

**Budget for Best Value 2016/2017
&
Capital Programme to 2018/2019**



Hartlepool Borough Council

**Budget for Best Value 2016/2017
&
Capital Programme to 2018/2019**

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ISSUED APRIL 2016

MEDIUM TERM FINANCIAL STRATEGY 2016/2017 TO 2019/2020

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

Hartlepool is the only Council in the Tees Valley to have frozen Council Tax for the last five years. It had been hoped that Council Tax for the Council's services could have been frozen for a sixth successive year. However, this has not been possible owing to the following significant changes in the funding available for Council services:

- Government grant is being cut for the sixth successive year and the grant cut next year is nearly **£4.5 million, a cut of nearly 15%**;
- The Valuation Office Agency has reduced the Rateable Value of the Power Station by 48%. This reduces the Council's share of Business Rates income by £3.8million per year;
- The Government has abolished the grant paid for the last five years to Councils which froze Council Tax. This grant helped Councils manage the financial impact of freezing Council Tax;
- The Government has implemented regulations to enable a new Adult Social Care Council Tax Precept of 2%, which in essence transfers the responsibility of paying for adult social care from national taxpayers to local taxpayers.

The new Adult Social Care Council Tax precept is a fundamental change in the Government's Council Tax Policy and is designed to partly address the significant financial pressures of caring for vulnerable and frail older people. These pressures include the financial impact of the National Living Wage, which will increase the Council's costs by £500,000 in 2016/17 and by 2019/20 will cost the Council an additional £2.5 million per year.

The Local Government Finance Settlement issued by the Government assumes that all Social Care authorities will increase Council Tax by 3.9%.

As a result of the Government grant cut and reduction in Business Rates received from the Power Station, the Council's income in 2016/17 will be nearly **£8.3 million** less than it was in 2015/16 – a cut in funding of **10%**. In view of this significant reduction in recurring income and the shift in the Government's Council Tax policy we have considered the level of Council Tax carefully and decided to implement an increase of 3.9%. This increase will raise an additional **£1.276 million** (including £655,000 from the 2% Adult Social Care Precept).

For the majority of households (i.e. the 72% living in properties in Council Tax Bands A and B) the weekly increase is between 71p and 83p.

Despite the financial challenges facing the Council over the next three years we need to remain ambitious for the town. I believe that the budget we have set is prudent and enables us to protect frontline services and ensure that there are no

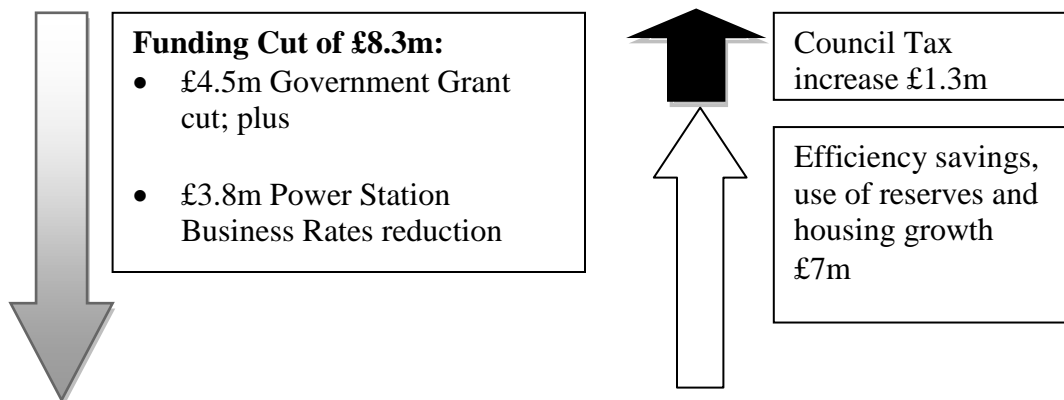
compulsory redundancies – this is a significant achievement when you consider the cuts in services some of our neighbouring authorities are facing.

The Council will continue to work with its key partner organisations to attract additional funding to improve Hartlepool as a place to live, work and visit.

How will the Council manage the 2016/17 funding cuts of £8.3m?

As outlined in the message from the Leader of the Council, the money available to fund services is being cut by nearly £8.3m, a reduction of nearly 10%. The Council had been planning for a significant reduction in funding, although the actual cut next year is higher than forecast. To manage the actual reduction the Council will implement a range of savings, increase Council Tax, allocate increased Council Tax income from housing growth and use reserves. The use of reserves does not provide a permanent solution to the reduction in funding and is designed to provide a longer lead time to develop a permanent strategy. Detailed plans will be developed during 2016/17 to address the financial challenges facing the Council in 2017/18 and 2018/19.

Summary of 2016/17 Funding cuts and strategy for managing these reductions



How will the Council use the 2% Adult Social Care Precept?

The 2016/17 Council Tax increase includes the 2% Adult Social Care Precept, which will raise an additional £655,000. This income will be used to partly fund Social Care budget pressures, which will cost the Council £1.3 million, including the impact of the Government's National Living Wage. The balance of the Social Care budget pressures have been addressed as part of the overall budget strategy.

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 is 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 is essential that robust plans are in place to manage these resources.

The Council has earmarked £5.1 million to support the budget over the next three years and phased the use of these resources to help manage the budget cuts which will be required over this period. This strategy also ensures there is no ongoing dependency on the use of reserves after 2018/19.

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 as it was previously recognised that this was a major financial risk to the Council owing to the outstanding Power Station Rateable Value appeal. Following the decision in May 2015 by the Valuation Office Agency to reduce the Power Station Rateable Value by 48% this financial risk has now materialised. As a result the Council's share of Business Rates income has reduced by £3.8 million per year. The specific reserve of £4.4 million will be used to partly offset this income reduction over the next three years.

Specific reserves of £6.9m are earmarked to fund capital expenditure, including school improvements, coastal protection and disabled facilities grants.

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 is 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.

SECTION A

Council 10th December 2015 and Finance and Policy
Committee 23rd November 2015 - Medium Term Financial
Strategy and Supporting Appendices

COUNCIL REPORT

10 December 2015



Report of: Finance and Policy Committee

Subject: MEDIUM TERM FINANCIAL STRATEGY 2016/2017
TO 2018/2019

1. PURPOSE OF REPORT

1.1 To present details of the proposed Medium Term Financial Strategy (MTFS) 2016/17 to 2018/19.

2. BACKGROUND

2.1 In accordance with the Constitution the Finance and Policy Committee is responsible for preparing the MTFS proposals to be referred to Council. These details were considered by the Finance and Policy Committee on 23rd November 2015.

2.2 Following consideration of the recommendations proposed by the Finance and Policy Committee in relation to the Council's own 2016/17 Budget further reports will be submitted to Council to complete the budget process and necessary statutory calculations as follows:

Budget Process

- Council 18th February 2016 – approve the 2016/17 Council Tax level for the Council and supporting statutory budget calculations reflecting the local decisions approved by Council on 10th December 2015, the final 2016/17 Local Government Finance Settlement issued by the Government and recommendations from Finance and Policy Committee on 15th February;

Statutory Calculations

- Council 25th February 2016 – approve the overall Council Tax level for 2016/17, incorporating the Fire and Police Authority precepts approved by Cleveland Fire Authority and the Police and Crime Commissioner respectively.

3. 2016/17 MEDIUM TERM FINANCIAL STRATEGY PROPOSALS REFERRED BY THE FINANCE AND POLICY COMMITTEE FOR CONSIDERATION BY COUNCIL

3.1 A copy of the Medium Term Financial Strategy 2016/17 to 2018/19 report considered by the Finance and Policy Committee on 23rd November 2015 is attached to this report as a separate booklet for Council's consideration. The MTFs report covers the following areas:

- Background
- Update on Government Policy Announcements
- Power Station Update
- Reserves Review and 2015/16 General Fund Forecast Outturn
- Local Council Tax Support Scheme 2016/17
- 2016/17 General Fund Budget
- Updated Forecast 2016/17 to 2018/19
- Detailed 2016/17 Budget Proposals
- Capital Programme 2016/17 to 2018/19
- Public Health Funding
- Robustness of Budget Forecasts – Chief Finance Officer's Professional Advice
- Consultation Feedback
- Equality Impact Assessments
- Conclusions
- Recommendations

3.2 In summary the MTFs report highlights the significant financial challenges facing the Council over the next 3 years as a result of continuing Government funding cuts and the impact of a 48% reduction in the Rateable Value of the Power Station. The MTFs proposals for 2016/17 are designed to provide a longer lead time to address these issues.

3.3 The MTFs proposals referred by the Finance and Policy Committee enable Council to make key decisions regarding the 2016/17 budget and ensure these proposals can be implemented from 1st April 2016.

3.4 As detailed in the MTFs report the final proposal in relation to the level of Council Tax for 2016/17 cannot be considered until the Government has issued the 2016/17 Council Tax referendum limits and determined whether the Council Tax freeze regime will continue for 2016/17.

3.5 The Finance and Policy Committee were advised at their meeting that over the weekend of 21st to 22nd November the Government indicated that Authorities providing Social Care may be allowed to implement a '2% Social Care precept' to increase Council Tax, to help address funding pressures. It is anticipated that further details on how this arrangement will work will be included in either the Spending Review announcement, or the 2016/17 Local Government Finance Settlement announcement. As soon as more information is available details will be reported to the Finance and Policy

Committee to enable Members to consider this issue and to then determine the level of Council Tax for 2016/17 to be recommended to full Council on 15th February 2016.

- 3.6 Section 13 of the MTFS advises Members of the requirement of the Local Government Act 2003 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 2016/17 are robust and this advice is based on a range of factors being in place as detailed in paragraphs 13.1 and 13.5 of the MTFS report. This advice is equally relevant to Council when considering the budget.

4. PROPOSALS

- 4.1 Details of the proposals approved by the Finance and Policy Committee and referred to Council are provided in section 18 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.

Extract from Finance and Policy Committee Report

18.2 Implementation of Hartlepool Living Wage and National Living Wage

- 18.3 Approve the implementation of a Hartlepool Living Wage of £7.88 from 1st December 2015. Note that payment in December 2015 will be subject to Council approving this proposal on 10th December 2015 as part of the 2016/17 MTFS proposals.
- 18.4 Approve the proposal that the Hartlepool Living Wage of £7.88 be increased on an annual basis, commencing from 1st April 2016, in line with the cost of living pay award for Local Authority employees until such time as this is less than the National Living Wage, as which stage the National Living Wage will apply.
- 18.5 Approve the funding strategy for implementing the Hartlepool Living Wage as detailed in Appendix A.
- 18.6 Note the forecast additional budget pressures in 2017/18 and 2018/19 have been included in the MTFS and to note that these forecasts will need to be updated on an annual basis to reflect actual Local Government cost of living pay awards and actual National Living Wage levels.

18.7 Strategy for Managing Power Station Rateable Value Reduction

18.8 Note that the Valuation Office Agency has reduced the Rateable Value of the Power Station by 48% and as a result there is a permanent reduction in the Council's share of Business Rates income of £3.790m.

18.9 Approve the allocation of permanent income from Business Rates growth, an increased Council Tax Base and Enterprise Zone Business Rates income, total value of £1.523m (as detailed in table 4, paragraph 5.24), to partly offset the gross Business Rates income and reduce the net 2016/17 shortfall to £2.267m (i.e. £3.790m less £1.523m).

18.10 Approve the allocation of the Power Station Risk Reserve, inclusive of additional contributions in 2015/16 and 2016/17, to fund the net 2016/17 Power Station income reduction and reductions over the period 2015/16 to 2018/19 as detailed in table 6, paragraph 5.29.

18.11 Note that recommendations 17.9 and 17.10 avoid increasing the budget deficits for 2015/16 to 2017/18 and this is only possible as a result of beginning to plan for this situation in 2012/13. To also note that in 2018/19 there is a net forecast shortfall of £0.459m which it is hoped can be funded from the 2015/16 outturn if the under spend is not needed to offset a higher actual grant cut than forecast. If this is not possible the 2018/19 budget deficit will increase by this amount.

18.12 Note that recommendations 17.9 and 17.10 do not provide a permanent solution to fully address the permanent reduction in the Power Station Rateable Value of £3.790m and there will be a forecast net income shortfall in 2019/20 of £1.5m;

18.13 Note the action taken by Officers to encourage the Valuation Office Agency and Power Station to reach agreement on the temporary Rateable Value reduction for 2014 outage before the end of the current financial year to avoid the income loss, potentially up to £1m, falling on the Council in 2016/17.

18.14 Reserves Review and General Fund 2015/16 Forecast Outturn

18.15 Approve the allocation of £0.5m from the Reserves Review to establish a Child and Family Poverty Reserve, which will include the arrangements for providing advice and guidance services during 2016/17, and delegate authority to the Finance and Policy Committee to develop and approve a strategy for using these resources.

18.16 Approve the allocation of the following forecast amounts to manage the potential impact of a higher actual 2016/17 grant cut than forecast:

	Worst Case - Forecast one-off resources £'000	Best Case - Forecast one-off resources £'000
2015/16 net forecast outturn	669	889
Reserve Review (gross amount released of £889k less allocated for Child and Family Poverty initiatives)	389	389
Total Forecast Uncommitted Resources	1,058	1,278

18.17 To note that if the above resources are not needed to offset a higher actual 2016/17 grant cut than forecast a further report will be submitted to enable an alternative strategy for using these resources to be developed, which may include allocating uncommitted funding to either:

- Increase cash backing for the Jackson's Landing Interest free loan from 80% of the loan value;
- To support the General Fund budget in 2017/18 and future years;
- To support the Local Council Tax Support scheme in 2017/18; or
- To fund one-off costs of reshaping the Council, which may require one-off funding to achieve ongoing savings.

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

18.19 Note the detailed Local Council Tax Support (LCTS) scheme report to be referred to Council on 10th December 2015 will recommend that a 12% LCTS scheme is retained for 2016/17.

18.20 2016/17 to 2018/19 General Fund Budget

18.21 Note that on the basis of forecast annual Government grant cuts the Council faces a gross budget deficit for 2016/17 to 2017/18 of £24.811m.

18.22 Note that after reflecting the proposals detailed in table 8, paragraph 9.6, which includes forecast housing growth and the use of the Budget Support Fund, the gross deficit of £24.811m should reduce to £14.192m and will result in the following annual forecast deficits:

- 2016/17 £4.179m
- 2017/18 £5.223m
- 2018/19 £4.790m

18.23 Approve the phased use of the Budget Support Fund as follows and to note that this phasing is reflects in the forecasts net annual deficits detailed in recommendation 17.22:

- 2016/17 £2.708m
- 2017/18 £1.232m
- 2018/19 £0.004m

18.24 Approve the use of Departmental Reserves of £1.091m and implementation of Budget Reductions/increased income/grant regimes of £3.088m to address the 2016/17 net budget deficit of £4.179m as summarised below and detailed in Appendix C1 to C6.

	Use of Departmental Reserves	Budget Reductions/ Increased income/ Grant regimes	Budget reductions Increased income/ Grant regimes as a percentage of 2015/16 budget
	£'000	£'000	
Chief Executive's Department (1)	0	235	5.6%
Child and Adult Service Department	934	1,750	3.7%
Regeneration and Neighbourhoods Department	157	1,024	5.0%
Public Health (General Fund budgets)	0	79	7.3%
Total	1,091	3,088	4.2%

18.25 Note the financial risks regarding the actual cuts in Government funding for the next 3 years and note that an update will be reported to a future meeting after the 2016/17 Local Government Finance Settlement is issued by the Government.

18.26 Note that a decision on the 2016/17 Council Tax level and indicative levels for 2017/18 and 2018/19 will be considered at a future meeting once the Government has issued the 2016/17 Council Tax referendum threshold and determined whether the Council Tax freeze grant regime will continue.

18.27 Capital Programme 2016/17

18.28 Note that details of specific Government Capital Allocations for the Local Transport Plan, Education and Personal Social Services had not be issued by the Government when this report was prepared and detailed proposals for using these ring fenced capital resources will be reported to the relevant Policy Committee for approval once details have been received.

- 18.29** Approve the use Prudential Borrowing for the replacement of Operational Equipment as detailed in Appendix D and note the annual repayment costs are already included within existing operational and trading accounts budgets, or in the case of vehicles required to bring the recycling service in-house will only be purchased subject to approval of the detailed Business Case by the Neighbourhood Services Committee.
- 18.30** Approve, subject to the approval of the detailed Business Case, the use of Prudential Borrowing of £250,000 to complete works necessary to provide Waste Transfer Station Recycling capacity to enable the recycling service in-house and to note the annual repayment costs of £15,000 will be funded from savings generated in the Waste Disposal Budget.
- 18.31** Approve a new capital receipts target for 2016/17 of £1m and the allocation of these resources to fund the following priorities:-
- £0.6m for Council Capital Fund Priorities – detailed proposals for allocating these resources will be reported to a future Finance and Policy Committee for consideration and approval;
 - £0.4m for other Council priorities, which may include match funding capital grants and/or other external funding opportunities, or potential development of Community Hub facilities – detailed proposals will be reported to a future Finance and Policy Committee for consideration and approval;
- 18.32** Note that DCLG have confirmed the Council can reopen the HRA, but have not yet provided the necessary detailed approvals. Therefore, in order to progress the scheme approved by Council on 6th August to purchase 14 bungalows on the former Raby Road/Perth Street development, it is recommended that the planned Prudential Borrowing of £735,000 (i.e. 58% of the project cost, which equates to £58,500 per property) is replaced with a temporary loan from the existing Major Repairs Reserves. The fall back will only be used if DCLG do not provide the necessary detailed approvals by the year end current financial year.
- 18.33 Public Health Funding**
- 18.34** Approve the savings proposals detailed in Appendix E to address the forecast cut in Public Health funding of £630,000 and to note that if the actual cut is higher a report will be submitted to a future meeting of the Committee.
- 18.35 Robustness of Budget Forecasts**
- 18.36** Note the detailed advice provided by the Chief Finance Officer and Corporate Management Team in section 13.

5. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

23 November 2015



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2016/17 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 2016/17 budget proposals to be referred to Council on 10th December 2015.

3. BACKGROUND

3.1 The budget timetable for 2016/17 was approved by this Committee on 29th June 2015 and was developed to address the timing of Government funding announcements, which do not provide adequate time to develop savings proposals. The budget process is divided into two stages:

- Budget Decisions – relate to consideration of detailed savings proposals to address forecast cuts in Government funding and are covered in this report;
- Council Tax decisions - these cannot be completed until the final 2016/17 Local Government Finance Settlement is issued and will be reported to this Committee in January/February 2016.

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 2016/17 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 learning disabilities, older people and children in need;
- 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 2015/16, 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 five 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 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 report last year from the Local Government Association (LGA) – *“Under pressure – How Councils are planning cuts”* highlighted 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.

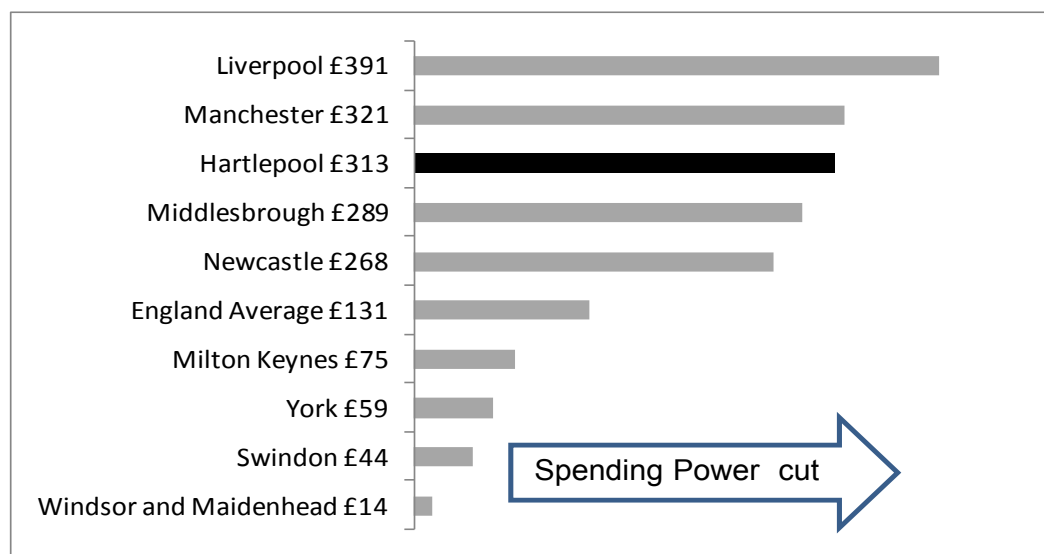
3.6 During the summer the National Audit Office's (NAO) Director with responsibility for oversight of the Department for Communities and Local Government (DCLG) made the following comments in an interview with 'The Municipal Journal':

Extract from Interview

- “The incentive-based mechanisms (introduced by the last government) are fine but you have to think about the differential impact. The differential impact of the way that funding reductions have been done has been considerable. Some local authorities over the last five years have seen a rise in their income from central government, some have seen a rise in revenue spending power;
- The way that need and demand are reflected in the local government finance system is something that needs to be looked at again. Because of the introduction of incentive-based funding mechanisms like business rates retention and New Home Bonus the more economically active parts of the landscape will do better, so in a sense we’re sort of locking in inequality;
- The NAO has called on DCLG to obtain a better overview of the financial sustainability of the sector, warning the department only became aware of serious problems in councils after they occurred”.

3.7 Members will recognise the issues highlighted by the NAO Director and as reported previously the Council suffered Spending Power cuts more than twice the national average over the last five years, as summarised in the following table.

Table 1 - Spending Power Cuts for last five years (2011/12 to 2015/16)



3.8 The MTFs forecasts are based on forecast cuts in Government funding of 10% per year over the next three years (2016/17 to 2018/19). This is in line with the HM Treasury ‘invitation’ to Government departments to consider the impact on spending cuts of between 25% and 40% over a 4 year period (2016/17 to 2019/20).

3.9 As outlined in the previous MTFs report there is a risk that the actual 2016/17 grant cut may be higher than currently forecast, particularly if the Government front loads funding cuts. Therefore, to address this situation it has previously been recommended that one off resources from the 2015/16

managed under spend and reserves review are allocated to manage a higher grant cut. This would not provide a permanent solution, although it would provide a longer timeframe to develop and consult on additional cuts to manage this position.

4. UPDATE ON GOVERNMENT POLICY ANNOUNCEMENTS

4.1 Since the initial MTFs report was considered in June 2015 the Government has made a number of significant policy announcements which will have a significant financial impact on the Council, as summarised in the following paragraphs.

4.2 **Implementation of National Living Wage** – Members' have previously indicated their commitment to implement a Hartlepool Living Wage.

4.3 Detailed proposals for implementing the Hartlepool Living Wage are set out in a separate report on the agenda. These proposals recommend implementing a Hartlepool Living Wage of £7.88 with effective from 1st December 2015, which will exceed the proposed National Living Wage payable from 1st April 2016 of £7.20

4.4 The Hartlepool Living Wage will then be updated annually on the 1st April and set at the higher of:

- Hartlepool Living Wage, plus annual percentage costs of living pay awards for Local Authority employees; or
- The actual National Living Wage applying from 1st April each year.

4.5 As reported previously the initial full year cost of implementing the Hartlepool Living Wage is £150,000.

4.6 The implementation of the National Living Wage will increase costs on a range of contracts and an initial assessment of the impact on care contracts has been completed. This indicates there will be an additional budget pressure in 2016/17 of £500,000, increasing to £2.5m by 2019/20. The Government will not be providing any additional funding to meet the costs of implementing the National Living Wage.

4.7 When account is taken of the costs of implementing the Hartlepool Living Wage, the removal of the forecast Terms and Conditions savings (£200,000) and implementation of the National Living Wage the overall budget pressure by 2019/20 is £3.2m.

4.8 As detailed in the separate Hartlepool Living Wage report it is recommended that the part year costs in 2015/16 and full year cost in 2016/17 of implementing the Hartlepool Living Wage for the Council's own workforce and apply the National Living Wage within care contracts are funded from one-off resources (existing Living Wage Reserve, reallocation of Protection Costs Reserves and 2015/16 Outturn contribution). This proposal will avoid increasing the budget cuts which will be required in 2016/17.

- 4.9 As detailed in Appendix A the above proposal does not provide a permanent funding solution, therefore in 2017/18 the budget deficit increases by £457,000. This is after reflecting the budget savings from reducing the April 2017 provision for forecast cost of pay awards to 1%, the level of the public sector pay cap. If this reduction had not been possible the increase in the 2017/18 budget deficit would have been £1.057m.
- 4.10 **Increase in Employers National Insurance contributions** – as part of the 2014 Budget the Government announced changes to Employers National Insurance contributions from 1st April 2016. The Government will not be providing additional funding for this new burden and this change effectively increases income to the Treasury, whilst increasing costs for employers, including all public sector organisations.
- 4.11 This change results in an ongoing budget pressure of £0.835m and this amount is reflected in the 2016/17 budget forecasts.
- 4.12 **Business Rates Proposals** – the Chancellor announced proposals at the Conservative Party conference to allow Councils to retain 100% of Business Rates by 2020.
- 4.13 No specific details have been issued by the Government regarding these proposals. However, the Government has indicated that as part of these changes the existing Revenue Support Grant will be phased out and additional responsibilities transferred to Councils to reflect forecast growth in Business Rates income.
- 4.14 A detailed assessment of the impact on Hartlepool will need to be completed when more information is available. Based on an initial assessment of these proposals they are unlikely to benefit Hartlepool as they remove the remaining resources equalisation within the Revenue Support Grant.
- 4.15 The proposal may, depending on changes to the ‘safety net’ system, significantly increase financial risks. This is a significant risk for the Council owing to the reliance on the Power Station which, following the permanent Rateable Value reduction, still contributes 25% of annual Business Rates income. Furthermore, the Council still faces an ongoing annual risk in relation to unplanned outages and the granting of temporary Rateable Value reductions by the Valuation Office Agency.

5. **POWER STATION UPDATE**

5.1 Overview of Business Rates Retention System and financial risks for Hartlepool

- 5.2 The Government introduced the Business Rates Retention system on 1st April 2013. Prior to this date 100% of Business Rates income was paid over to the Government and used to partly fund Revenue Support Grant paid to Councils. From 1st April 2013 the Government only retain 50% of Business Rates income and the remaining 50% is retained by Local Authorities and shared on the following basis:

- In two tier areas between the County Council and Districts Councils;

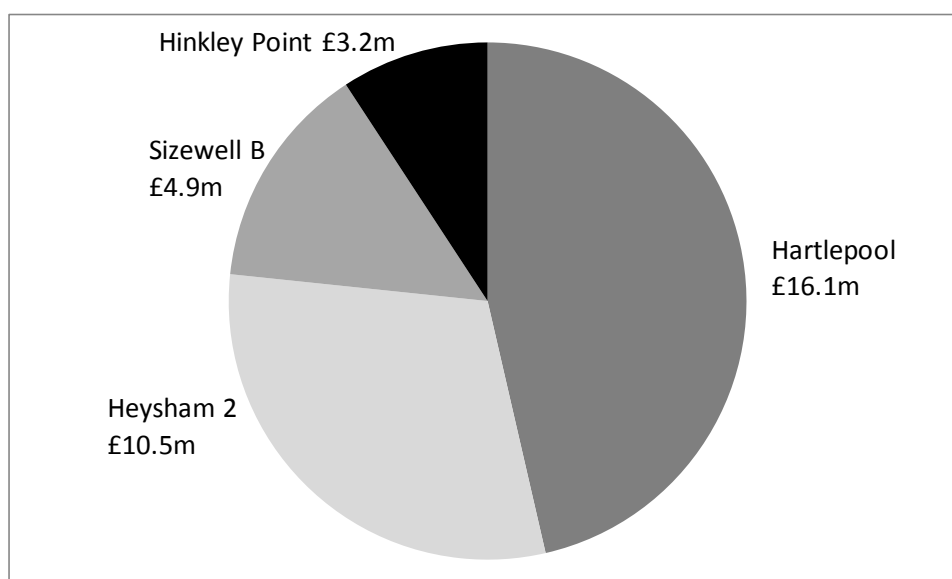
- In Unitary areas between Unitary Authorities (49%) and Fire Authorities (1%).
- 5.3 This was a significant change in the funding system for Local Authorities and resulted in ‘winners and losers’ owing to the level of Business Rates generated in different areas. The ‘gains and losses’ were partly mitigated through a system of ‘tariffs and top-ups’ and the payment of ‘Business Rates Retention Top-up grant’ to those Authorities with a low Business Rate base, including Hartlepool.
- 5.4 As previously reported these changes transferred additional financial risks to individual Councils. For Hartlepool it was clear before these changes were implemented that the Council faced unique financial risks owing to the impact of the Power Station. Therefore, these issues were reflected in the Council’s response to the Government’s consultation proposals prior to the new system being implemented from 1st April 2013. These concerns were then repeated in a detailed submission to the Local Government Minister in February 2013 when the Leader, MP, Chief Executive and Chief Finance Officer met with Brandon Lewis MP (Parliamentary Under-Secretary of State for Communities and Local Government at the time).
- 5.5 The financial risks to Hartlepool reflected the following factors:
- Concerns that the Rateable Value for the Power Station set by the Valuation Office Agency (VOA) with effect from 1st April 2010 was incorrect as the increase was significant compared to the previous valuation determined by the VOA in 2005;
 - Concern that the Business Rates Retention System was being implemented from 1st April 2013 and at that time significant Business Rates appeals remained outstanding against the 2010 Rateable Values. This meant the baseline for setting funding allocations for the overall system and individual Councils was not based on reliable Rateable Values for a significant number of Business Ratepayers;
 - Concern regarding the impact of future unplanned outages at the Power Station on the level of Business Rates paid and how/if the Council would receive any financial support from the Government to manage such situations.
- 5.6 To address these risks the Council recommended in a submission to the Government that they should have either removed Nuclear Power Stations from the system owing to the unique safety regime applying to such facilities, or at the very least ensured the Rateable Value appeals were resolved before the Business Rates Retention system was implemented.
- 5.7 As the Government did not act on these concerns the Council began to develop a strategy for managing these financial risks before the Business Rates Retention system went live on 1st April 2013.
- 5.8 As a result of this forward financial planning the Council initially established a ‘Business Rates Risk Reserve’ in 2012/13 of £1m. As further information

has become available this reserve was increased and the current amount available to manage this risk is £4.784m (as at 31st March 2015). As outlined in the following paragraphs the whole of this amount is now needed to help address the financial impact of a significant reduction in the Power Station Rateable Value.

5.9 Outcome of Valuation Office Agency consideration of Power Station Appeals

- 5.10 The 2010 Rateable Value for Hartlepool Nuclear Power Station was set at £33.6 million by the Valuation Office Agency (VOA), compared to the 2005 Rateable Value of £8.1m and the 2000 Rateable Value of £16.9m.
- 5.11 As reported previously the VOA notified the Council on 5th May 2015 that in response to the Rateable Value appeal submitted by Hartlepool Nuclear Power Station they had determined a revised Rateable Value, applicable from 1st April 2010, of £17.5 million. This is a reduction of £16.1 million, which equates to a 48% reduction on the previous Rateable Value determined by the VOA.
- 5.12 Following notification of the revised Rateable Value for the Power Station officers met with senior officials from the VOA to discuss this issue. A letter was also sent to the Chief Executive of the VOA requesting that they ensure the outstanding 'material change appeal' for the autumn 2014 outage (which is separate to the main Rateable Value appeal) is resolved before the end of the current financial year. As a result of these discussions the VOA is now working with the Power Station to resolve this issue before the end of November 2015. Depending on the scale of the temporary Rateable Value reduction agreed by the VOA this should ensure the Council does not suffer an additional income loss of up to £1m in 2016/17. Members will be updated as soon as the position is clearer.
- 5.13 In relation to the permanent Rateable Value reduction the VOA informed the Council that they had reviewed the Rateable Values for 6 Nuclear Power Stations located in England. As a result of this review the Rateable Values for 2 of these Power Stations remained unchanged.
- 5.14 Reductions in the Rateable Values for 4 Nuclear Power Stations were agreed by the VOA, which resulted in a national Rateable Value Reduction of £34.7 million, which is a reduction of 23%. The reductions for individual Nuclear Power Station are summarised in Table 2, which shows:
- The reduction in the Rateable Value for Hartlepool Nuclear Power Station of £16.1m accounted for nearly half of the national reduction of £34.7m;

Table 2 - Analysis of Reductions in Rateable Values for 4 Nuclear Power Stations located in England of £34.7m



5.15 Reductions in the Rateable Values (RV) varied significantly for individual Power Stations as summarised in Table 3, which shows:

- The reduction in the Rateable Value for Hartlepool Nuclear Power Station of 48% was more than twice the national average of 23% and 6 times the lowest percentage reduction of 8%;

Table 3 – Comparison of Reductions in Power Station Rateable Values

Power Station	Original RV	Revised RV	Reduction In RV	Percentage Reduction in RV
Hartlepool	£33.6m	£17.5m	£16.1m	48%
Heysham 2	£50.0m	£39.5m	£10.5m	21%
Sizewell B	£57.4m	£52.5m	£4.9m	8%
Hinkley Point	£11.2m	£8.0m	£3.2m	28%
Total	£152.2m	£117.5m	£34.7m	23%

5.16 Representations made to the Government

5.17 Following the VOA announcement the Leader wrote to the Local Government Minister on 18th June 2015 requesting a meeting to discuss concerns regarding the process for supporting Councils affected by significant Rateable Value reductions and to seek Government support to manage the unprecedented income reduction. Following receipt of this letter Department for Communities and Local Government senior officials agreed to meet with the Chief Finance Officer and the Assistant Chief Finance Officer on 12th August 2015 to discuss the technical issues in relation to this issue. The objective of this meeting was to put forward the Council's case and hopefully enable DCLG officials to understand the unique position facing the Council so they could then advise the Minister accordingly.

- 5.18 A detailed presentation and supporting information was presented to the DCLG officials which was well received, although the officials did not provide any firm commitments and indicated that the matter would be referred to the Minister.
- 5.19 Owing to the complexity of this issue a response was not received from the DCLG until 21st October 2015 and basically covers the following:
- DCLG agree with the Council's analysis that the Business Rates income loss arising from the revised Rateable Value reduces the Council's share of ongoing Business Rates income by £3.8m per year;
 - DCLG re-affirmed there is currently no provision under the existing scheme to consider the proposal put forward by the Council to recalculate 'top up grant' payments to exclude the impact of the Power Station reductions;
 - The provision of specific funding to help Hartlepool manage the Power Station reduction outside the existing 'safety net' arrangements is not deemed a viable option, notwithstanding the scale of the reduction.
- 5.20 The final bullet point has the most significant impact for the Council as it confirms that DCLG officials do not believe there is provision within the existing Business Retention scheme to provide financial assistance to help the Council manage this position. This statement should not rule out direct representations being made to the Minister and at our request DCLG officials will now seek to schedule the meeting requested by the Leader. However, the Council now needs a financial strategy to manage impact of the unprecedented Business Rates reduction for the Power Station.
- 5.21 Strategy for managing permanent Power Station Rateable Value reduction
- 5.22 As a result of the reduction in the Power Station Rateable Value the Council will face the following additional budget pressures:
- 2015/16 one off budget pressure – the costs in 2015/16 will include the back dated impact of refunding Business Rates paid by the Power Station to 2010/11 of £18.9m. The Council will receive 'Safety Net' grant of £17.5m, which means there will be a net cost to the Council of £1.4m;
 - 2016/17 ongoing gross Business Rates reduction of £3.790m;
- 5.23 In terms of recommending a strategy to manage these income reductions and avoid impacting on the General Fund budget the starting point is to consider the ongoing Business Rates reduction for 2016/17 of £3.790m.
- 5.24 As summarised in the following table this loss can be partly mitigated by allocating increases in other uncommitted income streams of £1.523m. This additional income would have been sufficient to cover a Power Station Rateable Value reduction of 18%, which in itself would have been a very significant reduction. However, this income only covers part of the impact of

the Power Station reduction and the Council still faces a net income shortfall of £2.267m for 2016/17 as summarised below.

Table 4 - Summary of Gross Power Station Business Rates reduction and ongoing resources to partly mitigate the impact on the MTFS

	£'m
Power Station Business Rates reduction	3.790
<u>Less</u> Business Rates growth As part of the 2016/17 MTFS growth in the Business Rates base was allocated to offset the potential impact of a permanent reduction in the Power Station Rateable Value.	(0.485)
<u>Less</u> Council Tax base growth As detailed later in the report the actual increase in the 2015/16 Council Tax base is above the MTFS planning assumptions. As this ongoing income has not been reflected in the MTFS it is recommended that it is allocated to help mitigate the impact of the Power Station Rateable Value reduction.	(0.680)
<u>Less</u> Inflation on Business Rates growth The Council will retain 49% of anticipated the inflation on the Business Rates Base.	(0.268)
<u>Less</u> Enterprise Zone Business Rates Reflects Business Rates growth retained by the Council.	(0.090)
Net Business Rates Reduction 2016/17	2.267

- 5.25 It is currently anticipated that the net Business Rates shortfall will reduce to £1.709m in 2017/18 and £1.551m in 2018/19, assuming annual Business Rates increases of 1%, or the Government compensate Councils if Business Rates are frozen. These figures are used for planning purposes. However, in the event that Business Rates income does not increase by 1% the annual shortfall in 2017/18 and 2018/19 would be approximately £2m. The position will be reviewed when more information is available.
- 5.26 The second part of the recommended strategy for managing the net reductions outlined above is a strategy for using the existing Power Station Risk Reserve.
- 5.27 As detailed earlier the Council began developing a financial strategy to manage the forecast reduction in the Power Station Rateable Value in

2012/13 when the first contributions to the risk reserve were made. Further contributions have been made to the risk reserve and one-off funding of £4.784m was available at the end of 2014/15.

5.28 Additional one-off contributions to the Risk Reserve are also recommended in 2015//16 and 2016/17 as follows:

2015/16

- £585,000 from Business Rates growth not included in MTFS forecasts – already approved as part of the current MTFS;

2016/17

- £309,000 from additional forecast 2016/17 New Homes Bonus payments. As detailed later in the report if this income continues in 2017/18 and future years it will help reduce the forecast budget deficits, although this income cannot yet be relied beyond 2016/17;
- £827,000 Collection Fund surplus 2015/16 – this reflects the increase in the Council Tax base referred to later in the report.

5.29 After reflecting the recommended contributions detailed above it is anticipated that there will be total one-off funding of £6.505m, compared to net reductions income arising from the Power Station Rateable Value of £6.964m over the period 2015/16 to 2018/19. Therefore, the Council faces a net forecast funding shortfall of £0.459m in 2018/19. Hopefully, this amount can be funded from the 2015/16 outturn if the under spend is not needed to offset a higher actual grant cut than forecast. This position is summarised overleaf:

Table 5 - Summary of contributions to / (commitments to be funded) from the Power Station Risk Reserve 2015/16 to 2018/19

	Contribution £'000	Commitment £'000	Balance of Risk Reserve/(net annual cost) £'000
Balance 31.03.15	4,784	0	4,784
2015/16 #	585	(1,437)	(852)
2016/17	1,136	(2,267)	(1,131)
2017/18	0	(1,709)	(1,709)
2018/19	0	(1,551)	(1,551)
Total / (Funding Shortfall 2018/19)	6,505	(6,964)	(459)

The commitment in 2015/16 relates to the repayment of Business Rates paid on the previous Power Station Rateable Value to 2010/11 of £18.902m, less 'Safety Net' grant received by the Council of £17.465m

- 5.30 Summary of the financial impact of the Power Station Rateable Value reduction 2015/16 to 2018/19
- 5.31 As outlined in the previous paragraphs the Council has faced significant financial uncertainty regarding the Rateable Value of the Power Station since the Business Retention system was implemented by the Government from 1st April 2013.
- 5.32 This uncertainty was exacerbated by the time it took the Valuation Office Agency to determine the outcome of the Power Station Appeal as this decision was only made in May 2015, some 5 years after the previous Rateable Value became effective (i.e. from 1st April 2010).
- 5.33 As reported previously if this issue had been resolved before the 1st April 2013 the Council would have not faced this uncertainty, or more importantly the loss of income which now needs to be managed.
- 5.34 These risks had been recognised by the Council in 2012/13 when an initial Risk Reserve was established and further resources have been earmarked since then. This action enables the Council to manage the impact of the Power Station Rateable Value reduction over the period 2015/16 to 2017/18 and to partly fund the income reduction in 2018/19. If this risk management strategy had not been implemented significantly higher budget cuts would have been required in 2016/17.
- 5.35 However, whilst the recommended strategy avoids increasing the budget deficits for 2016/17 to 2018/19, the Council has had to manage a permanent income reduction of £3.790m as a result of the Power Station Rateable Value reduction. This is on top of continuing grant cuts.
- 5.36 The recommended strategy means the Council has to commit the following resources over the period 2015/16 to 2018/19 to manage the impact of the ongoing reduction in the Power Station Rateable Value and therefore avoid increasing the budget deficits:
- One off resources of £6.505m;
This amount consists of the existing Power Station Risk Reserve of £4.784m, plus planned contributions of £0.585m and £1.136m in 2015/16 and 2016/17 respectively.
 - Ongoing resources of £1.523m;
- 5.37 Whilst, the recommended strategy avoids increasing the budget deficits for the next three years, this is not a permanent solution and the Council will need to address a net income shortfall in 2018/19 of £0.459m, which can hopefully be funded from the 2015/16 outturn if the under spend is not needed to offset a higher actual grant cut than forecast. If this is not possible the 2018/19 budget deficit will increase by this amount. The Council will then need to address an ongoing net income reduction of £1.5m in 2019/20.

6. RESERVES REVIEW AND 2015/16 GENERAL FUND FORECAST OUTTURN

- 6.1 A comprehensive review of Reserves held at 31st March 2015 and the risks reserves are held for was reported to the Committee in October. This is an annual review undertaken by the Corporate Management Team which is recognised good practise. 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.
- 6.2 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 to manage the impact of to the significant Power Station Business Rates reduction. The review identified a limited number of areas where risks have reduced and reserves of £889,000 can be released, as detailed in Appendix B. Members have determined to recommend that Council allocates these resources as follows:
- £0.5m to establish a Child and Family Poverty Reserve – detailed proposals for using this amount will be referred to a future meeting;
 - £0.389m to help manage a higher 2016/17 grant cut than forecast – further details are provided in the following paragraph.
- 6.3 An assessment of the forecast outturn for 2015/16 has been completed and reflects the robust action taken by the Corporate Management Team to achieve an under spend to help address the financial challenges facing the Council over the next few years. The outturn forecasts are currently being updated and no significant changes in the previous forecasts are anticipated. Reports on the position for individual Policy Committees will be reported in December. At the meeting on 16th October 2015 Members approved the proposals that the £0.389m identified from the reserves review and the forecast 2015/16 outturn should be allocated to manage a higher 2016/17 grant cut than forecast.
- 6.4 This proposal would not provide a permanent strategy for addressing a higher actual 2016/17 grant cut, although it would provide a longer lead time to develop, consult and then implement additional budget cuts. This proposal provides between £1.058m and £1.278m to manage a higher 2016/17 grant than forecast, as set out below:

Table 6 – Summary of 2015/16 Outturn forecast and reserves review

	Worst Case - Forecast one-off resources £'000	Best Case - Forecast one-off resources £'000
2015/16 net forecast outturn	669	889
Reserve Review (gross amount released of £889k less allocated for Child and Family Poverty initiatives)	389	389
Total Forecast Uncommitted Resources	1,058	1,278

6.5 In the unlikely event that the actual 2016/17 Government grant cut is the same as the forecast grant cut an alternative strategy for using these resources can be considered. There are a number of potential commitments which Members may wish to consider funding and further details will be reported when the 2016/17 grant cut is known. These issues cover the following areas:

- **Jacksons Landing Interest Free loan**

As part of the approved 2014/15 Outturn Strategy Members noted that the interest free period has been extended to October 2017, which provides a longer lead time to develop this site. Members determined to allocate part of the uncommitted 2014/15 outturn to increase the value of resources allocated to cash back the interest free loan to 80%, which minimises the unfunded financial risk in 2017/18 from repaying the interest free loan. Members may wish to allocate part of the 2015/16 forecast outturn to increase cash backing of the interest free loan to 100% to completely remove this financial risk.

- **Funding for Policy Priorities**

The Council will face an increasingly difficult financial situation over the next four years and determining plans for savings becomes more problematic each year. The scale of the financial challenges faced over the last Parliament and the compound nature of the cuts has resulted in consideration being given to a plan for reshaping the Council, its working arrangements with partners and the nature of some of its services. This approach is being considered to ensure that the Council can continue to deliver important Council services and to ensure that a balanced budget can be set. As part of this work a longer term plan for the Council is being established and will be considered by a future meeting of this committee. This will require one off funding and consideration along with policy priorities which Members may wish to fund, covering:

- The allocation of uncommitted one off resources to support the General Fund budget in 2017/18 and future years;
- The allocation of uncommitted one off resources to support the 2017/18 Local Council Tax Support scheme;

- The allocation of uncommitted one off resources to support the 3 year plan for reshaping the Council, which may require one-off resources to achieve ongoing savings.

7. LOCAL COUNCIL TAX SUPPORT (LCTS) SCHEME 2016/17

7.1 There is a separate report elsewhere on the agenda on the LCTS scheme which recommends the 2016/17 LCTS scheme to be maintained at 12%, for the third year.

7.2 The current forecasts anticipate the LCTS cut having to increase to 20% in 2017/18, with higher cuts in 2018/19 and future years. These forecasts will need to be reviewed as part of the 2017/18 MTFS when the actual grant cut is known and Members will need to prioritise the reduced level of Government funding between:

- Support for the General Fund budget and services; and
- Support for the LCTS scheme.

7.3 This will require an updated assessment of the impact of apportioning the actual grant cuts between the General Fund budget and the LCTS scheme. The LCTS assessment will need to consider both the impact on individual low income working age householders (which will be affected by a range of further Welfare reforms and the National Living Wage) and the impact on the sustainability of Council Tax payments from LCTS households.

8. 2016/17 GENERAL FUND BUDGET

8.1 This section considers the issues impacting on the 2016/17 General Fund Budget and covers the following areas:

- Government Grant funding;
- Council Tax Level 2016/17;
- Council Tax Base;
- New Homes Bonus;
- Business Rates income;
- Council Tax Collection Fund 2015/16.

8.2 Government Grant funding

8.3 The February 2015 MTFS forecasts were based on anticipated annual grant cuts of 10% for three years commencing 2016/17. Following the July 2015 Budget the Chancellor 'invited' Government departments to outline plans for achieving budget reductions of between 25% and 40% over a 4 year period commencing 2016/17. The Government will issue details of the Spending Review outcome on 25th November 2015. The impact on individual Councils will not be known until the Local Government Finance Settlement is issued. This will probably not occur until late December, which makes financial planning extremely challenging.

- 8.4 It is anticipated that Government Grant cuts will continue to have a disproportionate impact on those areas (including Hartlepool) which still remain more dependent on Government Grants than more affluent areas. These additional Government grant cuts will further erode the remaining resource equalisation from the Local Government funding system and increase the incentives to achieve growth from housing and business development.
- 8.5 On the basis of the Chancellor's statement the existing MTFs planning assumption of 10% annual grant cuts continues to be appropriate. However, as detailed earlier in the report, there is a risk that the actual grant cut for 2016/17 may be higher than forecast. Therefore, the recommendation to allocate uncommitted resources from the 2015/16 managed under spend and part of the one-off resources identified from the reserves review, provides temporary resources to manage a higher grant cut and provide a longer lead time to make permanent budget reductions if this is necessary.
- 8.6 Government grant cuts will continue beyond the current MTFs period and based on current information a further 10% reduction is forecast for 2019/20. This assumes the Government implements total funding cuts of 40% and phases these cuts equally over 4 years.
- 8.7 **Council Tax Level 2016/17**
- 8.8 There is statutory requirement for Local Authorities to set indicative Council Tax levels for future years. However, this does not commit the Authority to implement the indicative Council Tax level, as the level of Council Tax needs to reflect the financial circumstances applying at the time the annual Council Tax decision is made. This includes consideration of the Council Tax referendum trigger point set by the Government on an annual basis and decisions the Government may make to provide Council Tax freeze grant.
- 8.9 On this basis of these statutory requirements Members approved an indicative 2016/17 Council Tax increase of 1.9% in February 2015 and noted that this position would be subject to review and a final decision in January/February 2016.
- 8.10 At this stage the Government has not provided details of the Council Tax referendum trigger point for 2016/17, or indicated whether the Council Tax freeze grant will be paid for 2016/17, or the level of Council Tax freeze grant if it is paid. It is anticipated that this information should be provided alongside the 2016/17 Local Government Finance Settlement in December.
- 8.11 The level of Council Tax for 2016/17 will need to be reviewed when this information is available and at that stage Members will need to consider the following issues:
- The impact on households of the proposed 2016/17 Council Tax level;
 - The impact of a Council Tax increase on the cost of operating the Local Council Tax Support Scheme (LCTS). The LCTS forecasts are based on a 1.9% Council Tax increase for 2016/17. If Council Tax is frozen there

will be a reduction in the LCTS scheme cost of £200,000, which would need to be allocated to help offset the loss of income from freezing Council Tax.

- The sustainability of income from either accepting a Council Tax freeze grant, or increasing the level of Council Tax;

8.12 Further details will be reported when more information is available to enable the Committee to determine the final 2016/17 Council Tax proposals to be referred to full Council in January/February 2016.

8.13 Council Tax Base

8.14 As reported within the 2015/16 MTFS report an assessment of forecast growth in the Council Tax base (the equated number of Band D properties) for the period 2015/16 to 2018/19 had been prepared. It was reported that significant work had been completed to provide a robust forecast based on an assessment of historic trends for the period 2000/01 to 2014/15 and growth projections. On the basis of these forecasts additional Council Tax income was built into the MTFS forecasts for the next three years.

8.15 The previous forecasts have been updated to include the actual 2015/16 tax base and revised growth projections over the period of the MTFS which reflected anticipated annual growth of 250 Band D equivalent properties.

8.16 The 2015/16 Council Tax base included a prudent assessment of forecasts for various Council Tax exemptions/discounts and additional Council Tax from properties empty for more than 2 years. This approach reflected the significant financial risks facing the Council, including the Power Station Rateable Value Appeal, which was outstanding at that time. After reflecting these factors the 2015/16 approved Council Tax base was 22,298 and this was reflected in the 2015/16 budget proposals.

8.17 As anticipated at the time the prudent forecasts for exemptions/discounts and income collected from empty properties have been exceeded. As these factors are sustainable and additional housing growth is anticipated the forecast 2016/17 Council Tax base is 23,092. This is 470 higher than the previously forecast 2016/17 Council Tax base.

8.18 Assuming Members confirm the indicative Council Tax increase of 1.9% this will result in additional 2016/17 Council Tax income of £680,000 (£667,000 if Council Tax is frozen). This income has not previously been reflected within the MTFS forecasts.

8.19 However, as detailed earlier in the report the MTFS forecast deficit of £14m does not include the impact of the Power Station Business Rates reduction. Therefore, it is recommended that this income is allocated to partly offset the Power Station Business Rates reduction.

8.20 Proposals for funding the Power Station income reductions are summarised in paragraphs 5.24 and 5.29, which includes the additional Council Tax income referred to above.

8.21 The forecast Council Tax base for 2017/18 and 2018/19 have also been reviewed to reflect the most recent information on house building proposals. On this basis there is no change in the forecast growth for 2017/18. For 2018/19 it is anticipated that there will be growth of 420 Band D equivalents, compared to an initial forecast of 250, an increase of 170. In financial terms this equates to approximately £255,000 of additional Council Tax income in 2018/19 (assuming annual Council Tax increases of 1.9% in 2016/17, 2017/18 and 2018/19). This additional forecast income is reflected in the updated financial forecasts detailed later in the report.

8.22 The forecasts for 2017/18 and 2018/19 will be reviewed on an annual basis to reflect actual house building in the previous financial year and updated information on planned housing development. This will enable any changes in these forecasts to be reflected in the MTFs.

8.23 In summary it is forecast that over the next three years growth in the Council Tax base will provide additional forecast income of £1.985m from the 2015/16 base of £31.6m. This equates to an increase of approximately 1,400 Band D equivalent properties. As this is more than previously forecast it is recommended that £0.680m is allocated to partly address the impact of the Power Station Business Rates reduction and £1.305m is allocated to support the MTFs. The following table provides a summary of changes in the Council Tax base:

	2000/01	2014/15	2015/16
Band A to D	93%	89%	88%
Band E to H	7%	11%	12%
Total	100%	100%	100%

8.24 **New Homes Bonus (NHB)**

8.25 Councils currently 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.

8.26 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 allocations. Removal of this funding would have a detrimental impact on Local Authority funding, particularly for those areas which have experienced the highest housing growth and therefore benefitted most from the NHB regime.

8.27 For planning purposes the MTFs forecasts assume the NHB regime will continue and the Council will receive additional allocations in 2016/17, 2017/18 and 2018/19 as a result of forecast local housing growth. Clearly, if the Government changes the existing NHB regime the Council may not receive the forecast level of NHB in future years, which would increase the forecast budget deficits.

8.28 In 2016/17 it is anticipated that the Council will receive £2.398m of NHB (£1.767m in 2015/16). The NHB allocation needs to be compared to a core grant cut since 2010/11 of £22m.

- 8.29 The forecast 2016/17 NHB reflects the changes on the overall Council Tax base and is £309,000 more than forecast in the previous MTFS. Assuming the forecast 2016/17 NHB allocation is confirmed as part of the Local Government Finance Settlement in December 2015 it is recommended that this additional funding is allocated to partly address the impact of the Power Station Rateable Value reduction, referred to earlier in the report.
- 8.30 Until the future sustainability of the NHB regime is confirmed by the Government it is not recommended that the additional 2016/17 NHB is included within the MTFS in future years.
- 8.31 **Business Rates 2016/17**
- 8.32 Previous MTFS reports highlighted the significant uncertainties in relation to the Business Rates Retention system changes implemented from 1st April 2013. The major areas of uncertainty related to the Power Station, both the appeal for a permanent reduction in the Rateable Value and an appeal for a temporary Rateable Value reduction covering the summer 2014 outage. As detailed in section 5 the permanent reduction in the Rateable Value reduces the Council's share of ongoing Business Rates income by £3.9m and proposals for managing this reduction are detailed earlier in the report.
- 8.33 There are still outstanding risks in relation to other outstanding appeals, including appeals from supermarkets which are within the top ten Business Rates payers in the town. Outstanding Business Rates appeals by supermarkets are a national issue and will affect the majority of councils. It is anticipated that when the Valuation Office Agency determine these appeals there will be a reduction in the Rateable Value, owing to significant changes in the sector since the Rateable Values were assessed prior to 2010. However, at this stage it is not possible to assess the potential impact on Hartlepool.
- 8.34 After reflecting outstanding appeals and business growth, but excluding the impact of the Power Station, it is not anticipated that there will be any net change in the forecast level of Business Rates income over the period of the MTFS. This position will be kept under regular review and if there are any significant unexpected changes details will be reported as part of the regular Financial Management reports submitted to Finance and Policy Committee.
- 8.35 **Council Tax Collection Fund 2015/16**
- 8.36 An initial assessment of the 2015/16 outturn has been completed to fit in with the budget timetable. This indicates there is a net one-off 2015/16 surplus of £0.827m, which has not previously been anticipated. This position reflects in-year additions to the Council Tax base as a result of housing completions and increased income from the local exemptions/discounts/long term empty policy. Where these trends will continue they are reflected in the forecast Tax Base for 2016/17 detailed earlier in the report.
- 8.37 As detailed earlier in the report it is recommended this amount is earmarked to help mitigate the impact of the Power Station Rateable Value reduction.

9. UPDATED FORECAST 2016/17 TO 2018/19

- 9.1 The MTFs forecasts have been updated to reflect the issues detailed in the previous section and the forecast overall net deficit has increased from £13.997m to £14.192m, excluding the impact of the Power Station. Whilst, the overall forecast net deficit has only increased by £195,000, there have been significant changes in the budget forecasts.
- 9.2 The most significant change is the impact of the National Living Wage which will increase costs by £1.5m by 2018/19, with further increases in the following two years. The Government will not provide any additional funding to meet this new financial burden.
- 9.3 To mitigate this cost pressure the provision for annual cost of living pay awards has been reduced to 1% for the next three years, in line with the Public Sector pay cap. This provides a budget saving of £1.4m. If this saving had not been needed to offset the National Living Wage pressure it could have been allocated to reduce the forecast budget gap.
- 9.4 The changes in the forecast deficit are summarised overleaf and these forecast will be updated when the actual grant allocations for the next three years are known. There is therefore a risk that the actual deficits are higher.

Table 7 - Changes in forecast Deficit 2016/17 to 2018/19
(excluding the impact of Power Station Rateable Value reduction)

	£'000
Forecast deficit reported 29.06.15	13,997
Add - Removal for forecast Terms and Conditions savings	200
Add – Cost of Hartlepool Living Wage	150
Add - Cost of National Living Wage (reflects annual budget pressures up to 2018/19, but excludes additional pressures in 2019/20 and 2020/21)	1,500
Less reduction in annual provision for cost of living pay awards to 1% public sector pay cap up to 2018/19	(1,400)
Less additional forecast growth in Council Tax base over up to 2018/19	(255)
Revised Deficit	14,192

- 9.5 The revised deficit of £14.192m is after reflecting the following factors:
- Permanent ICT savings and lower interest costs in 2016/17;
 - Forecast annual Council Tax increases over the next three years of 1.9% per year;
 - An updated forecast of growth in the Council Tax base over the next three years arising from house building;
 - Forecast continuation of the New Homes Bonus regime and increased allocations reflecting house building; and
 - The phased use of the Budget Support Fund.

