each Prudential Indicator are shown at Appendix A. Some of the prudential indicators provide either an overview or specific limits on treasury activity. The key Prudential Indicators to report at outturn are described below.

4.12 The **Authorised Limit** is the “Affordable Borrowing Limit” required by Section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. Appendix A demonstrates that during 2013/14 the Council has maintained gross borrowing within its Authorised Limit.

4.13 **Net Borrowing and the CFR** - In order to ensure that borrowing levels are prudent, over the medium term the Council’s external borrowing, net of investments, must only be for a capital purpose. Net borrowing should not exceed the CFR for 2013/14 plus the expected changes to the CFR over 2013/14 and 2014/15. The Council has complied with this Prudential Indicator.

4.14 The treasury position 31st March 2014

4.15 The table below shows the treasury position for the Council as at the 31st March, 2014 compared with the previous year:

Treasury position	31st March 2013		31st March 2014	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Rate Debt				
- Tees Valley Unlimited Loan	£0.0m	0.00%	£1.6m	0.00%
- PWLB	£6.0m	4.87%	£7.9m	4.54%
- Market Loans	£45.0m	4.00%	£45.0m	4.00%
Total Long Term Debt	£51.0m	4.10%	£54.5m	3.97%
Total Investments	£34.2m	0.44%	£40.1m	0.32%
Net borrowing Position	£16.8m		£14.4m	

4.16 A key performance indicator shown in the above table is the very low average rate of external debt of 3.97% (4.08% if the Tees Valley Unlimited loan is excluded) for debt held as at 31st March, 2014. This is a historically low rate for long term debt.

4.17 The Council’s investment policy is governed by Department of Communities and Local Government (DCLG) guidance, which has been implemented in the annual investment strategy approved by Council on 14th February, 2013.

- 4.18 The Council also continued to exclude all foreign banks, including Irish banks from the list following the downgrading of the country's sovereign rating.
- 4.19 By not relying solely on credit ratings the Council sought to take a more pragmatic and broad based view of the factors that impact on counterparty risk. As part of the approach to maximising investment security the Council has also kept investment periods short (i.e. in most cases up to 3 months but a maximum of 6 months). The downside of this prudent approach is that the Council achieved slightly lower investment returns than would have been possible if investments were placed with organisations with a lesser financial standing and for longer investment periods. However, during 2013/14 the risk associated with these higher returns would not have been prudent.
- 4.20 A prudent approach will continue to be adopted in order to safeguard the Council's resources, although some changes are recommended later in the report.
- 4.21 **Regulatory Framework, Risk and Performance 2013/14**
- 4.22 The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:
- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
 - The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions have been made since this power was introduced);
 - Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act, and requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
 - The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
 - Under the Act the DCLG has issued Investment Guidance to structure and regulate the Council's investment activities;
 - Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November, 2007.
- 4.23 The Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its Treasury Management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable and its treasury practices demonstrate a low risk approach.

5. TREASURY MANAGEMENT STRATEGY 2014/15 MID YEAR REVIEW

- 5.1 The Treasury Management Strategy for 2014/15 was approved by Council on 6th February 2014. The Council's borrowing and investment position as at 31st September 2014 is summarised as follows:

	£m	Average Rate
Market Loans	45.0	4.00%
PWLB Loans	11.8	3.96%
Tees Valley Unlimited Loan	1.6	0.00%
Gross Debt	58.4	3.96%
Investments	52.9	0.30%
Net Debt	5.5	

- 5.2 The Council's 2014/15 Treasury Management Strategy remains unchanged from the Strategy approved on the 6th February 2014 and continues the strategy of netting down investments against borrowing and remains under-borrowed against the CFR. However, in line with the strategy, specific borrowing has been taken out to secure the business case for the Centre for Independent Living Scheme - £3.900m (included in the above figures).
- 5.3 Net Debt has increased since 31st March 2014 owing to the additional borrowing taken out as outlined above. It is anticipated that the net debt will increase towards the end of the year in line with previous years as a result of reducing cash flows.
- 5.4 As part of the Treasury Strategy for 2014/15 the Council set a number of prudential indicators. Compliance against these indicators is monitored on a regular basis and there are no breaches to report.
- 5.6 The CFR and Capital Expenditure Financed by borrowing will vary from the original estimate approved by full Council in February 2014 owing to the rephasing of expenditure between years. There will be no net impact on the total borrowing forecast for the period of the MTFs although there may be timing differences around individual financial years when borrowing is incurred.

6. TREASURY MANAGEMENT STRATEGY 2015/16

- 6.1 Owing to the timing of the Audit and Governance Committee meeting it is not possible to provide detailed prudential indicators as part of the Treasury Management Strategy for 2015/16 prior to this being reported to Council as part of the Annual Budget and Policy Framework process as detailed Capital Allocations have not yet been released by the Government. However this does not prevent the Committee from scrutinising the proposed Treasury Management Strategy which is presented below.
- 6.2 The key elements of the Treasury Management Strategy which Members need to consider are the Borrowing and Investment Strategies, detailed in section 7 and 8.

7. BORROWING STRATEGY 2015/16

7.1 As indicated earlier in the report borrowing strategies are needed for the Core Borrowing Requirement and the Borrowing Requirement related to specific business cases, as outlined in the following paragraphs.