9.6 If the above measures had not been available the Council would have faced higher annual deficits over the next three years and an overall gross deficit of £24.811m as summarised in the table overleaf:

Table 8 - Forecast Gross and Net Deficits 2016/17 to 2018/19

	2016/17	2017/18	2018/19	Total ongoing income / (cost) over 3 years
	£'000	£'000	£'000	£'000
Gross Forecast Deficit	8,435	7,895	6,499	22,829
<u>Add Permanent Pressures</u>				
Hartlepool Living Wage, removal of Terms and Conditions saving and cost National Living Wage	850	500	500	1,850
Ward Member Budgets	132	0	0	132
	9,417	8,395	6,999	24,811
<u>Less Forecast Permanent savings and increased income</u>				
ICT and Interest rates savings	(500)	0	0	(500)
Reduction in provision for forecast pay awards	(200)	(600)	(600)	(1,400)
Forecast annual 1.9% Council Tax increase	(600)	(610)	(620)	(1,830)
Forecast growth in Council Tax Base #	(350)	(350)	(605)	(1,305)
Forecast New Homes Bonus ##	(323)	(380)	(380)	(1,083)
Deficit before use of reserves	7,444	6,455	4,794	18,693
<u>Less Use of one-off Reserves</u>				
Use of Budget Support Fund	(2,620)	(1,224)	(100)	(3,944)
Rephasing Use of Budget Support Fund	(88)	(8)	96	0
Use of Protection Reserve/Living Wage reserve	(557)			(557)
Revised Net Forecast Deficit ###	4,179	5,223	4,790	14,192

Forecast growth in the Council Tax base will provide additional forecast income of £1.985m from the 2015/16 base of £31.6m. It is recommended that £1.305m of this growth is allocated to support the MTFS and £0.680m is allocated to partly address the Power Station Rateable Value reduction.

2016/17 figure is net of £309,000 of additional New Home Bonus income which it is recommended is allocated to partly address the Power Station Rateable Value reduction.

2018/19 Forecast deficits excludes forecast shortfall in 2018/19 in relation to the Power Station of £0.459m detailed in paragraph 5.29, which it is hoped can be funded from the 2015/16 forecast outturn if this is not needed to fund a higher 2016/17 actual grant cut than forecast.

9.7 The Council will continue to face a challenging financial position beyond 2018/19 from:

- The continuation of Government grant cuts in 2019/20;
- The ongoing net impact of the Power Station Rateable Value reduction in 2019/20, currently forecast to be £1.550m, as the one-off resources allocated to help address this position over the next three years will have been used up; and

- Further forecast budget pressures in relation to the phased increase in the National Living Wage in £660,000 in 2019/20 and a further £660,000 in 2020/21.

9.8 An assessment of the budget position beyond 2018/19 will be completed after the Government 2016/17 Local Government Finance Settlement announcement and details will be reported to a future meeting.

10. DETAILED 2016/17 BUDGET PROPOSALS

10.1 As detailed in paragraph 9.6 the Council faces a gross forecast budget deficit of £9.417m. After reflecting the permanent corporate savings, forecast income increases and use of the Budget Support Fund which can be taken into account in 2016/17 the forecast deficit has been reduced to £4.179m.

10.2 Detailed proposals for addressing the net forecast 2016/17 deficit were considered by individual Policy Committees over the summer and these reports are detailed at Appendix C1 to C6. The savings proposals were supported by individual Policy Committees, albeit reluctantly. Members requested additional information on a small number of items and this is provided in paragraph 10.3 for Finance and Policy Committee issues and paragraph 12.3 for Public Health.

10.3 Finance and Policy Committee

- Information of proposed redundancies

As reported previously a 'continuous ER/VR' process commenced in 2014/15 and has continued in the current year to help manage the budget position and to maximise the opportunity for retraining and redeploying staff where service need allows.

For 2016/17 this has worked extremely well and at this stage it is anticipated that there will be **no compulsory redundancies**. This is the first financial year this has happened over the period 2011/12 to 2016/17.

The budget saving for 2016/17 includes the deletion of approximately 33 posts and these have been matched to applications for redundancy or early retirement

The Corporate Management Team has worked extremely hard to achieve this outcome and is delighted that there are currently no compulsory redundancies as part of the 2016/17 budget process. However, it needs to be recognised that owing to the scale of the Government funding cuts in future years, this position will not be sustainable and compulsory redundancies will be unavoidable in 2017/18 and 2018/19.

- Information on Assistant Chief Executive - Income and Running costs saving of £62.5k

The majority of the £62,500 identified as savings will be achieved by centralising divisional running costs. There is approximately £15,000 which

is additional income generate from external customers for a mix of Health and Safety and Human Resources services. These services can be delivered without the need for additional resources

10.4 The Departmental savings of £4.179m consist of a combination of:

- Budget reductions/increased income/grant regimes of £3.088m; and
- Use of Departmental Reserve of £1.091m.

10.5 The use of Departmental Reserves is designed to provide a longer lead time to make permanent reductions and for planning purposes these permanent saving are built into the 2017/18 base. If these measures are not implemented the budget deficit for 2017/18 detailed in paragraph 9.6 will increase.

10.6 In summary the 2016/17 savings proposals are as follows:

Table 9 - Summary of 2016/16 proposed Savings

	Use of Departmental Reserves	Budget Reductions/ Increased income/ Grant regimes	Budget reductions Increased income/ Grant regimes as a percentage of 2015/16 budget
	£'000	£'000	
Chief Executive's Department (1)	0	235	5.6%
Child and Adult Service Department	934	1,750	3.7%
Regeneration and Neighbourhoods Department	157	1,024	5.0%
Public Health (General Fund budgets)	0	79	7.3%
Total	1,091	3,088	4.2%

1. The Chief Executive's Department will also need to manage the impact of the forecast 2016/17 Housing Benefit Administration Grant, currently anticipated to be £54,000. Members have previously approved the allocation of the FERIS (Fraud and Error Reduction Incentive Scheme) grant to mitigate this grant cut.

10.7 Total use of one off funding to support the 2016/17 Budget

10.8 As part of the development of a multi-year MTFs Members have previously approved the establishment of a Budget Support Fund to support the budget over a number of years. Proposals for using additional one-off resources to address specific issues and to provide a longer lead time to enable these issues to be managed are detailed in previous paragraphs. The phased

withdrawal of these resources is reflected in the MTFs forecasts detailed earlier in the report and by 2018/19 there will be no reliance on this one-off funding.

- 10.9 After reflecting these issues the Council will be using one-off resources of £4.356m to support the 2016/17 budget, which has reduced the budget cuts required and protected services for 12 months. This is not sustainable and more significant budget cuts will be required in 2017/18 and 2018/19 as a result of continuing cuts in Government grants. The use of one-off resources in 2016/17 is summarised below:

Table 10 - Summary of one-off resources allocated to support the 2016/17 budget

	£'000
Budget Support Fund	2,708
Protection Costs Reserve/Living Wage Reserve	557
Departmental Reserves	1,091
Total One-off Resources use to support 2016/17 budget	4,356

10.10 **Summary of strategy to address 2016/17 forecast budget deficit**

- 10.11 After reflecting the factors detailed in the previous paragraphs the gross budget deficit arising from the further forecast significant cut in Government grant can be bridged from a combination of factors as summarised below. The table shows that only 37% £3.088m of the gross budget deficit will be bridged from cuts to departmental budgets. This position reflects the use of one off resources, forecast growth in income arising from house building and the achievement of corporate savings. It also underlines the significant benefits from continuing to adopt a multi-year approach to managing the Council's resources:

Table 11 - Summary of 2016/17 Savings and Resources to bridge gross forecast budget deficit of £9.417m

	£'000	Percentage of £9.417m
Use of Budget Support Fund	2,708	29%
Housing Growth and Council Tax increase	1,273	13%
Use of Departmental Reserves	1,091	12%
Corporate Savings (ICT and interest savings, plus reduction in April 2016 pay award provision)	700	7%
Use of Protection Costs Reserve/Living Wage Reserve	557	6%
Sub Total	6,329	67%
Departmental Budget cuts	3,088	33%
Total	9,417	100%

- 10.12 **Risk Assessment of recommended 2015/16 savings**
- 10.13 **Corporate savings** - There is no risk in relation to the Corporate ICT saving as work has been completed to confirm the saving is achievable. Similarly the additional saving in interest rates is considered to be low risk owing to the outlook in relation to interest rates.
- 10.14 **Departmental savings** – The detailed savings reports include a risk assessment section detailing financial and non financial risks of achieving the proposed savings. Implementation of individual savings will be managed carefully during 2016/17 to ensure these savings are implemented. In addition, the progress in achieving permanent savings/income to replace the use of department reserves in 2016/17 will also be managed carefully to ensure these are achieved before the start of 2017/18, or there is sufficient time to develop an alternative strategy if planned reductions cannot be achieved.

11. CAPITAL PROGRAMME 2016/17 to 2018/19

- 11.1 There are two elements to the capital programme, namely schemes funded from specific Government capital allocations and locally funded schemes.
- 11.2 **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 D. 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.
- 11.3 **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.
- 11.4 **Schemes funded from the Council Capital Fund** – in previous years the Council supported capital expenditure of £600,000 using Prudential Borrowing. Owing to the continued impact of Government grant cuts this approach is not sustainable as the resulting loan repayment costs would increase the budget deficit and therefore the cuts required to balance the budget.

However, as detailed in the separate Capital Receipts report, a review of progress in achieving the existing capital receipts target of £6.5m has been completed and this indicates the target will be achieved early in 2016/17, if planned land sales are achieved.

In addition, work has been completed to recommend a new capital receipts target for 2016/17 to 2018/19. Based on experience of achieving the previous target, which has taken longer to achieve than initially forecast owing to challenging market conditions, achieving further capital receipts will also be challenging and require careful management. It also needs to be

recognised that existing deliverable planning approvals have already been granted for 2,668 houses on privately owned land. In addition to permissions already granted there are a substantial number of housing planning applications that are under consideration that may further impact on the future demand for residential land if approved due to saturation of the market and this dynamic will be critical in the achievement of ongoing capital receipts.

Therefore, against this background it is recommended that a capital receipts target of £1m is set for 2016/17. In the event that these capital receipts are delayed the temporary shortfall will be funded from temporary Prudential Borrowing. Based on the planned sales for 2016/17 this is a low risk.

It is recommended that the 2016/17 resources are allocating to fund the following priorities:

- £0.6m for Council Capital Fund Priorities – detailed proposals for allocating these resources will be reported to a future Finance and Policy Committee for consideration and approval;
- £0.4m for other Council priorities, which may include match funding capital grants and/or other external funding opportunities, or potential development of Community Hub facilities – detailed proposals will be reported to a future Finance and Policy Committee for consideration and approval;

11.5 Housing Investment – a comprehensive report on the Housing investments completed to date and potential future developments will be submitted to a future meeting. Preparation of the report has been delayed pending clarification from the Department for Communities and Local Government (DCLG) of the potential requirements in relation to the Housing Revenue Account (HRA) and Government approvals required for further housing investment funded from Prudential Borrowing.

On 6th August 2015 full Council approved the business case for the purchase of 14 bungalows on the former Raby Road Corridor/Perth Street site. The business case noted that after reflecting a successful grant bid to the Homes and Communities Agency and the application of section 106 monies that Prudential Borrowing of £735,000 would be used for this project. The Prudential Borrowing equates to 58% of the overall project cost (i.e. £58,500 per property).

The report to Council advised Members that the scheme could not proceed until the DCLG provided the necessary approvals in relation to the Housing Revenue Account. Officers have been pursuing this issue with DCLG officials for several months and on 4th November DCLG confirmed that the Council can reopen the Housing Revenue Account. However, DCLG have not yet provided the necessary detailed approvals and it is not yet clear when this information will be provided, although these details are anticipated to be received before the end of the financial year.

Whilst, the DCLG notification is helpful a further delay to this scheme is unhelpful as the Council needs to commit to this development. Therefore, in order to progress this scheme a fall back funding strategy is needed and it is

recommended that the planned Prudential Borrowing of £735,000 is replaced with a temporary loan from the existing Major Repairs Reserves. The fall back will only be used if DCLG do not provide the necessary detailed approval by the end of the current financial year.

A further report will be prepared once DCLG have provided the detailed approvals. The report will also consider a strategy for using income received from Housing Hartlepool in 2015/16 from the sale of former Council houses, currently forecast to be £118,000.

11.6 Operational Equipment replacement - these schemes will be funded from Prudential Borrowing and the loan repayment costs repaid from existing revenue budgets, including Trading Accounts, or in the case of vehicles potentially required to bring the recycling service in-house will only be purchased once the detailed Business Case has been considered by the Neighbourhood Services Committee. The recycling service Business Case also identifies works which will be necessary to accommodate changes to the kerbside dry recycling service at the Burn Road Transfer Station which comprises of the following:

- Remove the now-defunct elevated platform and reinstate the ground;
- Erect a suitable building/canopy for dry recyclable material and wastes diverted from the Energy from Waste (EfW) plant;

The works will provide a purpose made holding facility to enable the Council to deposit waste materials at the site where they are sorted prior to being transferred to external authorised treatment facilities. The estimated cost is £250,000 and this will be funded by Prudential Borrowing and the annual repayment costs of £15,000 will be funded from savings generated in the Waste Disposal Budget. These schemes are detailed in Appendix D.

12. PUBLIC HEALTH FUNDING

12.1 A detailed report on Public Health Funding was presented to the Committee on 28th August 2015 and is attached as Appendix E. The report advised Members that the Chancellor announced a recurring cut in the ring fenced public health grant of £200 million – a 7.4% cut.

12.2 For planning purposes the report outlined proposals for managing a cut of 7.4% in the Public Health grant allocated to the Council, which is a reduction of £640,000. This cut has now been confirmed by the Government.

12.3 When the August report was considered Members requested information on a number of issues as detailed below:

- Information on alternative models and their impact on the provision of Stay Safe Stay Warm Fire Service Programme and Smoking Services Prevention Programme

The Stay Safe Stay Warm Programme provided by Cleveland Fire Service, responds to crisis situations and purchase the necessary equipment and materials, to ensure those most in need remain safe and

warm during the winter months. It is proposed to reduce this budget from £25,000 to £10,000. In regard to the impact of this reduction on the provision of the programme, it is anticipated that the impact will be limited. This view is based on the fire service exploring ways in which they can support health and well being through their mainstream activities, therefore the proposed funding level in 16/17 funding could well be sufficient to continue to deliver the programme.

The Smoking Services Prevention Programme has a current budget of £20,000 to carry out insight work to inform smoking interventions for young people and for an annual programme of theatre in education for year 7 pupils. The insight work is now complete therefore no impact will be felt on the loss of this budget for that element. A Theatre in Education Company has been commissioned by Public Health to deliver performances and workshops to Year 7 pupils in all secondary schools in Hartlepool for the past 5 years. This has always been well received in all schools and evaluates well and there may be an opportunity for schools to commission this programme directly. The cost of this for all 5 secondary schools is under £10,000 and so it would be a small contribution required from individual schools. In addition, the new service specification for Children and Young People's Health and Wellbeing Service requires school nurses to raise the issue of smoking and offer help and support to those wishing to quit. In addition, a number of youth workers have now been trained to raise the issue and deliver advice and support regarding quitting in the youth setting. The role of the Specialist Stop Smoking Service in this is to provide training, mentoring, shadowing and general guidance on the issue of smoking cessation and this will continue.

- Referral of the proposal in relation to the Taxi Marshalling service to the Safer Hartlepool Partnership in order to determine if Partner organizations could contribute to the scheme.

A paper is to be presented to the Safer Hartlepool Partnership on 20th November requesting Responsible Authorities, including the NHS and police, contribute to sustaining this scheme from 16/17 onwards.

- 12.4 The August report reminded Members that these reductions are anticipated to be in addition to 'pace of change' reductions, which could increase the total recurring funding cut to £1.5m. Further details will be reported as soon as they are available and at the time this report was prepared the Director of Public Health was preparing a response to consultation proposals issued by the Advisory Committee on Resource Allocation (ACRA).

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

- 13.1 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.

13.2 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.

13.3 The Chief Finance Officer can advise Members that in his professional opinion the budget proposals for 2016/17 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. It also includes the approach to assessing financial risks, the earmarking of reserves to manage these risks and the annual review of reserves and risks as summarised earlier in the report and considered in detail at the Finance and Policy Committee on 16th October 2015. 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 2016/17 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 2016/17. 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 early to ensure a full year saving is achieved in 2016/17. 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 2016/17 this reflects management action taken to hold posts vacant where possible to avoid the need for compulsory redundancies as part of the 2016/17 budget process. This action is not sustainable over the period of the MTFs and it will not be possible to avoid compulsory redundancies in future 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 2016/17 and the costs of implementing both the Hartlepool Living Wage and the National Living wage;
- Budget provision for additional Employers National Insurance costs from 1st April 2016 arising from changes being implemented by the Government;
- A prudent provision for inflation on non pay budgets and income budgets during 2016/2017;
- A prudent view of the net costs of the Authority's overall cash flow, including the repayment of Prudential Borrowing;
- 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 2016/17 budget as detailed in Appendix G;
- An assessment of the impact of using Departmental Reserves to help manage the 2016/17 budget deficit and the arrangements for managing progress during 2016/17 to identify permanent savings to replace this one-off funding from 2017/18.

13.4 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 2016/17 these costs will relate to voluntary redundancies as management action is currently anticipated to avoid compulsory redundancies for 2016/17. 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) Existing Capital Receipts target of £6.5m (includes £2m for Brierton Developments)

This risk has reduced significantly during 2015/16 owing to the completion of land sales. It is anticipated that the existing capital receipts target should be achieved early in 2016/17 provided planned land sales are completed.

iii) New Capital Receipts target of £1m for 2016/17

The report outlines proposal for achieving additional capital receipts over the period of the MTFs. Owing to the uncertainty and timing of achieving these additional forecast receipts a prudent approach has been recommended in setting a new target for 2016/17 of £1m. Provided planned land sales are completed this is a low risk. In the event that planned land sales are delayed until 2017/18 temporary Prudential Borrowing will need to be used to temporary fund 2016/17 capital expenditure.

iv) Jacksons Landing Development

Resources have previously been earmarked to cash back 80% of the interest free loan as part of the previous MTFs and 2014/15 final outturn strategy. These resources will provide protect the Council's financial position if a longer timeframe is needed to secure the development/sale of this site than provided by the current interest free loan, which is repayable in October 2017.

v) Business Rate Retention Risks

As outlined in previous MTFs report the main financial risk related to the outcome of the Power Station Rateable Value appeal. As outlined earlier in the report this risk has now materialised and a 48% reduction in the Ratable Value has been approved by the Valuation Office Agency. The scale of this reduction is unprecedented and exceeds the amount forecast. A strategy for managing this issue is detailed earlier in the report.

Potential risks remain in relation to unplanned outages at the Power Station, which may result in temporary rateable value reductions. As the existing Risk Reserve is fully committed to help manage the permanent Rateable Value reduction this position will need to be closely monitored on an ongoing basis.

Potential risks also remain in relation to business closures and these will also be monitored closely on an ongoing basis.

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 2016/17 than can be supported from the 2016/17 base budget. This strategy provides a longer lead time to achieve service transformation and reduce costs. The achievement of this strategy will need to be reviewed as part of the 2017/18 budget process to ensure the necessary permanent cost savings will be achieved.

- 13.5 In addition to the above issues there is a new risk in relation to the recycling service as a result of market conditions affecting all Authorities arising from a significant reduction in demand for recyclable material which is driven by lower oil prices and continued weak growth in the global economy. A range

of options are being explored in relation to the recycling services and a full business case will be reported to the Neighbourhood Services Committee next month. Whichever option is adopted the Council will face increased financial risks and the current options appraisal is designed to minimise this risk. The work completed to date indicates that the options appraisal is likely to recommend bringing the service in-house. In 2016/17 it is currently anticipated that this risk can be managed within the overall Departmental budget. However, for 2017/18 a budget pressure may be required and this will be considered as part of the 2017/18 budget process.

14. CONSULTATION FEEDBACK

14.1 Budget consultation/engagement meetings have involved the following organisations and further information is provided in the Appendices as indicated below:

- Trade Unions budget consultation meeting - H
- Business Sector budget consultation meeting - Appendix H
- Neighbourhood Forum budget consultation meeting – Appendix H
- Youth Parliament – considered the overall budget and detailed savings proposals over a number of meetings and met with Policy Chairs on 9th November 2015 to discuss the budget. Details of feedback from this meeting will be reported verbally to the Committee meeting.

15. EQUALITY IMPACT ASSESSMENTS

15.1 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.

15.2 Equality Impact Assessments (EIA) have therefore been undertaken where required and are included as part of the proposal reports to Committee's (appendices C1–C6) to enable Members to satisfy themselves that they are able to consider fully the potential impact of the proposed changes when making their decisions. 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.

15.3 An overall central assessment has been undertaken to determine the cumulative impact of the savings proposals on each individual "protected characteristic". It is understood 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.

16. CONSIDERATIONS / IMPLICATIONS

Financial Considerations and Risk Implications	Covered in detail in the previous paragraphs of this report
Legal Considerations	None
Child and Family Poverty Considerations	None
Equality and Diversity Considerations	Detailed in paragraph 15
Staff Considerations	Detailed in paragraph 10.3
Asset Management Considerations	None

17. CONCLUSIONS

17.1 Business Rates Issues and Power Station Rateable Value Reduction

17.2 As well as managing significant cuts in Government funding the Council has also had to manage increased financial risks as a result of the Government implementing the Business Rates Retention system and transferring responsibility for Council Tax support to Councils. These changes have had a disproportionate impact on Hartlepool.

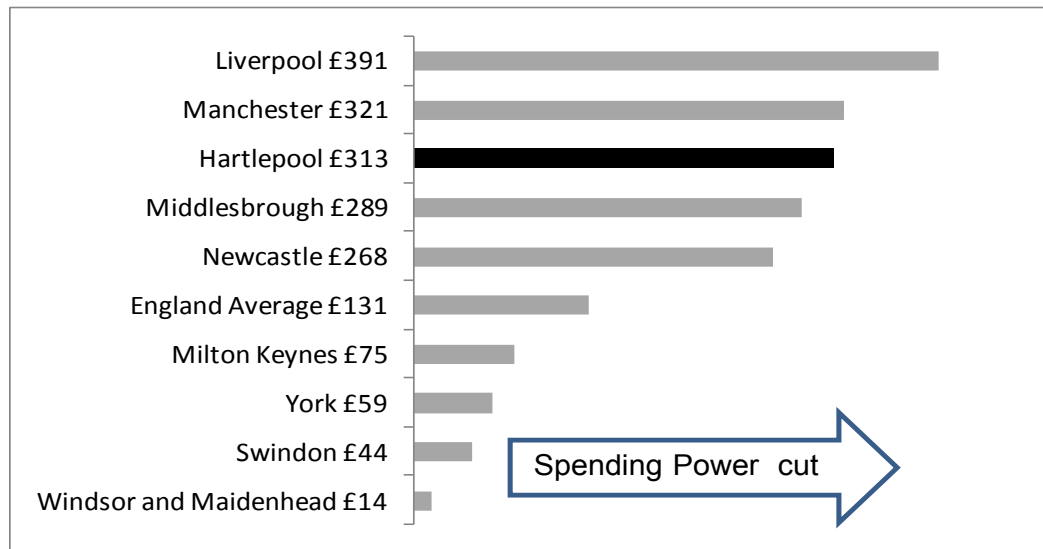
17.3 In particular, the Business Rates Retention system changes have had a significant detrimental impact on the Council's financial position and results from factors outside the Council's control, namely:-

- the time taken to address an outstanding Rateable Value appeal submitted by the Power Station against the Rateable Value set from 1st April 2010;
- the Government's decision to implement the Business Retention System from 1st April 2013 before appeals against the 1st April 2010 Rateable Values had been resolved; and
- the implementation of inadequate 'safety net' arrangements to support Councils suffering a significant ongoing reduction in Business Rates from a reduction in Business Rates income from a single business.

17.4 In May 2015 the Valuation Office Agency (VOA) approved a reduction of 48% in the Rateable Value of the Power Station which had applied since 1st April 2010 and which had previously been set by the VOA. As a result of this decision the Council faces an ongoing annual loss of Business Rates income of **£3.9m**, which equates to 25% of total Business Rates income for the town. The Council will not receive any financial support from the Government to manage the ongoing income reduction. Therefore, the Council has to fund this income loss from its own resources.

- 17.5 Whilst, the recommended strategy for managing this income loss avoids even greater cuts in services, it commits significant Council resources over the period 2015/16 to 2018/19, namely:
- £6.505m of one-off resources – which have been earmarked over a number of years to manage this risk; and
 - £1.523m of ongoing resources – arising from housing and business growth.
- 17.6 In summary over the period 2015/16 to 2018/19 the Council will need to commit one-off resources and ongoing resources of £11.074m to offset the impact of the Power Station Rateable Value reduction to avoid increasing the forecast budget deficits.
- 17.7 Whilst, the recommended strategy avoids increasing the budget deficits for the next three years, this is not a permanent solution and the Council will need to address a net income shortfall in 2018/19 of £0.459m, which can hopefully be funded from the 2015/16 outturn if the under spend is not needed to offset a higher actual grant cut than forecast. If this is not possible the 2018/19 budget deficit will increase by this amount. The Council will then need to address an ongoing net income reduction of £1.5m in 2019/20.
- 17.8 **Public Health Funding**
- 17.9 In addition, to managing significant additional cuts in Government funding for core services over the next three year, the report highlights the Government's proposals to cut Public Health funding by 7.4% in the current year and potential additional cuts in future years. These cuts will also have a disproportionate impact on Hartlepool owing to existing health in-equalities.
- 17.10 **General Fund Budget**
- 17.11 Local Authorities suffered some of the highest funding cuts in the Public Sector over the 5 years up to 2015/16. These cuts had a disproportionate impact on those Authorities which were most reliant on Government grant and have less ability to fund services from Business Rates and Council Tax. Consequently Councils in the North East and other deprived areas suffered the highest Spending Power cuts per resident as highlighted in the following graph.

Spending Power Cuts for last five years (2011/12 to 2015/16)



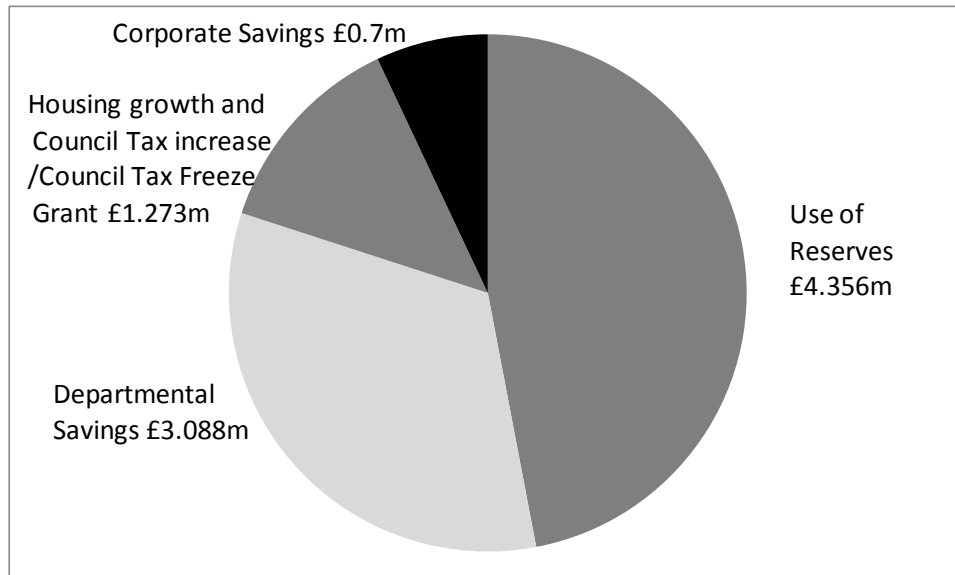
- 17.12 The Council has successfully managed the cuts in Government funding over the last 5 years through a combination of measures. This included a range of initiatives which cannot be repeated, including reducing management tiers/departmental restructuring, re-letting the ICT contract at a significantly reduced costs and interest savings. This approach has mitigated the impact on front line services and minimised the visible impact on services provided to the public. This position is not sustainable.
- 17.13 The Government has indicated that austerity will continue for the rest of this Parliament and in the summer Government departments were 'invited' to submit proposals for implementing cuts of either 25% to 40% over the next 4 years. Government plans will be outlined in more detail in the Spending Review announcement on 25th November 2015.
- 17.14 Details of the Local Government Finance Settlement are not expected to be issued by the Government until late December 2015, which makes financial planning extremely challenging. The proposals in this report are therefore based on a forecast Government grant cut for 2016/17 of 10%. In the event that the actual grant cut for 2016/17 is higher than 10% it is recommended that additional one-off resources, arising from the 2015/16 outturn and reserves review, are allocated to support the 2016/17 budget. This strategy will not provide a permanent solution and is designed to provide a longer timescale to develop and then consult upon additional permanent savings proposals.
- 17.15 On the basis of forecast grant cuts and budget pressures the Council faces a gross budget deficit of £24.811m for 2016/17 to 2018/19. It is anticipated that this can be reduced to £14.192m from a combination forecast housing growth, annual Council Tax increase/receipt of Council Tax freeze grant and use of the Budget Support Fund, as summarised below:

	Forecast 2016/17 to 2018/19 £'m
Gross Forecast Deficit	24.811
Less Forecast Permanent Corporate Savings and income increases (including anticipated Council Tax base increases and additional New Homes Bonus)	(6.118)
Less Use of Budget Support Fund	(4.501)
Net Forecast Deficit	14.192

(A detailed breakdown is provided in Table 8, paragraph 9.6)

- 17.16 In relation to the forecast 2016/17 budget the Council faces a gross budget deficit of £9.417m (inclusive of budget pressures). The impact on services has been mitigated from a combination of housing growth, forecast Council Tax increase/receipt of Council Tax freeze grant, corporate savings and use of reserves (i.e. use of Budget Support Fund and Departmental Reserves). Without these measures Members would have faced even more difficult decisions in relation to services. However, as a result of these measures budget reductions have been limited to £3.088m, which equates to only 33% of the gross deficit, as summarised in the following graph:

Summary of 2016/17 Savings and Resources to bridge gross forecast budget deficit of £9.417m



(A detailed breakdown is provided in Table 11, paragraph 10.12)

- 17.17 It is currently anticipated that the strategy for managing the 2016/17 forecast budget deficit should avoid the need for any compulsory redundancies. This reflects action taken by CMT to manage staffing reductions included in the 2016/17 savings proposals by managing vacant posts and approving 33 applications for voluntary redundancy/retirement.

17.18 The report concentrates on the forecast financial position for 2016/17 to 2018/19 and the Councils faces significant deficits in these years. As summarised in the following table the overall deficit for the three years up to 2018/19 has increased slightly. The increase largely reflects the net impact of forecast increases in the National Living Wage, reductions in forecast pay growth resulting from the Government's Public Sector pay cap of 1%, increased Council Tax income arising from forecast housing growth and annual Council Tax increases.

Forecast Net Budget Deficits 2016/17 to 2018/19
(based on forecast Government Grant cuts)

	Reported 29.06.15 £'m	Latest Forecast £'m
2016/17	4.135	4.179
2017/18	4.954	5.223
2018/19	4.908	4.790
	13.997	14.192

17.19 Addressing the budget deficits in 2017/18 and 2018/19 will be challenging and proposals for addressing these deficits will be reported to a future meeting for Members consideration. There is a potential risk that the deficit in 2017/18 may increase by £1.091m if savings proposals to replace the use of Departmental Reserves in 2016/17 are not implemented. Progress in achieving these budget reductions will be monitored closely during 2016/17.

17.20 The Council will continue to face budget deficits beyond 2018/19 owing to the following factors:

- The continuation of Government grant cuts until at least 2019/20 – this will mean there have been 9 consecutive years of funding cuts, which is unprecedented;
- The additional impact of further phased increases in the National Living Wage in April 2019 and April 2020. Despite this legislative change increasing Local Authority costs, whilst reducing Government Tax Credit expenditure, Councils will not be provided with 'new burdens' funding by the Government to address this cost pressure;
- The ongoing impact of the Power Station Rateable Value reduction will result in a net forecast income reduction of £1.550m in 2019/20; and
- Potential financial risks arising from the Government proposal to localise 100% of Business Rates by 2020.

17.21 Future reports will update Members on the impact of these issues when more information is available. In the meantime, the longer term outlook underlines the importance of continuing to adopt a multi-year approach to managing the Council's resources and implementation of measures to

address the forecast budget deficit on a sustainable basis by 2018/19, including the importance of achieving forecast housing growth.

- 17.22 On a more positive note the MTFs proposals include the introduction of a Hartlepool Living Wage of £7.88 with effect from 1st December 2015.

18. RECOMMENDATIONS

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

18.2 Implementation of Hartlepool Living Wage and National Living Wage

- 18.3 Approve the implementation of a Hartlepool Living Wage of £7.88 from 1st December 2015. Note that payment in December 2015 will be subject to Council approving this proposal on 10th December 2015 as part of the 2016/17 MTFs proposals.
- 18.4 Approve the proposal that the Hartlepool Living Wage of £7.88 be increased on an annual basis, commencing from 1st April 2016, in line with the cost of living pay award for Local Authority employees until such time as this is less than the National Living Wage, as which stage the National Living Wage will apply.
- 18.5 Approve the funding strategy for implementing the Hartlepool Living Wage as detailed in Appendix A.
- 18.6 Note the forecast additional budget pressures in 2017/18 and 2018/19 have been included in the MTFs and to note that these forecasts will need to be updated on an annual basis to reflect actual Local Government cost of living pay awards and actual National Living Wage levels.
- ### **18.7 Strategy for Managing Power Station Rateable Value Reduction**
- 18.8 Note that the Valuation Office Agency has reduced the Rateable Value of the Power Station by 48% and as a result there is a permanent reduction in the Council's share of Business Rates income of £3.790m.
- 18.9 Approve the allocation of permanent income from Business Rates growth, an increased Council Tax Base and Enterprise Zone Business Rates income, total value of £1.523m (as detailed in table 4, paragraph 5.24), to partly offset the gross Business Rates income and reduce the net 2016/17 shortfall to £2.267m (i.e. £3.790m less £1.523m).
- 18.10 Approve the allocation of the Power Station Risk Reserve, inclusive of additional contributions in 2015/16 and 2016/17, to fund the net 2016/17 Power Station income reduction and reductions over the period 2015/16 to 2018/19 as detailed in table 6, paragraph 5.29.
- 18.11 Note that recommendations 17.9 and 17.10 avoid increasing the budget deficits for 2015/16 to 2017/18 and this is only possible as a result of beginning to plan for this situation in 2012/13. To also note that in 2018/19

there is a net forecast shortfall of £0.459m which it is hoped can be funded from the 2015/16 outturn if the under spend is not needed to offset a higher actual grant cut than forecast. If this is not possible the 2018/19 budget deficit will increase by this amount.

18.12 Note that recommendations 17.9 and 17.10 do not provide a permanent solution to fully address the permanent reduction in the Power Station Rateable Value of £3.790m and there will be a forecast net income shortfall in 2019/20 of £1.5m;

18.13 Note the action taken by Officers to encourage the Valuation Office Agency and Power Station to reach agreement on the temporary Rateable Value reduction for 2014 outage before the end of the current financial year to avoid the income loss, potentially up to £1m, falling on the Council in 2016/17.

18.14 Reserves Review and General Fund 2015/16 Forecast Outturn

18.15 Approve the allocation of £0.5m from the Reserves Review to establish a Child and Family Poverty Reserve and delegate authority to the Finance and Policy Committee to develop and approve a strategy for using these resources.

18.16 Approve the allocation of the following forecast amounts to manage the potential impact of a higher actual 2016/17 grant cut than forecast:

	Worst Case - Forecast one-off resources £'000	Best Case - Forecast one-off resources £'000
2015/16 net forecast outturn	669	889
Reserve Review (gross amount released of £889k less allocated for Child and Family Poverty initiatives)	389	389
Total Forecast Uncommitted Resources	1,058	1,278

18.17 To note that if the above resources are not needed to offset a higher actual 2016/17 grant cut than forecast a further report will be submitted to enable an alternative strategy for using these resources to be developed, which may include allocating uncommitted funding to either:

- Increase cash backing for the Jackson's Landing Interest free loan from 80% of the loan value;
- To support the General Fund budget in 2017/18 and future years;
- To support the Local Council Tax Support scheme in 2017/18; or
- To fund one-off costs of reshaping the Council, which may require one-off funding to achieve ongoing savings.

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

18.19 Note the detailed Local Council Tax Support (LCTS) scheme report to be referred to Council on 10th December 2015 will recommend that a 12% LCTS scheme is retained for 2016/17.

18.20 2016/17 to 2018/19 General Fund Budget

18.21 Note that on the basis of forecast annual Government grant cuts the Council faces a gross budget deficit for 2016/17 to 2017/18 of £24.811m.

18.22 Note that after reflecting the proposals detailed in table 8, paragraph 9.6, which includes forecast housing growth and the use of the Budget Support Fund, the gross deficit of £24.811m should reduce to £14.192m and will result in the following annual forecast deficits:

- 2016/17 £4.179m
- 2017/18 £5.223m
- 2018/19 £4.790m

18.23 Approve the phased use of the Budget Support Fund as follows and to note that this phasing is reflects in the forecasts net annual deficits detailed in recommendation 17.22:

- 2016/17 £2.708m
- 2017/18 £1.232m
- 2018/19 £0.004m

18.24 Approve the use of Departmental Reserves of £1.091m and implementation of Budget Reductions/increased income/grant regimes of £3.088m to address the 2016/17 net budget deficit of £4.179m as summarised below and detailed in Appendix C1 to C6.

	Use of Departmental Reserves	Budget Reductions/ Increased income/ Grant regimes	Budget reductions Increased income/ Grant regimes as a percentage of 2015/16 budget
	£'000	£'000	
Chief Executive's Department (1)	0	235	5.6%
Child and Adult Service Department	934	1,750	3.7%
Regeneration and Neighbourhoods Department	157	1,024	5.0%
Public Health (General Fund budgets)	0	79	7.3%
Total	1,091	3,088	4.2%

- 18.25** Note the financial risks regarding the actual cuts in Government funding for the next 3 years and note that an update will be reported to a future meeting after the 2016/17 Local Government Finance Settlement is issued by the Government.
- 18.26** Note that a decision on the 2016/17 Council Tax level and indicative levels for 2017/18 and 2018/19 will be considered at a future meeting once the Government has issued the 2016/17 Council Tax referendum threshold and determined whether the Council Tax freeze grant regime will continue.
- 18.27 Capital Programme 2016/17**
- 18.28** Note that details of specific Government Capital Allocations for the Local Transport Plan, Education and Personal Social Services had not be issued by the Government when this report was prepared and detailed proposals for using these ring fenced capital resources will be reported to the relevant Policy Committee for approval once details have been received.
- 18.29** Approve the use Prudential Borrowing for the replacement of Operational Equipment as detailed in Appendix D and note the annual repayment costs are already included within existing operational and trading accounts budgets, or in the case of vehicles required to bring the recycling service in-house will only be purchased subject to approval of the detailed Business Case by the Neighbourhood Services Committee.
- 18.30** Approve, subject to the approval of the detailed Business Case, the use of Prudential Borrowing of £250,000 to complete works necessary to provide Waste Transfer Station Recycling capacity to enable the recycling service in-house and to note the annual repayment costs of £15,000 will be funded from savings generated in the Waste Disposal Budget.
- 18.31** Approve a new capital receipts target for 2016/17 of £1m and the allocation of these resources to fund the following priorities:-
- £0.6m for Council Capital Fund Priorities – detailed proposals for allocating these resources will be reported to a future Finance and Policy Committee for consideration and approval;
 - £0.4m for other Council priorities, which may include match funding capital grants and/or other external funding opportunities, or potential development of Community Hub facilities – detailed proposals will be reported to a future Finance and Policy Committee for consideration and approval;
- 18.32** Note that DCLG have confirmed the Council can reopen the HRA, but have not yet provided the necessary detailed approvals. Therefore, in order to progress the scheme approved by Council on 6th August to purchase 14 bungalows on the former Raby Road/Perth Street development, it is recommended that the planned Prudential Borrowing of £735,000 (i.e. 58% of the project cost, which equates to £58,500 per property) is replaced with a temporary loan from the existing Major Repairs Reserves. The fall back will only be used if DCLG do not provide the necessary detailed approvals by the year end current financial year.

18.33 Public Health Funding

- 18.34** Approve the savings proposals detailed in Appendix E to address the forecast cut in Public Health funding of £630,000 and to note that if the actual cut is higher a report will be submitted to a future meeting of the Committee.

18.35 Robustness of Budget Forecasts

- 18.36** Note the detailed advice provided by the Chief Finance Officer and Corporate Management Team in section 13.

19. REASON FOR RECOMMENDATIONS

- 19.1 To enable the Finance and Policy Committee to approve the 2016/17 budget proposals to be referred to Council for approval.

20. BACKGROUND PAPERS

Medium Term Financial Strategy 2014/15 to 2016/17 report to Finance and Policy Committee 29th June 2015.

Medium Term Financial Strategy Review of Reserves as at 31st March 2015 report to Finance and Policy Committee 15th September 2014.

21. CONTACT OFFICER

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FORECAST COSTS AND SAVINGS 2015/16 TO 2020/21

	Current MTFS Planning Period				Beyond MTFS	
	2015/16 (part year)	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Forecast Budget Pressures:						
- Removal of Terms and Conditions Savings	200	200	200	200	200	200
- Cost of implementing Hartlepool Living Wage	50	150	150	150	150	150
- Cost of increasing Hartlepool Living Wage to level of National Living Wage (note 1)	0	0	0	0	160	160
- Cost of continuing increase in National Living Wage	0	0	0	0	0	160
- Increased External Contract prices	0	500	1,000	1,500	2,000	2,500
Total Forecast Budget Pressure	250	850	1,350	1,850	2,510	3,170
Forecast Resources						
- Final 2015/16 Revenue Support Grant (note 2)	(93)	(93)	(93)	(93)	(93)	(93)
- Savings from April 2016 pay cap of 1%		(200)	(200)	(200)	(200)	(200)
- Savings from April 2017 pay cap of 1%		0	(600)	(600)	(600)	(600)
- Savings from April 2018 pay cap of 1%		0	0	(600)	(600)	(600)
Total Forecast Budget Savings	(93)	(293)	(893)	(1,493)	(1,493)	(1,493)
Net Forecast Budget Pressure	157	557	457	357	1,017	1,677

Funding of net Budget Pressure						
Commitment against 2015/16 Outturn	(105)					
Use of Living Wage Reserve	(49)					
Reallocation of Protection Costs Reserve (note 3)	(3)	(557)				
Additional Budget cuts 2017/18			(457)	(457)	(457)	(457)
Additional Budget cuts 2019/20					(560)	(560)
Additional Budget cuts 2020/21						(660)
Net Deficit/(temporary one off surplus)	0	0	0	(100)	0	0

Notes

1) Based on the planning assumptions detailed in table 1, paragraph 4.11, the Hartlepool Living Wage will exceed the forecast National Living Wage until 1st April 2019. Provision for forecast increases in the Hartlepool Living Wage of 1% from 1st April 2016, 2017 and 2018 are included within overall pay budget.

2) As report to Finance and Policy Committee on 30.01.15 the actual 2015/16 final Grant settlement was £93k higher than forecast and this amount was earmarked to partly fund implementation of the Hartlepool Living Wage.

3) Value of uncommitted Protection Costs Reserves is £560,000, after reflecting allocation of £190,000 for Holiday Pay costs.

EARMARKED FOR SPECIFIC COMMITMENTS RESERVES

Balance as at 31st March 2014	Reserve	Balance as at 31st March 2015	Planned Use of Reserve					Total Planned Use of Reserves	Estimated Balance at 31/03/19	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19							
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
	Reserves Held in Trust												
7,042	School Balances	5,871	(1,467)	(1,467)	(1,467)	(1,470)	(5,871)	0	School reserves have reduced as schools have utilised their reserves to assist with lower increases in revenue funding, contributions to planned capital works and transfer of reserves to those Schools which converted to Academy Status during 2014/15. The reserves will be utilised over more than one financial year in accordance with the implementation of multi-year budgets.	0	5,871		
517	Civic Lottery Reserve & Museum Acquisitions	528	0	0	0	0	0	528	The Lotteries Reserve, which consists of the proceeds of the Civic Lottery and donations received, is an earmarked reserve and the investment income generated is used for grants and donations to local organisations. The Museums Acquisition Reserve was set up to put monies aside for the acquisition of items for the Museum.	0	528		
	Reserves allocated for specific commitments												
7,629	Redundancy and Early Retirement Costs Reserve	6,156	(2,052)	(2,052)	(2,052)	0	(6,156)	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 5 financial years. Phasing is indicative based on the forecast budget deficits and will be reviewed annually.	0	6,156		
4,443	Earmarked Capital Reserves	6,892	(6,892)				(6,892)	0	This reserve is held to fund future capital schemes.	0	6,892		
4,677	Strategic Ring Fenced Grants	6,736	(1,385)	(2,613)	(1,454)	(1,284)	(6,736)	0	This reserve has been created from grants given to the Council. These grant monies will be spent over more than one financial year.	0	6,736		
	Reserves allocated for Council priorities												
3,732	Budget Support Fund Reserve 2015/16 to 2018/19	5,455	(1,342)	(2,620)	(1,224)	(269)	(5,455)	0	This reserve has been established to support the budget between 2015/16 to 2018/19.	0	5,455		
2,650	Power Station Business Rates Reduction Reserve	4,784	(4,784)	0	0	0	(4,784)	0	This reserve has been established to address the financial risk of the impact of the Business rates being relocalised in April 2013 and the implementation of the 'safety net' arrangements. This reserve is earmarked to manage the impact of the 48% reduction in the rateable value of the Power Station. For planning purposes it is assumed this amount will be fully committed in 2015/16, although the actual phasing may vary if the Government provide support to manage the financial impact.	0	4,784		
2,057	Local Council Tax Support Scheme Reserve	2,920	(968)	(584)	(934)	(134)	(2,620)	300	This reserve was created to partly mitigate the impact of the change to the Council Tax Benefit regime and the resulting cut in Government Grant. The balance of £0.3m is recommended to manage in year risk over the next three years.	0	2,920		
5,153	General Fund Reserve	4,657	0		0	0	0	4,657	This reserve is held to manage unforeseen events. The 31.3.15 balance includes Public Health Funding (£0.62m) to manage the potential risk of a reduction in Public Health funding in 2016/17 and future years. When account is taken of this £0.62m commitment, the net uncommitted GF Reserve is £4.037m which is approximately 4% of the net GF budget, which is within the previously recommended range of 3% to 5%. Due to the increased financial risks facing the Council, it is recommended that the level of the uncommitted GF reserve is appropriate and should be retained.	0	4,657		
37,900	Reserves earmarked for specific commitments	43,999	(18,890)	(9,336)	(7,131)	(3,157)	(38,514)	5,485		0	43,999		

CORPORATE RESERVES

Cost Centre	Reserve	Balance as at 31st March 2015	Planned Use of Reserve					Total Planned Use of Reserves	Estimated Balance at 31/03/19	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19							
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
25959	Strategic One Off Costs - Council Capital Fund	300	(300)	0	0	0	0	(300)	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.	0	300	
26000	General Fund - Neighbourhood Services One off Initiatives	196	(196)	0	0	0	0	(196)	0	Neighbourhood Services One off Initiatives agreed at F & P 1st July 2015 as part of final outturn strategy. The initiatives once agreed at Regeneration Committee will be referred to Council for final approval.	0	196	
25804	Insurance Fund	4,102	0	0	0	0	0	4,102	4,102	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. Further details are set out in section 5.7 of the report.	0	4,102	
25972	Strategic Risk Reserve	1,027	(108)	(557)	(362)	0	0	(1,027)	0	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. This reserve may also need to be used to help manage the impact of the Government's proposed National Living Wage on the cost of the existing pay and grading structure in the Council.	0	1,027	
25952	Treasury Management Risk Reserve	870	(205)	(395)	(197)	(73)	0	(870)	0	This reserve was originally created to manage interest rate risk over period of the MTFs and to ensure that if interest rates increase sooner and / or to a higher level than anticipated there will not be an overspend. In response to the continued low level of interest rates this reserve was reallocated to support the achievement of permanent reduction in the loan repayment budget of £1.27m (£1m as part of the 2014/15 budget and £0.27m as part of the 2015/16 budget). When the additional recurring reduction of £0.27m was included in the 2015/16 base budget it was recognised that the actual loan repayment savings will not be fully achieved until 2019/20, as these saving will be phased in over a number of years. In taking these saving fully into account in the 2015/16 budget it was also recognised that this reserve would be used on a phased basis over the period 2015/16 to 2018/19.	0	870	
25321	Capital Risk Strategy	901	0	0	(901)	0	0	(901)	0	This reserve is earmarked to manage potential phasing risks in relation to the Jackson's Landing Development, to provide a longer lead time if necessary after the repayment of the interest free loan. In addition, to these resources the Council has also earmarked the Major Regeneration Capital Projects budget, which is funded from Prudential Borrowing, to cash back the Jacksons Landing Interest free loan. In total these measures provide total cash backing of £1.294m, which equates to approximately 80% on the interest free loan.	0	901	
25298	Income Risk Reserve	500	(250)	(250)	0	0	0	(500)	0	In response to the economic downturn the income budget for the Shopping Centre was reduced by £0.2m as part of the 2012/13 budget, leaving an ongoing income budget of £0.335m. This level of income is not being achieved in the current year as the owners of the Shopping Centre are having to provide rent free periods and incur one-off costs to secure new tenants, which reduces the Council's share of the net income. Therefore, there will be a forecast income shortfall in 2015/16. There will also be a 2015/16 income shortfalls in relation Land Charges. The total value of these issues in 2015/16 is £0.25m. The remaining balances needs to be retained to manage these risks continuing in 2016/17 to avoid a forecast income shortfall.	0	500	
25328	Regeneration Projects	400	0	(200)	(200)	0	0	(400)	0	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 by Members.	0	400	
25853	Local Plan Reserve	211	(125)	(86)	0	0	0	(211)	0	This reserve will cover estimated costs over the period 2014/15 to 2016/17.	0	211	
25992	Development Control /Building Control Income Shortfall	123	(100)	(23)	0	0	0	(123)	0	This reserve was created to cover income shortfalls owing to the weakness in the economy.	0	123	
25320	ICT Contract	100	0	0	0	0	0	0	100	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	0	New contract has been successfully implemented and these one off resources can now be released.
25291	Members Ward Issues	155	(155)	0	0	0	0	(155)	0	Used to fund ward issues for Members	0	155	
25286 & 25252	Salary Sacrifice	35	0	0	0	0	0	0	35	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.	35	0	Pension rates have now been set for the 3 years commencing 2014/15 and this risk no longer exists.
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.	60	0	Funding has been received to fund the War Memorial as per the Finance and Policy Committee Report 24 November 2014. Therefore this reserve is no longer required.
25984	Funding for Modern Apprentices	150	(50)	(50)	(50)	0	0	(150)	0	This reserve is earmarked to provide funding for Modern Apprentices.	0	150	

Cost Centre	Reserve	Balance as at 31st March 2015	2015/16	2016/17	2017/18	2018/19	Total Planned Use of Reserves	Estimated Balance at 31/03/19	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2015/16 to 2018/19	Reason for Release of Reserve
25325	Living Wage Reserve	49	(49)	0	0	0	(49)	0	This reserve was created to partly fund the cost of introducing the Hartlepool Living Wage in 2014/15. This reserve will be taken into account within the overall MTFS and the strategy for funding the Hartlepool Living wage.	0	49	
25990	Concessionary Fare	38	0	(38)	0	0	(38)	0	This reserve covers the tri-annual cost of replacing concessionary fares passes.	0	38	
25295	Vodafone	19	(19)	0	0	0	(19)	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.	0	19	
25322	Environmental Apprenticeships Scheme	42	(32)	0	0	0	(32)	10	This reserve was created at 2013/14 outturn to fund this initiative in 2014/15	10	32	£10k additional funding was received in relation to this scheme therefore £10k of this reserve is no longer required.
25289	Works in Default Empty Homes	19	(6)	(6)	(7)	0	(19)	0	This reserve was created to fund works in Default Empty Homes.	0	19	
25962	NDC Fund	8	0	(8)	0	0	(8)	0	Reserve established from NDC under spend and will be transferred to the NDC Trust.	0	8	
26013	Pay Costs Reserve	100	(100)	0	0	0	(100)	0	This reserve was created to fund the impact of a higher pay award than budgeted.	0	100	
26014	Secure Accommodation Reserve	264	(264)	0	0	0	(264)	0	This reserve was created to fund the cost of secure accommodation in 2015/16.	0	264	
26015	Protection Costs Reserve	750	(750)	0	0	0	(750)	0	Created to fund protection costs from the implementation of changes to Terms and Conditions. This reserve will be taken into account within the overall MTFS and the strategy for funding the Hartlepool Living Wage.	0	750	
25317	Property Reserve (Office Moves)	23	(23)	0	0	0	(23)	0	Created to fund one off costs of achieving ongoing accommodation savings as part of the MTFS.	0	23	
25850	Local Council Tax Support 14-15	55	(55)	0	0	0	(55)	0	Allocated to fund Advice & Guidance contract in 2015/16.	0	55	
	Total Departmental Reserves	10,497	(2,787)	(1,613)	(1,717)	(73)	(6,190)	4,307		205	10,292	

CHILD AND ADULT SERVICES RESERVES

Cost Head	Reserve	Balance as at 31st March 2015	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/19	Reason for/purpose of the Reserve	Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19							
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
25986	Children's Social Care & Early Intervention (previously known as Early Intervention Grant Reserve)	999	(169)	(240)	(240)	(240)	(889)	110	To support remodelling of early help and social care. As the timing of these commitments is uncertain the phasing is an initial assessment and will be reviewed on an annual basis.	110	889	This reserve is a contingency reserve where future commitments are uncertain. A budget pressure has been included in the MTF5 from 2018/19 therefore an element of this reserve can be released.	
25960	Children & Families - Looked After Children (includes former Care Matters, Think Family, Child Poverty Local Duties and C&F Donations)	995	(130)	(130)	(120)	(115)	(495)	500	This reserve is held to fund pressures of increasing demand and costs within Looked After Children over the next 3 years. As the timing of any commitments are uncertain phasing is an initial assessment and reserve will be reviewed on an annual basis.	500	995		
25327	Demographic Pressures in Adult Social Care - SRR (previously Older People Reserve)	421	0	(233)	(188)	0	(421)	0	As part of the Budget Strategy the Department is to use £0.934m of reserves to help meet the 2016/17 savings target of which £0.233m will be funded from this reserve. The residual balance is held as a contingency towards increasing demographic pressures within Adult Social Care over the next 3 years. As the timing of these commitments is uncertain phasing is an initial assessment and reserve will be reviewed on an annual basis.	0	421		
25857	Youth Offending	176	(108)	(68)	0	0	(176)	0	Created from planned underspends in previous years to fund Youth Offending Service initiatives. Phasing shown is an initial assessment as 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	176		
25327	Social Inclusion & Lifestyles Contract Extension	25	(25)	0	0	0	(25)	0	Created to fund the additional six months of contract extensions within Low Level Support Services.	0	25		
25856	Children & Families - Local Safeguarding Board (Partnership Funding)	52	0	(26)	(26)	0	(52)	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 reserve will be reviewed on an annual basis.	0	52		
26018	Better Care Fund Reserve	220	0	(70)	(70)	(80)	(220)	0	This reserve is held as a contingency against Better Care Fund grant funding to manage demand within adult services, particularly linked to older people, as there are significant risks associated with delivering the BCF plan arising from the context of demographic pressures. As the timing of commitments over the next three years is uncertain the phasing is an initial assessment and reserve will be reviewed on an annual basis.	0	220		
TOTAL CHILD & ADULT (EXC EDUCA		2,888	(432)	(767)	(644)	(435)	(2,278)	610		610	2,778		

EDUCATION SERVICES RESERVES

Cost Centre	Reserve	Balance as at 31st March 2015	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/19	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19	2019/20						
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
25318	School Improvement	711	(324)	(387)	0		(711)	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 an initial assessment. Action Plans from the Education Commission will be reported in September.	0	711		
25059	Academy Risk Reserve	217	(137)	(80)	0		(217)	0	Reserve created to ensure sustainability of services in future years as schools convert to Academy status. 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		928	(461)	(467)	0	0	(928)	0		0	928		

Cost Centre	Reserve	Balance as at 31st March 2015	Planned Use of Reserve - £000						Estimated Balance at 31/03/19	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19	Total Planned Use of Reserves	Estimated Balance at 31/03/19					
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
25988	Social Housing Repairs and Maintenance Sinking Fund	547	0	0	0	0	0	547	Ringfenced 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 in line with the approved Business Case. A review of the Social Housing project business case is being carried out and this will be reported separately to F & P Committee.	0	547		
25954	Selective Licensing/Housing	59	(30)	(29)	0	0	(59)	0	Includes income generated from selective licensing fees and specific grant funding which is required to fund staffing costs over more than one year.	0	59		
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 and has been earmarked to contribute towards the projects being considered as part of the Seaton Master Plan.	0	108		
25994	Engineering Consultancy Reserve	100	0	0	(100)	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 reflects the limited risk in 15/16 & 16/17 owing to the level of approved schemes to date.	0	100		
25994	Fleet Reserve	100	(100)	0	0	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. Owing to the age profile of current vehicles it is envisaged that this will be fully committed in 15/16.	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. Phasing for the use of the reserve is an initial assessment and will vary depending upon the weather experienced over the winter periods. In the event that this is not required in 15/16 it will be rolled forward to provide contingency funding for future years.	0	50		
25994	Passenger Transport Reserve	45	(45)	0	0	0	(45)	0	Reserve created to manage the financial risks associated with this trading account over years. It is anticipated that this reserve will be used in 2015/16 to support new contracts in year.	0	45		
25981	Bikeability	15	(15)	0	0	0	(15)	0	Contribution received to fund projects which are underway and is committed to match fund the LSTF funding awarded for 2015/16.	0	15		
25941	Archaeology Projects (incl Monograph Series)	23	0	(23)	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		
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. Phasing is an initial assessment and will be reviewed on an annual basis.	0	16		
25057	Royal Navy Museum Reserve	520	0	(126)	(176)	(218)	(520)	0	Reserve is allocated to support the development of the National Museum of the Royal Navy's northern hub in Hartlepool over the period 2015/16 to 2019/20. This amount represents the worst case forecast and it is hoped that as visitor numbers increase and the Council benefits from the 50/50 profit sharing agreement that the actual contributions will be less than forecast. Phasing is an initial assessment and commitments against this reserve will be reviewed on an annual basis.	0	520		
26016	Community Centre Reserve	30	(30)	0	0	0	(30)	0	Reserve created to fund the 2015-16 running costs associated with Community Centres.	0	30		
25982	NEPO Rebate	25	0	0	0	0	0	25	Reserve created to account for the uncertainty of the NEPO rebate income each year.	25	0	Change in funding model for NEPO has reduced the risk around income. The residual risk will be managed as part of the annual budget management arrangements.	
TOTAL REGENERATION & NEIGHBO		1,638	(286)	(286)	(276)	(218)	(1,066)	572		25	1,613		

PUBLIC HEALTH RESERVES

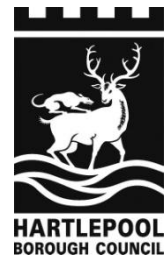
Cost Head	Reserve	Balance as at 31st March 2015	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/19	Reason for/purpose of the Reserve	Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19							
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
25844	Public Health Grant Reserve	1,678	(100)	(650)	(528)	(400)	(1,678)	0	As part of the Budget Strategy the Child and Adult Department is to use £0.934m of reserves to help meet the 2016/17 savings target of which £0.468m will be funded from this reserve. The reserve represents ring-fenced grant funding which 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	1,678		
TOTAL PUBLIC HEALTH		1,678	(100)	(650)	(528)	(400)	(1,678)	0		0	1,678		

CHIEF EXECUTIVE DEPARTMENT RESERVES

Cost Centre	Reserve	Balance as at 31st March 2015	Planned Use of Reserve - £000					Total Planned Use of Reserves	Estimated Balance at 31/03/19	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19							
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
25943	Corporate Strategy - ICT System Development	74	(25)	(49)	0	0	(74)	0	Created to fund development/enhancements of current ICT and Website/system upgrades. This reserve to be spent over 15/16 and 16/17 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 and further development of the council's ICT infrastructure and application suite.	0	74		
25943	Corporate Strategy - Performance Management	13	(5)	(5)	(3)	0	(13)	0	To support related costs for performance management e.g. covalent charges over a 3 year period.	0	13		
25943	Public Relations Staffing	10		0	0	0	0	10	To support the Public Relations Staffing Budget in 2015-16.	10	0	Costs will be funded from 2015/16 managed budget underspends, which will enable this reserve to be released.	
25949	Legal	36	0	(36)	0	0	(36)	0	Legal Reserve to fund temporary staffing arrangements in 2016-17.	0	36		
25949	Reserve for Civic Responsibilities	2	(2)	0	0	0	(2)	0	This reserve is committed in year for Civic items.	0	2		
25945	Registrars	15	(5)	(5)	(5)	0	(15)	0	To be used for Registrars software maintenance costs over 3 years.	0	15		
25945	Registrars Marriage Room	6	(6)	0	0	0	(6)	0	To be used for the Marriage Room maintenance.	0	6		
25946	People Framework Development	18	(9)	(9)	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 including further development and training provision to support the development of the council	0	18		
25946	Health and Safety Officer	25	(25)	0	0	0	(25)	0	To support the Health and Safety Staffing Budget in 2015-16.	0	25		
25948	Finance - IT Investment	39	0		0	0	0	39	Created to fund one off costs of the Resource link contract renewal.	39	0	Costs will be funded from 2015/16 managed budget underspends, which will enable this reserve to be released.	
25948	IT Investment Shared Services	30	(20)	(10)	0	0	(30)	0	Shared Services Reserve for Project Development Work on E-Series and Webview.	0	30		
TOTAL Chief Exec.		268	(97)	(114)	(8)	0	(219)	49		49	219		

FINANCE AND POLICY COMMITTEE

28 August 2015



Report of: Chief Executive

Subject: SAVINGS PROGRAMME 2016/17 – 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 2016/17 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 An initial update of the Medium Term Financial Strategy (MTFS) 2016/17 to 2018/19 was considered by the Finance and Policy Committee on 29th June 2015. This report highlighted the key issues impacting on the development of the budget for 2016/17 and future years, which reflects the following key issues:

- The scale of the Government grant cuts implemented over the lifetime of the previous Parliament. These reductions had a disproportionate impact on Council's serving more deprived communities and in 2015/16 the Council's Government grant was £30.4m less than it was in 2010/11, which is a reduction of 39%;
- Continuing significant Government grant cuts in 2016/17 and future years. It is currently forecast that further budget cuts of £14m will need to be made over the next three years, although the actual cuts may be higher if the actual Government grant cuts exceed current forecasts;
- 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.
- 3.2 In addition, to the above financial challenges, a separate report was presented to the Finance and Policy Committee on 1st June 2015 to provide details of the outcome of the Power Station's Rateable Value appeal. The Valuation Office Agency, the organisation responsible for determining Rateable Values, has determined to reduce the Power Station Rateable Value by 48%. As a result of this reduction the Council's share of Business Rates income from the Power Station will reduce by £3.9m on a permanent basis. The Finance and Policy Committee will receive a further report on the strategy for addressing this issue. A meeting with the Local Government Minister has been requested to express the Council's concern at the impact of this reduction and to seek Government support to manage this significant reduction in Business Rates income.
- 3.3 As part of the process for the budget for 2016/17 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration of the overall proposals by this and then Council.
- 3.4 Details are provided in this report in relation to the:-
- i) Proposals identified to make the savings;
 - ii) Risks associated with the proposed savings; and
 - iii) Financial considerations taken into account in developing the proposals.
- 3.5 In line with the process adopted last year and to assist Members 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 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 in 2013/14 to relocalise Business Rates and implement Local Council Tax Support (LCTS) schemes

there has been a significant and sustained 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 few years 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	2015/16 Gross Budget £'000
Finance	2,712
Assistant Chief Executive	2,883
Chief Solicitor	821
	6,416

The costs of these services to the Council have, in line with many other service areas in the Council reduced significantly over the last 5 years.

3.8 Outcomes

3.8.1 A summary of the outcomes from the services are outlined below

Revenues and Benefits – Council Tax in year collection was 95.4% in 2014/15. This is slightly below the 95.7% average for the 10 North East Councils that operate LCTS schemes involving cuts to Local Council Tax Support entitlements (the range is 93.6% to 96.9%). If the LCTS scheme had not been in place, Hartlepool's in year collection of Council Tax would have been 96.1%.

Hartlepool's Business Rates in year collection was 98.0% in 2014/15. This is the same as the 98.0% average of all 12 North East Councils (the range is 96.2% to 99.1%).

Housing Benefit new claims average processing times were 21.18 calendar days (placing Hartlepool 7th out of North East Councils) and Local Council Tax Support new claims were processed on average in 18.3 days placing Hartlepool 4th out of North East Councils.

3.8.2 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.

3.8.3 Customer & Support Services – During 2014/15 the Customer Service Centre supported residents with over 350,000 enquiries across three main contact channels – telephone, personal visit and online. In addition to providing first contact support on behalf of a wide range of Council sections, a number of new services transferred into the centre including Allotments, Housing Services and the Good Tenant Scheme. The service played a key role in the introduction of Universal Credit by assisting claimants to make an on-line application and also provided support for the Energy Switching Scheme initiative. Birth and death registration performance was above regional and national averages and the newly decorated and refurbished Marriage Room at the Borough Hall has received positive feedback. The main reception area received the Breast Feeding Gold Award for its inclusive approach and the service made a pledge to help create a dementia friendly community by becoming a Dementia Friend. Ten members of the team received a British Sign Language qualification, demonstrating an ongoing commitment to the hard of hearing. Apprentices continue to be supported by the service and one has progressed to permanent employment within the team

4.0 PROPOSALS

- 4.1 The savings target established at the outset of the budget process for Chief Executives department was £211,000. 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 £235,000, which exceeds the initial target of £24,000 (which was also the case in 2014/15 and 2015/16) 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.

There have been a number of requests for voluntary redundancies within the Department as part of the rolling process for considering Voluntary Redundancy and Early retirement costs. 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 2016/17.

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.

4.2.2 Changes in operations and management arrangements £42.5k

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 a number of aspects of operations and some reductions in staffing levels. It is anticipated that these can be delivered without the need for compulsory redundancies.

4.4 CHIEF SOLICITOR

4.4.1 At this stage the savings target for the Division is under consideration by the Chief Solicitor and through on-going communications and engagement with staff.

4.4.2 Staffing Savings £30k

Previous savings have relied on staff reducing their working hours (subject to operational requirements) and departure of personnel through EVR, with a re-alignment of duties as a consequence. All 'non staff' budgets have been exhausted to a position where the allocated budget for the Division relates to staff costs solely. Vacant posts have not been a feature of savings for some considerable time.

All attempts will be made to manage savings without impacting, particularly on those statutory areas of service, which is a feature of the composition of the Division. Meetings with all staff have taken place so that they are fully conversant with the savings that need to take place within the Division and also corporately. However, savings to be achieved for 2016/17 and in future years will require a reconfiguration of services at an operational level, which may result in compulsory redundancy and/or retirement situations.

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.

5 Consideration of Options

5.1 A number of options have been considered in respect of the savings proposed. A summary of these considerations is included below.

5.2 Not to take savings from vacant posts.

5.2.1 Consideration was given to not taking those savings which are available through posts which have, or may, become vacant through the year. Whilst this option would provide for the continuation at the current level, in conjunction with the ability to reduce the potential compulsory redundancy, it was determined that this would not provide an effective solution for the Authority.

5.3 Savings other than staffing and operational issues.

5.3.1 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.

- 5.4 Consideration of service demands
- 5.4.1 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) continue to generate significant workload issues. These workload demands are likely to continue into the foreseeable future and therefore in defining 2016/17 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 2016/17 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.
- 5.4.2 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.
- 5.5 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 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 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 other 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
Assistant Chief Executive	(£k)
Changes in operations / Management Arrangements	42.5
Income and running costs	62.5
Chief Finance Officer	
Deletion of vacant post / Changes in Management Arrangements	80
Running costs	20
Chief Solicitor	
Changes in Management Arrangements	30
Total Proposed Savings	235

7.4 The savings identified for the Chief Executive's Department exclude the Corporate savings included within the MTFs report considered by this Committee on 29th June 2016 of £0.5m. 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 and Treasury Management activities.

8 EQUALITY CONSIDERATIONS

8.1 For each of the proposed savings areas where there is likely to be a direct impact on customers/service users and/or staff, consideration is given to the

impact across each of the protected characteristic groups. This is recorded through an Equality Impact Assessment.

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 This impact assessment will be reviewed by the Corporate Equality Group alongside those for the other Department savings proposals. An overall Equality Impact Assessment will be undertaken to identify if there is any Council-wide cumulative impact on protected groups from the savings proposals for 2016/17.

9 RECOMMENDATIONS

9.1 That Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 19th October 2015.

10 REASON FOR RECOMMENDATIONS

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

11 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) 2016/17 to 2018/19 - 29th June 2015

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ADULT SERVICES COMMITTEE

14th September 2015



Report of: Director of Child & Adult Services

Subject: SAVINGS PROGRAMME 2016/17 – ADULT SERVICES

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 enable Members to consider the initial 2016/17 savings proposals relating to the Committee's remit. Comments made are to be incorporated with those received from each of the Policy Committees in relation to their remits and reported to Finance and Policy Committee.

3. BACKGROUND

3.1 An initial update of the Medium Term Financial Strategy (MTFS) 2016/17 to 2018/19 was considered by the Finance and Policy Committee on 29 June 2015. This report highlighted the key issues impacting on the development of the budget for 2016/17 and future years, which reflects the following key issues:

- The scale of the Government grant cuts implemented over the lifetime of the previous Parliament. These reductions had a disproportionate impact on Council's serving more deprived communities and in 2015/16 the Council's Government grant was £30.4m less than it was in 2010/11, which is a reduction of 39%;
- Continuing significant Government grant cuts in 2016/17 and future years. It is currently forecast that further budget cuts of £14m will need to be made over the next three years, although this may increase if the actual Government grant cuts exceed current forecasts;
- 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 and demographic pressures and increases in Looked After Children;
- Continued restriction of Council Tax increases.

3.2 In addition to the above financial challenges, a separate report was presented to the Finance and Policy Committee on 1 June 2015 to provide details of the outcome of the Power Station's Rateable Value appeal. The Valuation Office Agency (the organisation responsible for determining Rateable Values) has determined to reduce the Power Station Rateable Value by 48%. As a result of this reduction the Council's share of Business Rates income from the Power Station will reduce by £3.9m on a permanent basis. The Finance and Policy Committee will receive a further report on the strategy for addressing this issue. A meeting with the Local Government Minister has been requested to express the Council's concern at the impact of this reduction and to seek Government support to manage this significant reduction in Business Rates income.

3.3 As part of the process for the budget for 2016/17 it has been agreed that individual Policy Committees will consider departmental savings proposals prior to consideration by the Finance and Policy Committee and then Council.

3.4 Details are provided in this report in relation to the:-

- i) Proposals identified to make the savings;
- ii) Risks associated with the proposed savings; and
- iii) Financial considerations taken into account in developing the proposals.

3.5 In line with the process adopted in previous years and to assist Members' consideration of budget proposals, information in relation to the aim and scope of Adult Services, its service users and engagement, inputs, outputs and outcomes is provided below.

3.6 Service 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 directly by the department (including assessment and care management and disability day services) while most services are commissioned (such as residential placements, services that support carers and day services for older people).

3.7 Service Users

People who use adult social care services in Hartlepool are over 18 and assessed as having a social care needs that meet the national eligibility criteria. 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.

3.8 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.

3.9 Inputs

3.9.1 The current cost to the Council of the services delivered by the Child and Adult Services Department (excluding schools) is £72.8m, with £24.9m of income generated.

3.9.2 Within the departmental budget, the gross expenditure relating to adult social care is £48.5m, of which £18.5m is income from people's personal contributions, health funding and other sources, including reserves.

Category	Expenditure
Residential Placements	£19.4m
Personal Budgets	£18.3m
Social Care Activities inc Assessment & Care Management	£8.3m
Housing Related Support	£2.5m
	£48.5m

The breakdown of spend on personal budgets is as follows:-

Personal Budget Analysis:-	Expenditure
Home Care	£6.2m
Direct Payments	£5.4m
Supported Accommodation (including Extra Care)	£3.5m
Day Services	£1.6m
Equipment	£0.5m
Other	£1.1m
	£18.3m

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.

3.10 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.
- 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.

4. DEPARTMENTAL PROPOSALS

4.1 The 2016/17 savings target for Child and Adult Services is £2.684m.

4.2 The departmental approach to identifying savings has been to focus on three key areas:-

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

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

4.4 Reducing demand is a high priority for the department and measures have been taken that will impact on future demand to bring down spend in this area. There are some positive signs that these measures are being effective (such as the reduction in older people being permanently admitted to residential care), however, it will take time for the prevention and early

intervention policies to take full effect, especially with demographic pressures arising from an increasingly older generation and an increasing number of children and adults with complex physical and learning disabilities.

- 4.5 Therefore, for 2016/17 it is proposed to use £0.934m of departmental reserves to help meet the savings target. This is not sustainable in the long term and is designed to provide a longer lead time to achieve these savings by delaying by one year, i.e. until 2017/18. A robust plan will be developed to ensure the deferred savings can be achieved in 2017/18.
- 4.6 It is proposed to use a combination of Children's Services reserves (£0.233m from Demand Management), Adult Services reserves (£0.233m from Demographic Pressures) and Public Health grant reserve (£0.468m), reflecting the greater integration of services between Child and Adults and Public Health.
- 4.7 In addition to the savings specific to Children's Services, Education and Adult Services the following departmental savings are generic and contribute towards the overall departmental target:
- **Further integration of early help and intervention services across social care, education and public health – Saving £0.5m.** By working more closely with Public Health it is proposed that the Public Health grant can be utilised across Child and Adult Services to support the aims of improving and enhancing Public Health across Hartlepool.
 - **Departmental Salary Abatement Target – Saving £0.25m.** It is proposed to re-introduce a salary abatement target which will account for vacant posts and incremental drift across the department. This proposal will need to be closely monitored during the year and is only a short term proposal as when officers move through the pay grade towards the top of their pay scale the ability to contribute towards this target will reduce. Robust plans will be developed to identify alternative savings when this becomes necessary and details will be reported to Members as part of future savings report.
- 4.8 Children's Services (including Education) Proposals – Saving £0.4m
- 4.8.1 Details of these savings will be reported to the Children's Services Committee.

5. ADULT SERVICES PROPOSALS

- 5.1 Within adult services, the following savings have been made over the last four financial years:
- 2012/13 - £1,570,000
 - 2013/14 - £860,000
 - 2014/15 - £1,325,000
 - 2015/16 - £1,075,000

Appendix C2

- 5.1.1 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.
- 5.1.2 There is no scope to further increase income following the decision by Adult Services Committee in January 2014 to implement a revised Contributions Policy from April 2014 which requires people to contribute up to 100% of the costs of their support.
- 5.1.3 The proposed savings within adult services therefore focus primarily on integration and reducing high end demand (primarily through the Better Care Fund work) and a small element of reducing costs through a review of contracts and non pay budgets.
- 5.1.4 The proposed contribution to the departmental target from adult services is £0.6m.
- 5.2 The savings proposals specific to the Adult Services Committee are as follows:-
- 5.3 Further Integration of Health and Social Care – Saving £0.25m
- 5.3.1 The implementation of Hartlepool’s Better Care Fund (BCF) plan will further integrate health and social care services, particularly those that support older people. The aim of the BCF plan is 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.
- 5.3.2 This will be achieved through a focus on:
- Low Level Support and Management of Long Term Conditions
 - Intermediate Care
 - Improved Dementia Pathways
- 5.3.3 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.

Appendix C2

- 5.3.4 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.
- 5.3.5 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.
- 5.3.6 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.
- 5.3.7 It is 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 £250,000 can be achieved through further integration of health and social care.

5.4 Review of Contracts and Non-Pay Budgets – Saving £0.15m

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

- 5.4.2 A saving of approximately £1m has been made against these contracts over the past four 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.
- 5.4.3 It is proposed that inflationary uplifts are not offered on these contracts from April 2016, which will achieve a saving of approximately £75,000.
- 5.4.4 In addition to a review of contracts, a review of all non pay budgets has been undertaken. This has identified a number of areas where budgets have been set based on historic spend, but have not been fully committed in recent years. This includes budgets for events, conferences, room hire etc. This review has identified savings of approximately £75,000.

5.5 Reduction in Demand for Services – Saving £0.20m

- 5.5.1 Over 80% of the gross budget for Adult Services is spent on demand led services, primarily on residential placements and packages of support that are delivered in the community. In order to continue reducing spend on Adult Services, it is therefore essential that plans are implemented that aim to reduce this demand.
- 5.5.2 Reducing demand is very challenging in the context of people living longer, an increased prevalence of dementia and increasing numbers of working age adults with complex learning and / or physical disabilities, as well as more people experiencing mental health issues.
- 5.5.3 Strategies have been in place for some time that aim to reduce reliance on more intensive and costly services, such as residential care placements. These include investment in assistive technology / telecare, investment in extra care housing and development of reablement services that support people to regain their independence following a hospital stay. There is some evidence that these strategies are beginning to reduce demand for residential care, as the number of permanent admissions to residential care has reduced in 2014/15 when compared to the previous year. However, it should be noted that packages of support in the community are not necessarily more cost effective as people can require a significant level of support in their own homes to maintain their safety and independence.
- 5.5.4 Through delivery of the Better Care Fund plan initiatives around early intervention, prevention and low level services, and continued work to promote alternatives to residential care, it has been identified that a saving of £200k could be achieved through reducing demand for services.

6. **CONSIDERATION OF OPTIONS**

- 6.1 A number of other options have been considered in respect of the savings proposed. A summary of these considerations is included below.
- 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 massively increased requirements in relation to Deprivation of Liberty Safeguards.
- 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
People who already have services can't 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 support needs over time and with age.

It is not possible to reduce spend on future 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 judicial review, as has been seen elsewhere in the country.

This issue will be revisited when considering savings for 2017/18. Any proposed changes will have a significant lead time due to the requirement for consultation and will involve detailed financial modelling work to assess the potential saving that could be achieved.

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 in 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 Using reserves to contribute towards the savings target is not sustainable and only delays the savings until 2017/18. This has been implemented in the hope that early intervention, prevention and other policies will assist in the reduction of demand for services thus reducing costs. Given the increasing demographic pressures from an ageing population and increasing numbers of adults with complex physical or learning disabilities there is a significant risk that demand will not reduce and may in fact increase. There are also risks that costs of services increase with work that is underway nationally in terms of fair cost of care exercises for residential care and domiciliary care services. This may result in increasing costs for services, even if demand can be constrained or reduced.
- 7.2 There are risks associated with introducing a salary abatement target:-
- limited number of vacancies during the year and/or vacancies are filled immediately;

- staff move through the pay grades and reach the top of pay scale quicker than anticipated ie. qualifications and experience based progression for Social Workers and Social Care Officers; and
- incremental drift and vacancies have previously allowed some in-year flexibility within departmental budgets, offsetting budget pressures elsewhere within the budget and meeting urgent need.

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, 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.
- There has been no confirmation regarding Better Care Fund allocations for the future. Allocations are currently only in place for 2015/16.

7.4 It is anticipated that the risks highlighted above in relation to using these measures to help balance the 2016/17 budget are manageable. However, the sustainability of these issues beyond 2016/17 will require careful management and if these items are not sustainable, alternative savings proposals will need to be identified and reported as part of a future year's savings report.

8. FINANCIAL CONSIDERATIONS

8.1 The proposals outlined above deliver the savings as summarised in the table below. These proposals include the use of £0.934 of departmental reserves in 2016/17, which provides a longer lead time to identify permanent budget savings from managing demand. Achievement of these reductions will be

challenging and require carefully management and if these savings cannot be achieved alternative proposals will need to be identified for consideration by Members:-

Proposals:-	Proposed Savings
Departmental	
Integration of early help and intervention services across social care, education and public health	£500,000
Departmental Salary Abatement Target	£250,000
Children's Services Proposals	£400,000
Use of Children's Reserves	£233,000
Use of Adult Services Reserves	£233,000
Use of Public Health Reserves	£468,000
	£2,084,000
Adult Services	
Further Integration of Health & Social Care	£250,000
Review Contracts & Non-Pay Budgets	£150,000
Reduction in Demand for Services	£200,000
	£600,000
Total Departmental Saving	£2,684,000

9. EQUALITY CONSIDERATIONS

- 9.1 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 as having eligible needs (older people, people with learning disabilities, sensory loss or a physical disability, people with mental health needs, people who have alcohol dependency or substance misuse issues and carers).
- 9.2 An assessment has indicated that none of the current proposals require an Equality Impact Assessment as the proposals will have limited impact on people accessing services and no disproportionate impact on people who share protected characteristics.

10. RECOMMENDATIONS

- 10.1 It is recommended that Members of the Adult Services Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 19 October 2015.

11. REASON FOR RECOMMENDATIONS

- 11.1 The proposals included in this report will contribute to the delivery of the Child & Adult Services savings target for 2016/17.

12. BACKGROUND PAPERS

- 12.1 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 - 29 June 2015

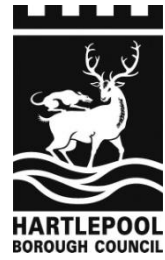
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CHILDREN'S SERVICES COMMITTEE

15th September 2015



Report of: Director of Child & Adult Services

Subject: SAVINGS PROGRAMME 2016/17 – CHILDREN'S SERVICES

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 2016/17 savings proposals relating to the Committee's remit. Comments made are to be incorporated with those received from each of the Policy Committees in relation to their remits and reported to Finance and Policy Committee.

3.0 BACKGROUND

3.1 An initial update of the Medium Term Financial Strategy (MTFS) 2016/17 to 2018/19 was considered by the Finance and Policy Committee on 29th June 2015. This report highlighted the key issues impacting on the development of the budget for 2016/17 and future years, which reflects the following key issues:

- The scale of the Government grant cuts implemented over the lifetime of the previous Parliament. These reductions had a disproportionate impact on Council's serving more deprived communities and in 2015/16 the Council's Government grant was £30.4m less than it was in 2010/11, which is a reduction of 39%;
- Continuing significant Government grant cuts in 2016/17 and future years. It is currently forecast that further budget cuts of £14m will need to be made over the next three years, although the actual cuts may be higher if the actual Government grant cuts exceed current forecasts;
- 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 demand for children’s social care services;
 - Continued restriction of Council Tax increases.
- 3.2 In addition, to the above financial challenges, a separate report was presented to the Finance and Policy Committee on 1st June 2015 to provide details of the outcome of the Power Station’s Rateable Value appeal. The Valuation Office Agency, the organisation responsible for determining Rateable Values, has determined to reduce the Power Station Rateable Value by 48%. As a result of this reduction the Council’s share of Business Rates income from the Power Station will reduce by £3.9m on a permanent basis. The Finance and Policy Committee will receive a further report on the strategy for addressing this issue. A meeting with the Local Government Minister has been requested to express the Council’s concern at the impact of this reduction and to seek Government support to manage this significant reduction in Business Rates income.
- 3.3 As part of the process for the budget for 2016/17 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by the Finance and Policy Committee and then Council.
- 3.4 Details are provided in this report in relation to the:-
- i) Proposals identified to make the savings;
 - ii) Risks associated with the proposed savings; and
 - iii) Financial considerations taken into account in developing the proposals.
- 3.5 In line with the process adopted in previous years and to assist Members’ consideration of budget proposals, information relating to the aim and scope of Children’s Services, its service users and engagement, inputs, outputs and outcomes is provided below.
- 3.6 Service Aims
- 3.6.1 The services in scope are focussed on addressing the welfare and education needs of all children and young people in Hartlepool, including the most disadvantaged and vulnerable, their families and carers. In delivering this function, the Department is responsible for working closely with local partners to jointly plan and commission services that improve outcomes for and the well being of children and young people in relation to their safety, health and education.
- 3.6.2 The Children’s Services Division 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 help 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.

3.6.3 The Education, Learning and Skills Division is responsible for:

- All Schools and the National Primary and Secondary Curriculum;
- School improvement, teaching and learning 0 – 19;
- Schools Capital Strategy, Schools Innovation and Health And Safety;
- Social and Educational Inclusion, Vulnerable Pupils and the Pupil Referral Unit;
- Special Educational Needs;
- Governor Support, School Governor Services and training;
- Performance Management/Management Information relating to service area responsibilities;
- School Admissions and School Place Planning;
- Educational Psychology.
- Strategic commissioning for children.

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

3.7 Service Users

The Department is responsible for providing a range of universal, targeted and specialist services for children and young people from pre birth up to the age of 25 in certain instances. This involves the provision of services for children and also services to their families and carers to improve children's experiences and outcomes.

3.8 Engagement

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

- Youth Council;
- Children and Young People's Democracy;
- Young Inspectors;
- Children in Care Council;
- 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.

Appendix C3

Consideration of savings options has taken account of the feedback received from service users and OFSTED on the quality of services provided.

3.9 Inputs

3.9.1 The current cost to the Council of the services delivered by the Child and Adult Services Department (excluding schools) is £72.8m with £24.9m of income generated funding.

3.9.2 Within this departmental total, the gross expenditure relating to Children's Services is £24.3m, of which £6.5m is income generated from schools, grants and other sources including reserves:

Category	Expenditure
Children & Families inc. Looked After Children	£12.9m
Early Intervention Services	£5.3m
Education, Learning & Skills	£5.1m
Other (Youth Offending & Out of School Care)	£1.0m
	£24.3m

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.

3.10 Outcomes

3.10.1 Outcomes for children in Hartlepool are measured through a range of statutory returns to the Department for Education. The performance framework for children covers the breadth of services delivered by the department including educational achievement, children subject to child protection plans and outcomes for children looked after. The Council is considered to perform well against these performance measures and particular achievements include:

- Year on year improvements in the stability of placements for looked after children making Hartlepool one of the top performing authorities in the country;
- Year on year improvement in the attainment of children of 5 A* - C including English and Maths and in 2014, Hartlepool results were, for the first time, above the national average;
- Hartlepool Borough Council is meeting the Government targets in relation to the placement of children for adoption;
- An increasing number of Hartlepool schools are judged to be Good or Outstanding by Ofsted.
- 100% successful turnaround rate against government measures on the Troubled Families programme.

3.10.2 Hartlepool received its inspection under the current Ofsted Single Inspection Framework in November 2013. This inspection considered all services for

children who require early help, are in need, including those in need of protection and children looked after. The authority was judged to be Good overall with all sub judgements also classified as good. Within the same inspection, Ofsted also inspected the effectiveness of the Local Safeguarding Children Board, the outcome of this was that the Board 'Requires improvement'.

4. PROPOSALS

4.1 The 2016/17 savings target for Child and Adult Services is £2.684m.

4.2 The departmental approach to identifying savings has been to focus on three key areas:-

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

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

4.4 Reducing demand is a high priority for the department and measures have been taken that will impact on future demand to bring down spend in this area. There are some positive signs that these measures are being effective, such as a reduction in the number of children looked after, however, it will take time for the prevention and early intervention policies to take full effect, especially with demographic pressures arising from an increasingly older generation and an increasing number of children and adults with complex physical and learning disabilities.

4.5 Therefore, for 2016/17 it is proposed to use £0.934m of departmental reserves to help meet the savings target. This is not sustainable in the long term and is designed to provide a longer lead time to achieve these savings by delaying by one year i.e. until 2017/18. A robust plan will be developed to ensure the deferred savings can be achieved in 2017/18.

4.6 It is proposed to use a combination of Children's Services reserves (£0.233m from Demand Management), Adult Services reserves (£0.233m from Demographic Pressures) and Public Health grant reserve (£0.468m), reflecting the greater integration of services between Child and Adults and Public Health.

4.7 In addition to the savings specific to Children's Services, Education and Adult Services the following departmental savings are generic and contribute towards the overall departmental target:

- **Further integration of early help and intervention services across social care, education and public health – Saving £0.5m.** By working more closely with Public Health it is proposed that the Public Health grant can be utilised across Child and Adult Services to support the aims of improving and enhancing Public Health across Hartlepool.
- **Departmental Salary Abatement Target – Saving £0.25m.** It is proposed to re-introduce a salary abatement target which will account for vacant posts and incremental drift across the department. This proposal will need to be closely monitored during the year and is only a short term proposal as when officers move through the pay grade towards the top of their pay scale the ability to contribute towards this target will reduce. Robust plans will be developed to identify alternative savings when this becomes necessary and details will be reported to Members as part of future savings reports.

4.8 Adult Services Proposals – Saving £0.6m

4.8.1 Details of these savings will be reported to the Adult Services Committee.

4.9. Children’s Services Proposals – Saving £0.4m

4.9.1 Within Children’s Services, the following savings have been made over the last four financial years:-

• 2012/13	-	£545,000
• 2013/14	-	£720,000
• 2014/15	-	£2,100,000
• 2015/16	-	£1,790,000

4.9.2 The savings proposals specific to the Children Services Committee come from across all sectors of the department as detailed below.

4.9.3 **Early Intervention Services – Saving £0.1m.** Following substantial reductions made in the early intervention services budget over the last two years, an efficiencies review of budget lines has been completed which has identified £0.1m savings can be achieved in 2016/17. This saving is realised through removal of vacant working hours and reductions in supplies and services and general running costs.

4.9.4 **Income generation – Saving £0.1m.** Children’s Services is maximising opportunities to work collaboratively with other partners to improve the quality of services provided whilst identifying more efficient ways to deliver these services through pooling resources. Working in partnership with other services enables the department to share costs and realise efficiencies as a consequence.

4.9.5 **Troubled Families – Saving £0.1m.** Over the past three years, the department has successfully delivered the local Think Family Think Community initiative receiving 100% of available Payment by Results funding. The programme approach has now been mainstreamed across

services to deliver the requirements in relation to phase two. Government funding continues to be attached to the delivery of the programme as well as a payment by results criteria. Given the success in phase one, the intervention model is now embedded in practice which will enable the department to meet the requirements of phase two. Income from grant funding and the payment by results can be offset against existing budgets to realise savings.

- 4.9.6 **Education – Saving £0.1m.** A rationalisation and restructure of some services in this area, for example in commissioning, and ongoing reduced pension liabilities will contribute the bulk of these savings. The balance of additional savings in 2016/17 will come from a freeze on inflationary costs on non-pay budget areas.

5. CONSIDERATION OF OPTIONS

- 5.1 A number of other options have been considered in respect of the savings proposed. A summary of these considerations is included below.
- Reducing capacity in social work teams which is considered to be too high a risk due to impact on case loads and safe practice.
 - Further reducing capacity in family support services which will impact upon the level of support provided to vulnerable children and their families. This could lead to an increase demand for more specialist and higher cost services.
 - 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.

6.0 RISK IMPLICATIONS

- 6.1 Using reserves to contribute towards the savings target is not sustainable and delays the savings until 2017/18. This has been implemented in the hope that early intervention, prevention and other policies will assist in the reduction of demand for services thus reducing costs. Given the increasing demographic pressures from an ageing population and from increasing

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numbers of adults and children with complex physical or learning disabilities there is a significant risk that the council may not be able to achieve the aspiration of reducing demand to realise future savings.

6.2 There are three main risks associated with introducing a salary abatement target:-

- There may not be many vacancies during the year and/or they are filled immediately;
- Staff move through the pay grades and reach the top of pay scale quicker than anticipated i.e. qualifications and experience based for Social Workers and Social Care Officers;
- Incremental drift and vacancies have previously allowed some in-year flexibility within departmental budgets offsetting budget pressures elsewhere within the budget and meeting urgent need.

6.3 Other 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.

6.4 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.

6.5 It is anticipated that the risks highlight above in relation to using these measures to help balance the 2016/17 are low and manageable. However, the sustainability of these issues beyond 2016/17 will require careful management and if these items are not sustainable alternative savings proposals will need to be identified and reported as part of a future year's savings report.

7.0 FINANCIAL CONSIDERATIONS

7.1 The proposals outlined above deliver the savings as summarised in the table below. These proposals include the use of £0.934m of departmental reserves in 2016/17, which provides a longer lead time to identify permanent

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budget savings from managing demand. Achievement of these reductions will be challenging and require carefully management and if these savings cannot be achieved alternative proposal will need to be identified and reported to Members:-

Proposals:-	Proposed Savings
Departmental	
Integration of early help and intervention services across social care, education and public health	£500,000
Departmental Salary Abatement Target	£250,000
Adult Services Proposals	£600,000
Use of Children's Reserves	£233,000
Use of Adult Services Reserves	£233,000
Use of Public Health Reserves	£468,000
	£2,284,000
Children's Services	
Early Intervention Services	£100,000
Income Generation	£100,000
Troubled Families	£100,000
Education	£100,000
	£400,000
Total Departmental Saving	£2,684,000

8. EQUALITY 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.
- 8.2 An assessment has indicated that none of the current proposals require an Equality Impact Assessment as the proposals will have limited impact on people accessing services and no disproportionate impact on people who share protected characteristics.

9. RECOMMENDATIONS

- 9.1 That Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 19th October 2015.

10. REASON FOR RECOMMENDATIONS

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

11. 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 - 29th June 2015

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NEIGHBOURHOOD SERVICES COMMITTEE

7th September 2015



Report of: Director of Regeneration and Neighbourhoods

Subject: SAVINGS PROGRAMME 2016/17 –
NEIGHBOURHOODS DIVISION

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 2016/17 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 and reported to Finance and Policy Committee.

3.0 BACKGROUND

3.1 An initial update of the Medium Term Financial Strategy (MTFS) 2016/17 to 2018/19 was considered by the Finance and Policy Committee on 29th June 2015. This report highlighted the key issues impacting on the development of the budget for 2016/17 and future years, which reflects the following key issues:

- The scale of the Government grant cuts implemented over the lifetime of the previous Parliament. These reductions had a disproportionate impact on Council's serving more deprived communities and in 2015/16 the Council's Government grant was £30.4m less than it was in 2010/11, which is a reduction of 39%;
- Continuing significant Government grant cuts in 2016/17 and future years. It is currently forecast that further budget cuts of £14m will need to be made over the next three years, although the actual cuts may be higher if the actual Government grant cuts exceed current forecasts;
- 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 increase demand for children’s social care services;
- Continued restriction of Council Tax increases.

3.2 In addition, to the above financial challenges, a separate report was presented to the Finance and Policy Committee on 1st June 2015 to provide details of the outcome of the Power Station’s Rateable Value appeal. The Valuation Office Agency, the organisation responsible for determining Rateable Values, has determined to reduce the Power Station Rateable Value by 48%. As a result of this reduction the Council’s share of Business Rates income from the Power Station will reduce by £3.9m on a permanent basis. The Finance and Policy Committee will receive a further report on the strategy for addressing this issue. A meeting with the Local Government Minister has been requested to express the Council’s concern at the impact of this reduction and to seek Government support to manage this significant reduction in Business Rates income.

3.3 As part of the process for the budget for 2016/17 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by the Finance and Policy Committee and then Council.

3.4 Details are provided in this report in relation to the:-

- i) Proposals identified to make the savings;
- ii) Risks associated with the proposed savings; and
- iii) Financial considerations taken into account in developing the proposals.

3.5 In line with the process adopted last year and to assist Members 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 Neighbourhoods Division is provided below.

3.5.1 **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.

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, Allotments, Civil and Environmental enforcement.

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

3.5.2 Facilities Management

Facilities Management 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.

3.5.3 Operations

The Operations section provides a 'one-stop-shop' for a range of front-line services which are delivered townwide. '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 Operations include:

- Waste Disposal
- Refuse and Recycling Collection
- Street Cleansing
- Grounds Maintenance
- Highways (Repair and Maintenance)
- Fleet Management
- Street Lighting
- Dog Warden Service

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 of litter.

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 the section, enabling the provision of a multi-agency approach to service delivery.

The Parks and Countryside Section is also encompassed within the Operations section and is responsible for the care, development and promotion of green spaces. These include the following

- Parks
- 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

Working from a bespoke new maintenance facility, Fleet Management plays a pivotal role in ensuring all Council vehicles are kept well maintained safe and reliable. This enables respective sections and departments to provide a seamless service to the residents of the town.

3.6 Service Users

- 3.6.1 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 colleges and schools via Service Level Agreements and contracts.

3.7 Engagement

3.7.1 Services provided include delivery to internal and educational 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.

3.7.2 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
- Service specific liaison groups

3.7.3 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.

3.8 Inputs

3.8.1 The current cost to the Council of the services delivered by the Neighbourhoods Division is as follows :

Service Area	2015/16 Net Budget (£'000)
Building Design and Construction	(290)
Community Safety and Engagement	1,095
Emergency Planning	60
Operations	15,100
Facilities Management	780
	16,745

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.

3.9 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.
- Operations

4.0 SAVINGS PROPOSALS

4.1 Consideration of Options

4.1.1 The Department is looking to generate additional income through land rental charges as part of future years savings programme and this includes income from a Wind Turbine site. Work is ongoing to secure an appropriate scheme however, it will take time for the necessary agreements to be considered and concluded and this is now not expected to be finalised in time to be included within the 2015/16 savings programme..

4.1.2 Therefore, for 2016/17 it is proposed to use £157k of departmental reserves to help meet the savings target and provide a longer lead in time to produce the income, effectively delaying these savings by one year.. In the event that this income is not achieved there will be an increase in the 2017/18 target and alternative savings will need to be identified. Other longer term options are also being reviewed including changes to operations to reduce vehicle running costs.

- 4.1.3 The reserve contribution will be funded from planning income in 2015/16 which will exceed the budget set for planning fees in year and this proposal will be included within the overall Medium Term Financial Strategy (MTFS).
- 4.1.4 The forecast planning income reflects the higher than normal level of large scale developments expected in year. This higher than normal planning activity is not sustainable in the long term given the financial cost associated with major developments. Further work is therefore required to consider the financial impact this higher than normal planning activity will have on planning fees in future years and this issue will need to be considered as part of the MTFS.
- 4.1.5 In addition to the savings specific to the Regeneration and Neighbourhood Services Committees, the following departmental savings are generic and contribute towards the overall departmental target:

- **Departmental Management of vacancies Target - £111k**

It is proposed to re-introduce a salary abatement target which will account for vacant posts and incremental drift across the department. This proposal will need to be closely monitored during the year and is only a short term proposal as when officers move through the pay grade towards the top of their pay scale the ability to contribute towards this target will reduce.

- **Support Services - £50k**

Administrative and support services which will achieve savings in the region of £50k. 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.

4.2 Neighbourhood Services Proposals

- 4.2.1 Within the overall Neighbourhood services division, the following savings have been made over the last four financial years:
- 2012/13 - £809,000
 - 2013/14 - £654,000
 - 2014/15 - £1,125,000
 - 2015/16 - £1,042,000
- 4.2.2 Reducing budgets by this level on an ongoing basis cannot be achieved without an impact on frontline 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.
- 4.2.3 The proposed contribution to the overall departmental savings from the Neighbourhood Services Division is £595k.

4.2.4 The savings proposals specific to the Neighbourhood Services Committee are as follows:-

4.2.1 Street Lighting (Maintenance Saving) - £180k

The Street Lighting LED replacement scheme will reduce energy consumption by 50%, generating annual savings of £400,000 p.a. This saving has been used to fund prudential borrowing charges to fund the replacement programme. By delivering the scheme in house it has been possible to complete the work significantly under budget. The savings achieved of almost £1.2m has meant it has been possible to enhance the scheme, using resources in place, and fund the replacement of all street lighting columns over 30 years at the same time. This will remove a considerable budget pressure the Council was facing over the next 10 years.

In addition to this the scheme will also result in a reduction in the level of ongoing maintenance after installation. All LED units are covered by a 20 year warranty and the planned maintenance requirements are therefore significantly reduced. This has enabled the current street lighting workforce to be reduced by voluntary redundancy and redeployment into the Highways team. This, along with a reduction in the vehicles required and spend on materials, will result in an annual saving of £180,000 per annum on the Street Lighting Budget.

4.2.2 Home to School Transport - £70k

The Budget for home to School Transport is needs driven and costs will vary depending on pupil demographics as well as route efficiencies. The budget is set to fund higher levels of need and based on current and recent levels of demand it is possible to reduce this budget in 16/17. With any demand led budget there is always a risk that demand will increase and costs will rise. Trends will be closely monitored and in the event that demand does exceed the budget provision in future years, alternative savings will be identified within the Department.

4.2.3 Concessionary Fares - £20k

The amount paid for concessionary fares will depend on a number of factors. The costs incurred by bus operators, the price of an adult fare, and the number of passengers travelling. In recent years above average inflation increases have been applied to this budget and, based on the actual costs incurred, this budget can be reduced by £20k in 2016/17. This is a volatile budget and costs will continue to be closely monitored on a regular basis.

4.2.4 Operations: - £215k

An increase in productivity achieved through route optimisation programmes and the reconfiguration of operational activities will result in a reduction in the number of vehicles which will also bring about a reduction in fuel costs.

The changes to working arrangements from an analysis of the scheduled work carried out in some areas, e.g. Grounds Maintenance and Street Cleansing, will result in efficiencies and work programme improvements and a further reduction in the number of seasonal and casual staff is possible.

Applications for Early Retirement/Voluntary Redundancies have been received and where accepted are currently being processed. It is anticipated these will be concluded by the end of the current financial year in readiness for the 2016/17 period.

Given that the Operations section is still very much in its infancy and is currently working to realise the full potential of multi-tasking/traversing and/or the income generation capabilities of the new depot, further savings at this stage would be difficult without compulsory redundancies.

4.2.5 Facilities Management - £60k

All services within Facilities Management have undergone efficiency reviews on a regular basis, and whilst savings have been found year on year, finding further efficiency savings is becoming increasingly difficult as pressure on the Trading Accounts to remain competitive and reduce prices is growing.

As Facilities Management is a 'Trading Account' making efficiencies as part of our contract offer to schools etc. would seriously affect our ability to sustain 'buy back' from those clients. Savings have been identified through reduction of overheads in both Building Cleaning and Catering budgets.

4.2.6 Community Safety and Engagement – 50K

Staff reduction has taken place through natural wastage via new job opportunities both internal and external which has given rise to the opportunity to consider the restructuring of the service.

The Community Pool budget no longer exists and the merger of Civic Lottery and Ward Member Budgets will enable savings to be created in this service area.

Some duties have already been reallocated to existing staff, and whilst the removal of the posts will put further pressure on the service, this seems the obvious way to make savings without the need for compulsory redundancies.

5.0 RISK IMPLICATIONS

5.1 Using reserves to contribute towards the savings target is not sustainable and only delays the savings until 2017/18. This has been implemented in the hope that additional income will be generated from schemes currently being developed e.g. Wind Turbines. There is a risk that this income will not be received and alternate savings will need to be identified in 2017/18.

5.2 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

5.3 There are risks associated with introducing a salary abatement target:

- limited number of vacancies during the year and/or vacancies are filled immediately
- incremental drift and vacancies have previously allowed some in year flexibility within departmental budgets, offsetting budget pressures elsewhere within the budget and meeting urgent need.

6.0 FINANCIAL CONSIDERATIONS

6.1 The proposals deliver the following proposed savings:-

Service	Proposed Savings (£)
Departmental	
Management of Vacancies	£111,000
Support Services	£50,000
Use of Departmental Reserves	£157,000
Regeneration Committee	£268,000
Sub Total	£586,000
Neighbourhood Services	
Street Lighting Maintenance	£180,000
Home to School Transport	£70,000
Concessionary Fares	£20,000
Operations	£215,000
Facilities Management	£60,000
Community Safety and Engagement	£50,000
Total Neighbourhood Services	£595,000
Grand Total for Department	£1,181,000

7.0 RECOMMENDATIONS

7.1 That Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 19th October 2015.

8.0 REASON FOR RECOMMENDATIONS

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

9.0 BACKGROUND PAPERS

9.1 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 - 29th June 2015

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Impact Assessment Form

Department	Division	Section	Owner/Officer
<i>Regeneration and Neighbourhoods</i>	<i>Neighbourhoods</i>		<i>Denise Ogden/Alastair Smith</i>
Service, policy, practice being reviewed/changed or planned	<ul style="list-style-type: none"> • Technical Services • Community Safety and Engagement • Operations • Facilities Management 		
Why are you making the change?	<ol style="list-style-type: none"> 1. Financial savings targets for 2016/17 set by the Council as a response to the Governments Public sector spending review. 2. Respond to changing service delivery expectations from communities and users. 3. To provide services in an efficient and responsive manner. 		
How might this impact (positively/negatively) on people who share protected characteristics?			
		<i>Please tick</i>	
		POSITIVELY	NEGATIVELY
Age			
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 			
Disability			
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 			
Gender Re-assignment			
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users 			

<ul style="list-style-type: none"> • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 		
Race		
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 		
Religion		
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 		
Gender		
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 		
Sexual Orientation		
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 		
Marriage & Civil Partnership		
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users 		

<ul style="list-style-type: none"> • Facilities Management At present no significant negative impacts have been identified for users 	
<p>Pregnancy & Maternity</p>	
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 	
<p>Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?</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>Concessionary Fares The amount paid for concessionary fares depends on a number of factors. The costs incurred by bus operators, the price of an adult fare, and the number of passengers travelling. In recent years above average inflation increases have been applied to this budget and, based on the actual costs incurred, this budget can be reduced by £20k in 16/17. This is a volatile budget and costs will continue to be closely monitored on a regular basis.</p> <p>Home to School Transport The Budget for home to School Transport is 'needs driven' and costs will vary depending on pupil demographics as well as route efficiencies. The budget is currently set to fund higher levels of need than is used and based on current and recent levels of demand it is possible to reduce this budget in 16/17. With any demand led budget there is always a risk that demand will increase and costs will rise. Trends will be closely monitored and in the event that demand does exceed the budget provision in future years, alternative savings will be identified within the Department.</p> <p>Street Lighting (Maintenance Saving) The original business case for this scheme recognised that in addition to the energy savings there is also a reduction in the level of ongoing maintenance after installation. All LED units are covered by a 20 year warranty and the planned maintenance requirements are therefore significantly</p>

	<p>reduced. This has enabled the current street lighting workforce to be reduced by voluntary redundancy and redeployment into the Highways team. These changes along with a reduction in the vehicles required and spend on materials, is predicted to produce an annual saving of £180,000 per annum on the Street Lighting Budget.</p> <p>Community Safety and Engagement Staff having recently left this service area the loss of the Community Pool and the merger of Ward Member Budgets and Civic Lottery, has enabled some duties to be reallocated within existing job profiles. Any future restructuring will be subject to consultation with staff concerned.</p> <p>Operations Savings are to be achieved through ER/VR's resulting partly from the transition to a multi-disciplinary workforce, and attainment of further amalgamated service efficiencies. The savings are not anticipated to affect the statutory duties placed upon the Authority</p> <p>Facilities Management Consultation will take place between October-December 2015 with all relevant staff, once the areas of savings have been clearly identified.</p>
<p>As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?</p>	<p>The proposals, as they stand, 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. • Staff in service like Facilities Management (e.g. cleaning) affected by service changes may also have options of workplace relocation. • Reconfiguration of services and merging of functions – No specific impact on users 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.
<p>Describe how you will address and monitor the impact</p>	<p>1. No Impact - No Major Change</p> <p>The proposed changes will have to be monitored by the appropriate managers and front line staff through existing methods of service appropriate information gathering:</p> <ul style="list-style-type: none"> - Satisfaction surveys and questionnaires - CRM data - Progress and liaison meetings with users and

	<p>providers</p> <ul style="list-style-type: none"> - Neighbourhood forums - Ward Councillor feedback <p>If necessary proposals will have to be brought forward to the appropriate management level to address any emerging concerns.</p> <p>Concessionary Fares The service is currently over funded and the reduction is not anticipated to affect the statutory duty placed upon the Authority.</p> <p>Home to School Transport The service is currently over funded and the reduction is not anticipated to affect the statutory duty placed upon the Authority</p> <p>Street Lighting (Maintenance Saving) The service is currently over funded and the reduction is not anticipated to affect the statutory duty placed upon the Authority</p> <p>Community Safety and Engagement At present no significant negative impacts have been identified for users.</p> <p>Operations At present no significant negative impacts have been identified for users.</p> <p>Facilities Management In both cleaning and catering Facilities Management will continue to monitor outcomes in line with the existing performance monitoring processes and consultation with those customers affected by a reduction service.</p>		
	<p>2. Adjust/Change Policy <i>Please Detail</i></p>		
	<p>3. Adverse Impact but Continue as is <i>Please Detail</i></p>		
	<p>4. Stop/Remove Policy/Proposal <i>Please Detail</i></p>		
	Initial Assessment	07/08/15	Reviewed
Completed	12/08/2015	Published	07/09/2015

REGENERATION SERVICES COMMITTEE

28th August 2015



Report of: Director of Regeneration and Neighbourhoods

Subject: SAVINGS PROGRAMME 2016/17 –
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 for consideration as part of the 2016/17 budget process.

3. BACKGROUND INFORMATION

3.1 An initial update of the Medium Term Financial Strategy (MTFS) 2016/17 to 2018/19 was considered by the Finance and Policy Committee on 29th June 2015. This report highlighted the key issues impacting on the development of the budget for 2016/17 and future years, which reflects the following key issues:

- The scale of the Government grant cuts implemented over the lifetime of the previous Parliament. These reductions had a disproportionate impact on Council's serving more deprived communities and in 2015/16 the Council's Government grant was £30.4m less than it was in 2010/11, which is a reduction of 39%;
- Continuing significant Government grant cuts in 2016/17 and future years. It is currently forecast that further budget cuts of £14m will need to be made over the next three years, although the actual cuts may be higher if the actual Government grant cuts exceed current forecasts;
- 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 increased demand for children’s social care services.
- Continued restriction of Council Tax increases.

3.2 In addition, to the above financial challenges, a separate report was presented to the Finance and Policy Committee on 1st June 2015 to provide details of the outcome of the Power Station’s Rateable Value appeal. The Valuation Office Agency, the organisation responsible for determining Rateable Values, has determined to reduce the Power Station Rateable Value by 48%. As a result of this reduction the Council’s share of Business Rates income from the Power Station will reduce by £3.9m on a permanent basis. The Finance and Policy Committee will receive a further report on the strategy for addressing this issue. A meeting with the Local Government Minister has been requested to express the Council’s concern at the impact of this reduction and to seek Government support to manage this significant reduction in Business Rates income

3.3 As part of the 2016/17 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2016/17 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.

3.4 Details are provided in this report in relation to the:-

- i) Proposals identified to make the savings;
- ii) Risks associated with the proposed savings; and
- iii) Financial considerations taken into account in developing the proposals.

3.5 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.

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

3.6.1 **Economic Regeneration** – The Economic Regeneration Team provides the Council lead on the Jobs and Economy Theme and offers services to residents and businesses.

The Business Team is responsible for Hartlepool’s Business Incubation System 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.

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

3.6.2 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

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 the Hartlepool Maritime Experience / National Museum of the Royal Navy project, Enterprising Libraries, 999:What's Your Emergency, Young Cultural Ambassadors and the Summer Reading Challenge to name but a few.

3.6.3 Planning Services – The Planning Service consists of two discrete teams: Development Management 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.

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.

- 3.6.4 **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.

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.

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.

Two additional functions which have been added to the Housing Service during 2015 to 2016 are Housing Management and the creation of a Social Lettings Agency. The Housing Management function relates to the management of all of the Council’s stock which includes the new build council housing and the houses acquired under the Empty Property Acquisition scheme. Previously these houses were managed under a contract by the Thirteen Group. The Social Lettings Agency was set up to drive up the housing management standards by encouraging landlords to have their properties managed by the Council as opposed to some of the private sector housing management agencies whose standards and practices are less than satisfactory.

3.7 **Scope of Proposed Savings**

3.7.1 The savings proposed can be broken down into four areas as follows:-

- i) Housing income generation
- ii) Libraries Service review
- iii) Community Centres review
- iv) Planning Services enforcement reconfiguration
- v) Economic Regeneration various

3.8 **Service Users**

3.8.1 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.
- Housing Management – tenants of Council owned properties
- The Business Team – supports the business community from new start ups right through to large scale inward investors.
- 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.
- Planning Enforcement – dealing with monitoring planning developments and undertaking enforcement against unauthorised development
- Arboricultural services – protection of existing trees and the promotion of new tree planting as part of new developments.

3.9 **Engagement**

3.9.1 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 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, Library Service Review 2015 – 1530 responses.

3.10 **Inputs**

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

Economic Regeneration	£870,000
Planning Services (including Heritage and Conservation)	£310,000
Housing Services	£585,000
Culture and Information	£1,500,000
Building Control	£60,000
Learning and Skills (100% grant funded)	£Nil
Estates and Asset Management	£(25,000)
Total	£3,300,000

3.11 **Outputs and Outcomes**

3.11.1 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: -

3.11.2 **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 4.9% in May 2015.

- 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 11 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 £2.0M of private sector investment and creating or safeguarding up to 200 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 at 47 though the gap between Hartlepool and the Great Britain figure has increased slightly from 15 per 10,000 per head of population to 22.

3.11.3 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.

3.11.4 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 2014/15 a total of 182 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 2014/15 homelessness was prevented in 297 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 area 60% of which are complete whilst of the properties in Carr/Hopps Street 161 of the 175 properties 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 and Regeneration Services Committee recently agreed to extend the service to other areas of the town. 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.

3.11.5 Culture and Information

- Over 38,853 hours of usage was achieved for the Library Peoples Network computer scheme against a target of 38,000 for 2014/15.
- 20,122 engagements with children aged 0-19 were achieved through library delivered literary and learning activities against a target of 116,000.

4. PROPOSALS

- 4.1.1 The Department is looking to generate additional income as part of future years savings programme and this includes income from a Wind Turbine site. Work is ongoing to secure an appropriate scheme however, it will take time for the necessary agreements to be considered and concluded and this is now not expected to be finalised in time to be included within the 2015/16 savings programme..
- 4.1.2 Therefore, for 2016/17 it is proposed to use £157k of departmental reserves to help meet the savings target and provide a longer lead in time to produce the income, effectively delaying these savings by one year.. In the event that this income is not achieved there will be an increase in the 2017/18 target and alternative savings will need to be identified. Other longer term options are also being reviewed including changes to operations to reduce vehicle running costs.
- 4.1.3 The reserve contribution will be funded from planning income in 2015/16 which will exceed the budget set for planning fees in year and this proposal will be included within the overall Medium Term Financial Strategy (MTFS).
- 4.1.4 The forecast planning income reflects the higher than normal level of large scale developments expected in year. This higher than normal planning activity is not sustainable in the long term given the financial cost associated with major developments. Further work is therefore required to consider the financial impact this higher than normal planning activity will have on planning fees in future years and this issue will need to be considered as part of the MTFS.