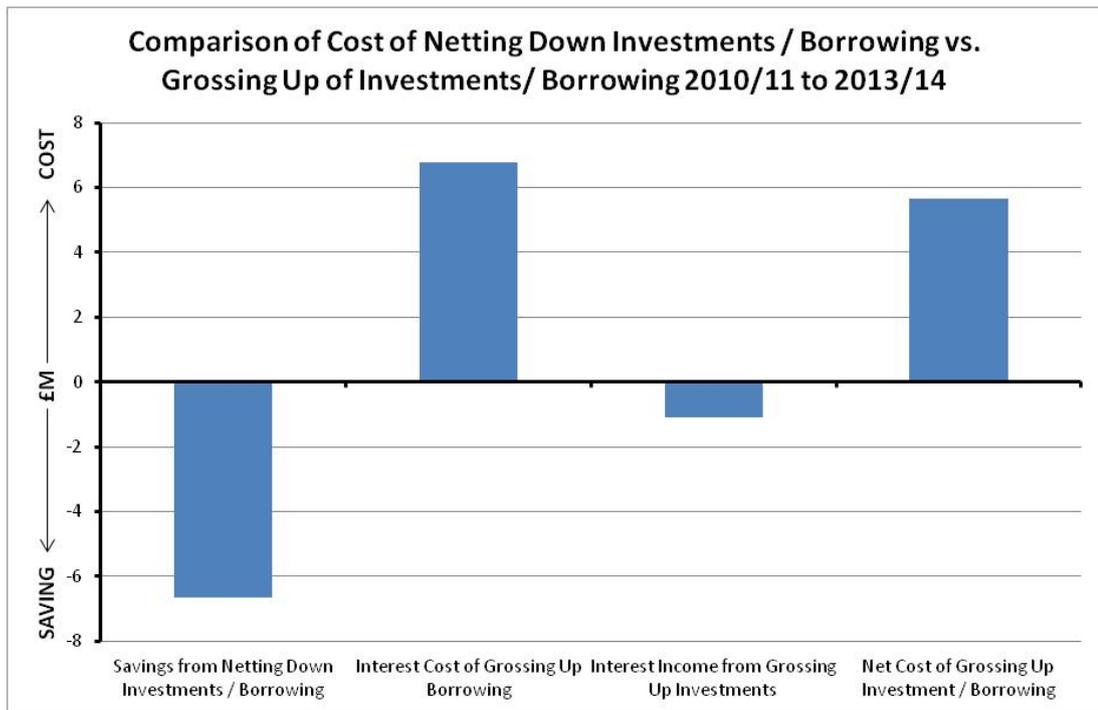
7.2 Core Borrowing Requirement

7.3 The continuing objective of the Council's Treasury Management Strategy is to fund the core annual borrowing requirement at the lowest possible long term interest rate.

7.4 Since the unprecedented reduction in the Base Rate to 0.5% in March 2009 (the lowest level in more than 300 years) the Treasury Management Strategy has been to net down investments and borrowings. This approach has been adopted by many other Authorities. In simplistic terms this approach is the equivalent of a household having an offset mortgage, although the regulations for the Council's Treasury Management arrangements are significantly more complex and the Council is managing public money.

7.5 This approach also enabled the Council to reduce investment counterparty risk and to provide the lowest cost to the Council for the last 4 years (2010/11 to 2013/14). Reducing investment counterparty risk continued to be particularly important during the banking crisis as it reduced the value of external investments at a time of significant financial uncertainty. This approach continued the Council's cautious investment approach, which also avoided investing in foreign banks, including Icelandic banks.

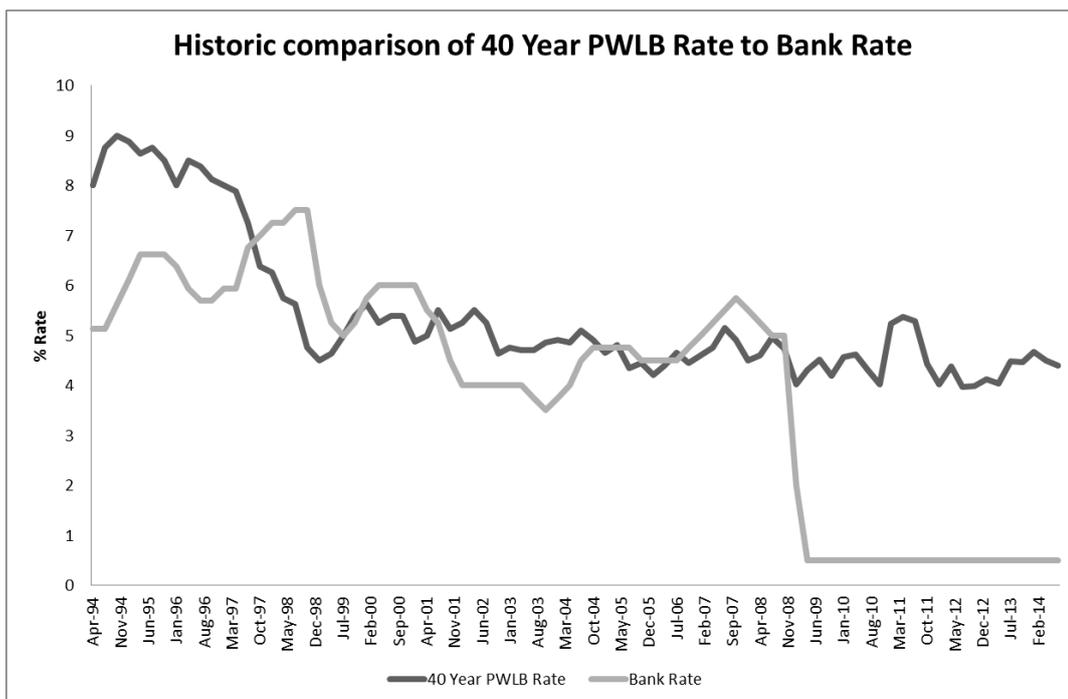
7.6 The approach avoided committing to longer term interest rates for loans, which have typically remained at about 4.2% for 40-year debt, as opposed to generating only around 0.6% on investments (the average for 2010/11 to 2013/14). This approach has provided temporary revenue saving on the cost of 'carrying' debt of around 3.6% per annum (i.e. the difference between long term interest rates for borrowing and short term rates for investments). Over the period 2010/11 to 2013/14 this has resulted in cumulative savings of £6.7m compared to a potential cumulative net cost of carrying the debt of £5.7m as summarised in the graph below. The resulting savings have been reflected in the annual outturn strategy which has earmarked resources to support the revenue budget in future years, support the Local Council Tax Support scheme and manage financial risks (for example Business Rates Risks).



7.7 The existing Treasury Management Strategy always recognised that this approach was not sustainable in the longer term as the one-off resources which have been used to temporarily avoid long term borrowing will be used up. Therefore, at some point the Council will need to fund the borrowing requirement from longer term loans and secure affordable long term interest rates to achieve the Treasury Management savings already built into the 2015/16 base budget of £1.270m:

- Sustainable saving built into base budget from 2014/15 £1m;
- Additional sustainable saving built into base budget from 2015/16 £0.270m

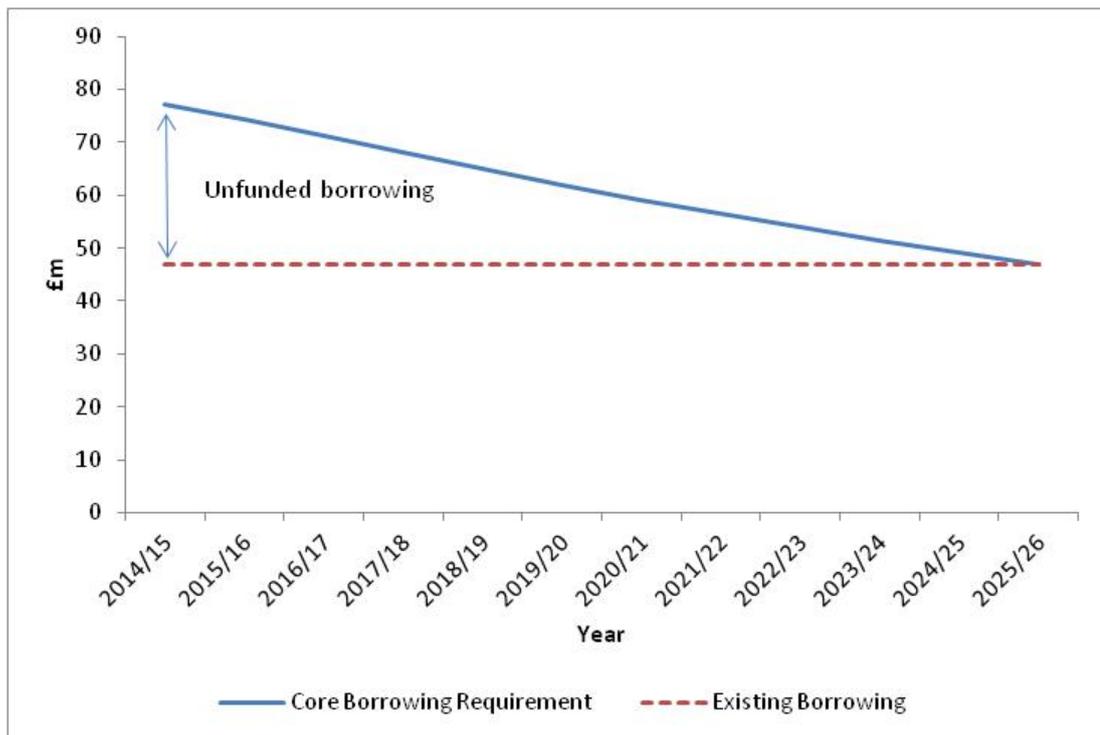
7.8 The timing of borrowing decisions will need to reflect the outlook for the Base Rate and the impact this will have on longer term interest rates. Whilst, current long term interest rates are significantly higher than the current Base Rate they are still historically low, as highlighted in the following graph:



7.9 Recent announcements by the Governor of the Bank of England indicate that increases in the current Base Rate of 0.5% are now getting closer, although the timing and scale of increases is still uncertain. Whilst, most economists and financial commentators are not expecting the Base Rate to return to 5%, they had not forecast the unprecedented cut to 0.5%. This underlines the financial challenge facing the Council in making future borrowing decisions.

7.10 As reported previously the Core Borrowing requirement is forecast to reduce over a number of years as the Council is not adding to this debt. This position reflects the Government's decision to replace supported Prudential Borrowing with capital grants for capital projects/programmes it wishes to support. This change was necessary owing to the impact of re-localising Business Rates and the system for supporting revenue budgets. On this basis the level of the Core Borrowing requirement will reduce from £80.378m at 31st March 2014 to £47.058m at 31st March 2026, as summarised in the following graph.

Forecast Core Borrowing requirement 2014/15 to 2025/26



- 7.11 The “triangle” on the graph shows the annual reductions in the difference between the Core Borrowing requirement and the existing fixed long terms loans. This difference shows the value of unfunded borrowing and as time progresses the financial risk to the Council reduces as a result of the cumulative impact of annual repayments of the borrowing requirement.
- 7.12 The decisions which need to be made over the next 12 to 24 months will be key to ensuring interest costs are contained within the reduced revenue budget provision. In due course these decisions will be subject to scrutiny with the benefit of hindsight. However, these decisions need to be made on current information to secure the lowest long term cost for the Council. The following options are available:
- **Option 1 – Delay long term borrowing** - under this option long term borrowing will be delayed until there is a significant increase in the base rate;
 - **Option 2 – Fully fund the borrowing requirement up to 2025/26** - under this option long term borrowing will be taken to secure a loan fixed at current long term interest rates;
 - **Option 3 – Partly fund the borrowing requirements** – under this option long term loans could be taken out for either part of the unfunded borrowing requirement, or for the whole requirement up to 2018/19 (i.e. to cover the existing MTFS period).

7.13 The advantages and disadvantages of these alternatives are summarised below:

Option	Advantages	Disadvantages
1	<ul style="list-style-type: none"> • Maximises potential short-term interest cost savings (i.e. the next 3 years); • Potential to maximise medium term savings (i.e. 3 to 5 years) if Base rate remains below current long term interest rate. 	<ul style="list-style-type: none"> • Greater risk than other options that when long term borrowing is undertaken interest rates are higher than current long term interest rates, resulting in higher overall cost and unbudgeted revenue pressure.
2	<ul style="list-style-type: none"> • Provides greatest certainty of long term interest costs and ensures costs within budget. 	<ul style="list-style-type: none"> • Significant cost of 'carry' over the next 3 years as interest rates on borrowings will significantly exceed interest rates earned on investments. This will result in annual budget pressures.
3	<ul style="list-style-type: none"> • Provides certainty of medium term interest costs; • Provides a balance between certainty of future interest costs and benefits of potential short-term savings. 	<ul style="list-style-type: none"> • Lower benefit from short-term interest savings (i.e. within the next 3 years).

7.14 In recommending one of the above options the key requirement is to ensure the borrowing costs associated with the Core Borrowing Requirement are minimised in the long term and can be sustained within the existing revenue budget over:

- the period of the current Medium Term Financial Strategy; and
- the period beyond 2018/19 to ensure the longer term financial sustainability of the Council.

7.15 Borrowing costs will need to be secured by locking into long term interest rates at the appropriate time and before there is any significant increase in current long term interest rates.

7.16 At the same time the Council will need to avoid incurring costs of 'carrying' long terms loans by unwinding the current netting down of borrowing and investments which would arise as a result of the significant difference between long term interest rates and the interest earned on investments. In normal financial circumstances this is not an issue as long term rates and

short-term interest rates are typically much closer. Historically there have been significant periods when short-term interest rates exceeded long-term interest rates which meant there were no costs of 'carrying' long term loans in advance of need. However, owing to forecast interest rates for short and long term loans to June 2017 there are significant potential costs of 'carrying' investments. The graph in paragraph 3.13 highlights the difference in forecast interest rates.

7.17 On this basis of the issues detailed in the previous paragraphs it is recommended that **Option 1 – delay long term borrowing** is implemented, which continues the existing strategy. This recommendation is based on the planning assumption of continuing to maintain the 'Treasury Management Reserves' (balance at 31st March 2014 of £0.87m) to manage the potential risk that interest rates increase sooner and / or to a higher level than currently forecast. This reserve will avoid an in-year budget pressure in 2015/16 from higher and / or earlier increases in interest rates if this situation arises. As the position on the future timing and scale of interest rate becomes clearer the value of the Treasury Management Reserve will be reviewed to reflect an updated assessment of risk.