4.1.5 In addition to the savings specific to the Regeneration and Neighbourhood Services Committees, the following departmental savings are generic and contribute towards the overall departmental target:

- **Departmental Salary Abatement Target - £111k**

It is proposed to re-introduce a salary abatement target which will account for vacant posts and incremental drift across the department. This proposal will need to be closely monitored during the year and is only a short term proposal as when officers move through the pay grade towards the top of their pay scale the ability to contribute towards this target will reduce.

- **Support Services - £50k**

Administrative and support services which will achieve savings in the region of £50k. 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.

4.2 Regeneration Division Proposals

4.2.1 Within the overall Regeneration Services Division the following savings have been made over the last four financial years:

- 2012/13 - £634,000
- 2013/14 - £200,000
- 2014/15 - £420,000
- 2015/16 - £380,000

4.2.2 Reducing budgets by this level on an ongoing basis cannot be achieved without an impact on frontline 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.

4.2.3 The proposed contribution to the overall departmental savings from the Regeneration Services Division is £268k.

4.2.4 The savings proposals specific to the Regeneration Services Committee are as follows:-

4.2.5 **Housing Services Income Generation - £50,000**

Housing Services took over the management of the Council's new build housing and Empty Property stock from the Thirteen Group in 2014 to 2015 but the was phased over two financial years so that the relevant systems and policies and procedures could be in place for a complete takeover by 1st April 2015. This has now been completed and has released additional

money for savings. This has been combined with projected income from the setting up of the Social Lettings Agency bringing the total income to set against savings of £50,000.

4.2.6 **Library Services Review - £90,000**

The Regeneration Committee agreed a proposal to review the Library Service during the 2014 to 2015 to inform the budget setting round for 2016 to 2017. This piece of work is nearing completion but has yet to report back to Regeneration Services Committee with the findings. This has been a very detailed piece of work with significant amounts of consultation with service users, community and voluntary sector groups, local organisations, schools, etc. The findings and options are due to be reported to Regeneration Services Committee in July.

4.2.7 **Economic Regeneration Various - £113,000**

Savings have been identified across a range of budget headings including, the Statutory Economic Assessment, Local Initiatives, Tourism and Marketing, exhibitions, etc and a revision to the management structure. In addition, the service has set a modest income target to offset part of the core budget.

4.2.8 **Planning Services Enforcement Reconfiguration - £15,000**

An opportunity has arisen to reconfigure the way in which planning enforcement is carried out as a consequence of a request for voluntary redundancy. This will require the duties of the current planning enforcement officer to be redistributed to another member or the planning service within the arboricultural team allowing for a partial saving from the enforcement officer post to be achieved.

4.3 **Impact**

4.3.1 The above proposals will potentially have the following impacts:-

- 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.
- Direct impact upon service users in the event that there are changes to library opening hours, or closures to any of the branches.
- Direct impact on the service users by weakening of the front line services in the case of Libraries and Community Centres, economic regeneration and tourism, planning enforcement and arboricultural services
- In terms of Housing Services and economic regeneration, by switching to income based projections to offset revenue budgets, there will be added pressures placed upon an already stretched workforce to generate income.

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 obvious beneficial efficiencies have been identified with this option.

6. RISK IMPLICATIONS

- 6.1 Using reserves to contribute towards the savings target is not sustainable and only delays the savings until 2017/18. This has been implemented in the hope that additional income will be generated from schemes currently being developed e.g. Wind Turbines. There is a risk that this income will not be received and alternate savings will need to be identified in 2017/18.
- 6.2 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 or reducing budgets 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.
 - 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.
- 6.3 There are risks associated with introducing a salary abatement target:
- limited number of vacancies during the year and/or vacancies are filled immediately
 - incremental drift and vacancies have previously allowed some in year flexibility within departmental budgets, offsetting budget pressures elsewhere within the budget and meeting urgent need

7. FINANCIAL CONSIDERATION

7.1 The proposals deliver the following savings options

Service	Proposed Savings
Departmental	
Salary Abatement	£111,000
Support Services	£50,000
Use of Departmental Reserves	£157,000
Neighbourhood Services Committee	£595,000
Sub Total	£913,000
Housing Services Income Generation	£50,000
Library Services Review	£90,000
Planning Services – Enforcement Reconfiguration	£15,000
Economic Regeneration - Various	£113,000
Total Regeneration Services	£268,000
Grand Total for Department	£1,181,000

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

8. RECOMMENDATIONS

8.1 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 Council's overall budget considerations for 2015/16.

9. STAFF CONSIDERATIONS

9.1 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.

10. CONTRACT OFFICER

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Impact Assessment Form

Department	Division	Section	Owner/Officer
Regeneration and Neighbourhoods	Regeneration	All	Damien Wilson
Service, policy, practice being reviewed/changed or planned	<ul style="list-style-type: none"> • Planning Services • Heritage and Countryside • Economic Regeneration Working Solutions • Housing Services • Estates & Regeneration • Adult Education-Learning and Skills • Building Control • Culture and Information 		
Why are you making the change?	The need to change is partly financially driven but also to respond to changes in demands from customers and at the same time provide services in a more efficient manner including income generation to support service delivery.		
How might this impact (positively/negatively) on people who share protected characteristics?			
		<i>Please tick</i>	
		POSITIVELY	NEGATIVELY
Age		✓	
Housing will be providing a broader service including enhanced IAG for disadvantaged residents. There are no significant negative impacts on Culture and information clients.			
Disability		✓	
Housing will be providing a broader service including enhanced IAG for disadvantaged residents. There are no significant negative impacts on Culture and information clients.			
Gender Re-assignment		✓	
Housing will be providing a broader service including enhanced IAG for disadvantaged residents. There are no significant negative impacts on Culture and information clients.			
Race		✓	
Housing will be providing a broader service including enhanced IAG for disadvantaged residents. There are no significant negative impacts on Culture and information clients.			
Religion		✓	
Housing will be providing a broader service including enhanced IAG for disadvantaged residents. There are no significant negative impacts on Culture and information clients.			

<i>Please describe...</i>	
Gender	✓
<i>Housing will be providing a broader service including enhanced IAG for disadvantaged residents. There are no significant negative impacts on Culture and information clients</i>	
Sexual Orientation	✓
<i>Housing will be providing a broader service including enhanced IAG for disadvantaged residents.</i>	
Marriage & Civil Partnership	✓
<i>Housing will be providing a broader service including enhanced IAG for disadvantaged residents. There are no significant negative impacts on Culture and information clients.</i>	
Pregnancy & Maternity	✓
<i>Housing will be providing a broader service including enhanced IAG for disadvantaged residents. There are no significant negative impacts on Culture and information clients.</i>	
Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?	<p>A broad range of consultation has taken place with service users, community and voluntary sector groups, local organisations, schools, Housing partners, community and voluntary sector groups, resident groups and end users etc.</p> <p>In addition socio economic data has been analysed for potential future trends and includes the Tees Valley statistical information, Economic Regeneration Quarterly Performance Indicators and various strategies including the Master Plan, Economic Regeneration Strategy and the Housing Strategy.</p>
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?	<p>In terms of Housing, the proposals will not adversely affect customers and the development of a rental stream will actually support Housing to provide a broader range of services including advice and guidance for disadvantaged residents of all characteristics.</p> <p>The services provided by libraries and community centres will be streamlined but will provide a full range of services during the periods of most demand. In addition income generation from activities such as room hire and provision of refreshments will assist in running a comprehensive service.</p>
Describe how you will address and monitor the impact	<p>1. No Impact - No Major Change</p> <p>Whilst it is anticipated that there will be a positive impact for Housing and a largely neutral impact for Culture and Information the effects the proposed changes will have will be monitored by the appropriate managers and front line staff in conjunction with partners and service users and where necessary service adjustments will be introduced. The impact on staff will also be monitored and adjustments introduced if appropriate.</p>

		2. Adjust/Change Policy	
		n/a	
		3. Adverse Impact but Continue as is	
		n/a	
		4. Stop/Remove Policy/Proposal	
		n/a	
Initial Assessment	1/06/2015	Reviewed	6/7/2015
Completed	17/06/2015	Published	TBC

REGENERATION COMMITTEE

Friday 28th August 2015



Report of: Director of Public Health

Subject: SAVINGS PROGRAMME 2016/17 – 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 of savings in relation to Public Health core revenue funded services for consideration as part of the 2016/17 budget process.

3. BACKGROUND

3.1 An initial update of the Medium Term Financial Strategy (MTFS) 2016/17 to 2018/19 was considered by the Finance and Policy Committee on 29th June 2015. This report highlighted the key issues impacting on the development of the budget for 2016/17 and future years, which reflects the following key issues:

- The scale of the Government grant cuts implemented over the lifetime of the previous Parliament. These reductions had a disproportionate impact on Council's serving more deprived communities and in 2015/16 the Council's Government grant was £30.4m less than it was in 2010/11, which is a reduction of 39%;
- Continuing significant Government grant cuts in 2016/17 and future years. It is currently forecast that further budget cuts of £14m will need to be made over the next three years, although the actual cuts may be higher if the actual Government grant cuts exceed current forecasts;
- 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 increased demand for children's social care services.
- Continued restriction of Council Tax increases.

3.3 In addition to the above financial challenges, a separate report was presented to the Finance and Policy Committee on 1st June 2015 to provide details of the outcome of the Power Station's Rateable Value appeal. The Valuation Office Agency, the organisation responsible for determining Rateable Values, has determined to reduce the Power Station Rateable Value by 48%. As a result of this reduction the Council's share of Business Rates income from the Power Station will reduce by £3.9m on a permanent basis. The Finance and Policy Committee will receive a further report on the strategy for addressing this issue. A meeting with the Local Government Minister has been requested to express the Council's concern at the impact of this reduction and to seek Government support to manage this significant reduction in Business Rates income.

3.4 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. These two service areas are detailed below and it is from these areas that savings proposals for 2016/17 have been developed as outlined in section 4 of the report.

3.5 ***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.

- 3.6 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.
- 3.7 The services are non-statutory but are key contributors to the delivery of the Council's strategic priorities concerning Public Health and the improvement of health and well-being across the Borough. In this respect, the contribution and impact the services have had has already been recognised by their transfer into the newly formed Public Health Department in January 2014.
- 3.8 As a result of partnership working with national agencies, the service also contributes to the regeneration of the town by obtaining grant funding for new and / or improved sports facilities as well as new programmes of physical activity intervention. Over the past 10 years, approximately £10.25m grant funding has been secured.
- 3.9 The outputs and outcomes 2014/15 for the Sport and Recreation Service areas are as follows in table below:

Leisure Centre attendances	338,504
Summerhill attendances	92,615
Attendance at sport & physical activity programmed sessions	37,975
Carlton residential attendances	9,422
Carlton day visits	867
Borough Hall attendances	41,786
GP Referral Programme – participants continuing with sport & physical activity 6 months after referral	77%
Primary School swimming – 25m attainment from HBC programme	32%
Number of volunteers actively engaged for one hour per week on sport & physical activity delivery	524
Level of external partnership funding attracted to deliver new initiatives/commissioned work in sport & physical activity	£188,060
Capital Project delivery	Completion and opening in August 2014 of the 3G Pitch at Brierton Sports Centre
Service Accreditation	Achieved again across all areas e.g. Quest, AALA. LOtC, Green Flag etc.

3.10 The Sport and Recreation Service budgets for 2015/16 and in comparison to those for 2014/15 are as follows:-

	2014/15	2015/16	Difference
	£	£	£
Gross Budget	2.914m	2.878m	- 36,000
Income Target	1.545m	1.715m	+ 170,000
Overall Net Budget & cost to HBC	1.369m	1.163m	- 206,000

These figures include all centralised premises costs.

3.11 **Public Protection Services**

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.

3.12 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.

3.13 The outputs and outcomes for the Public Protection Service are:

- 1695 programmed interventions including 100% of all food premises in accordance with risk rating & 100% of prescribed processes.
- Outcome 96.1% food businesses broadly compliant.
- 488 Smoke free visits
- 600 Samples taken
- 2699 service requests responded to
- 1264 licenses processed
- 87.5% customer's satisfaction result up from 85% previous year.

3.14 The Public Protection service budgets are:

Environmental protection	£ 2,446
Consumer services	£ 611,957
Environmental standards	£ 184,251
Outdoor markets	£ (89,227)
Licensing Act 2003	£ (126,936)
Total	£ 582,491

- 3.15 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
- 3.16 The savings target for Public Health in 2015/16 is £59k. 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.
- 3.17 For the Sport and Recreation service, it is essential that the requirement to achieve further savings for 2016/17 is considered against the likelihood of the current savings target for 2015/16 being achieved.

4. PROPOSALS FOR 2016/17 SAVINGS

4.1 Proposal 1 - Proposal to re-organise and re-align the Sport and Recreation Service.

Increasing income and becoming more commercially competitive is the primary focus of the Sport and Recreation Service. However, it is questionable as to whether the current service configuration is optimum and whether there are the necessary skills within the current service to achieve this. Therefore it is proposed to re-organise and realign the service, resulting in senior management staffing savings.

- 4.2 It is proposed to realign the Sport and Physical Activity Team and sport development function with the health improvement function in the Public Health Department to enable a better strategic fit. This will create the capacity within the health improvement function to deliver integrated health and well being service.
- 4.3 It is also proposed that the remaining services including leisure centres (Mill House, Brierton and Headland) and the Borough Hall are consolidated into a commercially focused leisure service that will require commercially driven leadership. The business case for this was first established last year, when it was decided that there needed to be a new style of direction and leadership to making the services more commercially driven.
- 4.4 It is proposed therefore that interim (18 months -2 years) leadership arrangements are put in place. During this time a thorough assessment of the current facility stock and the Council's ability in the longer term to invest in the capital and revenue requirement must be considered. As part of this work, alternative management arrangements for leisure services will also be revisited and considered as an option for the longer term sustainability of services. This is linked into possible savings scenario for 2017/18 and beyond where alternative management arrangements for some elements of the service may still need to be considered, if the in-house team were unsuccessful in bridging the financial gap, which is already proving highly challenging.

4.5 As a consequence of re-organising and re-aligning the Sport and Recreation Service, there will be senior management staffing efficiencies achieved that will contribute to the required savings for 2016/17. It is anticipated that this can be achieved through voluntary redundancy.

4.6 **Proposal 2 – Cease Provision of Out of Hours Noise Service.**

4.7 This service has operated since 2010. During the summer months the service is well used and the majority of calls tend to be about loud music and disturbances from parties, generally being held in the gardens of residential properties.

4.8 The out-of-hours noise service is being considered, due to the non-statutory nature of this service. The service was established some 6 years ago and is provided by staff who work overtime on Friday and Saturday nights, starting work at 10pm and finishing at 4am the following morning. This is voluntary and for safety reasons, the service is provided by 2 staff, one of whom, the lead officer, is an experienced and suitably qualified officer; the other, the support officer, does not require the same level of technical knowledge.

4.9 The service is able to add value to the nightly work routine, by preparing a rota of premises to check compliance with various other conditions, such as licensing closing times for take-always, pubs, clubs; specific conditions on premises in relation to noise levels coming from them; other potential breaches of notices/ agreements in relation to enforceable conditions, for example dust containment at the port.

4.10 Out of Hours complaints would still need to be investigated and this work would be undertaken under normal overtime arrangements.

4.11 **Proposal 3 – General budget savings**

4.12 A number of non pay budget savings across in the Public Health Budget will be made that will not impact on service delivery.

4.13 **Proposal 4 – Contribution to Tees Valley Environmental Protection Group**

The Tees Valley Environmental Protection Group comprises representatives from the five Tees Valley Councils along with a representative from the Environment Agency. The Group currently consists of a members group consisting of 3 elected members from each constituent Authority plus an invited representative from the Environment Agency and an officer group.

4.14 Since 1995 when the group was established the council has made a financial contribution to the coordination to this group. It is proposed to review this financial contribution. It is recommended to dissolve the member group and to operate the TVEPG as an officer liaison group in line with the other officer liaison groups within the Tees Valley co-ordinated by whichever

authority that holds the secretariat for the group. The secretariat rotates biannually. Any decisions that are required would be brought before the Regeneration Services Committee for decision and other general liaison arrangements will be put into place.

5. RISK IMPLICATIONS

- 5.1 The risk of realising savings in 2016/17 in relation to the Environmental co-ordinators post is the reliance on the other Local Authorities to ensure they proceed with this efficiently.
- 5.2 The loss of a senior management post from the Sport and Recreation service, however this can be mitigated for due to the specific areas of expertise and experience that exists within the team as a whole.

6. FINANCIAL CONSIDERATIONS

- 6.1 The table below illustrates the financial implications of the two savings proposals:

Service Area	Proposed Saving	Amount
Sport and Recreation	<ul style="list-style-type: none"> Senior management restructure 	£60,000
Public Protection	<ul style="list-style-type: none"> Out of hours noise service Environmental Protection members group General budget savings 	£13,000 £3,680 £2,320
Total		£79,000

7. EQUALITY CONSIDERATIONS

- 7.1 Equality impact assessments are attached.

8. STAFF CONSIDERATIONS

- 8.1 Proposal 1- Voluntary redundancy.
- 8.2 Proposal 4 – There may be staffing implications relating to the potential disbanding of the Tees Valley Environmental Protection members group.

9. RECOMMENDATIONS

- 9.1 That Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on

10. REASONS FOR RECOMMENDATIONS

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

11. BACKGROUND PAPERS

- 11.1 Regeneration Committee – Sport and Recreation Service – Options Appraisal Update – 8th May 2014.
- 11.2 Regeneration Committee –Savings Proposals 2016-17 Public Health Department - Thursday 24th July 2014.
- 11.3 Regeneration Committee – Savings Programme 2015/2016– Sport and Recreation – Public Health Department - Thursday 18th September 2014

12. CONTACT OFFICER

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Impact Assessment Form

4.1

Department	Division	Section	Owner/Officer
Public Health		Sport & Recreation	Louise Wallace, Director - Public Health
Service, policy, practice being reviewed/changed or planned	<p>Sport & Recreation consists of the following core services:-</p> <ul style="list-style-type: none"> • 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 <p>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.</p> <p>The service is managed by a senior team and it is the roles and responsibilities of these individuals that are being reviewed.</p>		
Why are you making the change?	<p><i>The review will result in a proposal to deliver cost savings as part of the 2016/17 financial strategy for the Council. This is linked to overall service provision and future development and delivery of facilities and services for the Borough.</i></p>		
How might this impact (positively/negatively) on people who share protected characteristics?			
		<i>Please tick</i>	
		POSITIVELY	NEGATIVELY
Age			
<i>No impact</i>			
Disability			
<i>No impact</i>			
Gender Re-assignment			
<i>No impact</i>			
Race			
<i>No impact</i>			
Religion			
<i>No impact</i>			
Gender			

<i>No impact</i>			
Sexual Orientation			
<i>No impact</i>			
Marriage & Civil Partnership			
<i>No impact</i>			
Pregnancy & Maternity			
<i>No impact</i>			
Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?		<i>Whilst there will not be a direct impact on service users, there is likely to be a direct impact on the senior management team for the service. This will be as a consequence of a realignment of roles and responsibilities. Consultation will be carried out with those concerned in line with agreed HR policies and procedures and the savings are to be achieved as a result of a voluntary redundancy.</i>	
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?		<i>Staff will be offered the opportunity to consider and comment on the proposals and put forward alternative suggestions.</i>	
Describe how you will address and monitor the impact		1. No Impact - No Major Change	
		<i>Please Detail</i>	
		2. Adjust/Change Policy	
		<i>N/A</i>	
		3. Adverse Impact but Continue as is	
		<i>N/A</i>	
		4. Stop/Remove Policy/Proposal	
		<i>N/A</i>	
Initial Assessment	<i>22/07/15</i>	Reviewed	<i>00/00/00</i>
Completed	<i>29/07/15</i>	Published	<i>00/00/00</i>

Impact Assessment Form

4.1

Department	Division	Section	Owner/Officer
Public Health		Public Protection	Sylvia Pinkney
Service, policy, practice being reviewed/changed or planned	Out of hours noise service operating in June, July & August		
Why are you making the change?	Budget savings		
How might this impact (positively/negatively) on people who share protected characteristics?			
	<i>Please tick</i>	POSITIVELY	NEGATIVELY
Age			
<i>Please describe...No impact</i>			
Disability			
<i>Please describe...No impact</i>			
Gender Re-assignment			
<i>Please describe...No impact</i>			
Race			
<i>Please describe...No impact</i>			
Religion			
<i>Please describe...No impact</i>			
Gender			
<i>Please describe...No impact</i>			
Sexual Orientation			
<i>Please describe...No impact</i>			
Marriage & Civil Partnership			
<i>Please describe...No impact</i>			
Pregnancy & Maternity			
<i>Please describe...No impact</i>			
Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?	There has been no consultation and none is planned		
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?	We will deal with out of hour's noise complaints in the same way as we currently deal with them in the months when this service currently does not operate. There will therefore be no impact on service users		
Describe how you will address and monitor the impact	1. No Impact - No Major Change <i>The withdrawal of this service will have no impact. Out of hours complaints will still be investigated.</i>		
	2. Adjust/Change Policy		

		<i>Please Detail</i>			
		3. Adverse Impact but Continue as is			
		<i>Please Detail</i>			
		4. Stop/Remove Policy/Proposal			
		<i>Please Detail</i>			
		Initial Assessment	03/08/15	Reviewed	00/00/00
		Completed	00/00/00	Published	00/00/00

DRAFT

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2016/17 TO 2018/19

TABLE 1 - FORECAST CAPITAL RESOURCES

	Forecast Resources 2016/2017 (Provisional)				Forecast Resources 2017/2018 (Provisional)				Forecast Resources 2018/2019 (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	279	279	0	0	279	279	0	0	279	279
Devolved Formula Capital (Schools) **	0	0	148	148	0	0	148	148	0	0	148	148
Disabled Facilities Grant (Better Care Fund) *	0	0	546	546	0	0	546	546	0	0	546	546
Local Transport Plan	0	0	1,805	1,805	0	0	1,805	1,805	0	0	1,805	1,805
Schools Capital Programme #	0	0	842	842	0	0	2,832	2,832	0	0	705	705
	0	0	3,620	3,620	0	0	5,610	5,610	0	0	3,483	3,483
Departmental Prudential Borrowing - Funded from Specific Business Cases												
Replacement Wheelie Bins	60	0	0	60	60	0	0	60	60	0	0	60
Waste Transfer Station Recycling Capacity	250	0	0	250	0	0	0	0	0	0	0	0
Vehicle Procurement (Table 2 - 4)	1,268	0	0	1,268	1,027	0	0	1,027	788	0	0	788
	1,578	0	0	1,578	1,087	0	0	1,087	848	0	0	848
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
Schemes Funded from new Capital Receipts target												
Other Council Priorities, including match funding	0	400	0	400	0	0	0	0	0	0	0	0
Council Capital Fund	0	600	0	600	0	0	0	0	0	0	0	0
	0	1,000	0	1,000	0	0	0	0	0	0	0	0
Total Forecast Resources	1,578	1,628	3,620	6,826	1,087	628	5,610	7,325	848	628	3,483	4,959

* Better Care Fund is continuing in 2016/17, however detailed allocations have yet to be announced by the Government. Estimates are based on 2015/16 allocations and an assumption that the Better Care Fund will continue in future years.

** Devolved Formula Capital allocation for Schools is an estimate based on the 2015/16 allocation which the Government has stated is indicative of future allocations.

Schools Capital Programme includes an estimate of £705k Schools Condition Grant for 2016/17 and future years as actual allocations have yet to be announced by the Government. This is based on the 2015/16 allocation which the Government has stated is indicative of future allocations. In addition the Council has received a Basic Need funding allocation for 2016/17 and 2017/18, this is reflected in the above figures.

In previous years part of the Dedicated Schools Grant has been allocated to provide additional capital funding for the Schools Capital Programme. This is subject to annual approval by Schools' Forum and £628k is an indicative figure based on the current contribution to the capital programme.

TABLE 2 - 2016/17 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	Financed by Borrowing £'000	Business Case (Note 1) £'000	Total £'000
17 Seat Minibus	2	Carlton Outdoor Centre		50	50
Canoe Trailers	2	Carlton Outdoor Centre	10		10
Sweeper	1	Cleansing	50		50
Van Tows	3	Cleansing	14		14
Cabin Van	1	Building Cleaning	21		21
Small Panel Van	1	Community Safety		12	12
17 Seat Minibus	1	Pupil Referral Unit		25	25
17 Seat Minibus	1	Havelock Day centre	25		25
Ride on Mowers	4	Horticulture	68		68
2.5 Tonne Tipping Trailer	1	Horticulture	10		10
16 Seat Welfare Busses	5	Passenger Transport	375		375
17 Seat Minibus	1	Sports Development		25	25
Large Panel Van	1	Sports Development		18	18
Waste Bin Motors	4	Waste Management	515		515
Price Variation Contingency*			50		50
			1,138	130	1,268

TABLE 3 2017/18 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	Financed by Borrowing £'000	Business Case (Note 1) £'000	Total £'000
Medium sweeper	1	Cleansing	120		120
Sweepers	8	Cleansing	571		571
Medium Panel Van	1	Parks & Countryside	14		14
9 Seat Cabin Van	1	Parks & Countryside	25		25
Large 360° excavator	1	Waste Management	180		180
Civic Car	1	Corporate	20		20
Medium Panel Van	1	Workshop	12		12
Mobile Education Unit	1	Youth Service		85	85
Price Variation Contingency*			50		50
			942	85	1,027

TABLE 4 2018/19 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	Financed by Borrowing £'000	Business Case (Note 1) £'000	Total £'000
Van	1	Car parking	11		11
Transit Tipper	3	Cleansing	61		61
10 Tonne Tipping Trailer	1	Cleansing	20		20
Medium Panel Van - Refrigerated	1	Facilities Management	25		25
Base Panel Van	1	Fleet	19		19
18,000kg Chassis Cab & Body Demount System	1	Highways	85		85
7.5 Tonne Tipper with Lorry Loader	1	Highways	55		55
Trailer	1	Highways	4		4
Ride on Mower	2	Horticulture	78		78
Ride on Mower	4	Horticulture	68		68
Grillo FD2200	1	Horticulture	25		25
Tractor Mount Flail	1	Horticulture	10		10
Ride-on Brushcutter	1	Horticulture	6		6
Pedestrian flail	1	Horticulture	4		4
Transit Tipper	2	Horticulture	42		42
13 Tonne Vertical Tipping Trailer	1	Horticulture	20		20
5 Tonne Hydraulic Tipping Trailer	1	Horticulture	10		10
Low Roof Van	2	Mechanical & Electrical	26		26
6,500kg Dropside	1	Mechanical & Electrical	50		50
Jet Ski & Trailer	1	Parks & Countryside	8		8
Transit Low Roof Van	1	Public Buildings	13		13
Transit Tipper	1	Public Buildings	21		21
Transit Van	1	Public Buildings	22		22
Medium Roof Van	1	Public Buildings	14		14
Long Wheel Base High Roof Van	2	Small Works	76		76
Cabin Van	1	Youth Offending		15	15
Price Variation Contingency*			50		50
			773	15	788

Note 1

Vehicles which were not previously funded by prudential borrowing, but typically grant funding. These will only be replaced if supported by a detailed business case and provided costs can be met from service revenue budgets.

* To allow for differences compared to the estimates used in the above tables in relation to the final purchase price of vehicles.

FINANCE AND POLICY COMMITTEE

28th August 2015



Report of: Director of Public Health

Subject: SAVINGS PROGRAMME 2015/16 and 16/17–
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 grant funded services. These savings proposals are for consideration as part of the 2015/16 budget management process and budget setting process for 2016/17.

3. BACKGROUND

- 3.1 In April 2013, local authorities assumed statutory responsibility for improving and protecting the health and well being of their local population. These new duties came under the Health and Social Care Act 2012. In order to discharge these new responsibilities for public health, the Government made funding available through a ring fenced public health grant. This funding is separate from NHS resources for public health services discharged through NHS England such as for screening and immunisations.
- 3.2 The ring fenced public health grant has been allocated for 3 years covering financial years 2013/14, 2014/15 and 2015/16. The ring-fenced allocation for Hartlepool Borough Council was £8.255 million for 2013/14 and £8.486 million for 2014/15 and 2015/16. An additional in year allocation of £761,000 has been added to the grant as the Local Authority becomes the commissioner of 0-5 children's health visiting services from 1st October 2015.
- 3.3 On 4th June 2015, the Chancellor of the Exchequer, George Osborne, announced that the £2.8 billion ring fenced public health budget was to be reduced in year and on a recurring basis by £200 million. This represents a circa 7.4% cut in funding. On this assumption, for Hartlepool, this equates to approximately a £630,000 (excluding 0-5 services) budget cut in year in

2015/16 and on a recurring basis from 2016/17 and beyond. However, it must be noted that there are no details of how the cut of £200 million nationally will be distributed so it may be more than 7.4% for Hartlepool.

- 3.4 The risk to the public health budget is not limited to this £200 million reduction. Previous guidance indicates that there is likely to be future reductions in the public health grant funding, to bring the allocation in line with the target spend per head of population. The current spend is £91 per head, with target of £75 per head. The pace of change to target spend per head is currently unclear, but must be borne in mind as part of the wider Medium Term Financial Strategy (MTFS). If public health funding was moved to the target allocation this would mean the grant would reduce from £8.4 million to £6.9 million (circa £1.5 million reduction) on a recurring basis before considering the implication of the in year and recurring assumed £629,000 reduction in grant. If the pace of change happened and the target allocation was set it would mean another recurring reduction of circa £800,000 in addition to the £630,000.
- 3.5 The ring fenced public health grant is deemed as non NHS Departmental spend. The Department of Health has commenced a national consultation regarding the in year and recurring budget cut of £200 million nationally. Therefore until this consultation is completed we will not know the exact reduction in budget. For planning purposes however we have assumed 7.4% reduction in funding.
- 3.6 It is important to put this grant reduction in the context of the wider Council financial position. An initial update of the Medium Term Financial Strategy (MTFS) 2016/17 to 2018/19 was considered by the Finance and Policy Committee on 29th June 2015. This report highlighted the key issues impacting on the development of the budget for 2016/17 and future years, which reflects the following key issues:
- The scale of the Government grant cuts implemented over the lifetime of the previous Parliament. These reductions had a disproportionate impact on Council's serving more deprived communities and in 2015/16 the Council's Government grant was £30.4m less than it was in 2010/11, which is a reduction of 39%;
 - Continuing significant Government grant cuts in 2016/17 and future years. It is currently forecast that further budget cuts of £14m will need to be made over the next three years, although the level of cuts may be higher if the actual Government grant cuts exceed current forecasts;
 - 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 increased demand for children's social care services.
 - Continued restriction of Council Tax increases.

3.7 In addition, to the above financial challenges, a separate report was presented to the Finance and Policy Committee on 1st June 2015 to provide details of the outcome of the Power Station's Rateable Value appeal. The Valuation Office Agency, the organisation responsible for determining Rateable Values, has determined to reduce the Power Station Rateable Value by 48%. As a result of this reduction the Council's share of Business Rates income from the Power Station will reduce by £3.9m on a permanent basis. The Finance and Policy Committee will receive a further report on the strategy for addressing this issue. A meeting with the Local Government Minister has been requested to express the Council's concern at the impact of this reduction and to seek Government support to manage this significant reduction in Business Rates income.

4. EXISTING COMMITMENTS AND USE OF PUBLIC HEALTH GRANT

4.1 The letter from Jeremy Hunt, Secretary of State for Health and Duncan Selbie, Chief Executive of Public Health England to local authorities on the 10th January 2013, outlined the services and eligible spend of the ring fenced public health grant. There are mandatory services expected to be delivered using the ring fenced grant and they include:

- *appropriate access to sexual health services;*
- *steps to be taken to protect the health of the population, in particular, giving the Director of Public Health a duty to ensure there are plans in place to protect the health of the population;*
- *ensuring NHS commissioners receive the public health advice they need;*
- *the National Child Measurement Programme;*
- *NHS Health Check assessment;*

The letter clearly states that:

‘In giving funding for public health to Local Authorities, it remains important that funds are only spent on activities whose main or primary purpose is to improve the health and wellbeing of local populations (including restoring or protecting their health where appropriate) and reducing health inequalities’

4.2 The aim of the remaining discretionary investment should be focused on ensuring local authorities have the local flexibility to commission the other critical services to help people live longer, healthier and more fulfilling lives, and to improve the health of the most vulnerable fastest. It should be noted that services that are not mandatory but already have substantial existing financial commitments and contracts are services relating to drug and alcohol use, children and young people's well being service (school nursing), smoking services etc.

4.3 Investment of the grant should be based on a robust Joint Strategic Needs Assessment (JSNA), Joint Health and Well being Strategy (JHWS) and Public Health Outcomes Framework. It is expected that the grant will be

used for improving health and well being; carrying out health protection functions delegated from Secretary of State; reducing inequalities and ensuring the provision of population healthcare advice.

5. PROPOSALS

5.1 The following section outlines recurring savings proposals for 2016/17 and beyond in each of the service areas in public health funded through the ring fenced public health grant including:

- Drug and Alcohol Services
- Health Improvement Services
- Sport and Recreation
- Public Protection
- Commissioning and Clinical Quality

For each proposal there is a brief description of what the service is that is proposed to be ceased, scaled back or delivered in an alternative way. It is noteworthy that these proposals will mean the loss of service provision and preventative activity in Hartlepool, but have been put forward as proposals as they are deemed 'discretionary' to be funded from the ring fenced grant.

5.2 Drug and Alcohol Services

Proposal 1 - £100,000

- Reduce the budget for tier 4 treatment services including medically assisted detoxification and residential rehabilitation services.
- Increase efficiencies in non pay budgets drug and alcohol budget.

5.3 Health Improvement

Proposal 2 - £195,500

- Review the contribution to the 50 plus forum seeking to mainstream key activities across health and social care.
- Review the contribution to oral health promotion programme.
- Reduce the contribution to Stay Safe Stay Warm Fire Service Programme.
- Review the commissioning of bereavement services.
- Cease recurring funding for Young People's Smoking Intervention Programme and seek to mainstream through partnership with schools.
- Remove the vacant nutritionist post from the established structure.
- Reduce expenditure on public health resources and health promotion activities.

5.4 **Sport and Recreation**

Proposal 3 - £125,000

- Reduce the range of physical activities initiatives on offer.

5.5 **Public Protection**

Proposal 4 - £95,000

- Review capacity to deliver environmental Health health improvement initiatives.
- Review contribution to the taxi marshalling scheme.
- Efficiencies in non pay budgets.
- Reconsider the feasibility of offering a student Environmental Health Officer post (currently vacant).

5.6 **Commissioning and Clinical Quality**

Proposal 5 - £125,000

- Negotiate with providers of the following services a reduction of 7.4% on contract values:

Drug and Alcohol services
Smoking services
Sexual Health service
Children and Young People's Health and Wellbeing Service

The outcome of any negotiations may not be the same for each public health commissioned service, with individual providers having their own unique set of circumstances and differing contract values to consider. A universal 7.4% cut to existing funding arrangements could therefore have a variety of different outcome ranging from; providers acceptance of the cuts through introduction of non pay efficiencies, a reduction in overall service provision and potential loss of jobs which would require renegotiation of individual contracts payments or the need to consider decommissioning services in their entirety if the provider states efficiencies cannot be realised.

6. RISK

- 6.1 There is a risk that the overall health and well being of the population and the health of specific groups within the population will not improve and the gap in inequalities may widen.

7. FINANCIAL IMPLICATIONS

- 7.1 The proposals deliver the following proposed savings against an anticipated recurring budget reduction of £630,000:=-.

Service	Proposed Savings (£)
Drug and Alcohol Services	£100,000
Health Improvement	£195,500
Sport and Recreation	£125,000
Public Protection	£95,000
Commissioning and Clinical Quality	£125,000
Total Savings	£640,500

8. EQUALITY CONSIDERATIONS

8.1 Equality Impact Assessments attached for each service area.

9. STAFF CONSIDERATIONS

9.1 The proposals do not include any compulsory or voluntary redundancies for HBC staff.

9.2 There will inevitably be staffing consequences to provider organisations who employ staff who are not HBC employed if the proposals in section 4 are implemented. It is impossible to determine what those implications will be at this time.

10. LEGAL CONSIDERATIONS

10.1 Contracts are legally binding and therefore careful consideration is required with regard to negotiating any contract variations or providing notice of termination. Communicating any intention to vary or terminate existing contracts should be carefully considered and managed as relationships will need to be maintained with the existing service providers during any notice period in order to ensure and maintain the quality of service.

10.2 Each individual contract will need to be checked to confirm the existence and length of individual termination clauses, failure to adhere to these clauses could result in a breach of contract claim from the existing provider.

10.3 All Public Health contracts issued since 2014 have termination clauses and notice periods within them. In the absence of any formal arrangements, in older contracts, English Law requires that 'reasonable' notice is given to terminate a contract. What is reasonable will depend on the specific circumstances of the relationship, including:

- the length of our relationship with the provider
- how much our business contributes to the overall business of the provider
- how quickly the provider may be able to replace our business
- The original intention of both parties when we entered into the relationship.

11. RECOMMENDATIONS

- 11.1 That Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 19th October 2015.
- 11.2 That members note the £630,000 reduction in public health grant funding in 15/16 and on a recurring basis.
- 11.3 That members note the possibility of a further reduction of an additional circa £800,000 in public health grant funding if pace of change is applied and Hartlepool is moved to target allocation of £6.9 million.

12. REASONS FOR RECOMMENDATIONS

- 12.1 To ensure Members are fully aware of the proposed public health grant funded Public Health Department savings proposals in year in 2015/16 and 2016/17. The savings are necessary in the light of the cut to non departmental NHS spend implications on the ring fenced public health grant. The proposals are made against the backdrop of the ongoing core revenue grant funded savings proposals as part of the Council's wider Medium Term Financial Strategy (MTFS).

13. BACKGROUND PAPERS

- 13.1 Ring-fenced Public Health Grant -Local Authority Circular (LAC (DH) (2013)1 – gateway reference 18552)
- Annex B comprises the grant determination and conditions, which set out the detailed arrangements for administering the grant.
 - Annex C lists the categories of public health spend against which local authorities will need to report to the Department.
 - Annex D is the statement local authority Chief Executives will need to send back confirming that the grant has been used in accordance with the conditions.
- 13.2 Cabinet Report of 18th March 2013 - Joint Report of the Director of Public Health and Chief Finance Officer - Ring fenced Public Health Grant.

14. CONTACT OFFICER

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Impact Assessment Form

4.2

Department	Division	Section	Owner/Officer
Public Health		Substance Misuse	Karen Clark
Service, policy, practice being reviewed/changed or planned	Tier 4 provision. Detox and Rehabilitation		
Why are you making the change?	Cuts to the Public Health Grant		
How might this impact (positively/negatively) on people who share protected characteristics?			
		<i>Please tick</i>	
		POSITIVELY	NEGATIVELY
Age			✓
<i>This decision affects the whole community. Any reduction in the opportunities available to our client group and their families to recover in a safe environment could result in increased criminal activity, higher levels of deprivation, increased substance Misuse related deaths, increased hospital admissions and possible increase in child in need and child protection cases.</i>			
Disability			✓
As Above			
Gender Re-assignment			✓
As Above			
Race			✓
As Above			
Religion			✓
As Above			
Gender			✓
As Above			
Sexual Orientation			✓
As Above			
Marriage & Civil Partnership			✓
As Above			
Pregnancy & Maternity			✓
As Above			

Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?	<i>Planned Consultation</i>		
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?	<i>We will focus on trying to mitigate against the damage by bolstering the opportunities to replicate some of the interventions within the community but there will always be a need to assist those in need who can not recover in their own community.</i>		
Describe how you will address and monitor the impact	1. No Impact - No Major Change <i>N/A</i>		
	2. Adjust/Change Policy <i>N/A</i>		
	3. Adverse Impact but Continue as is <i>If there are risks identified to an individual, family or the community. And where these risks make it unsafe for the individual to further attempt to recover locally that the opportunity to fund a placement remains. We will constantly monitor need and availability.</i>		
	4. Stop/Remove Policy/Proposal <i>N/A</i>		
Initial Assessment	05/08/15	Reviewed	00/00/00
Completed	05/08/15	Published	00/00/00

Impact Assessment Form

4.2

Department	Division	Section	Owner/Officer
Public Health		Health Improvement	Carole Johnson
Service, policy, practice being reviewed/changed or planned	Reviewing and reducing the level of provision of a range of health improvement initiatives		
Why are you making the change?	Budget savings due to grant cut.		
How might this impact (positively/negatively) on people who share protected characteristics?			
		<i>Please tick</i>	
		POSITIVELY	NEGATIVELY
Age			√
<i>Please describe...</i> One service to be reviewed is the activity of 50+ Forum.			
Disability			
<i>Please describe...</i>			
Gender Re-assignment			
<i>Please describe...</i>			
Race			
<i>Please describe...</i>			
Religion			
<i>Please describe...</i>			
Gender			
<i>Please describe...</i>			
Sexual Orientation			
<i>Please describe...</i>			
Marriage & Civil Partnership			
<i>Please describe...</i>			
Pregnancy & Maternity			
<i>Please describe...</i>			
Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?	No there has been no consultation and none is planned. Currently the role is vacant - out to advert but the contract is due to end on 31 st March 2016 with no expectation of it being renewed.		
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?	A member of staff from Healthwatch is currently picking up aspects of the work. It may be possible for this to be formalised.		
Describe how you will address	1. No Impact - No Major Change		

and monitor the impact		<i>Please Detail Not expected to have a major impact</i>	
		2. Adjust/Change Policy <i>Please Detail</i>	
		3. Adverse Impact but Continue as is <i>Please Detail</i>	
		4. Stop/Remove Policy/Proposal <i>Please Detail</i>	
Initial Assessment	04/08/15	Reviewed	00/00/00
Completed	00/00/00	Published	00/00/00

Impact Assessment Form

4.2

Department	Division	Section	Owner/Officer
Public Health		Sport & Recreation	Louise Wallace, Director - Public Health
Service, policy, practice being reviewed/changed or planned	<p>Sport & Recreation consists of the following core services:-</p> <ul style="list-style-type: none"> • 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 <p>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.</p> <p>The service has received some additional funding for the last three financial years from the Public Health grant to enable additional sport and physical activity initiatives to be delivered to adults and young people (2013/14, 2014/15, 2015/16) across the services. This has been over and above what is already provided for services funded by the Council's core revenue funding.</p>		
Why are you making the change?	<p><i>The review will result in a proposal to deliver cost savings as part of the 2016/17 financial strategy for the Council. This is linked to overall service provision and future development and delivery of facilities and services for the Borough.</i></p>		
How might this impact (positively/negatively) on people who share protected characteristics?			
		<i>Please tick</i>	
		POSITIVELY	NEGATIVELY
Age			
<p><i>Whilst a good range of activities will still be available for adults and young people, some of the more bespoke programmes that are offered as a consequence of this funding will have to cease. Some examples of these are as follows:-</i></p> <ul style="list-style-type: none"> • <i>Support of our 'Looked after children' where currently free activities are made available to them.</i> • <i>£1.00 promotional swim initiative</i> • <i>Coach Leadership training programme</i> • <i>Conservation programme supporting work of volunteers</i> • <i>Pre-school adventure play</i> • <i>Community Activities Network grant funding programme to clubs and</i> 			

<i>organisations for new physical activity initiatives</i>			
Disability			
<i>Whilst no specific data is recorded, it is likely that some users may be affected</i>			
Gender Re-assignment			
<i>No impact</i>			
Race			
<i>No impact</i>			
Religion			
<i>No impact</i>			
Gender			
<i>No impact</i>			
Sexual Orientation			
<i>No impact</i>			
Marriage & Civil Partnership			
<i>No impact</i>			
Pregnancy & Maternity			
<i>No impact</i>			
Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?		<i>Where there is likely to be a direct impact on service users who can access a specific targeted intervention (for example with our Looked after Children), consultation will be undertaken in conjunction with colleagues from the Child & Adult Department.</i>	
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?		<i>We will still be able to offer an inclusive programme of activities to all service users as a result of the Council's core funding support. We will also continue to seek external funding support to supplement our "offer".</i>	
Describe how you will address and monitor the impact		1. No Impact - No Major Change <i>N/A</i>	
		2. Adjust/Change Policy <i>N/A</i>	
		3. Adverse Impact but Continue as is <i>We will continue to offer alternative service options from our balanced programme of activities. We will also continue to seek alternative sources of funding to support additional activity provision.</i>	
		4. Stop/Remove Policy/Proposal <i>N/A</i>	
Initial Assessment	22/07/15	Reviewed	00/00/00
Completed	29/07/15	Published	00/00/00

2016/17 FINANCIAL RISK MANAGEMENTRisk 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	2016/17 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Pay	Amber	54,718	69%	The MTFS includes provision for a 1% pay award from 1st April 2016 which is the level of the Government Public Sector pay cap. In the unlikely event the actual pay award exceed 1% there would be an additional budget pressure.
Higher costs of borrowing and/ or lower investment returns	Green	5,311	7%	This budget covers annual principal repayments and net interest on the Council's borrowings and investments. Interest payable on Council's borrowings or interest earned on investments could be higher or lower than forecast. The Treasury Management Strategy details how these risks will be managed and establishes an appropriate framework of controls for managing these risks. This strategy is based upon the CFO's assessment of future interest rates, which is itself supported by the detailed interest rate forecasts and market intelligence provided by the Council's Treasury Management Advisors. The unprecedented low levels of interest rates have resulted in a significant reduction in investment income this change has not had a significant impact on the MTFS as the MTFS takes a prudent approach and only includes investment income on an annual basis.
Planned Maintenance Budget	Amber	221	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	1,433	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	271	0.3%	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.

Financial Risk	Risk Rating	2016/17 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	5,412	6.8%	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 in-house foster placements, independent foster placements with an agency, special guardianship, residence order and leaving care allowances as well as residential placements.
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	9,920	12.4%	Increasing number of elderly people, high percentage of chronic health problems and market pressures on price, including the National Living Wage. 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
Demographic changes in Working Age Adults	Red	8,000	10.0%	Increasing numbers of people with learning disabilities surviving into adulthood with increasingly complex needs. The changes reflect the increased demand from those moving from children's services through the transition process.
Better Care Fund	Red	6,651	8.3%	The Better Care Fund consists of revenue funding and capital funding (not shown) totalling £7.476m in 2015/16. The Pooled Budget Partnership Board and Health and Wellbeing Board approve schemes and monitor BCF expenditure. The risks include BCF grant funding not continuing in future years, funding being reduced and the performance related element not being
Non-achievement of income targets - CCG contributions towards Joint Packages.	Amber	3,167	4.0%	CCG (Clinical Commissioning Group) income is received to contribute to cover the costs of packages for individuals with social care needs. Risks exist for joint packages whereby an individuals circumstances can change and the level at which the CCG are liable to contribute can decrease.

REGENERATION & NEIGHBOURHOODS

Financial Risk	Risk Rating	2016/17 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.
Fee Income - Planning & Building Control	Amber	730	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	1,540	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	1,600	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.
Home to School Transport Costs	Amber	1,470	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).
Trading Accounts	Amber	28,000	35.0%	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	2016/17 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	460	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	1,600	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 2016/17 include 2.5% for anticipated general inflation on non pay expenditure and 1% for pay expenditure. In addition, where it is anticipated that costs will increase by more than inflation these issues have been specifically reflected in the pressures included within the budget requirement.</p> <p>Interest exposure is managed through the Treasury Management Strategy.</p>
The treatment of demand led pressures	<p>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.</p>
The treatment of planned efficiency savings/productivity gains	<p>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 2016/17 are departmental savings. Work undertaken during 2015/16 to deliver these savings in advance makes the 2016/17 budget position more robust and sustainable.</p>
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	<p>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.</p>
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
12 October 2015**

Present: **Hartlepool Borough Council Officers**
Councillor Christopher Akers-Belcher, Leader of the Council
Chris Little, Chief Finance Officer
Damien Wilson, Assistant Director Regeneration
Councillor Kevin Cranney

Trade Union Representatives

Edwin Jeffries
Steve Williams
Tony Watson
Derek Wardle

Apologies:

Gill Alexander, Chief Executive
Andrew Atkin, Assistant Chief Executive
Sally Robinson, Director of Child & Adult Services
Denise Ogden, Director of Regeneration and Neighbourhoods
Louise Wallace, Director of Public Health
Councillor Chris Simmons
Councillor Carl Richardson
Councillor Marjorie James

Sam Durham, 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 - LCTS 2016/17 - Council Tax 2016/17 <p>Chris Little reported on Hartlepool's financial position for 2016/17 – 2018/19 and provided a brief summary of the Reserves Review and the updated MTFs Savings proposals submitted to Finance & Policy Committee on the 29th June 2015.</p>	

APPENDIX H

Comments Made	Response
<p>The Trade Unions queried the setting of business rates and stressed the need to attract SME's to help fund business rates.</p>	<p>Chris explained that detailed information has not yet been provided by the Government to assess the impact of the Chancellors recent announcement.</p> <p>The Leader informed that the support from SME's is increasing.</p> <p>The Leader explained that there is still a cap on Council tax due to the Referendum approach.</p>
<p>TU recognise the difficulty and understand the position HBC face. However concern was raised regarding the funding of the out of hours services e.g. noise.</p>	<p>The Leader noted concern raised and explained that the all departmental services need to be reviewed.</p> <p>The Finance and Policy Committee will be reviewing the impact of the potential loss of this service as part of the final MTFs.</p>

**BUDGET CONSULTATION MEETING WITH BUSINESS
SECTOR REPRESENTATIVES - Minutes of Meeting held on
16 October 2015**

Present: ***Hartlepool Borough Council Officers***
 Councillor Christopher Akers-Belcher, Leader of the Council
 Councillor Kevin Cranney, Chair Regeneration Committee
 Chris Little, Chief Finance Officer
 Andrew Atkin, Assistant Chief Executive
 Denise Ogden, Director of Regeneration and Neighbourhoods

Business Partners

Peter Olsen
 Ben Powick
 Colin Griffiths

Apologies:

Gill Alexander, Chief Executive
 Sally Robinson, Director of Child & Adult Services
 Louise Wallace, Director of Public Health
 Councillor Chris Simmons
 Councillor Carl Richardson
 Councillor Marjorie James
 Adrian Liddell

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 - LCTS 2016/17 - Council Tax 2016/17 <p>Chris Little reported on Hartlepool's financial position for 2016/17 – 2018/19 and provided a brief summary of the Reserves Review and the updated MTFs Savings proposals submitted to Finance & Policy Committee on the 29th June 2015.</p>	

APPENDIX H

Comments Made by Business Sector	Response
Can the Council challenge the Rateable Value reduction for the Power Station?	No. However, the Council has raised concerns regarding the Rateable Value reduction with the Department for Communities and Local Government (DCLG) and has met with DCLG officials to discuss this issue and to seek financial support. We are still awaiting a response from DCLG.
Are there any plans for a replacement Power Station?	The Council understands that there are plans to replace the existing Power Station, although the decision will be made at a national level. There will be a considerable lead time between a decision to replace and a new Power Station becoming operational. Officers and Business Sector representatives agreed that the Power Station plans a major part in the viability of the local economy.
Does the Council still lose Business Rates income if there is a temporary shut-down of the Power Station?	Yes, this is an ongoing financial risk to the Council and the Government only provide additional support if a 'safety net threshold' is exceeded. The Council has pursued the Valuation Office Agency to ensure the application for the temporary rates reduction for the summer 2014 outage is resolved before the end of the current year to ensure 'safety net' grant is received in 2015/16. The Council has brokered a meeting between the Valuation Office Agency and the Power Station Rating Agents to ensure this issue is resolved as soon as possible. It is currently anticipated that the outcome of this issue will be determined on 25 th November 2015.
Representatives indicated that they hope the Council will be able to protect economic development funding in 2016/17 and asked if a second consultation meeting will be arranged.	Comments noted and a provisional date for a second meeting will be arranged early in the new year.

**NORTH AND COASTAL NEIGHBOURHOOD FORUM
- Minutes of Meeting held on
7 October 2015**

Present: *Hartlepool Borough Council Officers*

Councillor Paul Beck (*Chair*)
Councillor Rob Cook
Councillor Jim Ainslie
Councillor Mary Fleet
Councillor Jean Robinson
Councillor Sylvia Tempest
Councillor Steve Thomas
Councillor Paul Thompson
Councillor Christopher Akers-Belcher
Councillor Ged Hall
Councillor Marjorie James
Councillor John Lauderdale
Councillor Carl Richardson

Peter Devlin, Chief Solicitor
Clare Clark, Community Safety and Engagement Manager
Joan Stevens, Scrutiny Manager
Phil Hepburn, Parking Services Manager
Sue McBride, Neighbourhood Development Officer (North and Coastal Area)
Tracy Rowe, Community Regeneration Officer
Jo Stubbs, Democratic Services Officer

17 Public Attendance

Comments:-

- i) It was noted that over the last 15 years (2000/01 to 2014/15) around 3400 band D houses had been added to the Council Tax base – an average around 220 per year. With a continuing commitment to continue to realise opportunities through house building to increase the Council Tax base), concern was expressed regarding the importance of ensuring that the appropriate infrastructure (education, etc) is in place to support growing communities. Particular concern was expressed regarding Bishop Cuthbert and the potential impact of a potential 500 houses.
- ii) In relation to Government funding settlements, attention was drawn to the allocation formula and the negative impact the new formula has on the Council. Assurances were given that the Council had lobbied Central Government for a fairer allocation of resources, which recognises the true impact of deprivation.
- iii) The Forum acknowledged that the Council had managed its financial situation very well in terms of retaining services and protecting the

working poor and vulnerable. It was, however, recognised that this could not continue indefinitely and that hard decisions would need to be made in the future. It was noted that the freezing of Council Tax over 5 years had set up a future budget pressure and decisions might soon be needed whether it would be preferable to retain services by increasing council tax or vice versa.

South and Central Neighbourhood Forum – 7 October 2015

Comments:-

- i) The potential to increase Council Tax to safeguard services was suggested by a resident. It was also noted that whilst even those in low incomes are required to pay a nominal fee, the Local Council Tax Support Scheme (LCTSS) reduces the impact. However, whilst the current LCTSS restricts the required payment to 12%, it was recognised that this may need to increase in the future.

A resident suggested that if Council Tax was to continue to be frozen by the Council then the police should either follow suit or ensure that increases are utilised to provide additional officers in Hartlepool. These comments were to be passed on to the Police and Crime Commissioner at the Face the Public event.

- ii) It was suggested that in future, the building of larger houses be included as part of future planning developments in order to encourage more affluent people to come to Hartlepool. It was confirmed that the Planning Committee took all decisions relating to planning developments and attention drawn to guidelines stating that 44 of every 100 homes built should be affordable houses. It was, however, noted that this is difficult to achieve, and could be a potential barrier to developers. As such, a common sense approach needed to be taken to the make-up on any housing mix as part of developments.
- iii) Attention was drawn to the importance of tourism and a number of techniques to encourage tourism including transport timetables at the Marina and a park and ride service. It was highlighted that free buses were provided during the Summer months and it was recognised that improved transport links would be essential following April 2016 when Hartlepool became the host town for the National Museum of the Royal Navy.
- iv) Attention was drawn to the identification of £196,000 to fund two enforcement officers over a two year period.

BUDGET CONSULTATION FEEDBACK FROM YOUTH COUNCIL

General Comments

- To Consider the Savings Programme Proposals as detailed in each departments Committee reports and give our opinions on the savings;
- This was difficult as we are not experts in each area and had limited knowledge of each departments functions with a tight timescale to prepare our findings.
- The reports have told us what is proposed to being cut but not what is being left alone. So without further information it is difficult to say whether these are the right cuts.
- We also felt that each department were experts in their own area and they seem to have explored many of the options and ideas we came up with.
- We found Children's Services and Adult Services the most difficult areas to consider cutting as this would directly affect vulnerable people.
- That said, we have a few suggestions for each area that might be considered in the coming years.

Comments on Children's Services Budget Proposals

- Consider reducing the amount of youth club buildings and encourage more extra curricular activities and youth clubs to be setup in schools during evenings.
- Fewer cleaners - possibly cleaning every other night rather than cleaning every night. One suggestion is to possibly get members of staff to help clean.
- Better promoted and marketed adoption schemes – this would save money on children's services related to foster care, social workers, etc.
- Reform Early intervention activities – e.g. More work done to stop young people turning to crime, as well as helping families earlier so children do not have to go into care.
- Neglect is a big issue, so more emphasis on life skills and parenting in schools through a *Curriculum for Life, which the United Kingdom Youth Parliament is campaigning for.*
- The financial support given to voluntary and community organisations needs to be tightly regulated so the council can ensure value for money and that they are making a difference to the numbers of children going into care.

Comments on Regeneration Services Committee Report

- Only have one central library and make more awareness of mobile provision.
- Museums and gallery charge a small entry fee, or income generate through school education programmes.
- Combine community centres with youth centres; too many that don't get used or not enough. One main building to unite people from the town together and include intergenerational work.
- Closing un-used or least used buildings.