7.18 However, owing to the unprecedented financial environment and the uncertainty over the timing and scale of future interest rate increases this strategy will be kept under constant review. If circumstances change and it is anticipated interest rates will increase sooner and to a higher level than currently anticipated it may then be appropriate to implement **Option 2 – Fully fund the borrowing requirement** to fix long term interest costs at an affordable level to protect the Council's long term financial position.

7.19 **Borrowing Requirement Business Cases**

7.20 The options detailed in paragraph 7.12 are also applicable to the borrowing requirement for business cases where the loan repayment costs will be funded from savings and / or increased income.

7.21 However, the financial viability of each business case is assessed on an individual basis reflecting the specific risk factors for individual business cases. This includes the repayment period for loans and fixed interest rates for the duration of the loan. This assessment is designed to ensure the business case can be delivered without resulting in a General Fund budget pressures and corresponding increase in the overall budget deficit.

7.22 Therefore, in order to ensure the above objectives are achieved it is recommended that **option 2** is adopted for individual Business Cases to secure fixed interest rates.

7.23 **Municipal Bonds Agency**

7.24 The Local Government Association are looking to establish a Municipal Bonds Agency predominantly for the purpose of potentially offering lower interest rates to councils. As the Council's borrowing and investment Strategies hinge around netting down, involvement in the Municipal Bonds

Agency is not something that will be progressed at present. This approach avoids incurring a share of the initial set-up costs for the Municipal Bonds Agency. This position will be reviewed if the Council's position changes in the future.

8. INVESTMENT STRATEGY 2015/16

- 8.1 The Department for Communities and Local Government (CLG) issued investment guidance in 2010 and this forms the structure of the Council's policy. 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.
- 8.2 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.
- 8.3 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. This strategy restricts both the institutions the Council will invest in and the period of Investment.
- 8.4 **Counterparty Selection Criteria**
- 8.5 The Council's criteria for providing a pool of high quality investment counterparties uses the credit rating information produced by the three 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 criteria will be suspended from use, with all others being reviewed in light of market conditions.
- 8.6 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

8.7 Owing to the continued level of risk and uncertainty the Chief Finance Officer will continue to adopt a vigilant approach resulting in what is effectively a 'named' list. This consists of a select number of counterparties that are considered to be the lowest risk.

8.8 As the market is beginning to return to more "normal" conditions a review of the current counterparty list has been completed. The current counterparty list is very limited especially as the Co-operative Bank has been removed as a counterparty and the Council has temporary cash to invest on a daily basis. This often means that Council investments are being increasingly made with the Government's Debt Management Office which offers extremely low investment rates. Recommended changes to the list are outlined below:

- The review has identified that the Swedish Bank, Svenska Handelsbanken's ratings have remained strong throughout the financial crisis never falling below the category A ratings in the table of investment criteria outlined below (Sweden has retained its AAA sovereign rating throughout the crisis). In order to spread counterparty risk the Chief Finance Officer recommends placing investments with Svenska Handelsbanken. Investments made with this bank will be limited to £1m and for a maximum duration of 3 months or instant access.
- The use of three AAA Money Market Funds (MMFs) to further spread counterparty risk. AAA MMFs are highly liquid pooled investment 'vehicles' that only invest in other highly rated institutions and products (at least 50% of which must meet category A and none of which can be lower than category B outlined in the table of investment criteria below). Investment risk is further reduced as AAA MMFs invest in a large number of institutions never having more than 5% exposure for more than 7 days with any single institution i.e. their investments are highly diverse and highly liquid. Investments with individual MMFs will initially be limited to £1m per fund (a total of £3m). Investments with money market funds are highly liquid (i.e. instant access), therefore a time limit for investment is not necessary. There are currently over 20 MMFs used by local authorities.
- For existing institutions on the list it is recommended that the time limit for investments be extended from three months (six in the case of Local Authorities) to a maximum of one year. This reflects a reduction in risk in the financial market.

8.9 The table below shows the current and proposed limits in 2015/16 for the Council:

Category	Fitch	Moody's	Standard & Poor's	Current Counterparty Limit	Current Time Limit	Proposed Counterparty Limit	Proposed Time Limit
A	F1+/AA-	P-1/Aa3	A-1+/AA-	£7.0m	3 months	£7.0m	1 Year
B	F1/A-	P-1/A3	A-1/A-	£2.0m	3 months	£3.0m	1 Year
C	Debt Management Office			£28m	3 months	£25m	1 Year
D	Part Nationalised Banks and Banks covered by UK Government Guarantee			£10m	3 months	£10m	1 Year
E	Other Local Authorities Individual Limits per Authority: - £4m County, Metropolitan or Unitary Councils - £1m District Councils, Police or Fire Authorities			£20m	6 months	£20m	1 Year
F	Three Money Market Funds (AAA) with maximum investment of £1m per fund			0	0	£3m	Liquid (instant access)
G	Svenska Handelsbanken			0	0	£1.0m	3 Months

8.10 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.

8.11 Specified and Non-Specified Investments

8.12 CLG regulations classify investments as either Specified or Non-Specified. Specified Investment is any investment not meeting the Specified definition.

8.13 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.

8.14 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.

8.15 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).

8.16 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.

8.17 **Benchmarking**

8.18 A requirement in the revised Codes 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.

8.19 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

8.20 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.

- 8.21 The table below sets out the historic default percentages for each type of credit rated institution and the period of deposit.

Years	Maturity Period				
	1	2	3	4	5
AAA	0.00%	0.02%	0.06%	0.09%	0.13%
AA	0.02%	0.04%	0.14%	0.28%	0.36%
A	0.09%	0.25%	0.43%	0.60%	0.79%
BBB	0.23%	0.65%	1.13%	1.70%	2.22%
BB	0.93%	2.47%	4.21%	5.81%	7.05%
B	3.31%	7.89%	12.14%	15.50%	17.73%
CCC	23.15%	32.88%	39.50%	42.58%	45.48%

- 8.22 The Council has an extremely cautious investment strategy and this has avoided investment default. As a result the Council has never suffered investment loss. It is expected that the recommended changes to the 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%.
- 8.23 An additional proposed benchmark is the average risk of default. This is based on the historic risk of default multiplied by the value of each investment. It does not constitute the actual expectation of loss. Rather it is intended to give a guide as to the relative security of investments. For the forthcoming year this is expected not to exceed £100,000.
- 8.24 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 because of the lack of value obtainable for deposits exceeding 12 months and the need to ensure maximum security this benchmark is expected to be 0.5 years, with a maximum of 3 years.