- Less cleaners and caretakers in buildings
- More volunteers, create an incentive to volunteer e.g. free passes to tourist sites.
- Housing; Incentives / community competitions to help people to look after their own area surrounding their house, repairs etc.

Comments on Neighbourhood Services Committee Report

- Devolve CCTV on private land to businesses
- The Police take on the monitoring of other CCTV in the town
- Work with the police to set up community groups to maintain parks and other open spaces. In turn, this may allow the amount of park wardens and groundsmen to be reviewed
- More dog litter bins in parks to cut down on park wardens
- Initiate litter picking programs using retired volunteers or community service users. Vouchers could be offered for various shops as an incentive to sign up (Like York Council)
- Reduce grass cutting and spending on flower beds on roundabouts and go for cheaper, easier to maintain decorative solutions such as slate as in other local authority areas.
- Solar powered street lights?
- Dim the streetlights or turn off for a time in quiet hours or low crime areas.
- Cut the amount of road resurfacing, especially when there isn't in urgent need of resurfacing.
- Reform use and number of council vehicles, establish community trust vehicle ?– is there a need for a Mayoral car?

Comments on Adult Services Committee Report

- Pick up equipment that has been borrowed from occupational health – Money is potentially wasted by leaving equipment in people's homes who no longer require it.
- Encourage more volunteers to work in adult services, help out elderly neighbours so they are able to stay in their homes for longer.
- Don't put a cap on personal contributions to care bills in later life on the grounds that HBC is having to make deep cuts to public services
- Reconsider the care bursary – help people to seek alternative care solutions earlier, so as to not go into a care home and eventually rely on the council to pay for their care.
- To avoid those service users who are dependent upon drug and alcohol services, seek to work with education and public health on educating people at an early age about the risks and promoting better communities.

Comments on Public Health Committee Report

- Review the new school nurse service as we are still unaware of its function. Challenge the stigma about seeing the school nurse. Is this health bus part of this department? If so, do we need both?

- Early education of drug / alcohol / smoking awareness in primary schools (year 6), which will help reduce need for tier 4 treatment services in the future, better and safer communities.
- Drug / Alcohol / Smoking mentors or champions in secondary schools, working with school nurses, tied in with the *Curriculum for Life*
- Review charging levels for gym, swimming, football, Carlton Camp. Encourage more galas and sporting events.
- Are the free swims over the summer good value for money? Could this be a cost saving.
- Carlton Camp to work with schools and youth clubs to promote and do fundraising for the camp
- Look at funding options to complement existing funding – ESF, lottery, other grants;
- Scrutinise health promotion programmes and resources for their effectiveness and value for money including commissioned services, for example the bereavement service
- Thirteen housing group or police take on out of hours noise control, and report back to the council in office hours reducing the need for overtime.

Other Thoughts and Conclusions

- No Voluntary redundancies next year, but would that not have been a logical place to start? Could people work part time and have incentives for that? Job share etc. This would produce savings and remaining staff could share roles or take on additional responsibilities.
- Is there duplication in departments, are there two people being paid to do a similar job?
- Some Councils have set up 'arms-length' bodies or asked voluntary sector to take over certain services e.g. Middlesbrough Leisure services are now being run by a trust.
- Work with other local councils - sharing resources
- Management savings, review of senior roles?
- We think, earlier support and communities working together to help one another would reduce reliance on council services on the future.

COUNCIL REPORT

18 February 2016



Report of: Finance and Policy Committee

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2016/2017 TO 2018/2019

1. PURPOSE OF REPORT

1.1 The purposes of the report are:

- i) to provide details of the provisional Local Government Finance Settlement announcement on 17th December 2015, including the introduction by the Government of the 2% Social Care precept, and the impact on the MTFS approved by Council in December 2015; and
- ii) to enable Council to consider the final recommendations from the Finance and Policy Committee in relation to the 2016/17 Budget and Council Tax level.

2. BACKGROUND

2.1 In accordance with the Constitution the Finance and Policy Committee's detailed budget proposals were considered and approved by Council on 10th December 2015. The report to Council advised Members that a decision on the 2016/17 Council Tax level would be considered at the February 2016 Council meeting, as this issue could not be considered until the Government had issued the 2016/17 Council Tax referendum threshold and determined whether the Council Tax freeze grant regime would continue.

2.2 The detailed report considered by Finance and Policy Committee on the 11th January 2016 is attached at Appendix A. This report enables Council to approve the 2016/17 Council Tax for Hartlepool Council services and key information is provided in section 3. The separate booklet issued with the agenda provides the detailed supporting information for the 2016/17 budget (Appendix B).

2.3 Details of the statutory 2016/17 Council Tax calculations, including the Council Tax levels approved by the Police and Crime Commissioner, Cleveland Fire Authority and Parish Councils, will be reported to Council on 25th February 2016.

3. MTFS UPDATE

3.1 A copy of the detailed MTFS report considered by the Finance and Policy Committee on 11th January 2016 is attached at Appendix A and the key issues are summarised in the following paragraphs:

3.2 Impact of 2016/17 Local Government Finance settlement announcement

3.3 The actual grant cuts for the next three years are higher than forecast and for 2016/17 the actual Revenue Support Grant cut is **£4.474m**, a reduction of **19.7%**.

3.4 As a result there is a significant increase in the forecast gross budget deficit for the period 2016/17 to 2018/19 from £14.192m to £18.332m, an increase of nearly 30%.

3.5 The Government has also provided grant allocations for 2019/20 and there will be a further cut in the Council's funding. After reflecting this additional cut and the permanent net Power Station Business Rates reduction the Council faces an additional budget shortfall for 2019/20 in excess of £4m. This forecast is before any future decision regarding the 2019/20 Council Tax increase and potential Better Care Fund gain and New Homes Bonus reduction in 2019/20.

3.6 As indicated in the report to the Finance and Policy Committee the immediate issue facing the Council is the impact of the actual 2016/17 Government grant cut being higher than forecast. This risk was recognised by not committing the 2015/16 outturn and resources released from the reserves review. The overall impact is partly mitigated by the actual 2016/17 Council Tax base being higher than forecast. However, these measures are not sufficient to address the actual Government grant and the resulting additional 2016/17 budget deficit of £2.1m. Consequently the Council still faces a residual additional deficit of £570,000.

3.7 As summarised in the next section the Finance and Policy Committee is recommending that this amount is addressed by implementing the 2% Social Care precept, in addition to the 1.9% Council Tax increase.

3.8 Council Tax 2016/17

3.9 The Local Government Finance settlement announcement confirms the end of the Government funded Council Tax freeze regime. Hartlepool is the only Council in the Tees Valley which has frozen Council Tax for the last 5 years.

3.10 This approach recognised the financial pressure on households. For the 55.8% of households in a Band A property the 5 year freeze avoided the Council's element of Council Tax increasing from £945.80 in 2010/11 to £1,039.13 in 2015/16 if annual increases of 1.9% had applied (the maximum increase permitted by the relevant Council Tax capping or referendum

limits). This has provided a cumulative saving for Band A properties of £276.50.

- 3.11 The Government's announcement of the 2% Social Care precept is a fundamental change in the approach to Council Tax previously adopted by the coalition Government and brings to an end a period of Council Tax freezes/low increases. The Social Care precept shifts responsibility for funding increases in Social Care costs from national tax payers to Local Council Tax payers in a regime that is generally recognised as being underfunded and facing ongoing and significant demographic pressures.
- 3.12 Increased Social Care costs include the impact of the Government's National Living Wage which is effective from 1st April 2016 and will increase the Council's costs by an estimated £500,000 in 2016/17, increasing to £2.5m by 2019/20. No additional core funding will be provided by the Government to offset these increases and the Government effectively anticipates that Councils will fund these additional commitments through a combination of the 2% Social Care precept and Better Care Fund allocations (which will slowly begin to provide additional funding from 2017/18).
- 3.13 The Government policy change presents Councils with both challenges and opportunities. The 2% Social Care precept enables Councils to achieve more sustainable resources to fund Social Care services in 2016/17 and future years. The challenge will be explaining this position to the public.
- 3.14 The Secretary of State for Communities and Local Government has acknowledged that the level of funding that could be raised through the Social Care precept will vary depending on an individual Councils tax base. This means Councils in more affluent areas will be able to raise more income than those serving more deprived areas where demand for Adult Care services is higher. He has also indicated that the system for distributing the additional Better Care Fund resources from 2017/18 will enable this issue to be addressed. However, the Better Care Fund allocations will not address the scale of ongoing cuts in Revenue Support Grant over the four years commencing 2016/17.
- 3.15 In view of the impact of the actual Government grant cuts and the Government's policy of shifting responsibility for funding Social Care costs to Council Tax payers the Finance and Policy is recommending a 2016/17 Council Tax increase of 1.9% plus a 2% Social Care precept.
- 3.16 This recommendation provides the most robust financial base for 2016/17 and future years as it secures a higher Council Tax base, which partly mitigates the impact of the continuing Government grant cuts.
- 3.17 For the majority of Hartlepool households (i.e. the 72% of households living in a Band A or B property) the increase equates to no more than an additional 83p per week. For 96% of Local Council Tax Support scheme households the weekly increase will be no more than 10p per week.

- 3.18 The report to the Finance and Policy Committee advised Members that if the recommended Council Tax increase is not implemented that additional 2016/17 budget cuts (in addition to the cuts already approved of £3.1m) will need to be made of either:
- £536,000 – based on a core Council Tax freeze, plus 2% Social Care Precept; or
 - £1,191,000 – based on core Council Tax freeze and no Social Care Precept.
- 3.19 The report to the Finance and Policy Committee advised Members that not increasing Council Tax by the maximum amount allowed by the Government would leave the Council in a much weaker financial position as:
- The Council Tax base would be permanently lower and this could not be made up in future years by implementing higher Council Tax increases;
 - Additional budget savings would need to be made for 2016/17, which would mean these cuts could not then be implemented in 2017/18. This would mean even more difficult cuts would be required in 2017/18.
- 3.20 As a result of the impact of continuing Government grant cuts in 2016/17 and the changes in the Governments Council Tax policy the proportion of the budget funded from Council Tax in 2016/17 will be 40%, compared to 36.3% in 2015/16. This shift in funding reflects an increase in Council Tax income of **£2.660m**, including growth in the Council Tax base, as summarised in the following table:

Increase in Council Tax income 2015/16 to 2016/17

	£'m
Growth in Council Tax Base (i.e. increase in the number of properties – actual 2015/16 growth plus forecast 2016/17 growth)	1.384
1.9% Council Tax increase	0.621
2.0% Social Care Precept	0.655
Council Tax increase 2015/16 to 2016/17	2.660

- 3.21 The increase in 2016/17 Council Tax income only offsets approximately **one third** of the 2016/17 reduction in the total in Government Grant funding and the reduction in Business Rates income arising from the 48% reduction in Rateable Value for the Power Station. These issues reduce the Council's recurring resources by **£8.274m**, as summarised in the following table:

Reduction in Government Grant and Business Rates income 2015/16 to 2016/17

	£'m
Government Revenue Support Grant cut (19.7% reduction)	4.474
Business Rates Reduction (impact of 48% reduction in Power Station Rateable Value)	3.800
Total Reduction RSG Business Rates income	8.274

4. ROBUSTNESS OF BUDGET FORECASTS - CHIEF FINANCE OFFICERS PROFESSIONAL ADVICE

4.1 The MTFs report submitted to Finance and Policy Committee on 23rd November 2015 and Council on 10th December 2015 provided detailed advice on the robustness of the budget forecasts. This advice remains appropriate. The following additional factors were brought to the attention of the Finance and Policy Committee and are equally relevant when full Council is considering the final 2016/17 Budget and Council Tax proposals:

- **Council Tax 2016/17** – implementing a 1.9% increase plus the 2% Social Care precept provides the most robust basis for the 2016/17 budget. This approach also secures the Council's ongoing resource base at the highest possible level and this will help protect services during a further period of significant Government funding cuts.

The recommended 2016/17 Council Tax increase also avoids having to identify additional budget cuts to balance the budget which would be difficult to achieve at this stage as additional potential savings have not been identified.

If Council Tax is not increased as recommended the Council would need to make additional 2016/17 budget cuts of either:

- £536,000 – based on a core Council Tax freeze, plus 2% Social Care Precept; or
- £1,191,000 – based on core Council Tax freeze and no Social Care Precept.

If either of the above scenarios is applied detailed proposals for achieving the additional cuts would need to be identified and a further report brought back to enable Members to consider and approve these proposals. It is not recommended that either of the above options is implemented as this is not in the best long term financial interests for the Council and would have an adverse impact on services. Implementing additional 2016/17 savings would make it even more difficult to balance the 2017/18 budget as these proposals would not be available in 2017/18.

- **Use of One off resources to support the 2016/17 budget** – the development of the MTFS commenced in February 2015 and is based on the phased use of one-off resources to provide a longer lead time to address the budget deficits over the next few years. As reported in the previous MTFS report one-off funding of £5.487m was allocated to support the 2016/17 budget, this includes using £1.131m of one-off resources to offset the Power Station Rateable Value reduction.

The proposals in this report increase the one-off funding to £6.680m. The additional use of one-off resources helps protect services in 2016/17 and provides a longer lead time to address the impact of higher actual Government grant cuts than forecast.

- 4.2 On the basis of Members approving the increased use of one-off resources in 2016/17, implementation of a 1.9% Council Tax increase and 2% Social Care precept the budget proposals are robust.
- 4.3 If Members do not approve these proposals the Chief Finance Officer's advice would be caveated until alternative permanent savings had been identified and approved by both the Finance and Policy Committee and full Council.

5. CONCLUSION

- 5.1 The 2016/17 budget is the most difficult financial year faced by the Council so far as resources available to fund services will be **£8.274m** less than they were in 2015/16. This is a reduction of **19.6%** and reflects the combined impact of:
- a further cut in Government Revenue Support Grant of £4.474m - a reduction of 19.7%; and
 - the permanent reduction in the Rateable Value of Power Station, which reduces recurring total Business Rates income by £3.8m - a reduction of 19.4%.
- 5.2 The Council also faces 2016/17 inflationary pressures, including a forecast of the impact of the Government's National Living Wage – which will not be funded from additional Government grant as a new financial burden.
- 5.3 The development of the MTFS and management of the 2015/16 budget anticipated these financial risks and earmarked one-off resources to provide a longer lead time to identify permanent budget cuts.
- 5.4 The 2016/17 Local Government Finance settlement is a watershed for Council funding as it confirms the Government's intention to move to a 'self funding' system for Local Government largely based on resources raised locally from Business Rates and Council Tax, with very limited resource equalisation. This will increase financial risks for the Council, including an increased reliance on Business Rates income from the Power Station.

- 5.5 The Local Government Finance settlement also confirms the end of the Government funded Council Tax freeze era, which has lasted for 5 years. Hartlepool is the only Tees Valley Authority to have frozen Council Tax for this period.
- 5.6 The Government is also implementing the 2% Social Care precept as part of its strategy for funding increased financial pressures of providing Adult Social Services, including demographic pressures and annual increases in the National Living Wage for 4 years commencing April 2016.
- 5.7 The changes to Council Tax introduced by the Government are a significant policy change and by 2019/20 the Government forecasts that the amount raised from Council Tax at a national level will be £5.278 billion more than it was in 2015/16. This is a 24% increase and includes the Government's forecast for national housing growth and an assumption that all Social Care Authorities will increase Council Tax by 3.9% (inclusive of the 2% Social care precept).
- 5.8 Against this background and a combined reduction in Government Grant and reduced Business Rates income of **£8.274m** the Council needs to consider the Council Tax increase recommended by the Finance and Policy Committee, which will generate additional Council Tax income of **£1.276m**. The balance of the funding reduction will be funded from a combination of using one-off resources, budget cuts and growth in the Council Tax base.
- 5.9 The increase in Council Tax income of **£1.276m** includes £655,000 arising from the 2% Social Care precept. The 2% Social Care precept partly funds the impact of inflation pressures on Adult Social services, including the impact of the National Living Wage, of £1.3m.
- 5.10 The 2016/17 Council Tax recommendation increases the Council Tax income base and therefore provides the strongest financial foundations for future financial years. This is increasingly important as a result of the Government policy to make Councils 'self funded' from local resources, as foregoing Council Tax increases cannot be made up by implementing higher increases in future years.
- 5.11 As the Council has frozen Council Tax for the last 5 years the recommended increase will result in a Band A Council Tax for 2016/17 of £982.69 for Council services. In real terms this takes Council Tax to the level it would have been in 2012/13 if annual increases of 1.9% had applied in 2010/11, 2011/12 and 2012/13.
- 5.12 For Band A and B properties, which account for 72% of Hartlepool households, the weekly increase will be no more than 83p per week. For 96% of Local Council Tax Support scheme households the weekly increase will be no more than 10p per week.
- 5.13 The budget proposals for 2016/17 are based on using one-off resources of £6.680m, including £1.131m of one-off resources to partly offset the Power

Station Rateable Value reduction. These resources have been built up over a number of years to support the budget. Use of these one-off resources will help protect services in 2016/17 and provide a longer lead time to address the impact of continuing Government grant cuts.

- 5.14 This report has had to be prepared before the final 2016/17 Local Government Finance Settlement is presented to Parliament. The Department of Communities and Local Government has indicated that the final settlement will be presented before Parliament goes into recess on 11th February 2016, although they have not given a date. Based on experience in previous years it is not anticipated there will be any significant changes in the grant allocations announced before Christmas and if there are any changes an updated report will be issued.
- 5.15 The report to the Finance and Policy Committee on 11th January 2016 highlighted the recurring financial impact of the shift in Government Council Tax policy and the Government's expectation that by 2019/20 Council Tax will raise an additional £5.278 billion, which is an increase of 24% on 2015/16. The Government's forecasts include the impact of the Social Care precept.
- 5.16 In view of the Government's Council Tax policy shift, the scale of the reduction in Government grant and the impact of the Power Station Business Rates income reduction the Corporate Management Team (CMT) recommended a 3.9% Council Tax increase (including the 2% Social Care precept) to Finance and Policy Committee. The CMT recommendation reflects officers' professional advice that the recommended Council Tax increase provides the most robust basis for the 2016/17 budget and ensures the most sustainable resource base for future years. The advice of CMT is equally relevant when Council are considering the Council Tax increase recommended by the Finance and Policy Committee.

6. PROPOSALS

- 6.1 Details of the final budget proposals referred by the Finance and Policy Committee following their meeting on 11th January 2016 are provided in section 14 of Appendix A. For Members convenience these issues are detailed below and for ease of reference the paragraph numbers detailed are the same as the MTF Report attached at Appendix A.

Extract from Finance and Policy Committee Report

- 14.2 Note the Government Grant cuts for 2016/17 to 2018/19 are higher than forecast and this increases the forecast deficit for the next three years to £18.332m;
- 14.3 Note the significant change in Government policy to end the Council Tax freeze regime and introduce a Social Care precept of 2% in addition to the existing 1.9% Council Tax threshold for 2016/17;

- 14.4 Note the Government will implement regulations requiring Authorities which implement the 2% Social Care precept to identify this amount separately on the Council Tax bill. This approach underlines the Government's commitment that the Social Care precept is part of the arrangement for addressing Social Care pressures and will help Councils explain the increase to the public;
- 14.5 Note that as a result of the actual 2016/17 grant cut being higher than forecast, the Council faces an additional budget deficit of £2.1m;
- 14.6 Approve the following proposal to reduce the additional budget deficit from £2.1m to £570,000:

	£'m
Additional Deficit – impact of higher grant cut	2.100
Less – Use of Uncommitted 2015/16 Outturn resources	(1.278)
Less – Increase in 2016/17 Council Tax Base	(0.252)
Net Deficit	0.570

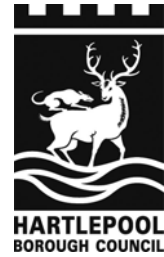
- 14.7 Approve a 2016/17 Council Tax of 1.9%, plus a 2% Social Care precept and note that this will enable £85,000 of the 2015/16 uncommitted Outturn resources to be allocated to support the 2017/18 budget;
- 14.8 To note that for the majority of Hartlepool households (i.e. the 72% of households living in a Band A or B property) will have to pay no more than an additional 83p per week. For 96% of Local Council Tax Support scheme households the weekly increase will be no more than 10p per week.
- 14.9 Approve a one-off budget allocation of £0.3m to fund one-off costs of implementing the 2017/18 and 2018/19 Savings Programme and authorise the Chief Executive, in consultation with the Chair of Finance and Policy Committee to determine and procure the support required to deliver the change and savings programme, up to a total limit of £0.3m.
- 14.10 Approve the proposal that the one-off savings programme cost of £0.3m will be funded from an increase in the 2016/17 Capital receipts target.
- 14.11 Note the additional advice provided by the Chief Finance Officer on the robustness of the budget proposals provided in section 12, including advice that the recommended 2016/17 Council Tax increase (including the 2% Social Care precept) provides the most sustainable basis for the 2016/17 budget and the Council's longer term financial position as this is the only option to increase resources on a recurring basis.
- 14.12 Note that at this stage it is not clear what advantages, or disadvantages may arise from applying for a formal four year settlement from the Government. It is therefore recommended that a further report is submitted on this issue once more information is available to enable a final decision to be made.

7. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

11 January 2016



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2016/17 TO 2018/19

PLEASE NOTE THIS REPORT REPLACES THE REPORT ISSUED WITH THE AGENDA PAPERS AND INCLUDES AN ASSESSMENT OF THE IMPACT OF THE LOCAL GOVERNMENT FINANCE SETTLEMENT (ISSUED ON 17TH DECEMBER 2015) AND A RECOMMENDED STRATEGY FOR MANAGING THE ACTUAL 2016/17 GOVERNMENT GRANT CUT.

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) Inform Members of the impact of the 2016/17 Local Government Finance Settlement announcement on the Council;
- ii) To enable Members to determine the final 2016/17 budget and Council Tax proposals to be referred to Council on 18th February 2016; and
- iii) To enable Members to approve a strategy to begin addressing the significant budget deficits facing the Council in 2017/18 and 2018/19.

3. BACKGROUND

3.1 A comprehensive report on the forecast financial position for the period 2016/17 to 2018/19 was considered by this Committee on 23rd November 2015 and detailed proposals referred to Council on 10th December 2015. The previous report indicated that the financial forecasts were based on information available at the time and would need to be updated to reflect the outcome of the 2015 Government Spending Review and the 2016/17 Local Government Finance Settlement announcement.

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- 3.2 The 2015 Government Spending Review was presented to Parliament on 25th November 2015 and included a number of significant headline announcements affecting Local Government. As reported previously further information was needed to assess these proposals in detail, although it was anticipated these issues would have a significant negative financial impact on the Council over the next four years and may result in higher budget deficits than previously forecast.
- 3.3 Further information was provided in the 2016/17 Local Government Finance Settlement (LGF settlement) announcement, which was presented to Parliament on 17th December 2015, the final working day before Parliament broke for Christmas. This ensured the LGF settlement was presented to Parliament before the 31st December statutory deadline. This late announcement makes financial planning extremely challenging and means there is only limited time for Councils to approve budget proposals for 2016/17. The position has been recognised in the approach adopted by the Council.
- 3.4 The following sections detail the key issues covered by the LGF settlement, the impact on the Council and the recommended strategy for managing the impact of these changes.

4. **COUNCIL TAX REFORM AND FUNDING FOR SOCIAL CARE**

- 4.1 The amount raised by many taxes increases automatically as the tax level is linked to increases in employees pay (which results in increased income tax and national insurance contributions for both the employee and employer), or increases in the price of goods where VAT and other excise duties are charged. These increases tend to be 'invisible' as individuals do not receive a specific tax bill setting out in advance how much they will be required to pay for the forthcoming financial year and explicitly shows the percentage increase on the previous financial year.
- 4.2 The position for Council Tax is significantly more visible as individual Authorities need to make a specific annual decision on the level of Council Tax and households then receive an annual bill setting out the charge for the forthcoming financial year and the increase on the previous financial year. This makes Council Tax significantly more visible than most other taxes. There is no comparable annual billing for other taxes, such as VAT and petrol duties as these amounts simply being included within the cost of purchases people make on a daily or weekly basis. In general this may lead to these being less contentious and less subject to detailed public scrutiny.
- 4.3 In view of the visibility of Council Tax the previous coalition Government encouraged Local Authorities (including the Fire and Police services) to freeze Council Tax over the period 2011/12 to 2015/16 and provided Council Tax freeze grant to partly compensate Authorities for the income increases foregone. This approach was clearly welcomed by the public.
- 4.4 However, as reported previously there were significant disadvantages to this policy. Firstly, this approach undermined the ongoing Council Tax income

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base as the Council Tax freeze grant did not fully compensate Authorities for the ongoing loss of income from freezing Council Tax. Secondly, politicians (both national and local) and the public have become used to Council Tax freezes, despite this position being unsustainable.

- 4.5 Over the same period Council Tax has been frozen utility companies have been able to increase charges. Whilst, utility companies provide key services, this is equally applicable to Councils in terms of the public realm assets managed and maintained (e.g. roads, street lighting, coastal flood protection etc.). More importantly Councils provide services which address the wider well being of the community, including Social Care services which compliment the NHS and support the most vulnerable members of society. It is therefore slightly perverse that one of previous Government's policy priorities was to freeze Council Tax without a longer term financial plan which recognised demographic Social Care pressures. This differentiated approach to local government finance is a central part of current national government policy. **The LGF settlement confirms the end of the era of Council Tax freezes, as Council Tax freeze grant will not be provided in 2016/17 or future years. Council Tax grant for previous years has been rolled into the Revenue Support Grant.**

4.6 Funding for Social care

- 4.7 There is, and has been for some time a general recognition that social care, as a result of an increasing ageing population, the fact that people are living longer and that older people form an increasing proportion of the population, is underfunded and with increasing pressure on limited budgets.
- 4.8 The local government settlement provides for a reshaping of central government policy and is essentially shifting the burden of funding such services from central government directly into the responsibility of local government via the Council Tax regime.
- 4.9 The LGF settlement announcement and the assumptions underpinning it assume that local councils will increase the level of council tax by 3.9% per annum. Not doing so will require councils to find this level of additional savings each year over and above the savings levels already factored in.
- 4.10 The policy change announced by the Government reflects lobbying by the Local Government Association and will enable Authorities with responsibility for Social Care to levy a 2% Social Care precept on top of the existing Council Tax referendum trigger point. This effectively enables Social Care Authorities to implement annual Council Tax increase of 3.9% over the remainder of this Parliament (1.9% for Council Tax and a 2% Social care precept).
- 4.11 The Government will implement regulations requiring Councils, which implement the Social Care precept, to show this amount separately on the Council Tax annual bill. The exact details of how this will be shown will depend on the detailed regulations. This position is helpful as it will provide

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clarity to the public and by implication underlines the Government's support of the 2% Social Care precept.

- 4.12 The 2% Social Care precept is part of a package of measures proposed by the Government to support Adult Social Care, the other key element is additional Better Care Funding and further details are provided later in the report. However, the 2% Social Care precept and additional Better Care funding will not fully offset cuts in Revenue Support Grant and the Council will still need to make very significant cuts over the next 4 years.
- 4.13 The Government has recognised that the amount raised from implementing a 2% Social Care precept will vary for individual Authorities, with more affluent areas gaining most and less affluent areas gaining least financially. As demand for Adult Social Care services tends to be the opposite way round (i.e. lower in affluent areas and higher in more deprived areas) the Government will seek to equalise this position via the Better Care Fund allocations. The Government has stated that in the most affluent areas no additional Better Care Funding will be provided.
- 4.14 The implementation of the 2% Social Care precept is a significant development and puts Councils at the centre of the debate on how to fund Adult Social Care in 2016/17 and future years. This provides both opportunities and challenges. The opportunity is more local control of resources to fund Adult Social Care, which over time will provide a more robust and sustainable source of funding for these services. The challenge is to justify increases in Council Tax to the public and convincing the public that additional funding is needed for these services. Clearly, in the context of public understanding of Council Tax and the need to make cuts in other services at a time of increasing Council Tax, it will be necessary to have a robust communication strategy if Members approve the implementation of a 2% Social Care precept.
- 4.15 Further details of the recommended 2016/17 Council Tax level are provided in section 5.
- 4.16 **OVERVIEW OF FUNDING CUTS 2016/17 TO 2019/10**
- 4.17 The national headline comparisons provided by the Government show Core Spending Power of £44.501 billion in 2015/16 and £44.279 billion in 2019/20. On this basis the Government is stating this is a fair settlement for Councils.
- 4.18 However an analysis of the Spending Power figures highlights that the figures for 2015/16 and 2019/20 are not directly comparable for a number of reasons:
- 2019/20 figures include increases in the Better Care Fund. Whilst, this is new funding, it is not additional funding and simply offsets part of the cuts in Settlement Funding Assessment (i.e. Revenue Support Grant and Top-up grant);

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- 2019/20 figures include additional Council Tax income - a significant element of this overall increase simply maintains the real term value of this income stream;
- The 2015/16 and 2019/20 figures compare Core Spending Power on a cash basis. However, the impacts of inflationary pressures, including the impact on the National Living Wage, mean that in real terms there is a reduction in funding over the period. Assuming inflationary pressures of 8% over the next 4 years the national reduction in funding is £3.7 billion.

4.19 As highlighted in the following table the Government presentation of Core Spending Power figures hides the scale of the 31.8% cut to the Settlement Funding Assessment (which consists of a 67% cut in Revenue Support Grant from 2015/16 to 2019/20, net of inflation linked Top-up grant of 8.3%). The cuts to this funding means that Councils will have to make very difficult decisions over the next 4 years to balance their budgets and cuts in services will be required. As the efficiency measures implemented over the last 5 years cannot be repeated the cuts will increasingly have a visible impact.

Analysis for Core Spending Power figures for England 2015/16 and 2019/20

	2015/16	2019/20	Increase/(cut)	
	£'million	£'million	£'million	Percentage
Settlement Funding Assessment	21,250	14,500	(6,750)	(31.8%)
Council Tax	22,036	27,314	5,278	24.0% #
Improved Better Care Fund	0	1,500	1,500	n/a
New Homes Bonus	1,200	900	(300)	(25.0%)
Rural Services Grant	16	65	49	306.3%
Total	44,502	44,279	(223)	(0.5%)

The Government are forecasting an increase in Council Tax income of 24% by 2019/20, which includes the assumption that all Social Care Authorities will increase Council Tax by 3.9% (inclusive of the 2% Social Care precept).

- 4.20 The Government's presentation of the position for Core Spending Power makes it difficult for the public to understand why Councils will have to make cuts over the next 4 years. As highlighted previously it would be helpful if the Government was clear on the scale of Revenue Support Grant cuts and the impact on services.
- 4.21 At a national level a new methodology for allocating the Review Support Grant (RSG) element of the Settlement Funding Assessment has been proposed and reflected in the provisional settlement. The new methodology allocates

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RSG based on the type of services provided and an individual Authorities Council Tax base. This approach would appear to favour upper tier

authorities (which provide social care services), whilst district councils face significantly higher cuts.

4.22 The proposed methodology is being applied against the existing reduced level of Government funding. It would have been preferable if this methodology had applied since 2011/12. This would have resulted in lower cuts in the Council's funding over the period 2011/12 to 2015/16 and provided a fairer baseline for 2016/17.

4.23 The following table provides a summary of Settlement Funding Assessment cuts for the 12 North East Councils and comparative national figures

Analysis of Settlement Funding Assessment cuts 2015/16 to 2019/20

<u>North East Councils</u>		<u>10 Lowest Percentage Reductions</u>	
Northumberland	35%	Birmingham, Liverpool,	24%
Stockton	34%	Southwark, Wandsworth	
Darlington	33%	Tower Hamlets, Manchester,	23%
Redcar	31%	Knowsley, Hackney, Westminster	
North Tyneside	31%	Newham	22%
Durham Unitary	30%	<u>10 Highest Reductions</u>	
Gateshead	29%	East Dorset	83%
Hartlepool	27%	Elmbridge, Reigate and Banstead,	80%
Middlesborough	26%	Mole Valley, Surrey Heath,	to 75%
Newcastle	26%	Chiltern	
South Tyneside	26%	Wokingham	74%
Sunderland	25%	Tandridge	72%
		Maidstone	69%
		Sevenoaks	67%

4.24 The Government's 2016/17 Settlement announcement confirms that funding cuts will continue until 2019/20. This will mean that Local Authorities will have faced nine consecutive years of funding cuts (i.e. 2011/12 to 2019/20) – which is unprecedented.

4.25 **This will mean in 2019/20 the core Government funding for Hartlepool will have been cut by 2/3rds since 2010/11 – a reduction of £38m.**

4.26 The cuts in Government funding over the next three years for Hartlepool are higher than forecast and by 2018/19 the core Government funding cut will be £3.687m more than forecast, as summarised below. As detailed later in the report the actual Government grant cuts increases the budget cuts required by 30% over the next three years, and results in the overall budget deficit increasing from £14.2m to in excess of £18m.

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Analysis of Government Settlement Funding Assessment cuts for Hartlepool

	2016/17 £'m	2017/18 £'m	2018/19 £'m
MTFS Forecast	27.519	24.807	22.367
December 2015 Settlement Announcement	25.720	21.450	18.680
Additional cut	1.799	3.357	3.687

Percentage cut from previous year	14.6%	16.6%	12.9%
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- 4.27 The Government has stated in the LGF settlement announcement that it will offer any Council that wishes to take it up a four year settlement to 2019/20. Councils will need to request this and have an efficiency plan in place, although the Government has not provided any details of:
- What the formal application process is, or timescale;
 - Who from the Council can submit and whether a plan request can be rescinded if there is a political change at a local authority;
 - What such a plan should look like.
- 4.28 It is also important to note the that Government have qualified the offer by stating that final grant determination in future years will still be subject to change to reflect the annual business rates multiplier, funding changes to reflect the transfer of functions, or changes arising from unforeseen events.
- 4.29 At this stage it is not clear what advantages, or disadvantages may arise from applying for a formal four year settlement. However, in practical terms the Council is not yet in a position to submit an application owing to the scale of the cuts and the timing of the Government's recent announcement. It is therefore recommended that a further report is submitted on this issue once more information is available.
- 4.30 **OTHER ANNOUNCEMENTS INCLUDED IN THE 2016/17 LGF SETTLEMENT ANNOUNCEMENT**
- 4.31 The following paragraphs provide an overview of other Government proposals. In some cases more information is needed from the Government to assess the impact on Hartlepool. Further details will be reported to future meetings.

Changes likely to have a negative financial impact

- Revenue Support Grant continuing cuts and 100% Business Rates Retention

The Government has stated that “by the end of this decade town halls will be financed from revenues they raise locally, such as council tax and business rates, rather than central government grant”.

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For Hartlepool these changes are a very significant financial risk as they will mean that in 2019/20 dependency on Business Rates from the Power Station will increase from £3.9m per year to approximately £8m (i.e. £1 in every £4 of Business Rates collected by the Council will be paid by the Power Station). These figures are after reflecting the 48% reduction in the Power Station Rateable Value.

To put this dependency into context it is anticipated that 10% of the budget will be funded from Business Rates from the Power Station when the 100% retention of Business Rates is implemented.

As Members are aware the Council faces a recurring annual financial risk if the Power Station has an unplanned shut down and the Valuation Office Agency then approve a temporary rateable value reduction, which has been the case in the past. Under the 100% Business Rates system the monthly income loss from a temporary rateable value reduction would be approximately £670,000.

Under the existing 'safety net' regime the Council does not receive safety net grant until the shortfall in Business Rates exceeds approximately £3.5m. The safety net grant is then only paid for reductions above £3.5m. Therefore, the safety net regime is not an effective mechanism for managing the financial risks in relation to the Power Station as it would take a prolonged unplanned shut down to trigger the payment of safety net grant as illustrated below:

	£'m
Loss of Business Rates from 6 months unplanned shut down of the Power Station	4.0
Less Safety Net grant received (i.e. £4m loss less safety net threshold £3.5m)	(0.5)
Net income loss to be funded by the Council under the 100% Business Retention system	3.5

When the Government consults on the 100% Business Rates Retention system we will need to again press the Council's case to exclude the Power Station from the baseline and argue for this risk should be managed at a national level owing to the unique safety regime for the nuclear power industry.

The Government has indicated that at a national level 100% Business Rates retention will give more money to Councils than the forecast Revenue Support Grant. Therefore, they are also proposing to transfer new responsibilities to Councils to be funded from Business Rates income, such as administration of Housing Benefit and Public Health.

However for many Authorities (including Hartlepool), with a low Business Rates base and existing dependency on Revenue Support Grant, these changes will have a negative financial impact and increase financial risk. For Hartlepool the position is exacerbated by the reliance on Business Rates income received from the Power Station. This reliance will be

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even more critical under the 100% Business Rates Retention arrangements.

In view of different Authorities Business Rates bases there will need to be appropriate reforms of the 'tariffs and top-ups' arrangements to equalise resources to ensure all Councils have adequate resources to fund the additional responsibilities transferred as part of the 100% Business Rates retention changes. The lack of detailed information at this stage highlights the complexity of the changes proposed by the Government and the different financial/risk impact on individual Councils. For Hartlepool these changes are likely to have a negative financial impact and increase financial risk.

- Reform of New Homes Bonus system

The period this funding will be paid for will be cut from 6 to 4 years. Nationally the Government has indicated this will save £800m, which will be allocated for social care. As Hartlepool has done well from the New Homes Bonus regime these changes may have a negative overall financial impact. As reported previously these gains need to be considered in the context of the significant cuts to Revenue Support Grant over the period 2011/12 to 2015/16. These changes are anticipated to be implemented from 2017/18.

The Government is also consulting on a range of potential changes to the NHB system which may be implemented from 2017/18. Consideration will be given to these and a detailed response agreed with the Leader and then submitted before the consultation deadline of 10th March 2016.

- Public Health Funding

In addition to the in-year cuts implemented in the current year (2015/16), further cuts in funding will be made over the next 4 years. At a national level these additional cuts will be phased in at 2% in 2016/17, 2.5% in 2017/18, 2.6% in 2018/19 and 2019/20, and cash freeze in 2020/21. The impact at a local level will need to be assessed once the detailed allocations are known and a recommended strategy for managing the additional grant cuts will be presented to a future meeting.

- Education Services Grant (ESG)

The Government will cut £600 million from the national ESG from 2017/18, which equates to a cut of 74%. This reflects measures the Government will implement to reduce the role of Local Authorities in running schools and remove a number of statutory duties.

The MTFs already included a forecast cut in this funding of 70% based on the removal of this funding as schools become academies. The impact will need to be assessed during 2016 when the Government issues detailed proposals.

- Apprenticeships Payroll Levy

From April 2017 the Government will introduce a 0.5% Apprenticeships Payroll Levy which will add up to £0.25m to the Council's payroll costs. The Apprenticeships levy will be used by the Government to pay for apprenticeships, although at this stage it is unclear what funding the Council may receive back.

- National Schools Funding Formula from 2017/18

This change will not have a direct impact on the Council's revenue budget. However, the proposal is likely to have a negative impact on Hartlepool schools and reduce available funding.

Spending Review changes likely to have a positive financial impact

- Better Care Fund

Additional funding will be provided from 2019/20 of £1.5 billion, consisting of £800 million reallocated from the New Homes Bonus grant and £700 million of new funding. Use of this funding will be tied into the development of an integrated Better Care Plan with the NHS and the development of a Government audit regime to monitor spending.

Whilst, this funding will begin to be paid from 2017/18 (£105m) the main additional funding will not be received until 2018/19 (£825m) and the full amount until 2019/20 (£1.5 billion). The back loading of this funding is not helpful as Councils will face increased inflationary pressures, including phased increases in the National Living Wage, and demand pressures in relation to Care Services in 2016/17, 2017/18, 2018/19 and 2019/20.

Therefore, in 2016/17 and 2017/18 the Government's financial strategy is effectively assuming Councils will fund these pressures from the 2% Social Care precept on Council Tax.

As part of the additional Better Care Fund will be funded by reallocating the New Homes Bonus it is not yet clear what the impact will be on the Council in 2017/18 and 2018/19. Further detail will be reported when the outcome of the New Homes Bonus consultation has been completed and the Government publishes details of the new regime.

4.32 IMPACT OF LGF SETTLEMENT ON THE 2016/17 FINANCIAL POSITION

4.33 Over the summer there was considerable uncertainty over the level of Government funding cuts for the four years commencing 2016/17 as the Treasury ‘invited’ Government departments to consider the impact of cuts of 25% or 40%. In view of this uncertainty the MTFS strategy approved on the 23rd November 2015 provided financial flexibility to manage the impact of the actual 2016/17 Government grant cut being higher than forecast as it provided one-off resources of between £1.058m and £1.278m, from the 2015/16 forecast outturn and review of reserves. Based on the latest assessment the outturn forecast of £1.278m can now be taken into account and relied upon when setting the 2016/17 budget.

4.34 As detailed in the previous MTFS report if the uncommitted one-off resources were not needed to manage a higher actual grant cut than forecast the first call on any unused resources would be to address the 2018/19 Power Station shortfall to avoid this increasing the 2018/19 budget deficit. It was also recognised that in the event that resources cannot be released for the 2018/19 Power Station shortfall an alternative strategy for addressing this issue will need to be developed during 2016/17 and 2017/18.

4.35 As indicated earlier in the report the grant cuts for the next three years are higher than forecast and as a result the Council faces an additional budget shortfall for 2016/17 of £2.1m.

4.36 In view of the limited time available to address the additional deficit it is recommended that the following measures are implemented to manage the additional deficit and to protect services in 2016/17 as far as is possible:

	£'000
Additional Deficit – impact of higher grant cut	2,100
Less – Use of Uncommitted 2015/16 Outturn resources	(1,278)
Less – Increase in 2016/17 Council Tax Base	(252)
Net Deficit	570

4.37 In line with the approach recommended in the previous MTFS report the strategy for managing the increased budget deficit relies upon the use of additional one-off resources. The use of these resources does not provide a permanent solution and is designed to provide a longer lead time to enable permanent savings to be developed and then put forward for consultation as part of the 2017/18 budget proposals. The impact on the budget position in 2017/18 and 2018/19 is detailed later in the report.

4.38 The recommended strategy for managing the additional 2016/17 budget deficit does not address the whole deficit and leaves a net deficit of £570,000. Proposals to manage this amount are set out in the next section.

5. COUNCIL TAX 2016/17

- 5.1 The MTFs forecasts for 2016/17 were based on the previous Council Tax referendum threshold and Council Tax freeze regime continuing. It was recognised that these planning assumptions would need to be reviewed when the Government determined the relevant limits for 2016/17. On this basis the MTFs forecasts anticipated the Council raising additional net income in 2016/17 of £621,000 either by:
- Implementing a 1.9% Council Tax increase; or
 - Freezing Council Tax and receiving £421,000 of Council Tax freeze grant (subject to the Council Tax regime continuing), plus a £200,000 reduction in the cost of the Local Council Tax Support scheme.
- 5.2 As detailed earlier in the report the Government has confirmed that the Council Tax freeze regime will not apply in 2016/17 or future years.
- 5.3 More significantly the Government has confirmed that Councils with responsibility for Social Care will be able to levy a 2% Social Care precept on top of the existing Council Tax referendum threshold – a total increase of 3.9%. This is a significant Government policy change and recognises the financial pressures on Councils providing Social Care as a result of demographic pressures, inflation and the impact of the Government's National Minimum Wage, which will increase costs for four years commencing from April 2016.
- 5.4 At a national level it is estimated the Social Care precept may generate between £1.7 billion and £2 billion per year from 2019/20 if all Councils implement this increase. This equates to between 11% and 13% of Adult Social care spending in 2015/16.
- 5.5 The implementation of the Social Care precept potentially provides increased recurring resources to fund Social Care costs at a time of reducing Revenue Support Grant. The Council could raise £655,000 from implementing the Social Care precept in 2016/17. To put this amount into context 2016/17 Social Care contract costs are forecast to increase by £500,000 as a result of the implementation of the National Living Wage and inflationary pressures will amount to an additional £740,000.
- 5.6 As a result of the introduction of the Social Care precept Local Authorities effectively now need to consider two options in relation to the level of Council Tax for 2016/17 as part of a sustainable financial strategy, as follows:
- Option 1 - Council Tax freeze, plus 2% Social Care precept which requires additional saving of £536,000 to be identified;
 - Option 2 – 1.9% Council Tax increase, plus 2% Social Care precept – which does not require additional savings to be identified.

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5.7 The following table summarises the impact on the 2016/17 budget of two options:

	Option 1 £'000	Option 2 £'000
Forecast Council Tax income increase built into MTFs (as detailed in paragraph 5.1)	621	621
Add Net additional 2016/17 Budget deficit (as detailed in paragraph 4.36)	570	570
Sub Total – income required	1,191	1,191
Less - 1.9% Council Tax increase	0	(621)
Less - 2% Social Care Precept	(655)	(655)
Additional budget cuts required for 2016/17/(Value of 2015/16 Outturn which can be released to support the 2017/18 budget)	536	(85)

5.8 It is recommended that Option 2 is implemented for the following reasons:

- This option maximises the Council Tax base for 2016/17 and future years. In the current financial climate this provides the most robust financial foundations for future years;
- It avoids the need to make additional budget cuts for 2016/17;
- It enables the Council to demonstrate the case that additional funding for Adult Social Care is needed to offset external cost pressures arising from the National Living Wage, inflation and demographic pressures;
- It avoids the potential risk that the Government may set a lower Council Tax referendum trigger point in 2017/18 for Authorities which do not implement the Social Care precept in 2016/17, as the Secretary of State has indicated the Government will take account of actions taken by authorities in 2016/17 when setting referendum principles in future years.

5.9 Option 1 does not achieve the above objectives and will leave the Council in a much weaker financial position to manage the budget in future years. In 2016/17 this option would require the implementation of additional budget cuts of £536,000 over and above the cuts and changes already included in the previously agreed budget reports. This would mean that these cuts could not be implemented in 2017/18 and therefore result in even more difficult cuts being required in 2017/18.

5.10 The following tables summarises the additional weekly Council Tax payments for the recommended option (i.e. option 2):-

Full Council Tax Households

National Percentage of Households	Property Band	Percentage of Hartlepool Households	Option 2 – increase per week
24.1%	A	55.8%	71p
19.7%	B	16.6%	83p
21.8%	C	14.0%	95p
15.4%	D	7.0%	£1.06
9.7%	E	4.0%	£1.30
5.2%	F	1.4%	£1.54
3.5%	G	1.0%	£1.77
0.6%	H	0.2%	£2.12

Local Council Tax Support Scheme Households

Property Band	Percentage of Households	Option 2 – increase per week
A	88%	9p
B	8%	10p
C	3%	11p

6. 2017/18 AND 2018/19 BUDGET AND COUNCIL TAX

- 6.1 As indicated earlier in the report the Council will face higher actual grant cuts in each of the next three years than forecast and by 2018/19 this will increase the budget deficit from £14.192m to £18.332m (both forecast are based on annual Council Tax increases of 1.9%).
- 6.2 In terms of addressing the increased budget deficit it is recommended that this is reduced by implementing the 2% Social Care Precept for 2016/17, 2017/18 and 2018/19.
- 6.3 Implementation of future Social Care precepts will help mitigate the impact of phased increases in Social Care costs arising from annual increases in the National Living Wage, which will increase recurring costs by £1.5m by 2018/19 and £2.5m by 2020/21. As these cost pressures have already been included in the MTFS forecasts this income would help reduce the forecast budget deficits in 2017/18 and 2018/19 and therefore help reduce the cuts required and the impact on services.
- 6.4 The implementation of future Social Care precepts would permanently increase the Council's local resource base at a time of continuing Government grant cuts. Increasing the local resource base will also help the Council manage the significant financial challenges arising from the Government's policy to move to a system of 100% Business Rates retention, which effectively means Councils will be funded from a combination of Business Rates, Council Tax and Top-up grant. It is clear from various Government

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Policy announcements that Top-up grant will only play a small part in the future Local Government funding system and is not a replacement for the resource equalisation provided prior to 2010/11.

- 6.5 If the Council does not implement the 2% Social Care precepts Members will have to make even more difficult local decisions to reduce/stop services. Councils will also find it difficult to persuade the Government to provide additional funding for Social Care costs as the Government will argue they have provided the mechanism to enable Councils to generate additional funding from the Social Care precept.
- 6.6 Whilst, the Social Care precept arrangements are far from ideal, they are the only option being made available by the Government to enable Councils to address Social Care pressures. Therefore, Councils will need to engage with local people to explain the links between the costs pressures on Social Care, including the significant impact of the Government's National Living Wage.
- 6.7 The following table summarises the annual deficits and shows that the largest deficit now occurs in 2017/18. The table shows the impact of implementing the Social Care precept (in addition to a 1.9% Council Tax increase) as this approach would reduce to the revised deficit from £18.332m to £16.285m. This is a reduction of £2.047m – which equates to around 80 jobs. Addressing a deficit of £16.285m will be extremely challenging and a robust strategy will need to be developed in the early part of 2016 to ensure the necessary actions can be implemented in 2017/18 and 2018/19. This issue is addressed in the next section of the report.

Forecasts reported 23.11.15 based on 1.9% Council Tax increase £'m		Revised Forecast based on actual grant cut and 1.9% Council Tax increase £'m	Revised Forecast based on actual grant cut and 1.9% Council Tax increase and 2% Social Care Precept £'m
4.179	2016/17	4.749	4.179
5.223	2017/18	9.638	8.663
4.790	2018/19	3.945	3.443
14.192	Total	18.332	16.285
16%	Cut as %age 15/16 budget	21%	19%

- 6.8 The previous MTFs forecast had smoothed the annual deficits by front loading the use of the Budget Support Fund in 2016/17 to 2017/18. This approach was designed to provide a longer lead time to implement permanent budget cuts, whilst minimising risk by removing dependency on one off resources by the end of 2017/18. The revised deficits maintain the phasing of the Budget Support Fund. However, there is an unavoidable increase in the

2017/18 deficit and this is driven by two factors. Firstly, the impact of the 2017/18 actual Government grant cut being higher than forecast. Secondly, the impact of using £1.278m of additional one-off resources in 2016/17 to provide a longer lead time to identify additional budget cuts to offset the higher 2016/17 actual Government grant cut.

7. STRATEGY FOR MANAGING 2017/18 AND 2018/19 BUDGET DEFICITS

- 7.1 The Spending Review and related Government policy announcements confirm that significant cuts in Government funding for Councils will continue until the end of the current Parliament. Further significant reforms will continue to be made to the system for funding Councils and these are anticipated to increase financial risks for Hartlepool.
- 7.2 It has come to the point where the nature and effect of such changes has required a reconsideration of the approach taken to date. This approach has worked well for the authority and has been effectively managed in very difficult circumstances. The revised approach is based on the consideration of a range of related factors and a composite approach which has a number of potential work streams.
- 7.3 This element of this report is to outline a potential multi-year plan to support the achievement of required savings targets whilst identifying a series of work streams which will be prioritised to deliver this.
- 7.4 Even through times of sustained austerity it is important to retain an ambitious outlook and drive for what will be in the best interests of the town. It is too easy to have a negative and down beat demeanour when in reality we should continue to strive for the best we can. On this basis it is important to be in a position to describe (or outline the narrative) of where we want to end up, how we want people to see us and what we want to be as both a town and a council.
- 7.5 We are, as part of this programme, aiming to determine what we want a Hartlepool of the Future to offer and mean to both the people that live and work here and those that we want to live and work here.
- 7.6 In doing so our ambition for the future is that Hartlepool will
- Be a place people want to live, study, work, visit and play;
 - Have a reputation as a place to come to because of the quality of our education, housing, leisure, employment and skills offers;
 - Be an active part of the Tees Valley offer for skills, employment, housing and leisure;
 - Be a place where people feel included and safe; able to live active, healthy and happy lives.
- 7.7 This ambition establishes that we want to ensure that Hartlepool is a place to come to, to move to and to work, learn and spend quality leisure time in. As a

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result of this ambition we would want, and will work to create , in 10 years time a Hartlepool which is a place with

- a larger population;
- a better quality housing mix;
- more highly skilled job opportunities;
- a higher skilled workforce;
- a consistently excellent education, higher education and skills offer;
- visitor attractions and offer to draw people to the town;
- strong families, communities and thriving neighbourhoods;
- people leading healthier and more active lives;
- excellent connectivity through road and rail links that help people take up employment opportunities;
- high quality, integrated community based health and care services.

7.8 The ambition for the town is an important aspect of our plans for the forthcoming years. It is not our intention to shut up shop. The town has a myriad of strengths to build on. We have some great opportunities and we need to be ambitious if we are to realise these whilst still managing a very difficult financial situation.

7.9 The financial drivers and ongoing budget cuts are quite clearly a significant driver in the future plans of the organisation. They cannot be ignored but it has been important in considering the future direction for the authority to consider other factors which also cannot be discounted.

7.10 In terms of the factors affecting the council they are many and varied. There are a range of complex relationships between these factors which need to be recognised as part of the longer term planning for the authority. In summary (and not in itself being an exhaustive list) for Hartlepool;

- There will be an increase in the general population
- 0-15s continue to make up 20% of the population with a peak in 2020
- Over 65s increase by 8,100 to make up over 1 in 4 of the population by 2032
- Over 85's have almost doubled since 1992 and are projected to double again by 2032
- The demographic changes mean potential changes for broader health provision along with current systemic pressures
- Hartlepool has a high level skills need
- The dependency ratio is expected to worsen
- There are a range of large scale planned housing developments
- There are questions about the capacity of existing health service provision within Hartlepool as it is currently configured

7.11 It is important that any programme aligns the policy, demographic and financial drivers facing the authority. The component parts of the programme are therefore a combination of;

- redesign of services;
- new developments;
- enhancements of current programmes and
- proposals for identifying savings.

7.12 Any element of the programme is likely to encompass more than one aspect of those factors listed above but not necessarily all.

7.13 The proposed programme encompasses the following workstreams;

- Growing Hartlepool
- Reducing Demand
- Improving Education, Employability and Skills
- Maximising Income through Enterprise and Innovation
- Strategic Asset and Investment Planning
- Service Review

7.14 Each of the work streams are linked but also provide for discrete packages of delivery.

7.15 **Growing Hartlepool**

7.16 The economic vitality of the town is a fundamental aspect of our overall aspirations. High quality opportunities to live, work and spend leisure time in a place are part of a package of measures which can both enhance the town and support the mitigation of the financial issues facing the town. Such a programme combines a number of aspects. The development and delivery of the Vision of the town through the Masterplan with clear and prioritised plans linked to the overall delivery of the vision whilst in no way a short terms plan (in reality this is a 10 year vision) will provide the tangible evidence of progress and the ambition we have for the town. Integral to this are opportunities around our maritime, leisure and retail offers in conjunction with the environment and connectivity. Viewing this in conjunction with the expansion of the business base in the town providing high quality employment options for local people and the expansion of the housing and resident base and the options we may have in considering the best way to do this.

7.17 **Reducing Demand**

7.18 A significant proportion of Council services are demand led. Being in a position to reduce demand through greater prevention and integration of health care and employability service provides potentially the single biggest opportunity to maintain services whilst managing the financial position of the Council. Managing demand requires a systemic view of those aspects which affect it. These aspects are as diverse as the design of the service, how it is offered, the behaviours that drive service use and the language used when we communicate with current or potential users of services. Traditionally this has been viewed as being more relevant to “people” services, in the context of spend this is true, however it is increasingly been seen as an important tool for all aspects of service delivery. Such a programme combines the

integration of Health and social care services and aims to support more people to be supported in their own homes, the delivery of early and effective interventions that create sustainable change for families with a view to reducing the number of children looked after and reduce the demand for specialist services by ensuring that families are receiving the right levels of support to meet need

- 7.19 As part of the management of demand an important consideration is how and where services are delivered. The further development of the concept of Community Hubs will form an important part of this to ensure there is a flexible and responsive model within which the Council can ensure that services are delivered.

7.20 **Improving Education, Employability and Skills**

- 7.21 Some aspects of the programme which is being developed are about ensuring that the conditions for growth are developed effectively. The Education Commission is a key part of ensuring that every school is good or excellent and young people have improved options around higher skills, employability and reduced dependency on wider local authority services. As part of this we will also consider the options which are available for a traded service model both with schools locally and more widely to drive and support accelerated improvement.

- 7.22 As part of such a programme we will need to remodel and revise our offer locally in respect of employability support and employment / careers advice involving schools and employers effectively as part of a package and offer that ensures that individuals have the right skills, advice and opportunities to take advantage of the employment opportunities that we develop through Growing the Town.

7.23 **Maximising Income through Enterprise and Innovation**

- 7.24 There are various aspects of the programme which in themselves are designed to maximise the income (and in real terms this means the profit from any activity rather than the turnover) that can be delivered to the budget. There are aspects of this which will be based around business cases for specific aspects of revenue generation, some about maximising income from already delivered services and some which are about charging for services not currently charged for or about developing a model for traded services with existing customers.

- 7.25 The authority will need to consider a range of potential options for the delivery of services over the next three years as part of the challenges which are faced. Underpinning all such considerations will need to be a balance of cost, quality, risk and deliverability. It should not be that any one aspect takes precedence over another and there are likely to be options available as such considerations are taken into account that may not have previously been seen as viable or acceptable. It will be important to consider, as part of any such development, those models of alternative delivery that can support other parts

of the programme. In the light of the challenges faced this is likely to need to be re evaluated as proposals are brought forward.