9. MINIMUM REVENUE PROVISION AND INTEREST COSTS AND OTHER REGULATORY INFORMATION 2015/16

- 9.1 There are two elements to the Councils annual loan repayment costs – the statutory Minimum Revenue Provision (MRP) and interest costs. The Council is required to pay off an element of the CFR each year through a revenue charge called the Minimum Revenue Provision (MRP).
- 9.2 CLG Regulations require the Council to approve **an MRP Statement** in advance of each year. This will determine the annual loan repayment charge to the revenue account. The budget strategy is based on the

following MRP statement and Council is recommended to formally approve this statement:

- For capital expenditure incurred before 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 for Departmental Prudential Borrowing, which is 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 annuity loan repayments.

9.3 CIPFA Treasury Management Code of Practice

9.4 The Council has adopted CIPFA Treasury Management Code of Practice. Confirmation of this is the first prudential indicator.

9.5 Treasury Management Advisors

9.6 The Council uses Capita Asset Services – Treasury Solutions (formerly known as Sector) as its external treasury management advisors.

9.7 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

9.8 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

10. BANKING CONTRACT UPDATE

10.1 Owing to concerns surrounding the Co-operative Bank (the Council's bank) a proactive strategy was implemented in 2013/14 of clearing the Council's bank account on a daily basis and placing deposits with more highly rated institutions.

10.2 Later in the year the Co-operative Bank announced that after current local authority contracts expire, it will no longer be providing banking services to Local Authorities. The bank's stated aim is to simplify and rebuild the bank by focusing on individuals and small/medium sized businesses whilst ending relationships that require more complex banking requirements, such as with Local Authorities.

10.3 The Council was already planning a tendering process for the banking contract when the Co-op made the announcement and in August 2014 a

new contract was awarded to Lloyds Bank. Schools were transferred to the new bank on 1 November 2014 and a phased implementation for the rest of the Council is planned to begin on 1 December 2014.

11. CONCLUSION

- 11.1 The borrowing decisions to be taken over the next 12 to 24 months will be particularly challenging owing to the expectation of increases in the current historically low Base Rate. The actions to be taken by the Bank of England to increase the Base Rate and to reduce the economy's dependency on 'Quantitative Easing' are unprecedented. Whilst, most economists and financial commentators are expecting a gradual increase in the Base Rate and a peak below the pre-crisis Base Rate of 5%, this position cannot be guaranteed.
- 11.2 It is anticipated that increases in the Base Rate are already largely factored in to longer terms interest rates, although this position cannot be guaranteed.
- 11.3 Against this uncertain national background and the requirement to make significant budget reductions to balance the 2015/16 to 2017/18 budget the Council will need to make significant borrowing decisions over the next 12 to 24 months to secure the Treasury Management savings already built into the base budget. Similar decisions will be made by many other authorities as they also seek to fund long term borrowing requirements.
- 11.4 The Council's core borrowing requirement is forecast to reduce from £80.4m at 31st March 2014, to £47.1m at 31st March 2026, which reduces the impact of higher interest rates over this period owing to annual reductions in the borrowing requirement.
- 11.5 The report outlines a strategy for managing interest rate risks with the aim of ensuring the borrowing requirement can be funded from the available revenue budget and use of the Treasury Management Reserve if necessary.
- 11.6 In relation to the investment strategy the Council has adopted an extremely prudent approach over the last few years. An updated assessment of potential risk has been completed and it is recommended that the Council increases the duration of investments and also adds additional investment counterparties to the approved lending list. These recommendations are based on an updated assessment of potential risk and reflect improvements in the banking sector and banking regulations. In the short-term changes to the investment criteria will have a limited impact as the Councils overall approach will be to continue to net down investments and borrowings, as this is the lowest costs and lowest risk option.

12. RECOMMENDATIONS

- 12.1 It is recommended that Members approve the following interdependent proposals:

12.2 **Treasury Management Outturn Position 2013/14**

- i) Note the 2013/14 Treasury Management Outturn detailed in section 4 and Appendix A.

12.3 **Treasury Management Strategy 2014/15 Mid-Year Review**

- ii) Note the 2014/15 Treasury Management Mid-year Position detailed in section 5.

12.4 **Treasury Management Strategy 2015/16 (Prudential Indicators)**

- iii) Note that detailed prudential indicators will be reported to full Council in February 2015.

12.5 **Borrowing Strategy 2015/16**

- iv) **Core borrowing requirement** - Approve the adoption of Option 1 to delay long term borrowing until there is a significant increase in the base rate;
- v) To note that in the event of a change in forecast interest rates the Chief Finance Officer may implement Option 2 to fund the borrowing requirement at fixed long term interest rates at an affordable level to protect the Authorities long term financial position;
- vi) **Borrowing required for business cases** – Approve the adoption of Option 2 to fixed interest rates for individual business cases.

12.6 **Investment Strategy 2015/16**

- vii) Approve the addition of Svenska Handelsbanken to the counterparty list with a counterparty limit of £1m and time limit of 3 months.
- viii) Approve the addition of three Money Market Funds to the counterparty list, with a counterparty limit of £1m per fund, noting that funds will be liquid (i.e. instance access) therefore a time limit is not applicable.
- ix) For existing counterparties, extend the time limits for investments to a maximum of 1 year.

12.7 **Minimum Revenue Provision (MRP) Statement**

- x) Approve the MRP statement outlined in paragraph 9.2 above.

13. REASON FOR RECOMMENDATIONS

- 13.1 To allow Members to fulfil their responsibility for scrutinising the Treasury Management Strategy

14. CONTACT OFFICER

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Prudential Indicators 2013/14 Outturn

1. Ratio of Financing Costs to Net Revenue Stream

This indicator shows the proportion of the total annual revenue budget that is funded by the local tax payer and Central Government, which is spent on servicing debt. The outturn is lower than the estimate, mainly as a result of savings achieved from long term borrowing repayment and the very low rates of interest on short term loans.

2013/14 Estimate		2013/14 Outturn
6.62%	Ratio of Financing costs to net revenue stream	5.44%

2. Capital Expenditure

This indicator shows the total capital expenditure for the year.

2013/14 Estimate £'000		2013/14 Outturn £'000
28,539	Capital Expenditure	23,590

The actual is lower than estimated owing to the phasing of overall expenditure between years.

3. Capital Expenditure Financed from Borrowing

This shows the borrowing required to finance the capital expenditure programme, split between core expenditure and expenditure in relation to business cases.

2013/14 Estimate £'000		2013/14 Outturn £'000
600	Core Capital Expenditure Financed by Borrowing	3,681
5,059	Business Case Capital Expenditure Financed by Borrowing	2,588
5,659	Total Capital Expenditure Financed by Borrowing	6,269

The actual is higher than the estimate owing to expenditure funded by prudential borrowing rephased from previous years.

4. Capital Financing Requirement

CFR is used to determine the minimum annual revenue charge for capital expenditure repayments (net of interest). It is calculated from the Council's Balance Sheet and is shown below. Forecasts for future years are directly influenced by the capital expenditure decisions taken and the actual amount of revenue that is set aside to repay debt.

2013/14 Estimate £'000		2013/14 Outturn £'000
78,948	Core Capital Financing Requirement	80,378
19,463	Business Case Capital Financing Requirement	11,858
98,411	Total Capital Financing Requirement	92,236

The core capital financing requirement is higher than estimate owing to the timing of capital expenditure differing from that forecast i.e. the phasing of capital expenditure. The business case CFR is lower than the estimate as a result of capital expenditure included within the estimate which has been rephased between years and Minimum Revenue Provision (MRP), the revenue charge to pay off debt, was slightly higher than initially forecast.

5. Authorised Limit for External Debt

The authorised limit determines the maximum amount the Council may borrow at any one time. The authorised limit covers both long term borrowing for capital purposes and borrowing for short term cash flow requirements. The authorised limit is set above the operational boundary to provide sufficient headroom for operational management and unusual cash movements. In line with the Prudential Code, the level has been set to give the Council flexibility to borrow up to three years in advance of need if more favourable interest rates can be obtained.

2013/14 Limit £'000		2013/14 Peak £'000
118,000	Authorised limit for external debt	54,525

The above Authorised Limit was not exceeded during the year. The level of debt as per the Balance Sheet at the year end, excluding accrued interest was £54.507m. The peak level during the year was £54.525m.

6. Operational Boundary for External Debt

The operational boundary is the most likely prudent, but not worst case scenario, level of borrowing without the additional headroom included within the authorised limit. The level is set so that any sustained breaches serve as an early warning that the Council is in danger of overspending or failing to achieve income targets and gives sufficient time to take appropriate corrective action.

2013/14 Limit £'000		2013/14 Peak £'000
108,000	Operational boundary for external debt	54,525

The operational limit was not exceeded in the year. The peak level of debt was £54.525m.

7. Interest Rate Exposures

This indicator is designed to reflect the risk associated with both fixed and variable rates of interest, but must be flexible enough to allow the Council to make best use of any borrowing opportunities.

2013/14 Limit £'000	Upper limits on fixed and variable interest rate exposure	2013/14 Peak £'000
108,000 78,000	Fixed Rates Variable Rates	54,525 -

The figures represent the peak values during the period.

8. Maturity Structure of Borrowing

This indicator is designed to reflect and minimise the situation whereby the Council has a large repayment of debt needing to be replaced at a time of uncertainty over interest rates, but as with the indicator above, it must also be flexible enough to allow the Council to take advantage of any borrowing opportunities.

	Upper Limit	Lower Limit	Actual by Maturity Date	Actual by soonest call date
	£000	£000	£000	£000
Less than one year	98,000	0	164	15,164
Between one and five years	108,000	0	2,113	32,113
Between five and ten years	108,000	0	742	742
Between ten and fifteen years	108,000	0	875	875
Between fifteen and twenty years	108,000	0	635	635
Between twenty and twenty-five years	108,000	0	459	459
Between twenty-five and thirty years	108,000	0	483	483
Between thirty and thirty-five years	108,000	0	592	592
Between thirty-five and forty years	108,000	0	725	725
Between forty and forty-five years	108,000	0	2,270	2,270
More than forty-five years	108,000	0	45,505	505

The Council's current outstanding borrowing takes the form of LOBO (Lender Option Buyer Option) loans which provide fixed interest rates for defined periods and also defined dates for reviewing interest rates, known as 'call dates'. A recent change to the Prudential Code requires that the call date is reflected in the Maturity Structure indicator above rather than maturity date. However the likelihood of a LOBO being 'called' at present is very low and both methods are presented above for completeness.

9. Investments over Maturing over One Year

This sets an upper limit for amounts invested for periods longer than 364 days. The limit was not exceeded as a prudent approach to investment has been taken owing to uncertainties in the economy this is in line with the Treasury Management Strategy. Consequently all investments made during the year were limited to less than one year.

	1 year £000	2 year £000	3 year £000
Maximum Limit	0	0	0
Actual	0	0	0

TREASURY MANAGEMENT STRATEGY 2015/16 REGULATORY INFORMATION AND PRUDENTIAL INDICATORS

1. INTRODUCTION

- 1.1 The Audit and Governance Committee considered the Treasury Management Strategy for 2015/16 on 11th December 2014. The Audit and Governance Committee approved 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 Appendix. 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. PRUDENTIAL INDICATORS

- 2.1 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.
- 2.2 The first prudential indicator is confirmation that the Council has adopted the CIPFA Treasury Management Code of Practice, which the Treasury Management Strategy report confirms.
- 2.3 Details of the proposed prudential limits are set out in the following sections.

3. CAPITAL EXPENDITURE AND FINANCING REQUIREMENT

- 3.1 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.
- 3.2 Government borrowing approvals are authority to fund capital expenditure from loans. The Government then pay revenue grant to Councils to partly fund the annual loan repayment and interest costs. The balance of these costs is then funded from the Council's General Fund budget. Prior to the

introduction of the prudential borrowing system Councils could only borrow for capital expenditure authorised by a Government borrowing approval.