Strategic Asset and Investment Planning

7.26 The value in assets is both in what they can deliver to support our ambition for the town and the fact that they have an intrinsic monetary value when viewed individually. Consideration of the options which may be available to revitalise the town and support both growth and opportunity is important. In relation to our physical assets there are therefore two important parts to any potential programme of activity. The first is consideration of the extent to which we are making the best physical and immediate financial use of them. The second is the extent to which targeted and prioritised investment may deliver effective invest to save options and with the third being that they may provide options, leverage or enhanced financial gain through forming part of an alternative model for their management or control as part of an overall plan to deliver on the broader ambitions for the town.

7.27 Service Review Programme

7.28 The programme outlined above is a mixture of ambition and delivering the necessary savings. Some elements of the programme will be in a position to deliver on both aspects of this approach. Given the scale of the financial challenge we face it is however unlikely that they will collectively provide the overall solution required. On this basis it has been identified that there will also need to be a separate programme of service reviews, undertaken as part of the overall programme and aligned to the decision making process required as part of the MTFS. This programme will not encompass every part of the Council and nor will it look to duplicate the programme outlined above. It will however look at those areas where we may be high spending (although there may be good reasons for this), low performing or a number of other factors.

7.29 It is important to realise that whilst every endeavour will be made to manage the overall financial challenges in a positive manner that it is very likely that through this process we will have to look at ceasing and significantly scaling back a range of services.

8 RISK IMPLICATIONS

8.1 The outline programme being considered is to help the authority manage risk and take a proactive approach to doing so in the light of the significant challenges we face but also the desire to maintain a level of ambition which provides opportunity for the town. Given the nature of the challenges faced no individual aspect of the programme is without risk (although all of these should be balanced against the need to ensure, in a managed manner, that the authority is in a position to deliver the savings required. At the stage the key risks identified in respect of the programme are as follows ;

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Risk	Impact and Mitigation
Failure to deliver the savings required as part of the MTFS	The authority is required to deliver a balanced budget. An inability to deliver this through a managed programme of activity, delivered as part of a series of corporately agreed objectives will be the need for short term and potentially unplanned cuts.
A lack of time to deliver the required change	The development of the programme and ensuring there is sufficient capacity and expertise to deliver it will be key. Ly agreement to the basis for the programme will enable this to be progressed in a timely manner.
An inability to deliver the ambition inherent in the programme	The programme has been devised to provide for a balance of ambition and prudence (aligned to the MTFS). The ambition inherent in the programme supports the MTFS through a range of specific potential impacts in relation to additional income and cost avoidance / demand management.
Failure to engage partners	A number of the aspects of the programme are reliant on the involvement and engagement of partners in their delivery. Early discussions with partners (and in certain areas already agreed plans) provide mitigation for this in conjunction with the fact that a number of these within work areas are aligned with partners already.
Not having a clear and agreed plan	At a time when resources are increasingly limited there is a need to ensure a clear focus on the priorities identified as part of this programme. The development of this programme through the Senior Leadership Team of Council officers and elected members is a key element to ensuring this is in place.
Resources to Deliver	If the resources and skills are not in place to deliver the programme we run the risk of either delayed or non delivery. Further consideration will be given to this as part of the next report to be submitted to this committee.

9 CAPACITY TO DELIVER

- 9.1 In embarking on any ambitious programme it is important to ensure that it is realistic, deliverable and resourced to do this with suitable and appropriate skills and that there is the capacity to undertake this and to continue to deliver high quality services.
- 9.2 Capacity at a senior level in the Council has been reduced as the structure of the council has been reviewed to take account of the ongoing financial challenges faced. Considering the development and delivery of a programme which is both complex and diverse (with associated specialist considerations as part of its development and implementation to achieve the required change) it will be appropriate to consider the identification (and commissioning) of an external partner (or partners) with the appropriate expertise to provide capacity (and specific expertise) to support the programme development, decision making and implementation to achieve the required savings.

10 FINANCIAL CONSIDERATIONS

- 10.1 The elements of the programme which have been outlined above for the basis of a coordinated approach to effectively support the achievement of both our ambition and the challenging financial position we find ourselves in.
- 10.2 At this stage work is currently ongoing to determine, in respect of each of the work streams the potential for both savings and identifiable costs in the delivery of the proposed programme. An initial assessment of the one-off costs needed to support this programme has been completed and it is recommended that £0.3m is allocated for the support required in respect of the development of the required business cases / models, expertise in options for demand management, potentially capacity to enable the programme to be delivered in line with the MTFs timescales and requirements. Further consideration of the programme will be necessary when this work has been completed.
- 10.3 As indicated in the review of reserves report the allocation of part of this funding for one off programme costs was identified as an initial option. However, as these resources need to be allocated to partly address the higher actual 2016/17 grant cut than forecast, an alternative funding strategy is needed.
- 10.4 It is therefore recommended that these one off cost are funded from capital receipts. This will require an increase in the target set for 2016/17, which should be achievable. This option is only available as a result Government proposals to provide new flexibilities to spend capital receipts on revenue costs of reform projects. Whilst, the detailed regulations have not been issued it is envisaged that the implementation of the Council’s proposed programme will qualify as eligible expenditure.

11. CONSIDERATIONS / IMPLICATIONS

Financial Considerations and Risk Implications	Covered in detail in the previous paragraphs of this report
Legal Considerations	None
Child and Family Poverty Considerations	None
Equality and Diversity Considerations	Detailed in paragraph 15
Staff Considerations	Detailed in paragraph 10.3
Asset Management Considerations	None

12. **ROBUSTNESS OF BUDGET FORECASTS – CHIEF FINANCE OFFICERS PROFESSIONAL ADVICE**

12.1 The MTFs report submitted to Finance and Policy Committee on 23rd November 2015 and Council on 10th December 2015 provided detailed advice on the robustness of the budget forecasts. This advice remains appropriate and the following additional factors are brought to Members attention:

- **Council Tax 2016/17** – implementing a 1.9% increase plus the 2% Social Care precept provides the most robust basis for the 2016/17 budget. This approach also secures the Council's ongoing resource base at the highest possible level and this will help protect services during a further period of significant Government funding cuts.

The recommended 2016/17 Council Tax increase also avoids having to identify additional budget cuts to balance the budget which would be difficult to achieve at this stage as additional potential savings have not been identified.

If Council Tax is not increased as recommended the Council would need to make additional 2016/17 budget cuts of either:

- £536,000 – based on a core Council Tax freeze, plus 2% Social Care Precept; or
- £1,191,000 – based on core Council Tax freeze and no Social Care Precept.

If either of the above scenarios are applied detailed proposals for achieving the additional cuts would need to be identified and a further report brought back to enable Members to consider and approve these proposals. It is not recommended that either of the above options is implemented as this is not in the best long term financial interests for the Council and would have an adverse impact on services. Implementing additional 2016/17 savings would make it even more difficult to balance the 2017/18 budget as these proposals would not be available in 2017/18.

- **Use of One off resources to support the 2016/17 budget** – the development of the MTFs commenced in February 2015 and is based on the phased use of one-off resources to provide a longer lead time to address the budget deficits over the next few years. As reported in the previous MTFs report one-off funding of £5.487m was allocated to support the 2016/17 budget, this included use of resources to offset the Power Station Rateable Value reduction.

The proposals in this report increase the one-off funding to £6.765m. The additional use of one-off resources helps protect services in 2016/17 and provide a longer lead time to address the impact of higher actual Government grant cuts than forecast.

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12.2 On the basis of Members approving the increased use of one-off resources in 2016/17, implementation of a 1.9% Council Tax increase and 2% Social Care precept the budget proposal are robust.

12.3 If Members do not approve these proposals the Chief Finance Officer's advice would be caveated until alternative permanent saving had been identified and approved.

13. CONCLUSIONS

13.1 The MTFs report referred to Council on 10th December 2015 outlined detailed proposals for managing the forecast 2016/17 Government grant cut. As part of this strategy one-off resources of £5.487m are being used to support the 2016/17 budget and protect services, consisting of the following:

Budget Support Fund	£2.708m
Power Station Reserve	£1.131m
Departmental Reserves	£1.091m
Reallocation of Protection costs reserves to fund Living Wage costs	£0.557m
	£5.487m

13.2 As indicated in the December MTFs report this report provides an update on the impact of the 2016/17 Local Government Finance Settlement and the level of Council Tax for 2016/17. These issues are detailed in the following sections.

13.3 Impact of 2016/17 Local Government Finance settlement announcement

13.4 The actual grant cuts for the next three years are higher than forecast. As a result there is a significant increase in the forecast gross budget deficit for the period 2016/17 to 2018/19 from £14.192m to £18.332m, and increase of nearly 30%.

13.5 The Government has also provided grant allocations for 2019/20 and there will be a further cut in the Council's funding. After reflecting this additional cut and the permanent net Power Station Business Rates reduction the Council faces an additional budget shortfall for 2019/20 in excess of £4m. This forecast is before the 2019/20 Council Tax increase, potential Better Care Fund gain and New Homes Bonus reduction.

13.6 As indicated in the report the immediate issue facing the Council is the impact of the actual 2016/17 Government grant cut being higher than forecast. It has been hoped that this situation would not have occurred. However, this risk was recognised by not committing the 2015/16 outturn and resources released from the reserves review. The Council will also benefit from the actual 2016/17 Council Tax base being higher than forecast. However, these measures are not sufficient to address the additional 2016/17 budget deficit of £2.1m and the Council still faces a residual deficit of £570,000.

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- 13.7 As summarised in the next section it is recommended that this amount is addressed by implementing the 2% Social Care precept, in addition to the 1.9% Council Tax increase.
- 13.8 **Council Tax 2016/17**
- 13.9 The Chancellor's announcement of the 2% Social Care precept is a fundamental change in the approach to Council Tax previously adopted by the coalition Government and brings to an end a period of Council Tax freezes/low increases. The Social Care precept shifts responsibility for funding increases in Social Care costs from national tax payers to Local Council Tax payers.
- 13.10 The Government policy change presents Councils with both challenges and opportunities. The 2% Social Care precept enables Councils to achieve more sustainable resources to fund Social Care services in 2016/17 and future years. The challenge will be explaining this position to the public.
- 13.11 The Social Care precept is part of the Government overall approach to funding Social Care pressures, the other significant component of this approach is the announcement of additional Better Care Funding (which will slowly begin to provide additional funding from 2017/18).
- 13.12 The Secretary of State for Communities and Local Government has acknowledged that the level of funding that could be raised through the Social Care precept will vary depending on an individual Councils tax base. This means Councils in more affluent areas will be able to raise more income than those serving more deprived areas where demand for Adult Care services is higher. He has also indicated that the system for distributing the additional Better Care Fund resources from 2017/18 will enable this issue to be addressed. However, the Better Care Fund allocations will not address the scale of ongoing cuts in Revenue Support Grant over the four years commencing 2016/17.
- 13.13 In view of the impact of the actual Government grant cuts and the Government's policy of shifting responsibility for funding Social Care costs to Council Tax payers it is recommended that Members approve a 2016/17 Council Tax increase of 1.9% plus a 2% Social Care precept. The recommendation provides the most robust financial base for 2016/17 and future years.
- 13.14 As detailed in paragraph 5.10 this recommendation will mean that the majority of Hartlepool households (i.e. the 72% of households living in a Band A or B property) will have to pay no more than an additional 83p per week. For 96% of Local Council Tax Support scheme households the weekly increase will be no more than 10p per week.
- 13.15 As reported in previous MTFs reports national Council Tax comparisons are based on the Band D Council Tax level as this reflects the statutory basis for calculating Council Tax. However, for areas with a low proportion of properties in Council Tax Band D and a higher proportion in the lowest 2

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Council Tax Bands (i.e. bands A and B), these comparisons are not representative. Nationally only 43.8% of properties are in Bands A and B, compared to 72.4% in Hartlepool. Therefore, a more accurate comparison is to use the “average Council Tax per property”.

- 13.16 On the basis of national Council Tax information provided by the Departmental for Communities and Local Government the following table summarises the 2015/16 average Council Tax per property (includes Police and Fire Council Tax):

Comparison of 2015/16 average Council Tax per property (includes Police and Fire Council Tax)

Local authority	Average council tax per dwelling in the area £	Average council tax per dwelling in the area Ranking out of 326 Authorities
Average All Authorities	1,141	n/a
Northumberland UA	1,063	197
Stockton-on-Tees UA	1,026	218
Redcar & Cleveland UA	1,007	224
Darlington UA	979	237
Durham UA	935	257
Hartlepool UA	901	271
North Tyneside	894	274
Gateshead	893	275
Middlesbrough UA	871	284
Newcastle-upon-Tyne	825	308
South Tyneside	776	315
Sunderland	723	321

- 13.17 If Members do not approve the recommended Council Tax increase, additional 2016/17 budget cuts (in addition to the cuts already approved of £3.1m) will need to be made of either:
- £536,000 – based on a core Council Tax freeze, plus 2% Social Care Precept; or
 - £1,191,000 – based on core Council Tax freeze and no Social Care Precept.
- 13.18 The 2016/17 cuts already identified have been achieved without the need to make any compulsory redundancies. This will not be the case if additional cuts of between £536,000 and £1,191,000 need to be made.
- 13.19 **Council Tax 2017/18 and 2018/19**
- 13.20 Decisions on Council Tax for these years will be made as part of the annual budget process. However, it is recommended that the Council will need to implement annual Council Tax increases of 1.9% and the 2% Social Care precept to protect the future resource base and mitigate the impact of higher

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grant cuts. However, even after reflecting these increases the Council will still need to make budget cuts in 2017/18 and 2018/19 of £12.106m

13.21 If Council Tax increases are not implemented the Council will need to make even higher budget cuts of £13.583m, which will become even more challenging and increasingly result in cuts in services and impacts on the most vulnerable people.

13.22 **Summary Conclusions**

13.23 The 2016/17 LGF settlement is a watershed for Council funding as it confirms the Government's intention to move to a 'self funding' system for Local Government largely based on the resources raised locally from Business Rates and Council Tax, with very limited resource equalisation provided via top-up payments. This change means that local services will increasingly be dependant growth in the local Business Rates base and Council Tax base.

13.24 The proposal to move to a 100% Business Rates retention system by the end of the decade is an additional significant financial risk to Hartlepool owing to increased reliance on the Power Station Business Rates income. Under the 100% Business Rates retention system it is anticipated that in 2019/20 £1 of every £10 the Council will spend will be funded from Business Rates paid by the Power Station.

13.25 The Government has ended the Council Tax freeze era and now expects that Councils with Social Care responsibilities will implement an additional 2% Social Care precept to help to pay for these services. For most people in Hartlepool the weekly increase in 2016/17 will be less than 83p (for Local Council Tax Support scheme households less than 10p per week).

13.26 Implementing the Social Care precept will enable the Council to provide some protection for services relied upon by the most vulnerable people. This will continue the approach adopted over the last 5 years where the Council has sort to protection the most vulnerable, despite suffering disproportionate cuts in funding.

13.27 The recommendations detailed in the next section provide:

- a longer lead time to address the higher 2016/17 actual Government grant cut than forecast, which protects services next year; and
- to address the shift in responsibility for funding Adult Social care cost pressures to Council Tax payers and the 2016/17 Council Tax recommendations provides the most sustainable financial base for 2016/17 and future years.

13.28 In relation to the 2016/17 Council Tax level, the recommendations provide the basis to avoid having to make additional permanent cuts of £536,000. As time will be needed to identify and then consult upon these additional cuts the earliest date for implementation is 1st September 2015, which

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means the actual cuts needed to balance next year's budget will need be nearer £1m to provide a part year saving of £536,000.

- 13.29 In relation to Council Tax levels for 2016/17 to 2018/19 the recommendations provide the basis to avoid additional cuts of £2.047m.

14. RECOMMENDATIONS

- 14.1 It is recommended that Members consider and approve the following detailed Corporate Management Team recommendations for submission to Council:

- 14.2 Note the Government Grant cuts for 2016/17 to 2018/19 are higher than forecast and this increases the forecast deficit for the next three years to £18.332m;

- 14.3 Note the significant change in Government policy to end the Council Tax freeze regime and introduce a Social Care precept of 2% in addition to the existing 1.9% Council Tax threshold for 2016/17;

- 14.4 Note the Government will implement regulations requiring Authorities which implement the 2% Social Care precept to identify this amount separately on the Council Tax bill. This approach underlines the Government's commitment that the Social Care precept is part of the arrangement for addressing Social Care pressures and will help Councils explain the increase to the public;

- 14.5 Note that as a result of the actual 2016/17 grant cut being higher than forecast, the Council faces an additional budget deficit of £2.1m;

- 14.6 Approve the following proposal to reduce the additional budget deficit from £2.1m to £570,000:

	£'m
Additional Deficit – impact of higher grant cut	2.100
Less – Use of Uncommitted 2015/16 Outturn resources	(1.278)
Less – Increase in 2016/17 Council Tax Base	(0.252)
Net Deficit	0.570

- 14.7 Approve a 2016/17 Council Tax of 1.9%, plus a 2% Social Care precept and note that this will enable £85,000 of the 2015/16 uncommitted Outturn resources to be allocated to support the 2017/18 budget;

- 14.8 To note that as detailed in paragraph 5.10 recommendation 14.7 will mean that the majority of Hartlepool households (i.e. the 72% of households living in a Band A or B property) will have to pay no more than an additional 83p per week. For 96% of Local Council Tax Support scheme households the weekly increase will be no more than 10p per week.

- 14.9 Approve a one-off budget allocation of £0.3m to fund one-off costs of implementing the 2017/18 and 2018/19 Savings Programme and authorise

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the Chief Executive, in consultation with the Chair of Finance and Policy Committee to determine and procure the support required to deliver the change and savings programme, up to a total limit of £0.3m.

- 14.10 Approve the proposal that the one-off savings programme cost of £0.3m will be funded from an increase in the 2016/17 Capital receipts target.
- 14.11 Note the additional advice provided by the Chief Finance Officer on the robustness of the budget proposals provided in section 12, including advice that the recommended 2016/17 Council Tax increase (including the 2% Social Care precept) provides the most sustainable basis for the 2016/17 budget and the Council's longer term financial position as this is the only option to increase resources on a recurring basis.
- 14.12 Note that at this stage it is not clear what advantages, or disadvantages may arise from applying for a formal four year settlement from the Government. It is therefore recommended that a further report is submitted on this issue once more information is available to enable a final decision to be made.

15. REASON FOR RECOMMENDATIONS

- 15.1 To enable the Finance and Policy Committee to approve the final 2016/17 budget proposal and Council Tax level to be referred to Council.

16. BACKGROUND PAPERS

Medium Term Financial Strategy 2016/17 to 2018/19 report to Finance and Policy Committee 29th June 2015.

Medium Term Financial Strategy Review of Reserves as at 31st March 2015 report to Finance and Policy Committee 15th September 2014.

Medium Term Financial Strategy 2016/17 to 2018/10 report to Finance and Policy Committee 23rd November 2015.

17. CONTACT OFFICERS

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COUNCIL

MINUTES OF PROCEEDINGS

18 FEBRUARY 2016

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

PRESENT:-

The Ceremonial Mayor (Councillor Fleet) presiding:

COUNCILLORS:

Ainslie	C Akers-Belcher	S Akers-Belcher
Atkinson	Barclay	Beck
Belcher	Clark	Cook
Cranney	Gibbon	Griffin
Hall	Hind	Jackson
James	Lauderdale	Lawton
Lindridge	Loynes	Martin-Wells
Dr Morris	Richardson	Riddle
Robinson	Simmons	Springer
Tempest	Thomas	Thompson

Officers: Gill Alexander, Chief Executive
Peter Devlin, Chief Solicitor
Andrew Atkin, Assistant Chief Executive
Chris Little, Chief Finance Officer
Denise Ogden, Director of Regeneration and Neighbourhoods
Alastair Rae, Public Relations Manager
Amanda Whitaker, David Cosgrove, Democratic Services Team

124. APOLOGIES FOR ABSENT MEMBERS

Councillors Brash and Sirs

125. DECLARATIONS OF INTEREST FROM MEMBERS

The following Members declared personal interests in the agenda item relating to Expenditure Relevant to Member's Interests (minute number 137 refers):-

Councillor Simmons, Griffin, Cook, Clark, Thomas, Lauderdale, Thompson, Ainslie, Barclay, Christopher Akers-Belcher, Cranney and Stephen Akers-Belcher.

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

None

127. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 21 January 2016, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

The minutes were thereupon signed by the Chairman.

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

With reference to minute 123(d), the Chief Solicitor responded to a request for an update on timescales in terms of the outcome of the investigation. Members were advised that following the Council meeting, the Chief Solicitor had given an indication of the sentiments expressed at the meeting to Cleveland Fire Authority and would update the Member further in due course.

129. BUSINESS REQUIRED BY STATUTE

None

130. ANNOUNCEMENTS

The Ceremonial Mayor announced that the Civic Dinner would be held on Friday, 26 February 2016 at 7 pm at the Flagship restaurant in Hartlepool College of Further Education and that the Mayoress at Home would be held on Thursday, 3 March 2016 at 2 pm in the Baltic Room at the Historic Quay.

Council was advised also that the Ceremonial Mayor would be holding an Afternoon Tea on Tuesday 8th March, commencing at 3pm at the Hartlepool Enterprise Centre in celebration of International Women's Day.

131. 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

132. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES

None

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

None

134. REPORT FROM THE POLICY COMMITTEES

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

1. Medium Term Financial Strategy 2016/17 to 2018/19 – Report of Finance and Policy Committee

Council received a presentation by the Chair of Finance and Policy Committee which highlighted the salient features of the Committee's report. Members were provided with details of the Local Government Finance Settlement announcement, including the introduction by the Government of the 2% Social Care precept, and the impact on the MTFs approved by Council in December 2015. It was highlighted that the Council's 2016/17 resources would be nearly £8.3m less than they were in 2015/16, reflecting the Government grant cut of nearly £4.5m and Power Station Business Rates reduction of £3.8m. The recommended Council Tax increase of 3.9%, including the 2% Adult Social Care precept, would generate nearly £1.3m. The remaining reduction in resources of £7m would be bridged from a combination of savings, housing growth and use of reserves. The report enabled Council to consider the final recommendations from the Finance and Policy Committee in relation to the 2016/17 Budget and Council Tax level.

The detailed report considered by Finance and Policy Committee on the 11th January 2016 had been appended to the report and enabled Council to approve the 2016/17 Council Tax for Hartlepool Council services. An appendix issued with the agenda provided detailed supporting information for the 2016/17 budget.

It was noted that details of the statutory 2016/17 Council Tax calculations, including the Council Tax levels approved by the Police and Crime Commissioner, Cleveland Fire Authority and Parish Councils, would be reported to Council on 25th February 2016.

Details of the final budget proposals referred by the Finance and Policy Committee following their meeting on 11th January 2016 were presented for the approval of Council as follows:-

- Note the Government Grant cuts for 2016/17 to 2018/19 are higher than forecast and this increases the forecast deficit for the next three years to

between £16.285m and £18.332m, depending on Council Tax levels for these years;

- Note the significant change in Government policy to end the Council Tax freeze regime and introduction of a Social Care precept of 2% in addition to the existing 1.9% Council Tax threshold for 2016/17;
- Note the Government will implement regulations requiring Authorities which implement the 2% Social Care precept to identify this amount separately on the Council Tax bill. This approach underlines the Government's commitment that the Social Care precept is part of the arrangement for addressing Social Care pressures and will help Councils explain the increase to the public;
- Note that as a result of the actual 2016/17 grant cut being higher than forecast, the Council faces an additional budget deficit of £2.1m;
- Approve the following proposal to reduce the additional budget deficit from £2.1m to £570,000:

	£'m
Additional Deficit – impact of higher grant cut	2.100
Less – Use of Uncommitted 2015/16 Outturn resources	(1.278)
Less – Increase in 2016/17 Council Tax Base	(0.252)
Net Deficit	0.570

- Approve a 2016/17 Council Tax of 1.9%, plus a 2% Social Care precept and note that this will enable £85,000 of the 2015/16 uncommitted Outturn resources to be allocated to support the 2017/18 budget;
- To note that for the majority of Hartlepool households (i.e. the 72% of households living in a Band A or B property) will have to pay no more than an additional 83p per week. For 96% of Local Council Tax Support scheme households the weekly increase will be no more than 10p per week.
- Approve a one-off budget allocation of £0.3m to fund one-off costs of implementing the 2017/18 and 2018/19 Savings Programme and authorise the Chief Executive, in consultation with the Chair of Finance and Policy Committee to determine and procure the support required to deliver the change and savings programme, up to a total limit of £0.3m.
- Approve the proposal that the one-off savings programme cost of £0.3m will be funded from an increase in the 2016/17 Capital receipts target.
- Note the additional advice provided by the Chief Finance Officer on the robustness of the budget proposals provided in section 12, including advice that the recommended 2016/17 Council Tax increase (including the 2% Social Care precept) provides the most sustainable basis for the 2016/17 budget and the Council's longer term financial position as this is the only option to increase resources on a recurring basis.

- Note that at this stage it is not clear what advantages, or disadvantages may arise from applying for a formal four year settlement from the Government. It is therefore recommended that a further report is submitted on this issue once more information is available to enable a final decision to be made.

The Chair, Councillor C Akers-Belcher, moved the above recommendations detailed in the Council report. The motion was seconded by Councillor Richardson.

Following the presentation by the Chair of Finance and Policy Committee, Members debated issues arising from the report.

During the debate, the following amendment was moved by Councillor R Martin-Wells and seconded by Councillor Loynes:-

“That the proposed 2016/17 Council Tax of 1.9% not be approved and be compensated by increasing the Local Council Tax Support Scheme to 20% and that the Mill House Leisure Centre be sold to the private sector with consequential savings arising from the transfer to the private sector”.

Members continued to debate the rationale for the proposed increase in Council Tax. During the debate concerns were expressed at the implications of the amendment with particular regard to the increase in the Local Council Tax Support Scheme.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the amendment:-.

Those in favour:

Councillors Gibbon, Hind, Loynes, Martin-Wells, Morris and Springer.

Those against:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Atkinson, Barclay, Beck, Belcher, Clark, Cook, Cranney, Fleet, Griffin, Hall, Jackson, James, Lauderdale, Lawton, Lindridge, Richardson, Riddle, Robinson, Simmons, Tempest, Thomas and Thompson.

Those abstaining:

None.

The vote was lost.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the substantive motion:-.

Those in favour:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Belcher, Clark, Cook, Cranney, Fleet, Griffin, Hall, Jackson, James, Lawton, Lindridge, Richardson, Robinson, Simmons, Tempest and Thomas.

Those against:

Councillors Atkinson, Gibbon, Hind, Lauderdale, Loynes, Martin-Wells, Morris, Riddle, Springer and Thompson.

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

135. MOTIONS ON NOTICE

None

136. TREASURY MANAGEMENT STRATEGY

The Chief Executive advised Council 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 sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Secretary of State had issued Guidance on Local Government Investments which came into force on 1st April, 2004. This guidance had recommended that all Local Authorities produce an Annual Investment Strategy that is approved by full Council, which is also included in this report.

Members were advised that 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 had been considered by the Audit and Governance Committee on the 10th December 2015 and that report was appended to the report. The Audit and Governance Committee had carefully scrutinised the proposed Treasury Management strategy and had approved that the recommended strategy be referred to full Council. 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 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.

RESOLVED – That the report be noted and the recommendation from the Audit and Governance Committee of the following detailed recommendations for the 2016/17 Treasury Management Strategy and related issues be approved:-

Borrowing Strategy 2016/17

- (i) Core borrowing requirement – following the securing of exceptionally low interest rates approve that the remainder of the under borrowing is netted down against investments.
- (ii) To note that in the event of a change in economic circumstances that the Chief Finance Officer may take out additional borrowing if this secures the lowest long term interest cost.
- (iii) Borrowing required for business cases – Approve the continuation of the strategy of fully funding the borrowing for individual project costs in order to secure fixed long term interest rates in line with the approved business case.

Investment Strategy 2016/17

- (iv) Approve the use of Government Treasury Bills/Gilts and the appointment of King and Shaxson as custodian.
- (v) Approve the Counterparty limits as set out in paragraph 8.11 of Appendix 1.

Minimum Revenue Provision (MRP) Statement

- (vi) Approve the MRP statement outlined in paragraph 9.2 of Appendix 1.

Prudential Indicators 2016/17

- (vii) Approve the prudential indicators outlined in Appendix 2.

137. 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 had been 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.

The Chief Executive referred Members to appendix 4 and advised that the interest of Councillor Thomas in relation to Hartlepool Voluntary Development Agency had been inadvertently omitted from the appendix. Members were assured that documentation had been updated to correct the error.

RESOLVED – That the report be noted.

138. SPECIAL URGENCY DECISIONS

Council was informed that there were no special urgency decisions taken in the period November 2015 to January 2016. .

RESOLVED – That the report be noted.

137. PUBLIC QUESTION

1. Question from Mr Latimer to Chair of Finance and Policy Committee

“Are you willing to accept the accuracy of the Department of Communities and Local Government's figures for 2015-16 on national council tax levels? Specifically, are you prepared to acknowledge as accurate the figures in Table 8 of the department's data which show that the actual amount of money households in Hartlepool with two adults have been asked to pay in council tax during the current financial year is the 9th highest level of council tax asked of any household in the country and that even those living in a Band 'A' property in Hartlepool are currently paying the 9th highest Band 'A' rate in England.”

The Chair of the Finance and Policy Committee advised that he had never questioned the DCLG figures. The Chair advised that the Department for Local Government and Communities published a range of comparative Council Tax information. As only 7% of households were in Council Tax Band D the Council had always argued that the DCLG “average council tax per dwelling” provided a more accurate comparison.

Members debated issues arising from the question. The Chair was asked if he would accept that no one paid average council tax and the press release which had been issued was therefore inaccurate. The Chair reiterated that the figure was a calculation compiled by the Department for Communities and Local Government.

During the debate, the Chief Solicitor clarified Council Procedure Rules in terms of a point of order and a personal explanation. It was confirmed that the ruling of the Chair of Council would be final.

2. Question from Mr Measor to Chair of Finance and Policy Committee

“Following your assertion in the Hartlepool Mail on the 22nd January. For council tax purposes, can he please tell me which band property an individual needs to purchase in order to pay the 55th lowest council tax in the country?”

As the department of communities and local government states that Hartlepool is the 9th highest over all of 326 authorities, and the 3rd highest Unitary Authority in the country.

reference: <https://www.gov.uk/government/statistics/council-tax-levels-set-by-local-authorities-in-england-2015-to-2016>”

The Chair of Finance and Policy Committee referred to his answer to the previous public question. He confirmed that the Department for Local Government and Communities published a range of comparative Council Tax information. It was reiterated that as only around 7% of households were in Council Tax Band D the Council had always argued that the DCLG “average council tax per dwelling” provided a more accurate comparison. It was highlighted also 26% of households paid less than the DCLG “average council tax” for Hartlepool of £901.

3. Question from Mr Holt to Chair of Regeneration Services Committee

“I am part of a campaign group that wishes to see a statue of the alien from the Alien franchise installed in the town centre as a key part of Hartlepool Borough Council's Vision strategy, as a tribute to director Ridley Scott. We have a petition of 743 supporters backing the campaign on the website Change.org:

<https://www.change.org/p/hartlepool-borough-council-prospective-hartlepool-mp-candidates-let-s-have-a-massive-statue-of-the-alien-from-the-aliens-series-in-hartlepool>

Ridley Scott studied at the West Hartlepool College of Art, his first film Boy and Bicycle was filmed in Hartlepool around Seaton Carew.

We believe that this statue would bring many of the millions of fans of the series to our town to get a photograph with this iconic creation and it would likely receive positive international attention.

Our campaign group hopes that the idea gets the backing of Hartlepool Borough Councillors. Will the Council give its cross-party support and cooperation so this idea can become a reality for our town?”

The Chair of the Regeneration Services Committee responded that he considered that it was a good idea to honour Ridley Scott especially given the plans for Church Street and for the College of Art and Design. However, it was highlighted that it would be appropriate to consider the proposal in further detail including the cost of the statue. The Chair suggested that he and the Vice Chair meet Mr Holt to discuss the proposal further together with the Assistant

Director, Regeneration and representatives of Cleveland College of Art and Design. The Chair added that he would contact Mr Holt to progress that meeting.

138. 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 Riddle to Chair of Finance and Policy Committee

“On Friday the 22nd of January, The Hartlepool Mail reported ‘figures published in a recent council financial report showed that when it comes to the average level of council tax per property, Hartlepool ranks 271 out of 326 local authority areas during 2015/16 – making it the 55th lowest average council tax in the country’.

- i. *Could you tell me who specifically compiled the data in the report please?*
- ii. *Could you explain specifically what you mean by ‘average council tax’?*
- iii. *Who specifically pays average council tax?*
- iv. *The Department of Communities website current ranks Hartlepool as 9th highest in the entire country and 3rd highest of the unitary authorities for council tax rates. Are they wrong? If so will you be contacting them to change their statistics?*
- v. *What was the purpose of issuing a HBC official press release claiming our council tax is the 55th lowest in the country?”*

The question was withdrawn at the meeting.

- 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

Council noted the minutes of the Police and Crime Panel held on the 10th December 2015 which had been circulated with the agenda.

The meeting concluded at 8.30 p.m.

CEREMONIAL MAYOR

COUNCIL

25 February 2016



Report of: Chief Executive

Subject: BUSINESS REPORT

1. FORMAL COUNCIL TAX SETTING 2016/2017 – INCORPORATION OF FIRE AUTHORITY, OFFICE OF THE POLICE AND CRIME COMMISSIONER AND PARISH COUNCIL PRECEPTS

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 2016/2017.

BACKGROUND AND LEGAL FRAMEWORK FOR COUNCIL TAX DECISION MAKING

- 1.2 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. 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 2016/17 for this Authority was approved by full Council on 18th February 2016.

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.

DETERMINATION OF OVERALL COUNCIL TAX LEVELS

- 1.3 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.
- 1.4 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 increased its own tax by 3.9% (inclusive of the 2% Adult Social Care Precept) 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:
 - i) The decision by the Fire Authority on 12th February 2016 to approve a 1.9% Council Tax increase for 2016/17;
 - ii) The decision of the Office of the Police and Crime Commissioner on 4th February 2016 to approve a 1.99% Council Tax increase for 2016/17.
- 1.5 The Council Tax bills will show the 2% Adult Social Care Precept as a separate item.
- 1.6 The Table below shows the statutory Council Tax calculations, incorporating the 2016/17 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	963.78	1,124.40	1,285.03	1,445.66	1,766.92	2,088.17	2,409.44	2,891.32
Hartlepool Borough Council Adult Social Care Precept	18.91	22.07	25.22	28.37	34.67	40.98	47.28	56.74
Office of Police and Crime Commissioner	140.24	163.61	186.99	210.36	257.11	303.85	350.60	420.72
Fire Authority	47.80	55.77	63.73	71.70	87.63	103.57	119.50	143.40
Areas without a Parish Council	1,170.73	1,365.85	1,560.97	1,756.09	2,146.33	2,536.57	2,926.82	3,512.18

- 1.7 The statutory calculations incorporating the 2016/17 Council Tax levels approved by the Office of the Police and Crime Commissioner, Cleveland Fire Authority and the parish Precepts are shown in Appendix B, Table 3.

PROPOSAL

- 1.8 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 Appendices A and B, which include the Council Tax and precepts set by the Office of the Police and Crime Commissioner, Cleveland Fire Authority and Parish Councils.

APPENDIX A

SUPPORTING STATUTORY RESOLUTIONS - COUNCIL TAX INCREASE

- 1 Full Council needs to approve the following supporting statutory amounts which must be calculated by the Council for 2016/2017 in accordance with the Local Government Finance Act 1992 and relevant regulations:
- i) To note that on 11th January 2016 the Finance and Policy Committee approved the 2016/17 Council Tax Base for:
- The whole Council area as 23,265.7 Band D equivalents in accordance with Section 31B of the Local Government Finance Act 1992, as amended; and
 - For dwellings in those parts of its area to which a Parish precept relates as follows:

Parish Council Tax bases (Band D Equivalents)

Dalton Piercy	103.1	Greatham	573.3
Elwick	468.2	Hart	291.4
Headland	702.2	Newton Bewley	29.8

- 2 That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) is £34,294,340.
- 3 That the following amounts be calculated by the Council in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and relevant regulations:-
- (a) £56,370,929 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) £22,050,667 Being the aggregate of the sums which the Council estimate will be payable to it in respect of Revenue Support Grant £18,206,184, Business Rates Baseline Funding of £15,873,092, Top up Funding of £7,509,654 and the estimate to be paid to the Collection Fund of (£19,538,263) as at 31st March 2016, 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) £34,320,262 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) £1,475.14 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) £25,922 Parish Precepts Being the aggregate amount of all special items referred to in Section 34 (1) of the Local Government Finance Act 1992.
- £14,452 Concurrent Services Concurrent Services - as detailed in Appendix B Table 1.
- (f) £1,474.03 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 increasing the Council's element of Council Tax by 3.9%.
- 4** The Basic Council Tax for 2016/17 calculated in accordance with Section 34 (3) for dwellings in those areas that have a Parish precept as set out in Appendix B Table 2.
- 5** Approve in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, the aggregate amounts shown in Appendix B Table 3 the amounts of Council Tax for 2016/17 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 2016/17 of £1,474.03, 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 Appendix B Table 3.

APPENDIX B

TABLE 1 - Council Tax For Parish Councils 2016/2017

	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	5,488	103.1	53.23	1,474.03	1,527.26	325	2,839	8,652
Elwick	7,931	468.2	16.94	1,474.03	1,490.97	357	6,818	15,106
Greatham	2,711	573.3	4.73	1,474.03	1,478.76	489	1,385	4,585
Hart	4,154	291.4	14.26	1,474.03	1,488.29	248	3,410	7,812
Headland	5,466	702.2	7.78	1,474.03	1,481.81	2,534	0	8,000
Newton Bewley	172	29.8	5.77	1,474.03	1,479.80	18	0	190
	25,922					3,971	14,452	44,345

TABLE 2 - Council Taxes For Each Property Band 2016/2017

(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	1,018.18	1,187.87	1,357.57	1,527.26	1,866.65	2,206.04	2,545.44	3,054.52
Elwick	993.98	1,159.65	1,325.31	1,490.97	1,822.29	2,153.62	2,484.95	2,981.94
Greatham	985.84	1,150.15	1,314.45	1,478.76	1,807.37	2,135.98	2,464.60	2,957.52
Hart	992.19	1,157.56	1,322.92	1,488.29	1,819.01	2,149.74	2,480.48	2,976.58
Headland	987.88	1,152.52	1,317.17	1,481.81	1,811.10	2,140.39	2,469.69	2,963.62
Newton Bewley	986.54	1,150.96	1,315.38	1,479.80	1,808.64	2,137.49	2,466.34	2,959.60
Areas without a Parish Council	982.69	1,146.47	1,310.25	1,474.03	1,801.59	2,129.15	2,456.72	2,948.06

TABLE 3 - Council Taxes For Each Property Band 2016/2017

(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	1,206.22	1,407.25	1,608.29	1,809.32	2,211.39	2,613.46	3,015.54	3,618.64
Elwick	1,182.02	1,379.03	1,576.03	1,773.03	2,167.03	2,561.04	2,955.05	3,546.06
Greatham	1,173.88	1,369.53	1,565.17	1,760.82	2,152.11	2,543.40	2,934.70	3,521.64
Hart	1,180.23	1,376.94	1,573.64	1,770.35	2,163.75	2,557.16	2,950.58	3,540.70
Headland	1,175.92	1,371.90	1,567.89	1,763.87	2,155.84	2,547.81	2,939.79	3,527.74
Newton Bewley	1,174.58	1,370.34	1,566.10	1,761.86	2,153.38	2,544.91	2,936.44	3,523.72
Areas without a Parish Council	1,170.73	1,365.85	1,560.97	1,756.09	2,146.33	2,536.57	2,926.82	3,512.18

COUNCIL

MINUTES OF PROCEEDINGS

25 February 2016

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

PRESENT:-

The Ceremonial Mayor (Councillor Fleet) presiding:

COUNCILLORS:

Ainslie	C Akers-Belcher	S Akers-Belcher
Barclay	Beck	Belcher
Brash	Clark	Cook
Cranney	Gibbon	Griffin
Hall	Jackson	James
Lauderdale	Lindridge	Loynes
Martin-Wells	Richardson	Riddle
Robinson	Simmons	Tempest
Thomas	Thompson	

Officers: Gill Alexander, Chief Executive
Peter Devlin, Chief Solicitor
Andrew Atkin, Assistant Chief Executive
Chris Little, Chief Finance Officer
Steve Hilton, Public Relations Officer
Amanda Whitaker, Denise Wimpenny, Democratic Services Team

139. APOLOGIES FOR ABSENT MEMBERS

Councillors Atkinson, Hind, Lawton, Dr Morris, Sirs and Springer

140. DECLARATIONS OF INTEREST FROM MEMBERS

None

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

None

142. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 18th February 2016 were

not available for consideration at the meeting.

RESOLVED - That the minutes be deferred for consideration at the next Ordinary meeting of Council.

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

None

144. BUSINESS REQUIRED BY STATUTE

None

145. ANNOUNCEMENTS

None

146. 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

147. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES

None

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

None

149. REPORT FROM THE POLICY COMMITTEES

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

None

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

None

150. MOTIONS ON NOTICE

None

151. FORMAL COUNCIL TAX SETTING 2016/2017 – INCORPORATION OF FIRE AUTHORITY, OFFICE OF THE POLICE AND CRIME COMMISSIONER AND PARISH COUNCIL PRECEPTS

Further to minute 134 of the Council meeting held on 18 February 2016, the Chief Executive presented a report which enabled Council to set the overall level of Council Tax following the notification by precepting authorities of their approved 2016/17 Council Tax levels.

Members were reminded that the determination of the overall Council Tax level was a statutory function, which brought together the individual Council Tax levels determined by this Council, Cleveland Fire Authority, the Office of the Police and Crime Commissioner and where applicable Parish Councils. In order to ensure 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 increased its own tax by 3.9% (inclusive of the 2% Adult Social Care Precept) 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 12th February 2016 to approve a 1.9% Council Tax increase for 2016/17;
- ii) The decision of the Office of the Police and Crime Commissioner on 4th February 2016 to approve a 1.99% Council Tax increase for 2016/17.

The Table included in the report showed the statutory Council Tax calculations, incorporating the 2016/17 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:

The statutory calculations incorporating the 2016/17 Council Tax levels approved by the Office of the Police and Crime Commissioner, Cleveland Fire Authority and the parish Precepts were shown in Appendix B, Table 3.

The Chief Executive highlighted that tabled at the meeting was information which supplemented the statutory calculations detailed in Appendix B in terms of a summary of percentage council tax increases 2016/17 for a band A property and the weekly increase in Council Tax for Hartlepool Borough Council and the total weekly increase in Council Tax.

Council was requested to

- i) Note the respective responsibilities of Precepting Authorities and Billing Authorities detailed in the report; and
- ii) As the Billing Authority for the area to approve the statutory calculations detailed in Appendices A and B, which include the Council Tax and precepts set by the Office of the Police and Crime Commissioner, Cleveland Fire Authority and Parish Councils.

Members debated issues arising from the report including the rationale for convening this Council meeting due to the restricted business included on the agenda. Discussion followed on the merits of the precepts set by the Office of the Police and Crime Commissioner and Cleveland Fire Authority when contrary views were expressed on support for the precept set by the Office of the Police and Crime Commissioner.

Clarification was sought from the Chief Solicitor that the impending vote related only to the statutory calculations incorporating the 2016/17 Council Tax levels approved by the Office of the Police and Crime Commissioner, Cleveland Fire Authority and the parish Precepts. Whilst confirming the accuracy of that statement, the Chief Solicitor advised that the vote could be construed otherwise i.e. as approval of each component part of the overall level of Council Tax as the Regulations did refer to consideration of the calculation as a 'budget decision' which required a recorded vote.

Councillor Brash advised that based on the advice received from the Chief Solicitor, he would be voting against the recommendations as he did not support all the components of the Council Tax increase; he was against the 1.9% element of the increase in council tax for Hartlepool Council.

In accordance with Council Procedure Rule 17.5 of the Constitution and based on the clarification provided by the Chief Solicitor, a recorded vote was taken:-.

Those in favour:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Belcher, Clark, Cook, Cranney, Fleet, Griffin, Hall, Jackson, James, Lauderdale, Lindridge, Richardson, Robinson, Simmons, Tempest and Thomas.

Those against:

Councillors Brash, Gibbon, Loynes, Martin-Wells, Riddle and Thompson

Those abstaining:

None.

152. PUBLIC QUESTION

None

153. 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

None

- 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

The minutes of the meeting held by Cleveland Fire Authority held on 11 December 2015 were noted.

With reference to minute 128 of the meeting held on 18 February, 2016, a further update was requested on the outcome of the investigation. Members were advised that, since the last Council meeting, the Chief Solicitor had now spoken with the Independent Person and following that had written to the Members involved. The issue continued to be ongoing. However, the Chief Solicitor provided assurance that he would report to Members in due course.

The meeting concluded at 7.20 p.m.

CEREMONIAL MAYOR

SECTION B

Detailed Revenue Budgets by Department

STATEMENT OF GENERAL FUND REQUIREMENTS FOR 2016/17

	2016/2017 BUDGET
	£m.
<u>DEPARTMENTAL REQUIREMENTS</u>	
Child & Adult Services Department	46.830
Chief Executives Department	4.269
Rent Allowances/C.Tax benefit not subsidised	1.623
Rent Allowances Grant	(1.376)
Public Health Department	1.055
Regen & Neighbourhoods	19.947
TOTAL DEPARTMENTAL REQUIREMENTS	72.348
Property Budgets	2.785
<u>EXTERNAL REQUIREMENTS</u>	
Magistrates, Probation and Coroners Court	0.192
North Eastern Sea Fisheries Levy	0.027
Flood Defence Levy	0.073
<u>CORPORATE COMMITMENTS</u>	
I.T.	2.654
Free Swims	0.031
Audit Fees	0.125
Centralised Estimates	5.339
Insurances	0.267
Designated Authority Costs	0.033
Pensions	0.413
Members Allowances	0.284
Living Wage	0.150
Increased External contract Prices	0.500
Emergency Planning	0.066
Parish Precepts	0.028
Pressure from loss of funding for academies programme	0.185
Shopping Centre	(0.343)
LCTS 2016/17 Cost Pressure to maintain a 20% scheme	1.089
Pensions Employers Saving	(0.380)
Holiday Pay	0.190
Ward Members Budgets	0.132
GROSS BASE BUDGET REQUIREMENT	86.188

Council Tax Percentage Increase	3.90%
Formula Grant	25.720
Retained Business Rates	15.873
Council Tax	34.294
Council Tax - Precept Income	0.022
Collection Fund Surplus/(deficit)	0.963
Specific Grants	3.362
Use of Budget Support Fund / Risk Reserves	5.954
BUDGET LIMIT	86.188
DEFICIT/(SURPLUS)	0.000
Less Cumulative cuts in previous years	0.000
New Annual Savings	(0.000)

CHILD & ADULT SERVICES
DETAILED REVENUE BUDGETS 2016/2017

2016/2017 BUDGET - CHILD AND ADULT SERVICES SUMMARY

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2016/2017 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Child							
197	Access to Education	210	(2)	0	0	59	(59)	208
108	Central Support Services	120	0	0	0	0	0	120
11,958	Children & Families	12,122	(250)	0	0	532	(532)	11,872
4,404	Early Intervention Services	4,735	(550)	0	0	0	0	4,185
542	Other School Related Expenditure	556	(33)	0	0	0	0	523
4	Play & Care	4	0	0	0	0	0	4
561	Raising Educational Achievement	584	(61)	0	0	195	(195)	523
219	Special Educational Needs	240	(3)	0	0	0	0	237
56	Strategic Management	18	(1)	0	0	0	0	17
418	Youth Offending	429	0	0	0	0	0	429
0	Dedicated Schools Grant - Early Years Block	0	0	0	0	77	(77)	0
0	Dedicated Schools Grant - Schools Block	47	0	0	0	0	0	47
0	Dedicated Schools Grant - High Needs Block	0	0	0	0	0	0	0
18,467	Sub-Total Child	19,065	(900)	0	0	863	(863)	18,165
	Adult							
0	Carers Support	0	0	0	0	0	0	0
3,475	Commissioning - Adults	3,658	(175)	202	(202)	0	0	3,483
1,300	Commissioning - Mental Health	1,340	0	71	(71)	337	(337)	1,340
9,910	Commissioning - Older People	10,164	(250)	276	(276)	0	0	9,914
7,803	Commissioning - Working Age Adults	7,999	(145)	205	(205)	0	0	7,854
204	Complaints, Investigations & Public Information	172	(3)	0	0	31	(31)	169
456	Departmental Running Costs	460	(250)	0	0	0	0	210
760	Direct Care & Support Team	783	0	0	0	0	0	783
390	Learning Disability & Transition Social Work Teams	402	0	0	0	0	0	402
2,705	Locality & Safeguarding Social Work Teams	3,011	0	0	0	0	0	3,011
652	Mental Health Services	705	(20)	0	0	43	(43)	685
370	Occupational Therapy Services & Disability Equipment	379	(7)	0	0	0	0	372
198	Workforce Planning & Development	202	0	0	0	0	0	202
1,150	Working Age Adults Day Services	1,174	0	0	0	0	0	1,174
29,373	Sub-Total Adult	30,449	(850)	754	(754)	411	(411)	29,599
0	Contribution from Reserves	0	(934)	0	0	0	0	(934)
47,840	Net Budget Requirement	49,514	(2,684)	754	(754)	1,274	(1,274)	46,830

2016/2017 BUDGET - SERVICE UNIT: ACCESS TO EDUCATION

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Buildings and School Places</u>						
80	Direct costs - Employees	83	0	0	0	0	83
13	- Other	13	0	0	0	0	72
93	Total Direct Cost	96	0	0	0	59	155
14	Support Recharges	14	0	0	0	0	14
0	Income	0	0	0	0	0	0
107	Gross Budget Requirement	110	0	0	0	59	169
	<u>Attendance and Behaviour</u>						
294	Direct costs - Employees	292	0	0	0	0	292
27	- Other	18	(1)	0	0	0	17
321	Total Direct Cost	310	(1)	0	0	0	309
31	Support Recharges	32	(1)	0	0	0	31
(262)	Income	(242)	0	0	0	0	(242)
90	Gross Budget Requirement	100	(2)	0	0	0	98
197	Total Gross Budget Requirement	210	(2)	0	0	59	267
	Use Of Departmental Reserves					(59)	(59)
197	Net Budget Requirement	210	(2)	0	0	0	208

Corporate Budget Reductions

Inflationary savings identified from supplies and services budget.

2016/2017 BUDGET - SERVICE UNIT: CENTRAL SUPPORT SERVICES

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Central Support Services</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
461	Support Recharges	473	0	0	0	0	473
(353)	Income	(353)	0	0	0	0	(353)
108	Gross Budget Requirement	120	0	0	0	0	120
	Use Of Departmental Reserves						0
108	Net Budget Requirement	120	0	0	0	0	120

2016/2017 BUDGET - SERVICE UNIT: CHILDREN & FAMILIES

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Children & Families</u>						
5,880	Direct costs - Employees	5,848	0	0	0	299	6,147
6,870	- Other	7,215	0	0	0	233	7,448
12,750	Total Direct Cost	13,063	0	0	0	532	13,595
120	Support Recharges	118	0	0	0	0	118
(912)	Income	(1,059)	(250)	0	0	0	(1,309)
11,958	Gross Budget Requirement	12,122	(250)	0	0	532	12,404
	Use Of Departmental Reserves					(532)	(532)
11,958	Net Budget Requirement	12,122	(250)	0	0	0	11,872

Corporate Budget Reductions

This relates to (i) further integration of early help and intervention services across social care, education and public health. By working more closely with Public Health it is proposed that the Public Health grant can be utilised across Children's Services to support the aims of improving and enhancing Public Health across Hartlepool. (ii) Income from the Troubled Families Grant Programme and the payment by results can be offset against existing budgets to realise savings.

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.

2016/2017 BUDGET - SERVICE UNIT: EARLY INTERVENTION SERVICES

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Early Intervention Services</u>						
3,108	Direct costs - Employees	3,409	(11)	0	0	0	3,398
1,782	- Other	1,867	(89)	0	0	0	1,778
4,890	Total Direct Cost	5,276	(100)	0	0	0	5,176
31	Support Recharges	32	0	0	0	0	32
(517)	Income	(573)	(450)	0	0	0	(1,023)
4,404	Gross Budget Requirement	4,735	(550)	0	0	0	4,185
	Use Of Departmental Reserves						0
4,404	Net Budget Requirement	4,735	(550)	0	0	0	4,185

Corporate Budget Reductions

This relates to (i) further integration of early help and intervention services across social care, education and public health. By working more closely with Public Health it is proposed that the Public Health grant can be utilised across Children's Services to support the aims of improving and enhancing Public Health across Hartlepool; (ii) working in partnership with other services enabling the department to share costs and realise efficiencies as a consequence; (iii) reductions in supplies and services and general running costs.

2016/2017 BUDGET - SERVICE UNIT: OTHER SCHOOL RELATED EXPENDITURE

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Other School Related Expenditure</u>						
201	Direct costs - Employees	206	(5)	0	0	0	201
1,497	- Other	1,226	(28)	0	0	0	1,198
1,698	Total Direct Cost	1,432	(33)	0	0	0	1,399
0	Support Recharges	0	0	0	0	0	0
(1,156)	Income	(876)	0	0	0	0	(876)
542	Gross Budget Requirement	556	(33)	0	0	0	523
	Use Of Departmental Reserves						0
542	Net Budget Requirement	556	(33)	0	0	0	523

Corporate Budget Reductions

The reduction mainly relates to a reduction in ongoing pension costs.

2016/2017 BUDGET - SERVICE UNIT: PLAY & CARE

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Play & Care</u>						
104	Direct costs - Employees	104	0	0	0	0	104
27	- Other	27	0	0	0	0	27
131	Total Direct Cost	131	0	0	0	0	131
0	Support Recharges	0	0	0	0	0	0
(127)	Income	(127)	0	0	0	0	(127)
4	Gross Budget Requirement	4	0	0	0	0	4
	Use Of Departmental Reserves						0
4	Net Budget Requirement	4	0	0	0	0	4

2016/2017 BUDGET - SERVICE UNIT: RAISING EDUCATIONAL ACHIEVEMENT

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Raising Educational Achievement</u>						
1,070	Direct costs - Employees	1,115	(55)	0	0	165	1,225
389	- Other	400	(6)	0	0	0	394
1,459	Total Direct Cost	1,515	(61)	0	0	165	1,619
0	Support Recharges	0	0	0	0	0	0
(898)	Income	(931)	0	0	0	30	(901)
561	Gross Budget Requirement	584	(61)	0	0	195	718
561	Total Gross Budget Requirement	584	(61)	0	0	195	718
	Use Of Departmental Reserves					(195)	(195)
561	Net Budget Requirement	584	(61)	0	0	0	523

Corporate Budget Reductions

The reductions relate to restructuring efficiencies and inflationary savings relating to supplies and services.

2016/2017 BUDGET - SERVICE UNIT: SPECIAL EDUCATIONAL NEEDS

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Special Educational Needs</u>						
897	Direct costs - Employees	934	0	0	0	0	934
111	- Other	93	(2)	0	0	0	91
1,008	Total Direct Cost	1,027	(2)	0	0	0	1,025
33	Support Recharges	19	(1)	0	0	0	18
(822)	Income	(806)	0	0	0	0	(806)
219	Gross Budget Requirement	240	(3)	0	0	0	237
	Use Of Departmental Reserves						0
219	Net Budget Requirement	240	(3)	0	0	0	237

Corporate Budget Reductions

Inflationary savings identified from supplies and services budget.

2016/2017 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Strategic Management</u>						
248	Direct costs - Employees	191	0	0	0	0	191
47	- Other	52	(1)	0	0	0	51
295	Total Direct Cost	243	(1)	0	0	0	242
0	Support Recharges	0	0	0	0	0	0
(239)	Income	(225)	0	0	0	0	(225)
56	Gross Budget Requirement	18	(1)	0	0	0	17
	Use Of Departmental Reserves						0
56	Net Budget Requirement	18	(1)	0	0	0	17

Corporate Budget Reductions

Inflationary savings identified from supplies and services budget.

2016/2017 BUDGET - SERVICE UNIT: YOUTH OFFENDING

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Youth Offending</u>						
719	Direct costs - Employees	699	0	0	0	0	699
190	- Other	175	0	0	0	0	175
909	Total Direct Cost	874	0	0	0	0	874
0	Support Recharges	0	0	0	0	0	0
(491)	Income	(445)	0	0	0	0	(445)
418	Gross Budget Requirement	429	0	0	0	0	429
	Use Of Departmental Reserves						0
418	Net Budget Requirement	429	0	0	0	0	429

2016/2017 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - EARLY YEARS BLOCK

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Dedicated Schools Grant - Early Years Block						
2,257	ISB	2,342	0	0	0	0	2,342
34	Direct costs - Employees	35	0	0	0	27	62
2,143	- Other	2,057	0	0	0	25	2,082
4,434	Total Direct Cost	4,434	0	0	0	52	4,486
53	Support Recharges	53	0	0	0	25	78
(4,487)	Income	(4,487)	0	0	0	0	(4,487)
0	Gross Budget Requirement	0	0	0	0	77	77
	Use Of Departmental Reserves					(77)	(77)
0	Net Budget Requirement	0	0	0	0	0	0

This is an indicative budget which is subject to change due to participation levels.

2016/2017 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - SCHOOLS BLOCK

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Dedicated Schools Grant - Schools Block						
41,986	ISB	41,986	0	0	0	0	41,986
202	Direct costs - Employees	259	0	0	0	0	259
1,469	- Other	1,486	0	0	0	0	1,486
43,657	Total Direct Cost	43,731	0	0	0	0	43,731
325	Support Recharges	325	0	0	0	0	325
(43,982)	Income	(44,009)	0	0	0	0	(44,009)
0	Gross Budget Requirement	47	0	0	0	0	47
	Use Of Departmental Reserves						0
0	Net Budget Requirement	47	0	0	0	0	47

The funding received in respect of the schools block is net of funding for Academies. The increase in budget relates to the transfer of staff to the Admissions Service which were previous budgeted for within in Strategic Management.

2016/2017 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - HIGH NEEDS BLOCK

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Dedicated Schools Grant - High Needs Block						
1,107	ISB	1,107	0	0	0	0	1,107
151	Direct costs - Employees	151	0	0	0	0	151
6,312	- Other	6,312	0	0	0	0	6,312
7,570	Total Direct Cost	7,570	0	0	0	0	7,570
536	Support Recharges	536	0	0	0	0	536
(8,106)	Income	(8,106)	0	0	0	0	(8,106)
0	Gross Budget Requirement	0	0	0	0	0	0
	Use Of Departmental Reserves						0
0	Net Budget Requirement	0	0	0	0	0	0

2016/2017 BUDGET - SERVICE UNIT: CARERS SUPPORT

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Carers Support						
0	Direct costs - Employees	0	0	0	0	0	0
180	- Other	180	0	0	0	0	180
180	Total Direct Cost	180	0	0	0	0	180
0	Support Recharges	0	0	0	0	0	0
(180)	Income	(180)	0	0	0	0	(180)
0	Gross Budget Requirement	0	0	0	0	0	0
	Use Of Departmental Reserves						0
0	Net Budget Requirement	0	0	0	0	0	0

2016/2017 BUDGET - SERVICE UNIT: COMMISSIONING - ADULTS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Commissioning - Adults						
1,229	Direct costs - Employees	1,264	0	0	0	49	1,313
3,793	- Other	3,857	(174)	0	(202)	0	3,481
5,022	Total Direct Cost	5,121	(174)	0	(202)	49	4,794
197	Support Recharges	197	(1)	0	0	0	196
(1,744)	Income	(1,660)	0	202	0	0	(1,458)
3,475	Gross Budget Requirement	3,658	(175)	202	(202)	49	3,532
	Use Of Departmental Reserves					(49)	(49)
3,475	Net Budget Requirement	3,658	(175)	202	(202)	0	3,483

Corporate Budget Reductions

These relate to services being provided through greater integration between health and social care and not applying an inflationary increase to various contracts and a review of all non-pay budgets.

Departmental Budget Pressures

The Care Act Grant was mainstreamed into the Revenue Support Grant but was £0.2m lower than the 2015/16 allocation.

Departmental Budget Reductions to Fund Pressures

The element of the Care Act grant in 2015/16 that was allocated towards Early Assessments and the introduction of the Care Cap had not been fully allocated owing to the government delaying the introduction of the Care Cap until April 2020. This uncommitted funding has been used to fund the above pressure.

One off costs Funded from Department Reserves

This relates to a temporary post funded from the Better Care Fund reserve.

2016/2017 BUDGET - SERVICE UNIT: COMMISSIONING - MENTAL HEALTH

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Commissioning - Mental Health						
69	Direct costs - Employees	74	0	0	0	152	226
2,161	- Other	2,212	0	71	0	185	2,468
2,230	Total Direct Cost	2,286	0	71	0	337	2,694
0	Support Recharges	0	0	0	0	0	0
(930)	Income	(946)	0	0	(71)	0	(1,017)
1,300	Gross Budget Requirement	1,340	0	71	(71)	337	1,677
	Use Of Departmental Reserves					(337)	(337)
1,300	Net Budget Requirement	1,340	0	71	(71)	0	1,340

Departmental Budget Pressures

This relates to increased costs for residential and community based care owing to demographic pressures.

Departmental Budget Reductions to Fund Pressures

This relates to increased income from the CCG as a contribution towards joint packages of care.

One off costs Funded from Department Reserves

This relates to the Deprivation of Liberty Safeguards budget pressure to be funded from reserves in 2016/17.

2016/2017 BUDGET - SERVICE UNIT: COMMISSIONING - OLDER PEOPLE

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Commissioning - Older People						
0	Direct costs - Employees	0	0	0	0	0	0
22,439	- Other	22,336	(250)	276	0	0	22,362
22,439	Total Direct Cost	22,336	(250)	276	0	0	22,362
0	Support Recharges	0	0	0	0	0	0
(12,529)	Income	(12,172)	0	0	(276)	0	(12,448)
9,910	Gross Budget Requirement	10,164	(250)	276	(276)	0	9,914
	Use Of Departmental Reserves						0
9,910	Net Budget Requirement	10,164	(250)	276	(276)	0	9,914

Corporate Budget Reductions

These relate to services being provided through greater integration between health and social care, not applying an inflationary increase to various contracts and a review of all non-pay budgets. In addition, through delivery of the Better Care Fund plan initiatives around early intervention, prevention and low level services it is hoped there will be a reduction in demand for services.

Departmental Budget Pressures

This relates to increased costs for residential and community based care owing to demographic pressures.

Departmental Budget Reductions to Fund Pressures

This relates to increased income from the CCG as a contribution towards joint packages of care.

2016/2017 BUDGET - SERVICE UNIT: COMMISSIONING - WORKING AGE ADULTS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Commissioning - Working Age Adults						
0	Direct costs - Employees	0	0	0	0	0	0
11,850	- Other	12,130	(145)	205	0	0	12,190
11,850	Total Direct Cost	12,130	(145)	205	0	0	12,190
0	Support Recharges	0	0	0	0	0	0
(4,047)	Income	(4,131)	0	0	(205)	0	(4,336)
7,803	Gross Budget Requirement	7,999	(145)	205	(205)	0	7,854
	Use Of Departmental Reserves						0
7,803	Net Budget Requirement	7,999	(145)	205	(205)	0	7,854

Corporate Budget Reductions

Through initiatives around early intervention, prevention and low level services it is hoped there will be a reduction in demand for services.

Departmental Budget Pressures

This relates to increased costs for residential and community based care owing to demographic pressures.

Departmental Budget Reductions to Fund Pressures

This relates to increased income from the CCG as a contribution towards joint packages of care.

2016/2017 BUDGET - SERVICE UNIT: COMPLAINTS, INVESTIGATIONS & PUBLIC INFORMATION

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Complaints, Investigations & Public Information						
130	Direct costs - Employees	134	0	0	0	31	165
164	- Other	169	(3)	0	0	0	166
294	Total Direct Cost	303	(3)	0	0	31	331
0	Support Recharges	0	0	0	0	0	0
(90)	Income	(131)	0	0	0	0	(131)
204	Gross Budget Requirement	172	(3)	0	0	31	200
	Use Of Departmental Reserves					(31)	(31)
204	Net Budget Requirement	172	(3)	0	0	0	169

Corporate Budget Reductions

These relate to not applying an inflationary increase to various contracts and a review of all non-pay budgets.

One off costs Funded from Department Reserves

This relates to a temporary post funded from the Better Care Fund reserve.

2016/2017 BUDGET - SERVICE UNIT: DEPARTMENTAL RUNNING COSTS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Departmental Running Costs						
284	Direct costs - Employees	269	(250)	0	0	0	19
166	- Other	191	0	0	0	0	191
450	Total Direct Cost	460	(250)	0	0	0	210
6	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
456	Gross Budget Requirement	460	(250)	0	0	0	210
	Use Of Departmental Reserves						0
456	Net Budget Requirement	460	(250)	0	0	0	210

Corporate Budget Reductions

This relates to the introduction of a Child & Adults departmental salary abatement target to account for vacant posts and incremental drift.

2016/2017 BUDGET - SERVICE UNIT: DIRECT CARE & SUPPORT TEAM

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Direct Care & Support Team						
1,451	Direct costs - Employees	1,472	0	0	0	0	1,472
163	- Other	165	0	0	0	0	165
1,614	Total Direct Cost	1,637	0	0	0	0	1,637
0	Support Recharges	0	0	0	0	0	0
(854)	Income	(854)	0	0	0	0	(854)
760	Gross Budget Requirement	783	0	0	0	0	783
	Use Of Departmental Reserves						0
760	Net Budget Requirement	783	0	0	0	0	783

2016/2017 BUDGET - SERVICE UNIT: LEARNING DISABILITY & TRANSITIONS SOCIAL WORK TEAMS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Learning Disability & Transitions Social Work Teams						
398	Direct costs - Employees	410	0	0	0	0	410
9	- Other	9	0	0	0	0	9
407	Total Direct Cost	419	0	0	0	0	419
0	Support Recharges	0	0	0	0	0	0
(17)	Income	(17)	0	0	0	0	(17)
390	Gross Budget Requirement	402	0	0	0	0	402
	Use Of Departmental Reserves						0
390	Net Budget Requirement	402	0	0	0	0	402

2016/2017 BUDGET - SERVICE UNIT: LOCALITY & SAFEGUARDING SOCIAL WORK TEAMS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Locality & Safeguarding Social Work Teams</u>						
3,492	Direct costs - Employees	3,583	0	0	0	0	3,583
132	- Other	135	0	0	0	0	135
3,624	Total Direct Cost	3,718	0	0	0	0	3,718
0	Support Recharges	0	0	0	0	0	0
(919)	Income	(707)	0	0	0	0	(707)
2,705	Gross Budget Requirement	3,011	0	0	0	0	3,011
	Use Of Departmental Reserves						0
2,705	Net Budget Requirement	3,011	0	0	0	0	3,011

2016/2017 BUDGET - SERVICE UNIT: MENTAL HEALTH SERVICES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Mental Health Services</u>						
587	Direct costs - Employees	604	(1)	0	0	43	646
112	- Other	118	(19)	0	0	0	99
699	Total Direct Cost	722	(20)	0	0	43	745
0	Support Recharges	0	0	0	0	0	0
(47)	Income	(17)	0	0	0	0	(17)
652	Gross Budget Requirement	705	(20)	0	0	43	728
	Use Of Departmental Reserves					(43)	(43)
652	Net Budget Requirement	705	(20)	0	0	0	685

Corporate Budget Reductions

These relate to not applying an inflationary increase to various contracts and a review of all non-pay budgets.

One off costs Funded from Department Reserves

This relates to the temporary funding of a post within the Mental Health Team.

2016/2017 BUDGET - SERVICE UNIT: OCCUPATIONAL THERAPY SERVICES & DISABILITY EQUIPMENT

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Occupational Therapy Services & Disability Equipment</u>						
0	Direct costs - Employees	0	0	0	0	0	0
429	- Other	436	(7)	0	0	0	429
429	Total Direct Cost	436	(7)	0	0	0	429
60	Support Recharges	62	0	0	0	0	62
(119)	Income	(119)	0	0	0	0	(119)
370	Gross Budget Requirement	379	(7)	0	0	0	372
	Use Of Departmental Reserves						0
370	Net Budget Requirement	379	(7)	0	0	0	372

Corporate Budget Reductions

These relate to not applying an inflationary increase to various contracts and a review of all non-pay budgets.

2016/2017 BUDGET - SERVICE UNIT: WORKFORCE PLANNING & DEVELOPMENT

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Workforce Planning & Development</u>						
159	Direct costs - Employees	162	0	0	0	0	162
51	- Other	95	0	0	0	0	95
210	Total Direct Cost	257	0	0	0	0	257
0	Support Recharges	0	0	0	0	0	0
(12)	Income	(55)	0	0	0	0	(55)
198	Gross Budget Requirement	202	0	0	0	0	202
	Use Of Departmental Reserves						0
198	Net Budget Requirement	202	0	0	0	0	202

2016/2017 BUDGET - SERVICE UNIT: WORKING AGE ADULTS DAY SERVICES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Working Age Adults Day Services</u>						
762	Direct costs - Employees	771	0	0	0	0	771
455	- Other	472	0	0	0	0	472
1,217	Total Direct Cost	1,243	0	0	0	0	1,243
0	Support Recharges	0	0	0	0	0	0
(67)	Income	(69)	0	0	0	0	(69)
1,150	Gross Budget Requirement	1,174	0	0	0	0	1,174
	Use Of Departmental Reserves						0
1,150	Net Budget Requirement	1,174	0	0	0	0	1,174

**CHIEF EXECUTIVE'S
DETAILED REVENUE BUDGETS 2016/2017**

2016/2017 BUDGET - CHIEF EXECUTIVES SUMMARY

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2016/2017 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
(195)	Benefits	(166)	(11)	25	0	37	(37)	(152)
(859)	Central Administration Recharges	(881)	0	0	0	0	0	(881)
987	Corporate Finance	1,056	(50)	0	0	0	0	1,006
658	Corporate Strategy & Public Consultation	680	(34)	0	0	54	(54)	646
(143)	Council Tax & Housing Benefits	(143)	0	0	0	0	0	(143)
882	Customer and Support Services	906	(50)	0	0	0	0	856
186	Democratic Services	191	0	0	0	0	0	191
98	Fraud	101	0	0	(25)	0	0	76
453	Human Resources & Health and Safety	469	(18)	0	0	0	0	451
230	Internal Audit	237	0	0	0	0	0	237
424	Legal Services	440	(30)	0	0	36	(36)	410
193	Municipal Elections and Registration of Electors	198	0	0	0	0	0	198
(79)	Other Office Services	(80)	0	0	0	0	0	(80)
81	Public Relations	84	0	0	0	0	0	84
(104)	Registration Services	(107)	0	0	0	5	(5)	(107)
858	Revenues	876	(12)	0	0	44	(44)	864
(407)	Revenue & Benefits Central	(379)	(18)	0	0	0	0	(397)
629	Shared Services	674	(9)	0	0	34	(34)	665
67	Scrutiny Function	70	0	0	0	0	0	70
119	Support to Members	122	0	0	0	0	0	122
18	Training & Equality	18	(3)	0	0	9	(9)	15
369	Corporate Management Running Expenses	385	0	0	0	0	0	385
4,465	Net Budget Requirement	4,751	(235)	25	(25)	219	(219)	4,516

2016/2017 BUDGET - SERVICE UNIT: BENEFITS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Benefits						
667	Direct costs - Employees	696	(10)	0	0	0	686
50	- Other	50	(1)	0	0	37	86
717	Total Direct Cost	746	(11)	0	0	37	772
0	Support Recharges	0	0	0	0	0	0
(912)	Income	(912)	0	25	0	0	(887)
(195)	Gross Budget Requirement	(166)	(11)	25	0	37	(115)
	Use Of Departmental Reserves					(37)	(37)
(195)	Net Budget Requirement	(166)	(11)	25	0	0	(152)

Corporate Budget Reductions

The reduction relates to savings made on non-pay budgets across the Benefits Section.

Departmental Budget Pressures

The pressure relates to the reduction in the Housing Benefit Subsidy Administration Grant.

One off costs Funded from Department Reserves

To fund Revenues and Benefits project development work.

2016/2017 BUDGET - SERVICE UNIT: CENTRAL ADMINISTRATION RECHARGES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (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
(859)	Income	(881)	0	0	0	0	(881)
(859)	Gross Budget Requirement	(881)	0	0	0	0	(881)
	Use Of Departmental Reserves						0
(859)	Net Budget Requirement	(881)	0	0	0	0	(881)

2016/2017 BUDGET - SERVICE UNIT: CORPORATE FINANCE

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Corporate Finance						
1,426	Direct costs - Employees	1,469	(50)	0	0	0	1,419
96	- Other	99	0	0	0	0	99
1,522	Total Direct Cost	1,568	(50)	0	0	0	1,518
0	Support Recharges	0	0	0	0	0	0
(535)	Income	(512)	0	0	0	0	(512)
987	Gross Budget Requirement	1,056	(50)	0	0	0	1,006
	Use Of Departmental Reserves						0
987	Net Budget Requirement	1,056	(50)	0	0	0	1,006

Corporate Budget Reductions

The reduction relates to the deletion of vacant posts within the Corporate Finance Section.

2016/2017 BUDGET - SERVICE UNIT: CORPORATE STRATEGY & PUBLIC CONSULTATION

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	Corporate Strategy & Public Consultation						
643	Direct costs - Employees	665	(6)	0	0	0	659
24	- Other	25	(9)	0	0	54	70
667	Total Direct Cost	690	(15)	0	0	54	729
0	Support Recharges	0	0	0	0	0	0
(9)	Income	(10)	(19)	0	0	0	(29)
658	Gross Budget Requirement	680	(34)	0	0	54	700
	Use Of Departmental Reserves					(54)	(54)
658	Net Budget Requirement	680	(34)	0	0	0	646

Corporate Budget Reductions

The reduction relates to savings made on training and non pay budgets across the Corporate Strategy and Corporate ICT Section, and additional income generation.

One off costs Funded from Department Reserves

To fund further development of the Council's ICT infrastructure and system upgrades.

2016/2017 BUDGET - SERVICE UNIT: COUNCIL TAX & HOUSING BENEFITS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	Council Tax & Housing Benefits						
0	Direct costs - Employees	0	0	0	0	0	0
48,500	- Other	48,500	0	0	0	0	48,500
48,500	Total Direct Cost	48,500	0	0	0	0	48,500
0	Support Recharges	0	0	0	0	0	0
(48,643)	Income	(48,643)	0	0	0	0	(48,643)
(143)	Gross Budget Requirement	(143)	0	0	0	0	(143)
	Use Of Departmental Reserves						0
(143)	Net Budget Requirement	(143)	0	0	0	0	(143)

2016/2017 BUDGET - SERVICE UNIT: CUSTOMER/SUPPORT SERVICES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	Customer/Support Services						
798	Direct costs - Employees	819	(35)	0	0	0	784
109	- Other	112	(15)	0	0	0	97
907	Total Direct Cost	931	(50)	0	0	0	881
0	Support Recharges	0	0	0	0	0	0
(25)	Income	(25)	0	0	0	0	(25)
882	Gross Budget Requirement	906	(50)	0	0	0	856
	Use Of Departmental Reserves						0
882	Net Budget Requirement	906	(50)	0	0	0	856

Corporate Budget Reductions

The reduction relates to savings resulting from a restructure within the Customer and Support Services Section, and some savings made on non pay budgets.

2016/2017 BUDGET - SERVICE UNIT: DEMOCRATIC SERVICES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Democratic Services						
167	Direct costs - Employees	172	0	0	0	0	172
20	- Other	20	0	0	0	0	20
187	Total Direct Cost	192	0	0	0	0	192
0	Support Recharges	0	0	0	0	0	0
(1)	Income	(1)	0	0	0	0	(1)
186	Gross Budget Requirement	191	0	0	0	0	191
	Use Of Departmental Reserves						0
186	Net Budget Requirement	191	0	0	0	0	191

2016/2017 BUDGET - SERVICE UNIT: FRAUD

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Fraud						
89	Direct costs - Employees	92	0	0	(25)	0	67
9	- Other	9	0	0	0	0	9
98	Total Direct Cost	101	0	0	(25)	0	76
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
98	Gross Budget Requirement	101	0	0	(25)	0	76
	Use Of Departmental Reserves						0
98	Net Budget Requirement	101	0	0	(25)	0	76

Departmental Budget Reductions to Fund Pressures

Deletion of a vacant post within the Fraud Section is part funding the pressure of the reduction in Housing Benefit Subsidy Grant.

2016/2017 BUDGET - SERVICE UNIT: HUMAN RESOURCES & HEALTH AND SAFETY

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Human Resources & Health and Safety						
714	Direct costs - Employees	736	(8)	0	0	0	728
11	- Other	11	0	0	0	0	11
725	Total Direct Cost	747	(8)	0	0	0	739
0	Support Recharges	0	0	0	0	0	0
(272)	Income	(278)	(10)	0	0	0	(288)
453	Gross Budget Requirement	469	(18)	0	0	0	451
	Use Of Departmental Reserves						0
453	Net Budget Requirement	469	(18)	0	0	0	451

Corporate Budget Reductions

The savings made relate to the deletion of vacant hours within the Human Resources Section and additional income generation.

2016/2017 BUDGET - SERVICE UNIT: INTERNAL AUDIT

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Internal Audit						
245	Direct costs - Employees	253	0	0	0	0	253
13	- Other	13	0	0	0	0	13
258	Total Direct Cost	266	0	0	0	0	266
0	Support Recharges	0	0	0	0	0	0
(28)	Income	(29)	0	0	0	0	(29)
230	Gross Budget Requirement	237	0	0	0	0	237
	Use Of Departmental Reserves						0
230	Net Budget Requirement	237	0	0	0	0	237

2016/2017 BUDGET - SERVICE UNIT: LEGAL SERVICES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Legal Services						
525	Direct costs - Employees	543	(30)	0	0	0	513
37	- Other	38	0	0	0	0	38
562	Total Direct Cost	581	(30)	0	0	0	551
0	Support Recharges	0	0	0	0	0	0
(138)	Income	(141)	0	0	0	36	(105)
424	Gross Budget Requirement	440	(30)	0	0	36	446
	Use Of Departmental Reserves					(36)	(36)
424	Net Budget Requirement	440	(30)	0	0	0	410

Corporate Budget Reductions

The reduction relates to staffing changes within the Legal Section.

One off costs Funded from Department Reserves

To fund reduced income generated from Land and Property conveyance.

2016/2017 BUDGET - SERVICE UNIT: MUNICIPAL ELECTIONS AND REGISTRATION OF ELECTORS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Municipal Elections and Registration of Electors						
131	Direct costs - Employees	135	0	0	0	0	135
63	- Other	65	0	0	0	0	65
194	Total Direct Cost	200	0	0	0	0	200
0	Support Recharges	0	0	0	0	0	0
(1)	Income	(2)	0	0	0	0	(2)
193	Gross Budget Requirement	198	0	0	0	0	198
	Use Of Departmental Reserves						0
193	Net Budget Requirement	198	0	0	0	0	198

2016/2017 BUDGET - SERVICE UNIT: OTHER OFFICE SERVICES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Other Office Services						
55	Direct costs - Employees	56					56
0	- Other	0					0
55	Total Direct Cost	56	0	0	0	0	56
7	Support Recharges	8					8
(141)	Income	(144)					(144)
(79)	Gross Budget Requirement	(80)	0	0	0	0	(80)
	Use Of Departmental Reserves						0
(79)	Net Budget Requirement	(80)	0	0	0	0	(80)

2016/2017 BUDGET - SERVICE UNIT: PUBLIC RELATIONS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Public Relations						
159	Direct costs - Employees	164					164
69	- Other	70					70
228	Total Direct Cost	234	0	0	0	0	234
0	Support Recharges	0					0
(147)	Income	(150)					(150)
81	Gross Budget Requirement	84	0	0	0	0	84
	Use Of Departmental Reserves						0
81	Net Budget Requirement	84	0	0	0	0	84

2016/2017 BUDGET - SERVICE UNIT: REGISTRATION SERVICES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Registration Services						
16	Direct costs - Employees	16	0	0	0	0	16
9	- Other	9	0	0	0	5	14
25	Total Direct Cost	25	0	0	0	5	30
0	Support Recharges	0	0	0	0	0	0
(129)	Income	(132)	0	0	0	0	(132)
(104)	Gross Budget Requirement	(107)	0	0	0	5	(102)
	Use Of Departmental Reserves					(5)	(5)
(104)	Net Budget Requirement	(107)	0	0	0	0	(107)

One off costs Funded from Department Reserves

To fund Registrars software maintenance costs.

2016/2017 BUDGET - SERVICE UNIT: REVENUES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	Revenues						
695	Direct costs - Employees	714	(10)	0	0	32	736
181	- Other	181	(2)	0	0	12	191
876	Total Direct Cost	895	(12)	0	0	44	927
14	Support Recharges	14	0	0	0	0	14
(32)	Income	(33)	0	0	0	0	(33)
858	Gross Budget Requirement	876	(12)	0	0	44	908
	Use Of Departmental Reserves					(44)	(44)
858	Net Budget Requirement	876	(12)	0	0	0	864

Corporate Budget Reductions

The majority of the savings are from a restructure within the Cashiers Section.

One off costs Funded from Department Reserves

To fund additional staffing and apprenticeships from Council Tax Reform Grant.

2016/2017 BUDGET - SERVICE UNIT: REVENUE & BENEFITS CENTRAL

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	Revenue & Benefits Central						
244	Direct costs - Employees	252	0	0	0	0	252
131	- Other	171	(18)	0	0	0	153
375	Total Direct Cost	423	(18)	0	0	0	405
0	Support Recharges	0	0	0	0	0	0
(782)	Income	(802)	0	0	0	0	(802)
(407)	Gross Budget Requirement	(379)	(18)	0	0	0	(397)
	Use Of Departmental Reserves						0
(407)	Net Budget Requirement	(379)	(18)	0	0	0	(397)

Corporate Budget Reductions

The replacement of the Council Telephony System has meant the externally hosted self-service facility can be brought in house, creating savings.

2016/2017 BUDGET - SERVICE UNIT: SHARED SERVICES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	Shared Services						
884	Direct costs - Employees	910	(9)	0	0	24	925
180	- Other	185	0	0	0	10	195
1,064	Total Direct Cost	1,095	(9)	0	0	34	1,120
0	Support Recharges	0	0	0	0	0	0
(435)	Income	(421)	0	0	0	0	(421)
629	Gross Budget Requirement	674	(9)	0	0	34	699
	Use Of Departmental Reserves					(34)	(34)
629	Net Budget Requirement	674	(9)	0	0	0	665

Corporate Budget Reductions

The saving relates to the deletion of vacant hours within the Payroll Section.

One off costs Funded from Department Reserves

To fund additional staffing in the Recovery Section and to fund IT projects.

2016/2017 BUDGET - SERVICE UNIT: SCRUTINY FUNCTION

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Scrutiny Function</u>						
88	Direct costs - Employees	91	0	0	0	0	91
1	- Other	1	0	0	0	0	1
89	Total Direct Cost	92	0	0	0	0	92
0	Support Recharges	0	0	0	0	0	0
(22)	Income	(22)	0	0	0	0	(22)
67	Gross Budget Requirement	70	0	0	0	0	70
	Use Of Departmental Reserves						0
67	Net Budget Requirement	70	0	0	0	0	70

2016/2017 BUDGET - SERVICE UNIT: SUPPORT TO MEMBERS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Support to Members</u>						
68	Direct costs - Employees	70	0	0	0	0	70
51	- Other	52	0	0	0	0	52
119	Total Direct Cost	122	0	0	0	0	122
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
119	Gross Budget Requirement	122	0	0	0	0	122
	Use Of Departmental Reserves						0
119	Net Budget Requirement	122	0	0	0	0	122

2016/2017 BUDGET - SERVICE UNIT: TRAINING & EQUALITY

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Training & Equality</u>						
3	Direct costs - Employees	3	0	0	0	9	12
15	- Other	15	(3)	0	0	0	12
18	Total Direct Cost	18	(3)	0	0	9	24
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
18	Gross Budget Requirement	18	(3)	0	0	9	24
	Use Of Departmental Reserves					(9)	(9)
18	Net Budget Requirement	18	(3)	0	0	0	15

Corporate Budget Reductions

Reduction of non pay budgets within the Training Section.

One off costs Funded from Department Reserves

The reserve will be used to fund development and training provision, to support the development of the Council.

2016/2017 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 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(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
(18)	Income	(18)	0	0	0	0	(18)
(18)	Gross Budget Requirement A	(18)	0	0	0	0	(18)
	<u>Corporate Management Running Expenses</u>						
263	Direct costs - Employees	267	0	0	0	0	267
11	- Other	11	0	0	0	0	11
274	Total Direct Cost	278	0	0	0	0	278
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
274	Gross Budget Requirement B	278	0	0	0	0	278
	<u>Trade Union Representative</u>						
28	Direct costs - Employees	37	0	0	0	0	37
0	- Other	0	0	0	0	0	0
28	Total Direct Cost	37	0	0	0	0	37
17	Support Recharges	18	0	0	0	0	18
0	Income	0	0	0	0	0	0
45	Gross Budget Requirement C	55	0	0	0	0	55
	<u>Central Council Expenses</u>						
0	Direct costs - Employees	0	0	0	0	0	0
75	- Other	77	0	0	0	0	77
75	Total Direct Cost	77	0	0	0	0	77
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
75	Gross Budget Requirement D	77	0	0	0	0	77
	<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
(7)	Income	(7)	0	0	0	0	(7)
(7)	Gross Budget Requirement E	(7)	0	0	0	0	(7)
369	Gross Budget Requirement of (A) to (E)	385	0	0	0	0	385
	Use Of Departmental Reserves						
369	Net Budget Requirement	385	0	0	0	0	385

PUBLIC HEALTH
DETAILED REVENUE BUDGETS 2016/2017

2016/2017 BUDGET - PUBLIC HEALTH SUMMARY

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2016/2017 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Public Health (funded from ringfenced grant)							
1,020	Children's Public Health	1,511	0	0	0	0	0	1,511
50	Health Protection	50	0	0	(50)	0	0	0
1,199	General Public Health Services	750	0	0	(75)	23	(23)	675
20	NHS Health Programme	113	0	0	0	0	0	113
180	Obesity	154	0	0	0	0	0	154
290	Physical Activity	290	0	0	(125)	0	0	165
817	Prescribing	973	0	0	0	0	0	973
852	Public Health Advice	930	0	0	(162)	0	0	768
810	Sexual Health	700	0	0	0	0	0	700
459	Smoking & Tobacco	303	0	0	(50)	0	0	253
2,789	Substance Misuse	2,712	0	0	(110)	0	0	2,602
(8,486)	Public Health Main Grant	(8,486)	0	572	0	0	0	(7,914)
0	Public Health Ringfenced Grant Subtotal	0	0	572	(572)	23	(23)	0
	Public Health (funded from General Fund)							
669	Consumer Services	693	(13)	0	0	0	0	680
2	Environmental Protection	2	(6)	0	0	0	0	(4)
(89)	Environmental Standards	(91)	0	0	0	0	0	(91)
501	Sport & Recreation	530	(60)	0	0	0	0	470
1,083	Public Health General Fund Subtotal	1,134	(79)	0	0	0	0	1,055
1,083	Net Budget Requirement	1,134	(79)	572	(572)	23	(23)	1,055

2016/2017 BUDGET - SERVICE UNIT: CHILDREN'S PUBLIC HEALTH

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(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
1,781	- Other	3,033	0	0	0	0	3,033
1,781	Total Direct Cost	3,033	0	0	0	0	3,033
0	Support Recharges	0	0	0	0	0	0
(761)	Income	(1,522)	0	0	0	0	(1,522)
1,020	Gross Budget Requirement	1,511	0	0	0	0	1,511
0	Use Of Departmental Reserves						0
1,020	Net Budget Requirement	1,511	0	0	0	0	1,511

2016/2017 BUDGET - SERVICE UNIT: HEALTH PROTECTION

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(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	(50)	0	0
50	Total Direct Cost	50	0	0	(50)	0	0
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
50	Gross Budget Requirement	50	0	0	(50)	0	0
0	Use Of Departmental Reserves						0
50	Net Budget Requirement	50	0	0	(50)	0	0

Departmental Budget Reductions to Fund Pressures

Savings relate to a reduction in contributions towards Environmental Health initiatives. These reductions were required to meet the £572,000 cut to the ringfenced Public Health Grant in 2016/17.

2016/2017 BUDGET - SERVICE UNIT: GENERAL PUBLIC HEALTH SERVICES

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>General Public Health Services</u>						
48	Direct costs - Employees	0	0	0	0	0	0
1,260	- Other	750	0	0	(75)	23	698
1,308	Total Direct Cost	750	0	0	(75)	23	698
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
1,308	Gross Budget Requirement	750	0	0	(75)	23	698
(109)	Use Of Departmental Reserves					(23)	(23)
1,199	Net Budget Requirement	750	0	0	(75)	0	675

Departmental Budget Reductions to Fund Pressures

Savings relate to a reduction in Health Improvement initiatives. These reductions were required to meet the £572,000 cut to the ringfenced Public Health Grant in 2016/17.

One off costs Funded from Department Reserves

One-off funding earmarked to support the costs associated with the 50+ Forum in 2016/17.

2016/2017 BUDGET - SERVICE UNIT: NHS HEALTH CHECK PROGRAMME

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(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
30	- Other	113	0	0	0	0	113
30	Total Direct Cost	113	0	0	0	0	113
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
30	Gross Budget Requirement	113	0	0	0	0	113
(10)	Use Of Departmental Reserves						0
20	Net Budget Requirement	113	0	0	0	0	113

2016/2017 BUDGET - SERVICE UNIT: OBESITY

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Obesity						
162	Direct costs - Employees	136	0	0	0	0	136
18	- Other	18	0	0	0	0	18
180	Total Direct Cost	154	0	0	0	0	154
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
180	Gross Budget Requirement	154	0	0	0	0	154
0	Use Of Departmental Reserves						0
180	Net Budget Requirement	154	0	0	0	0	154

2016/2017 BUDGET - SERVICE UNIT: PHYSICAL ACTIVITY

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(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
290	- Other	290	0	0	(125)	0	165
290	Total Direct Cost	290	0	0	(125)	0	165
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
290	Gross Budget Requirement	290	0	0	(125)	0	165
0	Use Of Departmental Reserves						0
290	Net Budget Requirement	290	0	0	(125)	0	165

Departmental Budget Reductions to Fund Pressures

Savings relate to a reduction in the range of physical activities initiatives on offer. These reductions were required to meet the £572,000 cut to the ringfenced Public Health Grant in 2016/17.

2016/2017 BUDGET - SERVICE UNIT: PRESCRIBING

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(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
817	- Other	973	0	0	0	0	973
817	Total Direct Cost	973	0	0	0	0	973
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
817	Gross Budget Requirement	973	0	0	0	0	973
0	Use Of Departmental Reserves					0	0
817	Net Budget Requirement	973	0	0	0	0	973

2016/2017 BUDGET - SERVICE UNIT: PUBLIC HEALTH ADVICE

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Public Health Advice</u>						
411	Direct costs - Employees	474	0	0	(35)	0	439
441	- Other	456	0	0	(127)	0	329
852	Total Direct Cost	930	0	0	(162)	0	768
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
852	Gross Budget Requirement	930	0	0	(162)	0	768
0	Use Of Departmental Reserves					0	0
852	Net Budget Requirement	930	0	0	(162)	0	768

Departmental Budget Reductions to Fund Pressures

Savings relate to a reduction in contract values following negotiations with providers, and the deletion of a vacant nutritionist post. These budget reductions were required to meet the 2.2% cut to the ringfenced Public Health Grant of £572,000 in 2016/17.

2016/2017 BUDGET - SERVICE UNIT: SEXUAL HEALTH

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(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
810	- Other	700	0	0	0	0	700
810	Total Direct Cost	700	0	0	0	0	700
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
810	Gross Budget Requirement	700	0	0	0	0	700
0	Use Of Departmental Reserves					0	0
810	Net Budget Requirement	700	0	0	0	0	700

2016/2017 BUDGET - SERVICE UNIT: SMOKING AND TOBACCO

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Smoking & Tobacco						
0	Direct costs - Employees	0	0	0	0	0	0
459	- Other	303	0	0	(50)	0	253
459	Total Direct Cost	303	0	0	(50)	0	253
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
459	Gross Budget Requirement	303	0	0	(50)	0	253
0	Use Of Departmental Reserves					0	0
459	Net Budget Requirement	303	0	0	(50)	0	253

Departmental Budget Reductions to Fund Pressures

Savings relate to a reduction in contract values following negotiations with providers. These budget reductions were required to meet the 2.2% cut to the ringfenced Public Health Grant of £572,000 in 2016/17.

2016/2017 BUDGET - SERVICE UNIT: SUBSTANCE MISUSE

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Substance Misuse						
333	Direct costs - Employees	343	0	0	0	0	343
2,496	- Other	2,369	0	0	(110)	100	2,359
2,829	Total Direct Cost	2,712	0	0	(110)	100	2,702
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
2,829	Gross Budget Requirement	2,712	0	0	(110)	100	2,702
(40)	Use Of Departmental Reserves					(100)	(100)
2,789	Net Budget Requirement	2,712	0	0	(110)	0	2,602

Departmental Budget Reductions to Fund Pressures

Savings relate to a reduction in the budget for tier 4 treatments services, the contribution towards the taxi marshalling scheme and efficiencies in non pay budgets. These budget reductions were required to meet the 2.2% cut to the ringfenced Public Health Grant of £572,000 in 2016/17.

One off costs Funded from Department Reserves

Funding supports the budget for tier 4 treatment services and also includes a contribution towards completion of the current taxi marshalling scheme.

2016/2017 BUDGET - SERVICE UNIT: PUBLIC HEALTH MAIN GRANT

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Public Health Main Grant						
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
(8,486)	Income	(8,486)	0	572	0	0	(7,914)
(8,486)	Gross Budget Requirement	(8,486)	0	572	0	0	(7,914)
0	Use Of Departmental Reserves					0	0
(8,486)	Net Budget Requirement	(8,486)	0	572	0	0	(7,914)

Departmental Budget Pressures

As part of the Spending Review the Government has announced that the Public Health Grant will reduce by 9.6% over the next 4 years. The reduction in 2016/17 is £572,000 which represents a 2.2% cut, and savings have been identified as part of the budget setting process to reduce the spend in relation to Public Health grant funded services.

2016/2017 BUDGET - SERVICE UNIT: CONSUMER SERVICES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Consumer Services						
932	Direct costs - Employees	932	(1)	0	0	30	961
104	- Other	91	(12)	0	0	0	79
1,036	Total Direct Cost	1,023	(13)	0	0	30	1,040
30	Support Recharges	31	0	0	0	0	31
(397)	Income	(361)	0	0	0	0	(361)
669	Gross Budget Requirement	693	(13)	0	0	30	710
0	Use Of Departmental Reserves					(30)	(30)
669	Net Budget Requirement	693	(13)	0	0	0	680

Corporate Budget Reductions

Savings relate to the cessation of the current Out of Hours Noise Service.

One off costs Funded from Department Reserves

This funding is to support various Environmental Health Projects in 2016/17, including the Tobacco Control Project.

2016/2017 BUDGET - SERVICE UNIT: ENVIRONMENTAL PROTECTION

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Environmental Protection						
0	Direct costs - Employees	0	0	0	0	0	0
26	- Other	27	(6)	0	0	0	21
26	Total Direct Cost	27	(6)	0	0	0	21
10	Support Recharges	10	0	0	0	0	10
(34)	Income	(35)	0	0	0	0	(35)
2	Gross Budget Requirement	2	(6)	0	0	0	(4)
0	Use Of Departmental Reserves					0	0
2	Net Budget Requirement	2	(6)	0	0	0	(4)

Corporate Budget Reductions

Savings relate to reductions in various non pay budgets across the service area.

2016/2017 BUDGET - SERVICE UNIT: ENVIRONMENTAL STANDARDS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Environmental Standards						
0	Direct costs - Employees	0	0	0	0	0	0
7	- Other	7	0	0	0	0	7
7	Total Direct Cost	7	0	0	0	0	7
0	Support Recharges	0	0	0	0	0	0
(96)	Income	(98)	0	0	0	0	(98)
(89)	Gross Budget Requirement	(91)	0	0	0	0	(91)
0	Use Of Departmental Reserves					0	0
(89)	Net Budget Requirement	(91)	0	0	0	0	(91)

2016/2017 BUDGET - SERVICE UNIT: SPORT & RECREATION

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Sport & Recreation						
1,755	Direct costs - Employees	1,822	(60)	0	0	0	1,762
619	- Other	491	0	0	0	0	491
2,374	Total Direct Cost	2,313	(60)	0	0	0	2,253
8	Support Recharges	8	0	0	0	0	8
(1,871)	Income	(1,791)	0	0	0	0	(1,791)
511	Gross Budget Requirement	530	(60)	0	0	0	470
(10)	Use Of Departmental Reserves	0				0	0
501	Net Budget Requirement	530	(60)	0	0	0	470

Corporate Budget Reductions

Savings relate to a Senior Management restructure.

REGENERATION & NEIGHBOURHOODS
DETAILED REVENUE BUDGETS 2016/2017

2016/2017 BUDGET - REGENERATION AND NEIGHBOURHOODS SUMMARY

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2016/2017 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
0	Adult Education	0	0	0	0	184	(184)	0
20	Archaeology	20	0	0	0	0	0	20
(25)	Asset Management	(24)	0	0	0	0	0	(24)
(368)	BDM - Building Design & Management	(373)	0	0	0	0	0	(373)
(26)	Building Control	(24)	0	0	0	0	0	(24)
(106)	Building Maintenance	(77)	0	0	0	0	0	(77)
(603)	Car Parking	(541)	0	0	0	51	(51)	(541)
47	Community Centres	49	0	0	0	0	0	49
1,095	Community Safety & Engagement	1,007	(50)	0	0	35	(35)	957
(5)	Council Housing	0	0	0	0	0	0	0
400	Cultural Services	409	0	0	0	0	0	409
870	Economic Regeneration	885	(113)	0	0	27	(27)	772
(20)	Economic Regeneration - External Funded	0	0	0	0	202	(202)	0
405	Engineering & Design	419	0	0	0	0	0	419
974	Facilities Management	1,007	(60)	0	0	0	0	947
29	General Allotments	30	0	0	0	0	0	30
1,759	Grounds Maintenance	2,127	(70)	0	0	0	0	2,057
213	Heritage and Countryside	198	0	0	0	0	0	198
1,413	Highway Maintenance	1,416	0	0	0	0	0	1,416
560	Highways Liability	552	0	0	0	0	0	552
(238)	Highways Trading	(224)	0	0	0	0	0	(224)
487	Highways Traffic & Transport Management	501	0	0	0	0	0	501
591	Housing Services	622	(50)	0	0	29	(29)	572
(52)	ITU Strategic Management	(53)	0	0	0	0	0	(53)
1,052	Libraries	1,080	(90)	0	0	0	0	990
(98)	Logistics	(91)	0	0	0	0	0	(91)
(1)	NDORS	(1)	0	0	0	0	0	(1)
1,245	Network Infrastructure	1,344	(180)	0	0	0	0	1,164
159	Parks & Countryside	(155)	(20)	0	0	0	0	(175)
1,417	Passenger Transport	1,435	(70)	0	0	0	0	1,365
216	Planning Services	227	(15)	0	0	0	0	212
88	Procurement	91	0	0	0	0	0	91
(42)	Reprographics	(43)	0	0	0	0	0	(43)
126	Road Safety	128	0	0	0	0	0	128

2016/2017 BUDGET - REGENERATION AND NEIGHBOURHOODS SUMMARY

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2016/2017 (2+3+4+5+6 +7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
544	Strategic Management, Admin & Service Development	583	(161)	0	0	0	0	422
1,669	Street Cleansing	1,743	(90)	0	0	0	0	1,653
2,393	Sustainable Transport	2,443	(20)	0	0	0	0	2,423
0	Traffic Management	0	0	0	0	0	0	0
(133)	Vehicle Fleet	(123)	0	0	0	0	0	(123)
4,509	Waste & Environmental Services	4,541	(35)	0	0	0	0	4,506
20,564	Sub-Total Regeneration and Neighbourhoods	21,128	(1,024)	0	0	528	(528)	20,104
0	Contribution from Reserves	0	(157)	0	0	0	0	(157)
20,564	Net Budget Requirement	21,128	(1,181)	0	0	528	(528)	19,947

2016/2017 BUDGET - SERVICE UNIT: ADULT EDUCATION

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Adult Education</u>						
908	Direct costs - Employees	908	0	0	0	0	908
114	- Other	114	0	0	0	184	298
1,022	Total Direct Cost	1,022	0	0	0	184	1,206
19	Support Recharges	19	0	0	0	0	19
(1,041)	Income	(1,041)	0	0	0	0	(1,041)
0	Gross Budget Requirement	0	0	0	0	184	184
0	Use Of Departmental Reserves	0				(184)	(184)
0	Net Budget Requirement	0	0	0	0	0	0

One off costs Funded from Department Reserves

Reserve funding is used to cover the running costs associated with Victoria Buildings and also to fund specific projects in 2016/17.

2016/2017 BUDGET - SERVICE UNIT: ARCHAEOLOGY

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Archaeology</u>						
92	Direct costs - Employees	93	0	0	0	0	93
10	- Other	8	0	0	0	0	8
102	Total Direct Cost	101	0	0	0	0	101
12	Support Recharges	12	0	0	0	0	12
(94)	Income	(93)	0	0	0	0	(93)
20	Gross Budget Requirement	20	0	0	0	0	20
0	Use Of Departmental Reserves					0	0
20	Net Budget Requirement	20	0	0	0	0	20

2016/2017 BUDGET - SERVICE UNIT: ASSET MANAGEMENT

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Asset Management</u>						
252	Direct costs - Employees	254	0	0	0	0	254
40	- Other	47	0	0	0	0	47
292	Total Direct Cost	301	0	0	0	0	301
1	Support Recharges	1	0	0	0	0	1
(318)	Income	(326)	0	0	0	0	(326)
(25)	Gross Budget Requirement	(24)	0	0	0	0	(24)
0	Use Of Departmental Reserves					0	0
(25)	Net Budget Requirement	(24)	0	0	0	0	(24)

2016/2017 BUDGET - SERVICE UNIT: BDM - BUILDING DESIGN & MANAGEMENT

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	BDM - Building Design & Management						
1,019	Direct costs - Employees	973	0	0	0	0	973
82	- Other	83	0	0	0	0	83
1,101	Total Direct Cost	1,056	0	0	0	0	1,056
444	Support Recharges	455	0	0	0	0	455
(1,913)	Income	(1,884)	0	0	0	0	(1,884)
(368)	Gross Budget Requirement	(373)	0	0	0	0	(373)
0	Use Of Departmental Reserves					0	0
(368)	Net Budget Requirement	(373)	0	0	0	0	(373)

2016/2017 BUDGET - SERVICE UNIT: BUILDING CONTROL

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Building Control						
169	Direct costs - Employees	175	0	0	0	0	175
26	- Other	27	0	0	0	0	27
195	Total Direct Cost	202	0	0	0	0	202
12	Support Recharges	13	0	0	0	0	13
(233)	Income	(239)	0	0	0	0	(239)
(26)	Gross Budget Requirement	(24)	0	0	0	0	(24)
0	Use Of Departmental Reserves					0	0
(26)	Net Budget Requirement	(24)	0	0	0	0	(24)

2016/2017 BUDGET - SERVICE UNIT: BUILDING MAINTENANCE

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Building Maintenance						
2,340	Direct costs - Employees	2,575	0	0	0	0	2,575
3,012	- Other	3,012	0	0	0	0	3,012
5,352	Total Direct Cost	5,587	0	0	0	0	5,587
470	Support Recharges	470	0	0	0	0	470
(5,928)	Income	(6,134)	0	0	0	0	(6,134)
(106)	Gross Budget Requirement	(77)	0	0	0	0	(77)
	Use Of Departmental Reserves					0	0
(106)	Net Budget Requirement	(77)	0	0	0	0	(77)

2016/2017 BUDGET - SERVICE UNIT: CAR PARKING

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Car Parking						
265	Direct costs - Employees	354	0	0	0	51	405
581	- Other	597	0	0	0	0	597
846	Total Direct Cost	951	0	0	0	51	1,002
14	Support Recharges	14	0	0	0	0	14
(1,463)	Income	(1,506)	0	0	0	0	(1,506)
(603)	Gross Budget Requirement	(541)	0	0	0	51	(490)
0	Use Of Departmental Reserves	0				(51)	(51)
(603)	Net Budget Requirement	(541)	0	0	0	0	(541)

One off costs Funded from Department Reserves

Funding earmarked to fund additional enforcements officers in 2016/17.

2016/2017 BUDGET - SERVICE UNIT: COMMUNITY CENTRES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Community Centres						
83	Direct costs - Employees	86	0	0	0	0	86
5	- Other	4	0	0	0	0	4
88	Total Direct Cost	90	0	0	0	0	90
0	Support Recharges	0	0	0	0	0	0
(41)	Income	(41)	0	0	0	0	(41)
47	Gross Budget Requirement	49	0	0	0	0	49
0	Use Of Departmental Reserves					0	0
47	Net Budget Requirement	49	0	0	0	0	49

2016/2017 BUDGET - SERVICE UNIT: COMMUNITY SAFETY & ENGAGEMENT

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Community Safety & Engagement						
598	Direct costs - Employees	717	(50)	0	0	35	702
971	- Other	489	0	0	0	0	489
1,569	Total Direct Cost	1,206	(50)	0	0	35	1,191
0	Support Recharges	0	0	0	0	0	0
(168)	Income	(199)	0	0	0	0	(199)
1,401	Gross Budget Requirement	1,007	(50)	0	0	35	992
(306)	Use Of Departmental Reserves	0				(35)	(35)
1,095	Net Budget Requirement	1,007	(50)	0	0	0	957

Corporate Budget Reductions

Savings relate to the deletion of vacant posts.

One Off Costs Funded from Department Reserves

One off funding earmarked to support staff employed on temporary contracts relating to a specific project.

2016/2017 BUDGET - SERVICE UNIT: COUNCIL HOUSING

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Council Housing</u>						
0	Direct costs - Employees	0	0	0	0	0	0
389	- Other	830	0	0	0	0	830
389	Total Direct Cost	830	0	0	0	0	830
142	Support Recharges	152	0	0	0	0	152
(836)	Income	(982)	0	0	0	0	(982)
(305)	Gross Budget Requirement	0	0	0	0	0	0
300	Use Of Departmental Reserves	0				0	0
(5)	Net Budget Requirement	0	0	0	0	0	0

2016/2017 BUDGET - SERVICE UNIT: CULTURAL SERVICES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Cultural Services</u>						
698	Direct costs - Employees	689	0	0	0	0	689
315	- Other	288	0	0	0	0	288
1,013	Total Direct Cost	977	0	0	0	0	977
0	Support Recharges	0	0	0	0	0	0
(613)	Income	(568)	0	0	0	0	(568)
400	Gross Budget Requirement	409	0	0	0	0	409
0	Use Of Departmental Reserves					0	0
400	Net Budget Requirement	409	0	0	0	0	409

2016/2017 BUDGET - SERVICE UNIT: ECONOMIC REGENERATION

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Economic Regeneration</u>						
633	Direct costs - Employees	594	(66)	0	0	27	555
713	- Other	622	(32)	0	0	0	590
1,346	Total Direct Cost	1,216	(98)	0	0	27	1,145
1	Support Recharges	1	0	0	0	0	1
(348)	Income	(332)	(15)	0	0	0	(347)
999	Gross Budget Requirement	885	(113)	0	0	27	799
(129)	Use Of Departmental Reserves	0				(27)	(27)
870	Net Budget Requirement	885	(113)	0	0	0	772

Corporate Budget Reductions

Savings have been identified across a range of budget headings including, the Statutory Economic Assessment, Local Initiatives, Tourism and Marketing, exhibitions etc and a management restructure. In addition, the service has been set an income target to offset part of the core budget.

One Off Costs Funded from Department Reserves

Reserve funding earmarked to support the cost of staff employed on Fixed Term Contracts in relation to specific projects.

2016/2017 BUDGET - SERVICE UNIT: ECONOMIC REGENERATION - EXTERNALLY FUNDED

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	Economic Regeneration - Externally Funded						
105	Direct costs - Employees	38	0	0	0	102	140
419	- Other	11	0	0	0	100	111
524	Total Direct Cost	49	0	0	0	202	251
2	Support Recharges	0	0	0	0	0	0
(485)	Income	(49)	0	0	0	0	(49)
41	Gross Budget Requirement	0	0	0	0	202	202
(61)	Use Of Departmental Reserves					(202)	(202)
(20)	Net Budget Requirement	0	0	0	0	0	0

One Off Costs Funded from Department Reserves

Reserve funding earmarked to support the cost of staff employed on Fixed Term Contracts in relation to specific projects.

2016/2017 BUDGET - SERVICE UNIT: ENGINEERING & DESIGN

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	Engineering & Design						
313	Direct costs - Employees	359	0	0	0	0	359
573	- Other	562	0	0	0	0	562
886	Total Direct Cost	921	0	0	0	0	921
19	Support Recharges	19	0	0	0	0	19
(500)	Income	(521)	0	0	0	0	(521)
405	Gross Budget Requirement	419	0	0	0	0	419
0	Use Of Departmental Reserves	0				0	0
405	Net Budget Requirement	419	0	0	0	0	419

2016/2017 BUDGET - SERVICE UNIT: FACILITIES MANAGEMENT

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	Facilities Management						
3,945	Direct costs - Employees	4,028	0	0	0	0	4,028
3,033	- Other	3,232	(60)	0	0	0	3,172
6,978	Total Direct Cost	7,260	(60)	0	0	0	7,200
354	Support Recharges	355	0	0	0	0	355
(6,358)	Income	(6,608)	0	0	0	0	(6,608)
974	Gross Budget Requirement	1,007	(60)	0	0	0	947
0	Use Of Departmental Reserves	0				0	0
974	Net Budget Requirement	1,007	(60)	0	0	0	947

Corporate Budget Reductions

Savings relate to reductions in overheads within the Building Cleaning and Catering budgets along with a reduction in the cleaning of council buildings.

2016/2017 BUDGET - SERVICE UNIT: GENERAL ALLOTMENTS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	General Allotments						
1	Direct costs - Employees	1	0	0	0	0	1
95	- Other	97	0	0	0	0	97
96	Total Direct Cost	98	0	0	0	0	98
0	Support Recharges	0	0	0	0	0	0
(67)	Income	(68)	0	0	0	0	(68)
29	Gross Budget Requirement	30	0	0	0	0	30
0	Use Of Departmental Reserves	0				0	0
29	Net Budget Requirement	30	0	0	0	0	30

2016/2017 BUDGET - SERVICE UNIT: GROUNDS MAINTENANCE

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Grounds Maintenance						
2,149	Direct costs - Employees	1,237	(70)	0	0	0	1,167
2,177	- Other	487	0	0	0	0	487
4,326	Total Direct Cost	1,724	(70)	0	0	0	1,654
559	Support Recharges	574	0	0	0	0	574
(3,126)	Income	(171)	0	0	0	0	(171)
1,759	Gross Budget Requirement	2,127	(70)	0	0	0	2,057
0	Use Of Departmental Reserves	0				0	0
1,759	Net Budget Requirement	2,127	(70)	0	0	0	2,057

Corporate Budget Reductions

Savings relate to a review of work programmes which have led to efficiencies and reduced the seasonal and casual staffing requirements.

2016/2017 BUDGET - SERVICE UNIT: HERITAGE & COUNTRYSIDE

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Heritage & Countryside						
178	Direct costs - Employees	197	0	0	0	0	197
81	- Other	48	0	0	0	0	48
259	Total Direct Cost	245	0	0	0	0	245
0	Support Recharges	0	0	0	0	0	0
(46)	Income	(47)	0	0	0	0	(47)
213	Gross Budget Requirement	198	0	0	0	0	198
0	Use Of Departmental Reserves	0				0	0
213	Net Budget Requirement	198	0	0	0	0	198

2016/2017 BUDGET - SERVICE UNIT: HIGHWAYS MAINTENANCE

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Highways Maintenance						
0	Direct costs - Employees	0	0	0	0	0	0
1,428	- Other	1,431	0	0	0	0	1,431
1,428	Total Direct Cost	1,431	0	0	0	0	1,431
0	Support Recharges	0	0	0	0	0	0
(15)	Income	(15)	0	0	0	0	(15)
1,413	Gross Budget Requirement	1,416	0	0	0	0	1,416
0	Use Of Departmental Reserves	0				0	0
1,413	Net Budget Requirement	1,416	0	0	0	0	1,416

2016/2017 BUDGET - SERVICE UNIT: HIGHWAYS LIABILITY

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Highways Liability						
0	Direct costs - Employees	0	0	0	0	0	0
560	- Other	552	0	0	0	0	552
560	Total Direct Cost	552	0	0	0	0	552
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
560	Gross Budget Requirement	552	0	0	0	0	552
0	Use Of Departmental Reserves	0				0	0
560	Net Budget Requirement	552	0	0	0	0	552

2016/2017 BUDGET - SERVICE UNIT: HIGHWAYS TRADING

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Highways Trading						
1,497	Direct costs - Employees	1,336	0	0	0	0	1,336
601	- Other	426	0	0	0	0	426
2,098	Total Direct Cost	1,762	0	0	0	0	1,762
717	Support Recharges	717	0	0	0	0	717
(3,053)	Income	(2,703)	0	0	0	0	(2,703)
(238)	Gross Budget Requirement	(224)	0	0	0	0	(224)
0	Use Of Departmental Reserves	0				0	0
(238)	Net Budget Requirement	(224)	0	0	0	0	(224)

2016/2017 BUDGET - SERVICE UNIT: HIGHWAYS TRAFFIC & TRANSPORT MANAGEMENT

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Highways Traffic & Transport Management</u>						
473	Direct costs - Employees	486	0	0	0	0	486
47	- Other	49	0	0	0	0	49
520	Total Direct Cost	535	0	0	0	0	535
27	Support Recharges	27	0	0	0	0	27
(60)	Income	(61)	0	0	0	0	(61)
487	Gross Budget Requirement	501	0	0	0	0	501
0	Use Of Departmental Reserves	0				0	0
487	Net Budget Requirement	501	0	0	0	0	501

2016/2017 BUDGET - SERVICE UNIT: HOUSING SERVICES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>Housing Services</u>						
896	Direct costs - Employees	925	0	0	0	0	925
164	- Other	158	0	0	0	0	158
1,060	Total Direct Cost	1,083	0	0	0	0	1,083
120	Support Recharges	139	0	0	0	0	139
(569)	Income	(600)	(50)	0	0	29	(621)
611	Gross Budget Requirement	622	(50)	0	0	29	601
(20)	Use Of Departmental Reserves	0				(29)	(29)
591	Net Budget Requirement	622	(50)	0	0	0	572

Corporate Budget Reductions

Savings relate to income generation from the Social Lettings Agency and the in-house management of the Council's new build housing and empty property stock, previously managed by Thirteen Group.