- 3.3 Following the introduction of the prudential borrowing systems Councils can determine their own borrowing levels, subject to revenue affordability. The Council has managed the new flexibility carefully owing to the ongoing revenue commitment of taking on new additional borrowing. The Council has only approved specific self funding business cases, for example affordable housing schemes and a limited amount of General Fund capital expenditure where the resulting loan repayment and interest costs have been funded as a revenue budget pressure.
- 3.4 Councils ultimately need to fund the CFR by borrowing money from the Public Works Loan Board (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 Council's outstanding mortgage, although the legislation and accounting requirements are significantly more complex.
- 3.5 As part of the Medium Term Financial Strategy the Council is required to approve the 2014/15 capital programme as summarised below:

Capital Expenditure	2014/15 Revised £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
New Approved Capital Expenditure	20,327	9,138	4,488	4,202
Capital Expenditure Approved in 2014/15 profiled for future years	0	11,783	1,892	1,487
Approved Capital Expenditure Rephased from 2013/14	19,967	0	0	0
2014/15 Capital Expenditure to be Rephased	(17,788)	17,788	0	0
Capital Expenditure for the Year	22,506	38,709	6,380	5,689
Financed by:				
Capital grants and contributions	3,924	11,139	3,084	2,836
Other Capital Funding	3,597	3,535	628	628
Capital Expenditure to be funded from New Prudential Borrowing	12,806	6,247	2,668	2,225
Capital Resources Rephased from 2013/14	19,967	0	0	0
Capital Resources to be Rephased from 2014/15	(17,788)	17,788	0	0
Total Funding	22,506	38,709	6,380	5,689

- 3.6 The estimated Capital Finance & Borrowing Requirement is shown in the table below:

Capital Financing & Borrowing Requirement	2014/15 Revised £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
CFR at 1st April	92,236	98,242	110,172	107,826
Capital Expenditure Financed by New Borrowing	12,806	6,247	2,668	2,225
Capital Expenditure Financed by Borrowing Rephased from 2013/14	7,731	0	0	0
Less Capital Expenditure Financed by Borrowing to be rephased from 2014/15	(10,218)	10,218	0	0
Less Repayment of CFR	(4,313)	(4,535)	(5,014)	(4,901)
CFR at 31st March	98,242	110,172	107,826	105,150
Less assets held under Finance Lease	(56)	(54)	(52)	(50)
Borrowing Requirement	98,186	110,118	107,774	105,100

4. AFFORDABILITY PRUDENTIAL INDICATORS

4.1 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.

4.2 Incremental Impact of Capital Expenditure on Council Tax

4.3 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 decrease in line with the anticipated decrease in prudential borrowing.

	Forward Projection	Forward Projection	Forward Projection	Forward Projection
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Council Tax - Band D	£10.53	£8.75	£3.74	£3.12

4.4 Ratio of Financing Costs to Net Revenue Stream

4.5 This shows the net cost of capital borrowing as a percentage of the net budget.

%	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Ratio	6.62%	6.56%	6.72%	6.86%

5. BORROWING PRUDENTIAL INDICATORS

5.1 Debt Projections 2014/15 – 2017/18

5.2 The table below sets out the Council's projected Capital Financing Requirement (CFR) and level of debt:

Debt and Investment Projections	2014/15 Revised £'000	2015/16 Estimated £'000	2016/17 Estimated £'000	2017/18 Estimated £'000
Long Term Borrowing 1 April	52,944	67,417	71,275	79,815
Expected change in Long Term Debt	14,473	3,858	8,540	1,892
Debt at 31 March	67,417	71,275	79,815	81,707
Borrowing Requirement	98,186	110,118	107,774	105,100
Under Borrowing	(30,769)	(38,843)	(27,959)	(23,393)

5.3 The table shows that the Council can temporarily defer long term borrowing by continuing to use its balance sheet resources. In 2015/16, this Strategy continues to reduce investment counterparty risk and also shelter against the low investment returns.

5.4 Limits to Borrowing Activity

5.5 Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits.

5.6 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 2015/2016 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	2014/15 Revised £'000	2015/16 Estimated £'000	2016/17 Estimated £'000	2017/18 Estimated £'000
Gross Borrowing	67,417	71,275	79,815	81,707
Other Long Term Liabilities	56	54	52	50
Total Gross Borrowing	67,473	71,329	79,867	81,757
Borrowing Requirement	98,186	110,118	107,774	105,100

- 5.7 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	2014/15	2015/16	2016/17	2017/18
	£'000	Estimated £'000	Estimated £'000	Estimated £'000
Operational Limit	115,000*	115,000*	110,000	110,000
Authorised limit	125,000*	125,000*	120,000	120,000

*These Limits include provision for temporary borrowing related to the phasing of capital receipts over the period of the MTFs.

6. INVESTMENT PRUDENTIAL INDICATORS AND OTHER LIMITS ON TREASURY ACTIVITY

6.1 Investment Projections 2014/15 – 2017/18

- 6.2 The table below sets out the estimates for the expected level of resource for investment or use to defer long term borrowing.

2013/14	Year End Resources	2014/15	2015/16	2016/17	2017/18
Outturn		Revised	Estimate	Estimate	Estimate
£'000		£'000	£'000	£'000	£'000
55,037	Balances and Reserves	50,000	38,000	29,500	24,500
3,904	Provisions	3,500	3,500	3,500	3,500
58,941	Total Core Funds	53,500	41,500	33,000	28,000
18,523	Working Capital*	20,300	20,300	20,300	20,300
77,464	Resources Available for Investment	73,800	61,800	53,300	48,300
(37,224)	(Under)/over borrowing	(30,769)	(38,843)	(27,959)	(23,393)
40,240	Expected Investments	43,031	22,957	25,341	24,907

* The working capital balance is based on an estimate of debtors and creditors at year end.

6.3 Sensitivity to Interest Rate Movements

- 6.4 Sensitivity to Interest Rate Movements is a prudential indicator that the Authority is required to disclose. The table below highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. These forecasts are based on a prudent view of a +/- 1% change in interest rates for the full CFR. Equally for investments they are based on a prudent view of the total amount invested. That element of the debt and investment portfolios which are of a

longer term, fixed interest rate nature will not be affected by short interest rate changes. The “Treasury Management Risk Reserve” of £0.870m was established to manage this risk.

Impact on Revenue Budgets	2015/16 Estimated 1% £'000	2015/16 Estimated -1% £'000
Interest on Borrowing	1,096	(1,096)
Investment income	(229)	229
Net General Fund Borrowing Cost	868	(868)

6.5 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.

6.6 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	2015/16 Upper £'000	2016/17 Upper £'000	2017/18 Upper £'000
Borrowing	85,000	80,000	80,000
Investments	35,000	30,000	25,000

- 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	2015/16 Upper £'000	2016/17 Upper £'000	2017/18 Upper £'000
Borrowing	115,000	110,000	110,000
Investments	70,000	60,000	50,000

- 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 2015/16				
	2014/15 £000	2014/15 £000	2015/16 £000	2015/16 £000
	Lower Limit	Upper Limit	Lower Limit	Upper Limit
Under 12 months	0	105,000	0	105,000
12 months to 2 years	0	115,000	0	115,000
2 years to 5 years	0	115,000	0	115,000
5 years to 10 years	0	115,000	0	115,000
10 years to 20 years	0	115,000	0	115,000
20 years to 30 years	0	115,000	0	115,000
30 years to 40 years	0	115,000	0	115,000
40 years to 50 years	0	115,000	0	115,000
50 years to 60 years	0	115,000	0	115,000
60 years to 70 years	0	115,000	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. up to one year.

Limit for Maximum Principal Sums Invested > 364 days			
	1 year £000	2 years £000	3 years £000
Maximum	20,000	0	0

6.7 Performance Indicators

- 6.8 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 compared to the 7 day LIBID rate

SECTION D

Capital Programme 2015/16 to 2017/18

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2015/16 TO 2017/18

TABLE 1 - FORECAST CAPITAL RESOURCES

	Forecast Resources 2015/2016 (Provisional)				Forecast Resources 2016/2017 (Provisional)				Forecast Resources 2017/2018 (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												
Adult Social Services (Better Care Fund)	0	0	275	275	0	0	275	275	0	0	275	275
Devolved Formula Capital (Schools)*	0	0	178	178	0	0	147	147	0	0	147	147
Disabled Facilities Grant (Better Care Fund)	0	0	451	451	0	0	451	451	0	0	451	451
Local Transport Plan	0	0	1,556	1,556	0	0	1,556	1,556	0	0	1,556	1,556
Schools Capital Programme**	0	0	1,009	1,009	0	0	137	137	0	0	0	0
	0	0	3,469	3,469	0	0	2,566	2,566	0	0	2,429	2,429
Departmental Prudential Borrowing - Funded from Specific Business Cases												
Allotments (Table 2)	91	0	0	91	0	0	0	0	0	0	0	0
Empty Homes - Phase 2	70	0	0	70	0	0	0	0	0	0	0	0
Replacement Wheelie Bins	60	0	0	60	60	0	0	60	60	0	0	60
Vehicle Procurement (Table 3)	470	0	0	470	1,234	0	0	1,234	1,085	0	0	1,085
	691	0	0	691	1,294	0	0	1,294	1,145	0	0	1,145
Useable Capital Receipts and RCCO												
Schools Capital Programme (Dedicated Schools Grant)	0	628	0	628	0	628	0	628	0	628	0	628
	0	628	0	628	0	628	0	628	0	628	0	628
Specifically Funded Schemes												
Council Capital Fund (Table 4)	600	0	0	600	0	0	0	0	0	0	0	0
Depot Relocation***	2,685	1,065	0	3,750	0	0	0	0	0	0	0	0
	2,685	1,065	0	4,350	0	0	0	0	0	0	0	0
Total Forecast Resources	3,376	1,693	3,469	9,138	1,294	628	2,566	4,488	1,145	628	2,429	4,202

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

** Schools Capital Programme includes an estimate of £878k Capital Maintenance Grant for 2015/16 as it has not been announced by the Government. This is an estimate based on the current level of funding. However it is expected that the funding allocation method will change in 2015/16 and therefore this level of funding cannot be guaranteed. In addition the Council has received a Basic Need funding allocation for 2015/16 and 2016/17, this is reflected in the above figures.

*** The cost of this scheme will be between £3.065m and £3.750m (including land purchase). The higher figure includes a contingency which it is recommended is included owing to the complexities and short time scale for designing and preparing the cost estimates for this scheme. Officers will work to limit costs to the lower figure. Funding of £3.750m has been identified for this project from a combination of the Regeneration and Neighbourhood Services 2014/15 outturn (£1.065m), Prudential Borrowing £2m (loan repayment costs to be funded from efficiency savings/increased income) and further Prudential Borrowing (£0.685m) to fund the contingency if this is needed.

TABLE 2 - ALLOTMENT CAPITAL WORKS PROGRAMME

Allotment Site	Works Required	2015/16 £'000
Burn Valley	Security Fencing	31
Nicolson Field	Security improvements	25
Stranton	Drainage works	35
Grand Total		91

This is phase 2 of the scheme approved by Council on 6th February 2014.

TABLE 3 - VEHICLE REPLACEMENT PROGRAMME 2015/16 TO 2017/18

Type	Quantity	Service Area	£'000
Gritter body	2	Highways	60
15,000kg Gulley Emptier	1	Highways	80
Ashphalt hot box	1	Highways	30
Trailer	1	Highways	5
7,500kg Box body	1	Waste Management	45
ROM Cylinder Grinder	1	Grounds Maintenance	30
Garage Plant & Equipment			70
Phasing Contingency (Note 1)			150
			470

TABLE 3(B) 2016/17 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	£'000
Box Trailer	3	Cleansing	21
Sweeper	1	Cleansing	50
Small Precinct Sweeper	1	Cleansing	50
Ride on Mower	4	Horticulture	68
Trailer	1	Horticulture	5
16s Welfare Bus	5	Passenger Transport	325
26,000kg RCV	4	Waste Management	515
Garage Plant & Equipment			50
Phasing Contingency (note 1)			150
			1,234

TABLE 3(C) 2017/18 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	£'000
Medium sweeper	1	Cleansing	110
Sweepers	8	Cleansing	536
4x4 pick up	1	Parks & Countryside	15
Medium Panel Van	1	Parks & Countryside	14
Large 360° excavator	1	Waste Management	160
Garage Plant & Equipment			100
Phasing Contingency (note 1)			150
			1,085

Note 1

The above replacement programme has been based on maximising the operational life of existing vehicles and the deferral of vehicle replacements where possible. This has significantly reduced the annual value of replacements. However in order to mitigate the risk that some vehicles may need to be replaced earlier than assumed for their extended life, a contingency has been added to allow for earlier replacements in cases where it becomes more cost effective to replace rather than repair.

TABLE 4 - COUNCIL CAPITAL FUND

Project	Description	Estimated Cost £'000
Aneurin Bevan House	Roof replacement.	111
Aneurin Bevan House	Accessibility works in compliance with Accessibility Code of Practice.	32
Borough Hall	Main hall lighting and wiring replacement.	40
Borough Hall	Structural works to external walls to ensure structural stability at this site.	27
Carlton Outdoor Centre	Replacement of hot water system installations.	13
CETL (Brierton)	Replacement of heating controls.	45
Hartlepool Art Gallery	Accessibility works in compliance with Accessibility Code of Practice.	40
Kitchen works	Three school kitchen replacements to ensure compliance with statutory obligations and operational requirements.	50
Mill House	Electrical distribution board replacement.	25
Mill House	Replacement Pool Covers - Energy efficiency.	20
Rossmere Youth Centre	Roof replacement.	117
Rossmere Youth Centre	Window Replacement.	33
Town Hall Theatre	Lighting and distribution board replacement.	25
Contingency	For any major capital works identified by our current round of conditions surveys.	22
		600