One Off Costs Funded from Department Reserves

Income risk reserve to manage the short term budget position while the Social Lettings Agency is established.

2016/2017 BUDGET - SERVICE UNIT: ITU STRATEGIC MANAGEMENT

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	<u>ITU Strategic Management</u>						
0	Direct costs - Employees	0	0	0	0	0	0
68	- Other	0	0	0	0	0	0
68	Total Direct Cost	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0
(120)	Income	(53)	0	0	0	0	(53)
(52)	Gross Budget Requirement	(53)	0	0	0	0	(53)
0	Use Of Departmental Reserves	0				0	0
(52)	Net Budget Requirement	(53)	0	0	0	0	(53)

2016/2017 BUDGET - SERVICE UNIT: LIBRARIES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	<u>Libraries</u>						
808	Direct costs - Employees	830	(48)	0	0	0	782
264	- Other	265	(19)	0	0	0	246
1,072	Total Direct Cost	1,095	(67)	0	0	0	1,028
24	Support Recharges	27	0	0	0	0	27
(44)	Income	(42)	(23)	0	0	0	(65)
1,052	Gross Budget Requirement	1,080	(90)	0	0	0	990
0	Use Of Departmental Reserves	0				0	0
1,052	Net Budget Requirement	1,080	(90)	0	0	0	990

Corporate Budget Reductions

Savings reflect the implementation of the Library Service review and include staff cost savings following a restructure to resource the new opening hours, income generation projects and a reduction in various non pay budget headings.

2016/2017 BUDGET - SERVICE UNIT: LOGISTICS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	<u>Logistics</u>						
396	Direct costs - Employees	404	0	0	0	0	404
633	- Other	614	0	0	0	0	614
1,029	Total Direct Cost	1,018	0	0	0	0	1,018
132	Support Recharges	132	0	0	0	0	132
(1,259)	Income	(1,241)	0	0	0	0	(1,241)
(98)	Gross Budget Requirement	(91)	0	0	0	0	(91)
0	Use Of Departmental Reserves	0				0	0
(98)	Net Budget Requirement	(91)	0	0	0	0	(91)

2016/2017 BUDGET - SERVICE UNIT: NDORS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	<u>NDORS</u>						
34	Direct costs - Employees	35	0	0	0	0	35
1,215	- Other	1,214	0	0	0	0	1,214
1,249	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)
(1)	Gross Budget Requirement	(1)	0	0	0	0	(1)
0	Use Of Departmental Reserves	0				0	0
(1)	Net Budget Requirement	(1)	0	0	0	0	(1)

2016/2017 BUDGET - SERVICE UNIT: NETWORK INFRASTRUCTURE

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Network Infrastructure						
0	Direct costs - Employees	0	0	0	0	0	0
1,245	- Other	1,344	(180)	0	0	0	1,164
1,245	Total Direct Cost	1,344	(180)	0	0	0	1,164
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
1,245	Gross Budget Requirement	1,344	(180)	0	0	0	1,164
0	Use Of Departmental Reserves	0				0	0
1,245	Net Budget Requirement	1,344	(180)	0	0	0	1,164

Corporate Budget Reductions

The Street Lighting LED and Column Replacement Programme will reduce the level of ongoing maintenance associated with the service.

2016/2017 BUDGET - SERVICE UNIT: PARKS & COUNTRYSIDE

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Parks & Countryside						
314	Direct costs - Employees	334	(20)	0	0	0	314
650	- Other	440	0	0	0	0	440
964	Total Direct Cost	774	(20)	0	0	0	754
10	Support Recharges	10	0	0	0	0	10
(815)	Income	(939)	0	0	0	0	(939)
159	Gross Budget Requirement	(155)	(20)	0	0	0	(175)
0	Use Of Departmental Reserves	0				0	0
159	Net Budget Requirement	(155)	(20)	0	0	0	(175)

Corporate Budget Reductions

Savings relate to a review of work programmes which have led to efficiencies and reduced the seasonal and casual staffing requirements.

2016/2017 BUDGET - SERVICE UNIT: PASSENGER TRANSPORT

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Passenger Transport						
824	Direct costs - Employees	932	0	0	0	0	932
1,204	- Other	1,212	0	0	0	0	1,212
2,028	Total Direct Cost	2,144	0	0	0	0	2,144
401	Support Recharges	401	0	0	0	0	401
(1,012)	Income	(1,110)	(70)	0	0	0	(1,180)
1,417	Gross Budget Requirement	1,435	(70)	0	0	0	1,365
0	Use Of Departmental Reserves	0				0	0
1,417	Net Budget Requirement	1,435	(70)	0	0	0	1,365

Corporate Budget Reductions

Savings relate to a reduction in the Home to School Transport Budget which is set to fund higher levels of need which has resulted in underspends in previous years, therefore based on recent levels of demand it is possible to reduce this budget in 2016/17.

2016/2017 BUDGET - SERVICE UNIT: PLANNING SERVICES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	Planning Services						
705	Direct costs - Employees	728	(15)	0	0	0	713
165	- Other	41	0	0	0	0	41
870	Total Direct Cost	769	(15)	0	0	0	754
0	Support Recharges	0	0	0	0	0	0
(529)	Income	(542)	0	0	0	0	(542)
341	Gross Budget Requirement	227	(15)	0	0	0	212
(125)	Use Of Departmental Reserves	0				0	0
216	Net Budget Requirement	227	(15)	0	0	0	212

Corporate Budget Reductions

Savings have been generated from a restructure carried out as a consequence of a request for voluntary redundancy.

2016/2017 BUDGET - SERVICE UNIT: PROCUREMENT

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	Procurement						
171	Direct costs - Employees	176	0	0	0	0	176
1	- Other	1	0	0	0	0	1
172	Total Direct Cost	177	0	0	0	0	177
0	Support Recharges	0	0	0	0	0	0
(84)	Income	(86)	0	0	0	0	(86)
88	Gross Budget Requirement	91	0	0	0	0	91
0	Use Of Departmental Reserves	0				0	0
88	Net Budget Requirement	91	0	0	0	0	91

2016/2017 BUDGET - SERVICE UNIT: REPROGRAPHICS

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	Reprographics						
79	Direct costs - Employees	81	0	0	0	0	81
237	- Other	243	0	0	0	0	243
316	Total Direct Cost	324	0	0	0	0	324
0	Support Recharges	0	0	0	0	0	0
(358)	Income	(367)	0	0	0	0	(367)
(42)	Gross Budget Requirement	(43)	0	0	0	0	(43)
0	Use Of Departmental Reserves	0				0	0
(42)	Net Budget Requirement	(43)	0	0	0	0	(43)

2016/2017 BUDGET - SERVICE UNIT: ROAD SAFETY

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Road Safety						
203	Direct costs - Employees	232	0	0	0	0	232
3	- Other	0	0	0	0	0	0
206	Total Direct Cost	232	0	0	0	0	232
0	Support Recharges	0	0	0	0	0	0
(80)	Income	(104)	0	0	0	0	(104)
126	Gross Budget Requirement	128	0	0	0	0	128
0	Use Of Departmental Reserves	0				0	0
126	Net Budget Requirement	128	0	0	0	0	128

2016/2017 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT, ADMIN & SERVICE DEVELOPMENT

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Strategic Management, Admin & Service Development						
1,273	Direct costs - Employees	1,290	(161)	0	0	0	1,129
52	- Other	72	0	0	0	0	72
1,325	Total Direct Cost	1,362	(161)	0	0	0	1,201
525	Support Recharges	538	0	0	0	0	538
(1,284)	Income	(1,317)	0	0	0	0	(1,317)
566	Gross Budget Requirement	583	(161)	0	0	0	422
(22)	Use Of Departmental Reserves	0				0	0
544	Net Budget Requirement	583	(161)	0	0	0	422

Corporate Budget Reductions

A salary abatement target has been reintroduced which will account for temporary savings realised from vacant posts and incremental drift across the department. Savings also include the deletion of vacant posts and a restructure following requests for voluntary redundancy.

2016/2017 BUDGET - SERVICE UNIT: STREET CLEANSING

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5+6) (7) £'000
	Street Cleansing						
830	Direct costs - Employees	883	(55)	0	0	0	828
218	- Other	223	0	0	0	0	223
1,048	Total Direct Cost	1,106	(55)	0	0	0	1,051
719	Support Recharges	737	(35)	0	0	0	702
(98)	Income	(100)	0	0	0	0	(100)
1,669	Gross Budget Requirement	1,743	(90)	0	0	0	1,653
0	Use Of Departmental Reserves	0				0	0
1,669	Net Budget Requirement	1,743	(90)	0	0	0	1,653

Corporate Budget Reductions

Savings relate to a review of work programmes which have led to efficiencies and reduced the seasonal and casual staffing requirements. This has enabled a reduction in the number of vehicles used by the service.

2016/2017 BUDGET - SERVICE UNIT: SUSTAINABLE TRANSPORT

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(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
2,393	- Other	2,443	(20)	0	0	0	2,423
2,393	Total Direct Cost	2,443	(20)	0	0	0	2,423
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
2,393	Gross Budget Requirement	2,443	(20)	0	0	0	2,423
0	Use Of Departmental Reserves	0				0	0
2,393	Net Budget Requirement	2,443	(20)	0	0	0	2,423

Corporate Budget Reductions

Savings reflect the current cost of concessionary fares.

2016/2017 BUDGET - SERVICE UNIT: TRAFFIC MANAGEMENT

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(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	Net Budget Requirement	0	0	0	0	0	0

2016/2017 BUDGET - SERVICE UNIT: VEHICLE FLEET

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2016/2017 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Vehicle Fleet						
729	Direct costs - Employees	742	0	0	0	0	742
2,992	- Other	2,937	0	0	0	0	2,937
3,721	Total Direct Cost	3,679	0	0	0	0	3,679
363	Support Recharges	363	0	0	0	0	363
(4,217)	Income	(4,165)	0	0	0	0	(4,165)
(133)	Gross Budget Requirement	(123)	0	0	0	0	(123)
0	Use Of Departmental Reserves	0				0	0
(133)	Net Budget Requirement	(123)	0	0	0	0	(123)

2016/2017 BUDGET - SERVICE UNIT: WASTE & ENVIRONMENTAL SERVICES

Approved Budget 2015/2016 (1) £'000	Service Unit	Budget Projection 2016/2017 (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 2016/2017 (2+3+4+5 +6) (7) £'000
	Waste & Environmental Services						
1,373	Direct costs - Employees	1,392	(35)	0	0	0	1,357
2,813	- Other	2,815	0	0	0	0	2,815
4,186	Total Direct Cost	4,207	(35)	0	0	0	4,172
785	Support Recharges	805	0	0	0	0	805
(462)	Income	(471)	0	0	0	0	(471)
4,509	Gross Budget Requirement	4,541	(35)	0	0	0	4,506
0	Use Of Departmental Reserves	0				0	0
4,509	Net Budget Requirement	4,541	(35)	0	0	0	4,506

Corporate Budget Reductions

Relates to the deletion of a vacant post following a review of management structures and working arrangements in Operations.

SECTION C

Treasury Management Strategy 2016/17

COUNCIL
18th February 2016



Report of: Chief Executive

Subject: BUSINESS REPORT

1. TREASURY MANAGEMENT STRATEGY

1.2 BACKGROUND

- 1.2.1 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.
- 1.2.2 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.
- 1.2.3 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.
- 1.2.4 The recommended Treasury Management Strategy was considered by the Audit and Governance Committee on the 10^h December 2015 and this report is attached as Appendix 1.
- 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.
- 1.2.6 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.

1.2.8 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;

1.3 RECOMMENDATIONS

1.3.1 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 2016/17 Treasury Management Strategy and related issues;

1.3.2 Borrowing Strategy 2016/17

- (i) **Core borrowing requirement** – following the securing of exceptionally low interest rates approve that the remainder of the under borrowing is netted down against investments.
- (ii) To note that in the event of a change in economic circumstances that the Chief Finance Officer may take out additional borrowing if this secures the lowest long term interest cost.
- (iii) **Borrowing required for business cases** – Approve the continuation of the strategy of fully funding the borrowing for individual project costs in order to secure fixed long term interest rates in line with the approved business case.

1.2.3 Investment Strategy 2016/17

- (iv) Approve the use of Government Treasury Bills/Gilts and the appointment of King and Shaxson as custodian.
- (v) Approve the Counterparty limits as set out in paragraph 8.11 of Appendix 1.

1.3.4 Minimum Revenue Provision (MRP) Statement

- (vi) Approve the MRP statement outlined in paragraph 9.2 of Appendix 1.

1.3.5 Prudential Indicators 2016/17

- (vii) Approve the prudential indicators outlined in Appendix 2.

2. EXPENDITURE RELEVANT TO MEMBERS' INTERESTS

2.1 Further to requests by Members this information has been compiled to provide the following:

- a) 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 6 months – October to December 2015 (Appendix 3) and;
- b) details of any payments made to a body/entity listed on the Member's Register of Interests during the 6 months – October to December 2015 (Appendix 4).

2.2 It should be noted that the information presented in Appendix B includes the following categories of member interests:

- Employment, Office Trade, Profession or Vocation
- Sponsorship
- Contracts with the Authority
- Land in the area of the Authority
- Securities
- Other interests
- Interested parties

2.3 The following categories are excluded:

- Licence to occupy land
- Corporate tenancies

2.4 All payments relating to benefits are excluded.

2.5 The report does not include information on those bodies listed on members interests forms which either do not have a supplier number on Integra or which cannot be identified on Integra given the information provided.

2.6 Members are asked to note the contents of the report.

3. SPECIAL URGENCY DECISIONS

Council is informed that there were no special urgency decisions taken in the period November 2015 to January 2016. .

AUDIT AND GOVERNANCE COMMITTEE

10th December 2015



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 2014/15 including the 2014/15 outturn Prudential Indicators;
- ii. Provide a mid-year update of the 2015/16 Treasury Management activity; and
- iii. Enable the Audit and Governance Committee to scrutinise the recommended 2016/17 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 that 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. As detailed later in the report these issues are being managed successfully.

- 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.
- 2.6 This report covers the following areas:
- Economic background and outlook for interest rates
 - Treasury management outturn position for 2014/15
 - Treasury Management Strategy 2015/16 mid-year review
 - Treasury Management Strategy 2016/17
 - Minimum Revenue Provision and Interest Cost and Other Regulatory Information 2016/17

3. ECONOMIC ENVIRONMENT AND OUTLOOK FOR INTEREST RATES

- 3.1 At the time the 2015/16 Treasury Management Strategy was proposed most economists anticipated that interest rates in the USA and the UK would begin to increase during 2015. This position reflected underlying economic conditions and statements from both the Federal Reserve and the Bank of England.
- 3.2 Members will recall from previous years that the Chairman of the Bank of England issued 'forward guidance' and set a number of tests for determining the time of interest rate increases. However, 'forward guidance' has been overtaken by world economic events and changes in the pattern of UK economic indicators. For example, initial forward guidance stated that the Bank rate of 0.5% would be reconsidered when unemployment reduced to 7%. This was almost immediately revoked and although unemployment has fallen to 5.4% the Bank rate has not changed. Guidance has since become much more fluid and not based on exact targets, but aims to influence ongoing market and consumer activity.
- 3.3 As a result of these changes most economists are now forecasting that the Bank rate increase will be delayed further. The timing of interest rate increases will need careful management by central banks as there is a risk that higher rates may be required if rate increases are delayed too long. The following paragraphs provide more detailed information.

3.4 **The Global Economy**

- 3.5 U.S.A. economy – Following slow growth in the first quarter of 2015 the US economy rebounded very strongly in quarter two and strong growth was forecast to continue. This led to the expectation that the Federal Reserve might raise interest rates by September 2015. However, owing to the slowdown in Chinese growth the decision was taken not to increase rates. Following further disappointing economic data, expectations of the first rate rise in USA interest rates have now been pushed back from 2015 to 2016.
- 3.6 Eurozone economy – In an effort to stimulate the Eurozone economy the European Central Bank (ECB) initiated a €1.1 trillion quantitative easing (QE) programme in January 2015, buying up high quality government debt of selected Eurozone countries. This programme is expected to run until September 2016 and already appears to have had a beneficial impact in improving confidence and sentiment. European growth has increased marginally (0.4% in the first and second quarters of 2015). The ECB has also stated that it would extend its QE programme if inflation failed to return to the target of 2% by September 2016.
- 3.7 During July 2015 Greece agreed to implement further austerity measures and is now fully cooperating with EU demands and a third bailout package has since been agreed. A surprise general election in September gave the Syriza Government a mandate to stay in power to implement austerity measures. However there are major doubts as to whether the size of the cuts and the degree of reforms required can be fully implemented. Therefore a Greek exit from the Euro may only have been delayed by this latest bailout.
- 3.8 China – Government action in 2014 to stimulate the economy did not work as well as expected. The Chinese Government has continued to be very active in 2015 in implementing stimulus measures to try to ensure the economy hits the growth target of 7% for 2015 and to bring some stability after the major fall in the Chinese stock market in August 2015. Many commentators are concerned that recent growth figures have been “massaged” to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of Chinese bank lending and the sustainability of house prices. Overall the Chinese economy is still expected to achieve growth that is much stronger than the EU. However confidence in the Chinese economy remains fragile and lower growth is having a negative impact on the world economy.

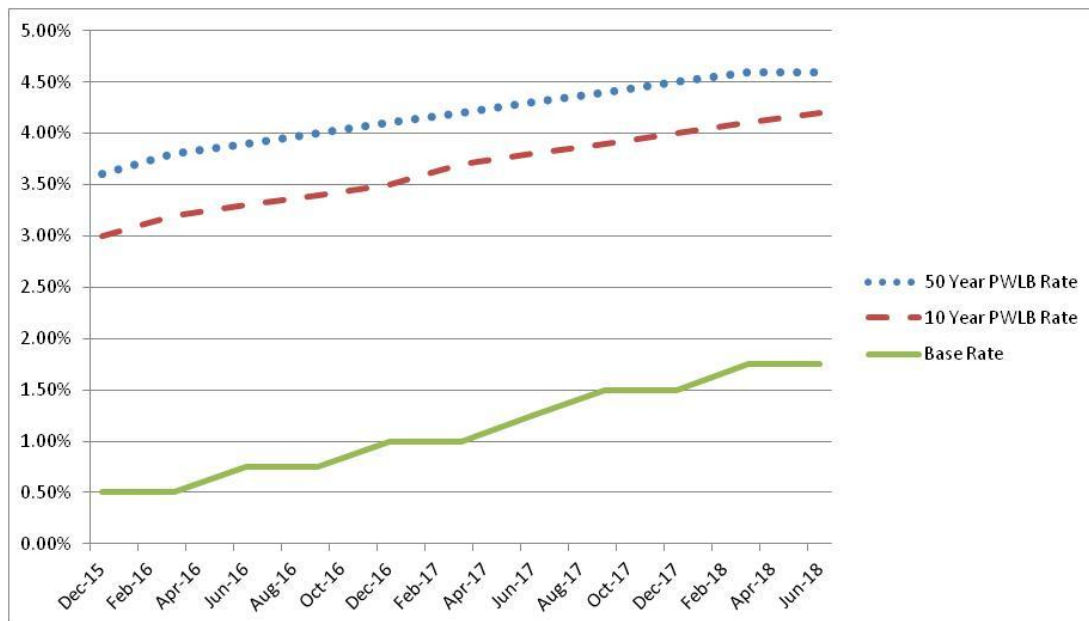
3.9 **The UK Economy**

- 3.10 The economy grew in 2013 by 2.2% and in 2014 by 2.9%. The 2014 growth rate was the strongest UK rate since 2006. It is possible that the UK growth rate for 2015 will again lead the G7 (i.e. seven largest economies) and equal that of the US. However the first quarter was weak at 0.4% with the second quarter being slightly better at 0.7%. The Bank of England’s August Inflation Report included a forecast for growth to remain around 2.4% to 2.8% over

the next three years. However subsequent economic data has indicated a likely slowdown in the overall rate of GDP growth. This reflects the appreciation of Sterling against the Euro and weak growth in the EU, China and emerging markets which has caused difficulties for UK exporters. Falls in business and consumer confidence in September owing to concerns over the economic outlook could also contribute to dampening growth through weakening investment and consumer expenditure. For the recovery to become more balanced and sustainable in the longer term, dependence on consumer expenditure and the housing market must reduce and move to manufacturing and investment expenditure. Economic growth since 2012 has resulted in unemployment falling over the last few years although part of this increase has been reversed.

- 3.11 In August the Bank of England forecast that inflation would barely get to the 2% target within the next 2-3 years. However, with the price of oil again reducing there could be several more months of low inflation, especially as world commodity prices have generally been depressed by the Chinese economic downturn.
- 3.12 Therefore there are considerable risks around whether inflation will rise in the near future as strongly as had previously been expected. This will make it more difficult for central banks in the UK and USA to raise rates as soon as previously forecast. The recent major concerns around the slowdown in Chinese growth, falling oil and commodity prices and volatility in equity and bond markets may delay interest rate increases. On the other hand, there are also concerns around the fact that the central banks of the UK and USA have few monetary policy options left to them, given that central rates are near to zero and huge Quantitative Easing is already in place. There are therefore arguments that they will need to raise rates sooner rather than later. However, they are unlikely to raise interest rates until they are sure that growth is securely embedded and zero/negative inflation is not a significant economic threat.
- 3.13 The forecast for the first increase in Bank Rate has therefore progressively been pushed back from quarter four 2015 to quarter two 2016. Increases after that are likely to be slower paced and to a lower levels than prevailed before 2008, as increases in the Bank Rate will have a much bigger effect on heavily indebted businesses and households than they did before 2008.
- 3.14 **Interest Rate Forecasts**
- 3.15 As indicated above forecasting future interest rates remains extremely challenging as the Base Rate has remained unchanged for significantly 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 of the Bank of England and changes in the economy. The latest forecasts up to June 2018 are provided in the following graph.

Interest Rate Forecast up to June 2018



4. TREASURY MANAGEMENT OUTTURN POSITION 2014/15

4.1 Capital Expenditure and Financing 2014/15

4.2 The Council's approved capital programme is funded from a combination of capital receipts, capital grants, revenue contributions and prudential borrowing.

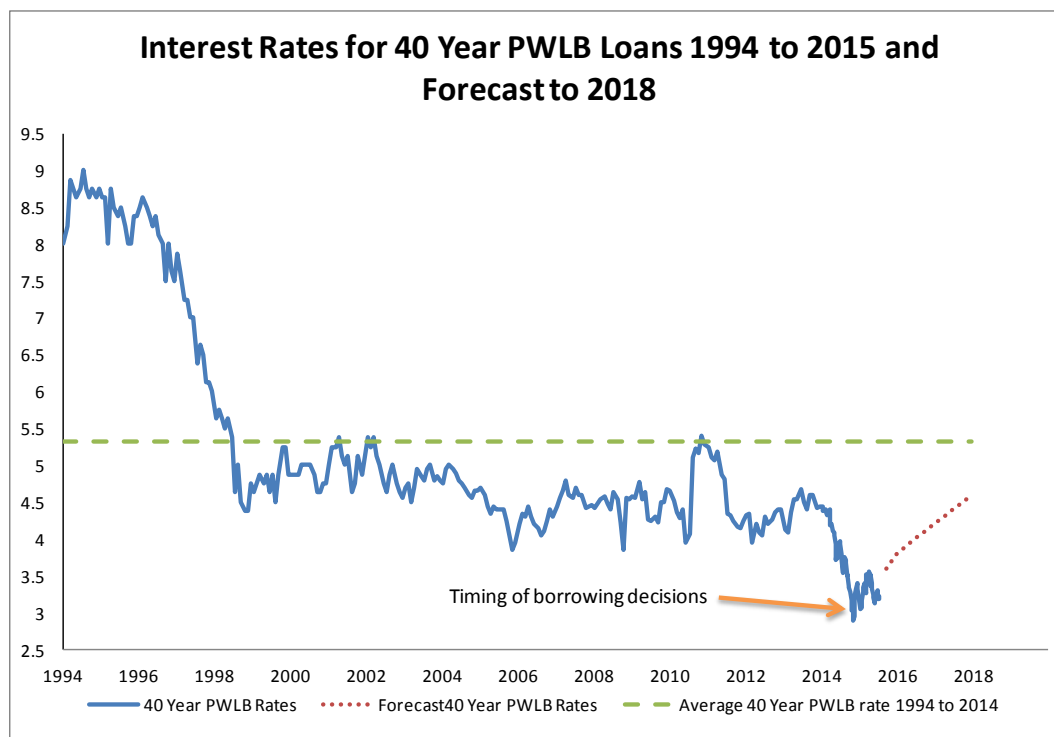
4.3 Part of the Council's treasury management activities is to address the prudential borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activity also includes managing the Council's day to day cash flows, its previous 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 £18.704m, of which £6.950m 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 £94.427m as shown at Appendix A comprising £77.316m relating to the core CFR and £17.111m relating to business cases. This is lower than the approved estimate of £98.242m owing to the rephasing of capital expenditure.
- 4.8 The Council's total long term external borrowing as at 31st March, 2014 was £54.5m and increased to £83.9m at 31st March 2015. It was always recognised that the strategy of netting down borrowing and investments was unsustainable in the longer term, as investments are temporary and reflect reserves which the Council will use over the next three years (i.e. to support the MTFs, to support the Local Council Tax Support Scheme and to fund other one-off commitments). Therefore long term borrowing was undertaken during 2014/15.
- 4.9 The borrowing reflects reductions in long term interest rates which began falling at the start of 2014 and a watching brief was kept on interest costs. In December 2014 PWLB rates fell to their lowest level since 1994 (the earliest date available for PWLB data). However, forecasts indicated that these interest rates were expected to rise in late 2015. Therefore, in line with the approved strategy decisions were taken to secure existing business cases at exceptionally low interest rates. Borrowing was also undertaken to fund the core CFR to secure the longer term financial position of the Council. This action ensures the ongoing annual saving from locking into lower interest rates of £1.270m, which was built into the 2015/16 base budget, is achieved on a sustainable basis.
- 4.10 The borrowing taken out is summarised as follows:
- Core borrowing to secure ongoing annual savings - £15.0m
 - Business case borrowing approved and implemented over the financial years 2012/13 to 2014/15 totalling - £14.4m.
- 4.11 In total £29.4m was borrowed at an average interest rate of 2.48%, which was achieved through a combination of exceptionally low long term interest rates and use of shorter term loans (also at exceptionally low rates) to reflect the forecast reduction in the Council's CFR.
- 4.12 The following graph shows long term PWLB rates from 1994 to present and includes the average rate for that period (approximately 5.3%), the current forecast rates and the timing of borrowing undertaken as outlined above.



- 4.13 The total borrowing remains below the CFR and there continues to be an element of netting down investments and borrowing but to a level that is expected to be sustainable.
- 4.14 **Prudential Indicators and Compliance Issues 2014/15**
- 4.15 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.
- 4.16 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 2014/15 the Council has maintained gross borrowing within its Authorised Limit.
- 4.17 **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 2014/15 plus the expected changes to the CFR over 2015/16 and 2016/17. The Council has complied with this Prudential Indicator.
- 4.18 **The treasury position 31st March 2015**
- 4.19 The table below shows the treasury position for the Council as at the 31st March, 2015 compared with the previous year:

Treasury position	31st March 2014		31st March 2015	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Rate Debt				
- Tees Valley Unlimited Loan	£1.6m	0.00%	£1.6m	0.00%
- PWLB	£7.9m	4.54%	£37.3m	2.91%
- Market Loans (LOBOs)	£45.0m	4.00%	£45.0m	4.00%
Total Long Term Debt	£54.5m	3.97%	£83.9m	3.44%
Total Investments	£40.1m	0.32%	£68.2m	0.40%
Net borrowing Position	£14.4m		£15.7m	

- 4.20 A key performance indicator shown in the above table is the very low average rate of external debt of 3.44% for debt held as at 31st March, 2015. This is a historically low rate for long term debt and the resulting interest savings have already been built into the Medium Term Financial Strategy.
- 4.21 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 6th February, 2014.
- 4.22 The Council does not rely solely on credit ratings and takes 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 2014/15 the risk associated with these higher returns would not have been prudent.
- 4.23 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.
- 4.24 **Regulatory Framework, Risk and Performance 2014/15**
- 4.25 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.

4.26 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.

5. TREASURY MANAGEMENT STRATEGY 2015/16 MID YEAR REVIEW

5.1 The Treasury Management Strategy for 2015/16 was approved by Council on 5th February 2015. The Council’s borrowing and investment position as at 30th September 2015 is summarised as follows:

	£m	Average Rate
Market Loans (LOBOs)	45.0	4.00%
PWLB Loans	42.5	2.95%
Tees Valley Unlimited Loan	1.6	0.00%
Gross Debt	89.1	3.43%
Investments	81.3	0.42%
Net Debt as at 30-09-15	7.8	

5.2 As outlined in section 4, owing to exceptionally low interest rates in the final quarter of 2014/15 borrowing was undertaken in line with the approved Strategy. Additional borrowing of £6.2m has been undertaken in 2015/16 to secure new business cases in line with the approved Strategy, for the following schemes:

- Street Lighting
- CCAD Loan
- Coastal Defences
- Raby Road Bungalow

5.3 Net Debt has decreased since 31st March 2015 owing to positive cash flows. 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 2015/16 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.

6. TREASURY MANAGEMENT STRATEGY 2016/17

- 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 2016/17 prior to this being reported to Council as part of the Annual Budget and Policy Framework process. This is because detailed Capital Allocations have not yet been released by the Government and the Net Revenue Budget has not yet been set. 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 2016/17

- 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 Base Rate to 0.5% in March 2009 the Treasury Management Strategy has been to net down investments and borrowings resulting in annual savings reflected in the outturn strategy. The existing Treasury Management Strategy has 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 would be used up. The MTFs for 2016/17 to 2018/19 recommends proposals for using significant resources to support the budget, the Council Tax Support Scheme and to mitigate the impact of the 48% reduction in the rateable value of the power station. Therefore significant reserves will be used up over the next three years and will not be available to net down the borrowing requirement. Therefore, in advance of this as outlined in section 4 the decision was taken to partially fund the core borrowing requirement when long term PWLB interest rates fell to unprecedentedly low levels in January 2015.
- 7.5 This decision has secured exceptionally low long term interest rates, meeting the objective of funding the borrowing requirement at the lowest possible long term interest rate. This action has also secured the Treasury Management savings already built into the 2015/16 base budget of £1.270m.
- 7.6 As stated in section 4 the total borrowing remains below the CFR and the strategy continues an element of netting down investments and borrowing. This is at a level that is forecast to be sustainable. However owing to the

unprecedented financial environment it may be appropriate to take out further borrowing and the position will be kept under constant review. A decision to borrow up to the CFR may be taken by the Chief Finance Officer if it is in the best interests of the Council to do so.

7.7 **Borrowing Requirement Business Cases**

7.8 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.

7.9 Therefore, in order to ensure the above objectives are achieved it is recommended that the strategy of fully funding the borrowing for business cases is continued.

7.10 **Borrowing in Advance of Need**

7.11 The Council has some flexibility to borrow funds for use in future years. The Chief Finance Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected. In these circumstances borrowing early at fixed interest rates may be undertaken where this will secure lower fixed interest rates for specific business cases, or to fund future debt maturities (i.e. if the LOBOs were called). Any borrowing in advance of need will be reported to the Council in the next Treasury Management report.

8. **INVESTMENT STRATEGY 2016/17**

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; and
- investment return.

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 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 continues to return to more "normal" conditions a review of the current counterparty list has been completed. The current counterparty list continues to be limited and the surplus cash flow continues to be invested with the Government's Debt Management Office which offers extremely low investment rates. It is possible to invest with the UK Government at a higher rate of interest through the purchase of Treasury Bills/Gilts and it is recommended that these instruments are added to the counterparty list. UK Treasury Bills/Gilts have the same credit rating (i.e. AAA/AA+) as deposits placed with the Government Debt Management Office (DMO). They are issued weekly for a duration of one, three or six months and in the case of Gilts, for longer periods. Treasury Bills/Gilts are Government debt whereby money is invested with the Government for a specified period of time at a fixed rate of interest and there is no risk to the principal invested.
- 8.9 The Council cannot invest in these instruments directly without opening a 'custody account' which is required for purchasing these instruments, the costs of which range from £50,000 to £130,000. However access can be gained using a custodian who administer and manage Treasury Bills/Gilts on behalf of the Council. The decisions regarding the investment of temporary cash in UK Treasury Bills/Gilts remains the Council's decision and on a day to day basis will be managed by myself as Chief Finance Officer. It is recommended that the Council approve the use of Treasury Bills/Gilts and engage King and Shaxson as a custodian. King and Shaxson, is regulated by the Financial Conduct Authority (FCA) and currently provide custody

services to 235 local authorities, typically managing £4 billion of Local Authority investments.

8.10 The provision of the custodian account is free and the administrative cost of using the custodian account, which equate to 3 basis points (i.e. 0.03%) will be funded from the increased investment income earned from investing in UK Government Treasury Bills/Gilts.

8.11 The table below shows the proposed limits in 2016/17 for the Council:

Category	Fitch	Moody's	Standard & Poor's	Proposed Counterparty Limit	Proposed Time Limit
A	F1+/AA-	P-1/Aa3	A-1+/AA-	£15m	1 Year
B	F1/A-	P-1/A3	A-1/A-	£10m	1 Year
C	Debt Management Office/Treasury Bills/Gilts			£40m	1 Year
D	Part Nationalised Banks and Banks covered by UK Government Guarantee			£15m	1 Year
E	Other Local Authorities Individual Limits per Authority: - £5m County, Metropolitan or Unitary Councils - £2m District Councils, Police or Fire Authorities			£35m	1 Year
F	Three Money Market Funds (AAA) with maximum investment of £3m per fund			£9m	Liquid (instant access)
G	Svenska Handelsbanken			£3m	3 Months

8.12 Specified and Non-Specified Investments

8.13 CLG regulations classify investments as either Specified or Non-Specified. Specified Investment is any investment not meeting the Specified definition.

8.14 The investment criteria outlined above is different to that used to define Specified and Non-Specified investments. This is because it is intended to create a pool of high quality counterparties for the Council to use rather than defining what its investments are.

8.15 Specified Investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within twelve months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

- The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
- Other Councils
- Pooled investment vehicles (such as Money Market Funds) that have been awarded a high credit rating (AAA) by a credit rating agency.
- 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.

8.16 Non-specified Investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any investments with:

- Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings.
- Any bank or building society that has a minimum long term credit rating of A- for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).

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, however as outlined in paragraph 8.2, investment return is less important to the Council than security and liquidity of investments. Security and liquidity benchmarks significantly less developed. The application of these is also more subjective in nature.

8.19 These benchmarks are simple targets (not limits) and the purpose of the benchmark is to assist monitoring and illuminate any changes to the strategy.

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 following table 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	0.04%	0.09%	0.17%	0.25%	0.34%
AA	0.01%	0.03%	0.13%	0.28%	0.43%
A	0.06%	0.20%	0.37%	0.58%	0.81%
BBB	0.15%	0.50%	0.91%	1.43%	1.91%
BB	0.71%	2.21%	3.94%	5.68%	7.20%
B	3.15%	7.44%	11.46%	15.20%	18.40%
CCC	22.21%	31.48%	37.72%	41.81%	45.20%

- 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 1 year.

9. MINIMUM REVENUE PROVISION AND INTEREST COSTS AND OTHER REGULATORY INFORMATION FOR 2015/16 & 2016/17

- 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 will calculate MRP at either 4% (in accordance with former CLG

Regulations), or other prudent level determined by the Chief Finance Officer where this optimises the Council's position.

- 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. **CONCLUSION**

10.1 The Capital Finance Requirement has been funded via a combination of existing long term borrowing that was taken out prior to March 2009 and new long term borrowing to lock into historically low interest rates to secure business cases and the netting down of borrowing and investments.

10.2 The Treasury Management Strategy has always recognised that netting down is only temporary and the MTFs for 2016/17 to 2018/19 recommends proposals for using significant resources to support the budget, the Council Tax Support Scheme and to mitigate the impact of the 48% reduction in the rateable value of the power station. Therefore significant reserves will be used up over the next three years and will not be available to net down the borrowing requirement. In advance of this, borrowing has been undertaken at historically low interest rates and this has helped secure business cases and the £1.270m annual saving included in the base budget for 2015/16 and helps to achieve the additional saving to be included in the 2016/17 MTFs.

10.3 The report sets out the borrowing strategy for the core CFR of netting down the remaining under borrowing against investments but highlights the continued economic uncertainty and the possibility that if circumstances change further borrowing may be required. The report also outlines the continued strategy for fully funding borrowing to secure business cases.

10.4 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 in response to reductions in investment counterparties it is recommended that the Council approves the revised counterparty criteria as set out in paragraphs 8.8 to 8.11.

11. RECOMMENDATIONS

11.1 It is recommended that Members approve the following proposals:

11.2 **Treasury Management Outturn Position 2014/15**

- i) Note the 2014/15 Treasury Management Outturn detailed in section 4 and Appendix A.

11.3 **Treasury Management Strategy 2015/16 Mid-Year Review**

- ii) Note the 2015/16 Treasury Management Mid-year Position detailed in section 5.

11.4 **Treasury Management Strategy 2016/17 (Prudential Indicators)**

- iii) Note that detailed prudential indicators will be reported to full Council in February 2016.

11.5 **Borrowing Strategy 2016/17**

- iv) **Core borrowing requirement** – following the securing of exceptionally low interest rates approve that the remainder of the under borrowing is netted down against investments.
- v) To note that in the event of a change in economic circumstances that the Chief Finance Officer may take out additional borrowing if this secures the lowest long term interest cost.
- vi) **Borrowing required for business cases** – Approve the continuation of the strategy of fully funding the borrowing for individual project costs in order to secure fixed long term interest rates in line with the approved business case.

11.6 **Investment Strategy 2016/17**

- vii) Approve the use of Government Treasury Bills/Gilts and the appointment of King and Shaxson as custodian.
- viii) Approve the Counterparty limits as set out in paragraph 8.11.

11.7 **Minimum Revenue Provision (MRP) Statement**

- ix) Approve the MRP statement outlined in paragraph 9.2 above.

12. REASON FOR RECOMMENDATIONS

- 12.1 To allow Members to fulfil their responsibility for scrutinising the Treasury Management Strategy

13. CONTACT OFFICER

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Appendix A

Prudential Indicators 2014/15 Outturn1. 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.

2014/15 Estimate		2014/15 Outturn
6.62%	Ratio of Financing costs to net revenue stream	5.34%

2. Capital Expenditure

This indicator shows the total capital expenditure for the year.

2014/15 Estimate £'000		2014/15 Outturn £'000
22,506	Capital Expenditure	18,704

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.

2014/15 Estimate £'000		2014/15 Outturn £'000
1,464	Core Capital Expenditure Financed by Borrowing	763
8,855	Business Case Capital Expenditure Financed by Borrowing	6,187
10,319	Total Capital Expenditure Financed by Borrowing	6,950

The actual is lower than estimated owing to the phasing of overall expenditure between 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.

2014/15 Estimate £'000		2014/15 Outturn £'000
78,402	Core Capital Financing Requirement	77,316
19,840	Business Case Capital Financing Requirement	17,111
98,242	Total Capital Financing Requirement	94,427

The capital financing requirement is lower than estimated owing to the timing of capital expenditure differing from that forecast i.e. the phasing of capital expenditure and Minimum Revenue Provision (MRP), the revenue charge to pay off debt, being 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.

2014/15 Limit £'000		2014/15 Peak £'000
125,000	Authorised limit for external debt	84,031

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 £83.900m. The peak level during the year was £84.031m.

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.

APPENDIX 1

2014/15 Limit £'000		2014/15 Peak £'000
115,000	Operational boundary for external debt	84,031

The operational limit was not exceeded in the year. The peak level of debt was £84.031m.

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.

2014/15 Limit £'000	Upper limits on fixed and variable interest rate exposure	2014/15 Peak £'000
115,000 85,000	Fixed Rates Variable Rates	84,031 -

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 £000	Lower Limit £000	Actual by Maturity Date £000	Actual by soonest call date £000
Less than one year	105,000	0	3,881	43,881
Between one and five years	115,000	0	9,842	14,842
Between five and ten years	115,000	0	6,243	6,243
Between ten and fifteen years	115,000	0	2,066	2,066
Between fifteen and twenty years	115,000	0	1,735	1,735
Between twenty and twenty-five years	115,000	0	1,784	1,784
Between twenty-five and thirty years	115,000	0	1,964	1,964
Between thirty and thirty-five years	115,000	0	2,350	2,350
Between thirty-five and forty years	115,000	0	6,185	6,185
Between forty and forty-five years	115,000	0	2,395	2,395
More than forty-five years	115,000	0	45,455	455

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 2016/17 REGULATORY INFORMATION AND PRUDENTIAL INDICATORS

1. INTRODUCTION

- 1.1 The Audit and Governance Committee considered the Treasury Management Strategy for 2016/17 on 10th December 2015. The Audit and Governance Committee approved the recommended Borrowing and Investment Strategy. However, owing to the timing of funding announcements from the Government, it was not possible to present detailed prudential indicators to the Audit and Governance Committee. The Audit and Governance Committee noted that these would be reported to full Council and are detailed 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 funded from borrowing. 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. Prior to the introduction of the prudential borrowing system in the Local Government Act 2003 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 The estimated Capital Finance & Borrowing Requirement is shown in the following table:

Capital Financing & Borrowing Requirement	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
CFR at 1st April	94,427	103,034	109,141	105,284
Capital Expenditure Financed by New Borrowing	4,136	1,578	1,087	848
Approved Borrowing Rephased from 2014/15 and Borrowing Profiled for Future Years	18,092	0	0	0
Less Borrowing to be Rephased to 2016/17 and Borrowing Profiled for Future Years	(9,249)	9,249	0	0
Less Repayment of CFR	(4,372)	(4,720)	(4,944)	(4,835)
CFR at 31st March	103,034	109,141	105,284	101,297
Less assets held under Finance Lease	(230)	(221)	(212)	(203)
Borrowing Requirement	102,804	108,920	105,072	101,094
Corporate Borrowing Requirement	74,247	71,346	68,215	65,165
Business Case Borrowing Requirement	28,557	37,574	36,857	35,929
Borrowing Requirement	102,804	108,920	105,072	101,094

- 3.6 As part of the Medium Term Financial Strategy the Council is required to approve the 2016/17 capital programme summarised as follows:

Capital Expenditure	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
New Approved Capital Expenditure	22,542	6,826	7,325	4,959
Rephased Capital Expenditure from 2014/15 and Expenditure Profiled for Future Years	29,070	0	0	0
Approved Capital Expenditure Profiled for Future Years	(17,366)	17,366	0	0
2015/16 Capital Expenditure to be Rephased	(5,149)	5,149	0	0
Capital Expenditure for the Year	29,097	29,341	7,325	4,959
Financed by:				
Capital grants and contributions	14,676	3,620	5,610	3,483
Other Capital Funding	3,730	1,628	628	628
Capital Expenditure to be funded from New Prudential Borrowing	4,136	1,578	1,087	848
Capital Resources Rephased from 2014/15 and Capital Resources Profiled for Future Years	29,070	0	0	0
Rephased Capital Resources from 2015/16 and Capital Resources Profiled for Future Years	(22,515)	22,515	0	0
Total Funding	29,097	29,341	7,325	4,959

4. AFFORDABILITY PRUDENTIAL INDICATORS

4.1 The affordability of the approved Capital Investment Programme was assessed when the capital programme was approved and revenue costs are built into the Medium Term Financial Strategy or individual business cases. 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
	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Council Tax - Band D	£8.75	£2.26	£1.55	£1.21

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. The slight increase reflects historic borrowing costs against a decreasing net revenue budget which is reducing as a result of continued Government grant cuts. However, the revenue budget has benefited from significant savings from locking into historically low interest rates which provide recurring annual savings of £1.67m from 2016/17 (£1m built into the 2014/15 budget, £0.27m in 2015/16 and £0.4m in 2016/17).

	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Ratio	6.56%	6.40%	6.65%	6.73%

5. BORROWING PRUDENTIAL INDICATORS

5.1 Debt Projections 2015/16 – 2018/19

5.2 The following table sets out the Council's projected Capital Financing Requirement (CFR) and level of debt:

Debt and Investment Projections	2015/16 Revised £'000	2016/17 Estimated £'000	2017/18 Estimated £'000	2018/19 Estimated £'000
Long Term Borrowing 1 April	83,900	87,664	91,178	88,036
Expected change in Long Term Debt	3,764	3,514	(3,142)	(1,875)
Debt at 31 March	87,664	91,178	88,036	86,161
Borrowing Requirement	102,804	108,920	105,072	101,094
Under Borrowing	(15,140)	(17,742)	(17,036)	(14,933)

5.3 Although the Council has reduced its under borrowing the table shows that an element of core borrowing can continue to be temporarily deferred by netting down investments and borrowing.

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 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 2016/2017 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 following table demonstrates that borrowing will not exceed the CFR.

External Debt	2015/16 Revised £'000	2016/17 Estimated £'000	2017/18 Estimated £'000	2018/19 Estimated £'000
Gross Borrowing	87,664	91,178	88,036	86,161
Other Long Term Liabilities	230	221	212	203
Total Gross Borrowing	87,894	91,399	88,248	86,364
Borrowing Requirement	102,804	108,920	105,072	101,094

- 5.7 The following table 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	2015/16 £'000	2016/17 Estimated £'000	2017/18 Estimated £'000	2018/19 Estimated £'000
Operational Limit	115,000*	121,000*	115,000	111,000
Authorised limit	125,000*	131,000*	125,000	121,000

*These Limits include provision for potential 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 2015/16 – 2018/19

- 6.2 The following table sets out the estimates for the expected level of resource for investment or use to defer long term borrowing.

2014/15 Outturn £'000	Year End Resources	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
61,896	Balances and Reserves	38,800	25,600	15,300	11,000
2,512	Collection Fund Adjustment Account*	0	0	0	0
2,466	Provisions	2,000	2,000	2,000	2,000
66,874	Total Core Funds	40,800	27,600	17,300	13,000
12,389	Working Capital**	17,500	17,500	17,500	17,500
79,263	Resources Available for Investment	58,300	45,100	34,800	30,500
(10,527)	(Under)/over borrowing	(15,140)	(17,742)	(17,036)	(14,933)
68,736	Expected Investments	43,160	27,358	17,764	15,567

* It is not possible to estimate the Collection Fund Adjustment Account balance owing to the uncertainty in relation to business rates.

** The working capital balance is an estimate of debtors and creditors at year end based on the average working capital over the last three years.

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 following table 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 borrowing requirement that has not yet been fixed (i.e. under borrowing). 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	2016/17 Estimated 1% £'000	2016/17 Estimated -1% £'000
Interest on Borrowing	177	(177)
Investment income	(274)	274
Net General Fund Borrowing Cost	(96)	96

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 following table.

Limits on Variable Interest Rates	2016/17 Upper £'000	2017/18 Upper £'000	2018/19 Upper £'000
Borrowing	91,000	85,000	81,000
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	2016/17 Upper £'000	2017/18 Upper £'000	2018/19 Upper £'000
Borrowing	121,000	115,000	111,000
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 following table:

Maturity Structure of fixed interest rate borrowing 2016/17				
	2015/16 £000 Lower Limit	2015/16 £000 Upper Limit	2016/17 £000 Lower Limit	2016/17 £000 Upper Limit
Under 12 months	0	105,000	0	111,000
12 months to 2 years	0	115,000	0	121,000
2 years to 5 years	0	115,000	0	121,000
5 years to 10 years	0	115,000	0	121,000
10 years to 20 years	0	115,000	0	121,000
20 years to 30 years	0	115,000	0	121,000
30 years to 40 years	0	115,000	0	121,000
40 years to 50 years	0	115,000	0	121,000
50 years to 60 years	0	115,000	0	121,000
60 years to 70 years	0	115,000	0	121,000

- 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	30,000	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

APPENDIX 3

Contracts awarded to a body/entity listed on the Member's Register of Interests.

Date of Contract Award	Contract Name and Reference Number	Description of Goods / Services being procured	Contract Value
NIL			

APPENDIX 4

Details of payments made to a body/entity listed on the Member's Register of Interests.

Supplier Ref	Supplier Name	2015 / 2016	
		Quarter 3 Payments Oct 15 to Dec 15) £	Cumulative Payments (Apr 2015 to Dec 2015) £
700025200	Belle Vue Community Sports	34,813.45	77,770.15
701780500	Changing Futures North East	24,808.44	61,871.95
700395100	Hartlepool Access Group	4,567.00	7,693.00
701780000	Hartlepool Carers	61,909.98	201,169.94
701392200	Hartlepool Carnival Committee	1,386.83	1,386.83
700121300	Hartlepool Citizens Advice Bureau	1,650.00	2,906.95
705354500	Hartlepool Credit Union Limited	5,744.00	16,244.00
701981200	Hartlepool Families First	36,194.91	132,658.01
700122900	Hartlepool Stage Society	1,700.00	1,700.00
700122200	Hartlepool Voluntary Development Agency	32,867.95	119,895.85
701117200	Owton Rossmere Community Enterprise Limited	1,026.33	3,374.31
701891900	Oxford Road Baptist Church	10.00	810.00
705144300	Rift House East Residents Association	0.00	3,200.00
750133800	Tees Valley Arts	275.00	275.00
750157400	The Rifty Youth Project	0.00	6,449.87

Member	Type of Interest (as at 1st Sept 2015)
Kevin Cranney	Other Interests
Alan Clark	Other Interests
Gerard Hall	Other Interests
Kevin Cranney	Contracts with the Authority / Other Interests
Mary Fleet	Other Interests
Stephen Thomas	Other Interests
Allan Barclay	Other Interests
Gerard Hall	Other Interests
George Springer	Other Interests
Paul Thompson	Employment, Office Trade, Profession or Vocation /
Jonathan Brash	Contracts with the Authority
	Other Interests
Peter Jackson	Other Interests
Christopher Akers-Belcher	Employment, Office Trade, Profession or Vocation
Allan Barclay	Other Interests
John Lauderdale	Licence to Occupy Land
Christopher Akers-Belcher	Other Interests
Stephen Akers-Belcher	Other Interests
James Frederick Ainslie	Other Interests
Christopher Akers-Belcher	Other Interests
Stephen Akers-Belcher	Other Interests
Sandra Belcher	Other Interests
Paul Beck	Other Interests

APPENDIX 4

Supplier Ref	Supplier Name	2015 / 2016	
		Quarter 3 Payments Oct 15 to Dec 15) £	Cumulative Payments (Apr 2015 to Dec 2015) £
700300500	West View Advice & Resource Centre Ltd	27,194.00	96,252.00
700300600	West View Project	97,374.75	292,634.25
750054000	Xivvi Limited	4,029.00	8,583.00
		335,551.64	1,034,875.11

Member	Type of Interest (as at 1st Sept 2015)
Robin Cook	Other Interests
Sheila Griffin	Other Interests
Christopher Simmons	Other Interests / Corporate Tenancies
Rob Cook	Other Interests
Sheila Griffin	Other Interests
Christopher Simmons	Other Interests
Paul Thompson	Securities / Employment, Office Trade, Profession or
Jonathan Brash	Vocation / Contracts with the Authority
	Interested Parties

SECTION D

Capital Programme 2016/17 to 2018/19

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2016/17 TO 2018/19

TABLE 1 - FORECAST CAPITAL RESOURCES

	Forecast Resources 2016/2017 (Provisional)				Forecast Resources 2017/2018 (Provisional)				Forecast Resources 2018/2019 (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	279	279	0	0	279	279	0	0	279	279
Devolved Formula Capital (Schools) **	0	0	148	148	0	0	148	148	0	0	148	148
Disabled Facilities Grant (Better Care Fund) *	0	0	546	546	0	0	546	546	0	0	546	546
Local Transport Plan	0	0	1,805	1,805	0	0	1,805	1,805	0	0	1,805	1,805
Schools Capital Programme #	0	0	842	842	0	0	2,832	2,832	0	0	705	705
	0	0	3,620	3,620	0	0	5,610	5,610	0	0	3,483	3,483
Departmental Prudential Borrowing - Funded from Specific Business Cases												
Replacement Wheelie Bins	60	0	0	60	60	0	0	60	60	0	0	60
Waste Transfer Station Recycling Capacity	250	0	0	250	0	0	0	0	0	0	0	0
Vehicle Procurement (Table 2 - 4)	1,268	0	0	1,268	1,027	0	0	1,027	788	0	0	788
	1,578	0	0	1,578	1,087	0	0	1,087	848	0	0	848
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
Schemes Funded from new Capital Receipts target												
Other Council Priorities, including match funding	0	400	0	400	0	0	0	0	0	0	0	0
Council Capital Fund	0	600	0	600	0	0	0	0	0	0	0	0
	0	1,000	0	1,000	0	0	0	0	0	0	0	0
Total Forecast Resources	1,578	1,628	3,620	6,826	1,087	628	5,610	7,325	848	628	3,483	4,959

* Better Care Fund is continuing in 2016/17, however detailed allocations have yet to be announced by the Government. Estimates are based on 2015/16 allocations and an assumption that the Better Care Fund will continue in future years.

** Devolved Formula Capital allocation for Schools is an estimate based on the 2015/16 allocation which the Government has stated is indicative of future allocations.

Schools Capital Programme includes an estimate of £705k Schools Condition Grant for 2016/17 and future years as actual allocations have yet to be announced by the Government. This is based on the 2015/16 allocation which the Government has stated is indicative of future allocations. In addition the Council has received a Basic Need funding allocation for 2016/17 and 2017/18, this is reflected in the above figures.

In previous years part of the Dedicated Schools Grant has been allocated to provide additional capital funding for the Schools Capital Programme. This is subject to annual approval by Schools' Forum and £628k is an indicative figure based on the current contribution to the capital programme.

TABLE 2 - 2016/17 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	Financed by Borrowing £'000	Business Case (Note 1) £'000	Total £'000
17 Seat Minibus	2	Carlton Outdoor Centre		50	50
Canoe Trailers	2	Carlton Outdoor Centre	10		10
Sweeper	1	Cleansing	50		50
Van Tows	3	Cleansing	14		14
Cabin Van	1	Building Cleaning	21		21
Small Panel Van	1	Community Safety		12	12
17 Seat Minibus	1	Pupil Referral Unit		25	25
17 Seat Minibus	1	Havelock Day centre	25		25
Ride on Mowers	4	Horticulture	68		68
2.5 Tonne Tipping Trailer	1	Horticulture	10		10
16 Seat Welfare Busses	5	Passenger Transport	375		375
17 Seat Minibus	1	Sports Development		25	25
Large Panel Van	1	Sports Development		18	18
Waste Bin Motors	4	Waste Management	515		515
Price Variation Contingency*			50		50
			1,138	130	1,268

TABLE 3 2017/18 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	Financed by Borrowing £'000	Business Case (Note 1) £'000	Total £'000
Medium sweeper	1	Cleansing	120		120
Sweepers	8	Cleansing	571		571
Medium Panel Van	1	Parks & Countryside	14		14
9 Seat Cabin Van	1	Parks & Countryside	25		25
Large 360" excavator	1	Waste Management	180		180
Civic Car	1	Corporate	20		20
Medium Panel Van	1	Workshop	12		12
Mobile Education Unit	1	Youth Service		85	85
Price Variation Contingency*			50		50
			942	85	1,027

TABLE 4 2018/19 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	Financed by Borrowing £'000	Business Case (Note 1) £'000	Total £'000
Van	1	Car parking	11		11
Transit Tipper	3	Cleansing	61		61
10 Tonne Tipping Trailer	1	Cleansing	20		20
Medium Panel Van - Refrigerated	1	Facilities Management	25		25
Base Panel Van	1	Fleet	19		19
18,000kg Chassis Cab & Body Demount System	1	Highways	85		85
7.5 Tonne Tipper with Lorry Loader	1	Highways	55		55
Trailer	1	Highways	4		4
Ride on Mower	2	Horticulture	78		78
Ride on Mower	4	Horticulture	68		68
Grillo FD2200	1	Horticulture	25		25
Tractor Mount Flail	1	Horticulture	10		10
Ride-on Brushcutter	1	Horticulture	6		6
Pedestrian flail	1	Horticulture	4		4
Transit Tipper	2	Horticulture	42		42
13 Tonne Vertical Tipping Trailer	1	Horticulture	20		20
5 Tonne Hydraulic Tipping Trailer	1	Horticulture	10		10
Low Roof Van	2	Mechanical & Electrical	26		26
6,500kg Dropside	1	Mechanical & Electrical	50		50
Jet Ski & Trailer	1	Parks & Countryside	8		8
Transit Low Roof Van	1	Public Buildings	13		13
Transit Tipper	1	Public Buildings	21		21
Transit Van	1	Public Buildings	22		22
Medium Roof Van	1	Public Buildings	14		14
Long Wheel Base High Roof Van	2	Small Works	76		76
Cabin Van	1	Youth Offending		15	15
Price Variation Contingency*			50		50
			773	15	788

Note 1

Vehicles which were not previously funded by prudential borrowing, but typically grant funding. These will only be replaced if supported by a detailed business case and provided costs can be met from service revenue budgets.

* To allow for differences compared to the estimates used in the above tables in relation to the final purchase price of vehicles.