

**Budget for Best Value 2017/2018
&
Capital Programme to 2019/2020**



Hartlepool Borough Council

**Budget for Best Value 2017/2018
&
Capital Programme to 2019/2020**

**C. LITTLE
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ISSUED APRIL 2017

MEDIUM TERM FINANCIAL STRATEGY 2017/2018 TO 2019/2020

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

The Government has confirmed that funding cuts will continue for three more years. By 2019/20 this means councils will have faced nine successive years of Government grant cuts. In 2019/20 the amount of Government grant paid to the Council will be approximately half the amount received in 2015/16 – a reduction of nearly £10 million. To put this into context Council Tax would need to increase by 30% to replace the Government grant cut just to stand still financially. Clearly, such an increase would not be appropriate.

In addition to managing the continuing cuts in Government funding, the Council also has to manage the impact of increasing inflation, including the National Living Wage introduced by the Government without additional funding. As a result, the Council faces a budget shortfall over the next three years of nearly £21 million. To manage this shortfall the Council has identified a range of savings and additional income, including:

- Savings in information technology costs, insurance costs and interest costs;
- Increased Council Tax income from new housing developments;
- Anticipated additional funding in 2018/19 and 2019/20 from the Government's new Better Care Fund; and
- Increases in the level of Council Tax.

These proposals reduce the impact on services the Council provides, but do not address the full budget shortfall. Therefore, the Council still needs to make budget reductions of nearly £9 million over the next three years. This is a further budget cut of 10%. Plans to achieve nearly three quarters of these savings have been approved. The remaining savings will be addressed during 2017 to ensure they are implemented over the next three years.

In view of the significant reduction in Government grant funding 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 4.9%. This increase will raise approximately **£1.7 million** (including £1.0 million from the 3% Adult Social Care Precept). We are committed to support the Frail, Elderly and Vulnerable through the 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 93p and £1.08p. A detailed explanation of the Council Tax increase is provided overleaf.

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

Why is Council Tax increasing?

Over the five years 2011/12 to 2015/16 the Government encouraged councils to freeze Council Tax and Hartlepool Council was the only council in the Tees Valley to do so.

In 2016/17, the Government introduced the Adult Social Care precept – a specific amount of your Council Tax bill to help pay for Adult Social Care services - and set this at 2%, indicating this would continue to apply for a further three years. The Adult Social Care precept is in addition to the basic Council Tax referendum limit of 2% (the maximum increase before a public vote is required) and therefore set a referendum limit of 4%.

In December 2016 the Government announced changes to the Adult Social Care precept arrangements to help councils cope with the spiralling costs of Adult Social Care. Under the revised arrangements councils can either achieve a 6% Adult Social Care precept over two or three financial years. However, by 2019/20 both options provide the same Council Tax income.

This change in Government policy shifts the cost of paying for Adult Social Care services from national taxation to Council Tax. The Government's funding for councils anticipates a Council Tax increase for 2017/18 at the referendum limit (5%).

The Council has decided to implement the 3% Adult Social Care precept for 2017/18 to maximise funding available to support Adult Social Care services. This therefore means there will be an overall increase for the Council's services of 4.9% in April.

How will the Council use the 3% Adult Social Care Precept?

The Council can only spend this money on Adult Social Care and each council's Chief Financial Officer is required to submit a declaration to the Government confirming this is the case. The Council has submitted this declaration, which confirms that this funding will partly fund financial pressures in Adult Social Care, including annual increases in the National Living Wage. The balance of the Social Care financial pressures have been addressed as part of the overall budget strategy.

What are Adult Social Care Services?

Adult Social Care services often work in partnership with services provided by the NHS and help people with non medical support. These services support older people (aged 65 years and over), adults with learning and/or physical disabilities, adults with mental health or substance misuse issues and carers. Services include supporting people to access residential care, domiciliary care that supports people in their own homes and telecare support to help people

remain independent. Each year the Council provides support to over 5,900 adults, including:

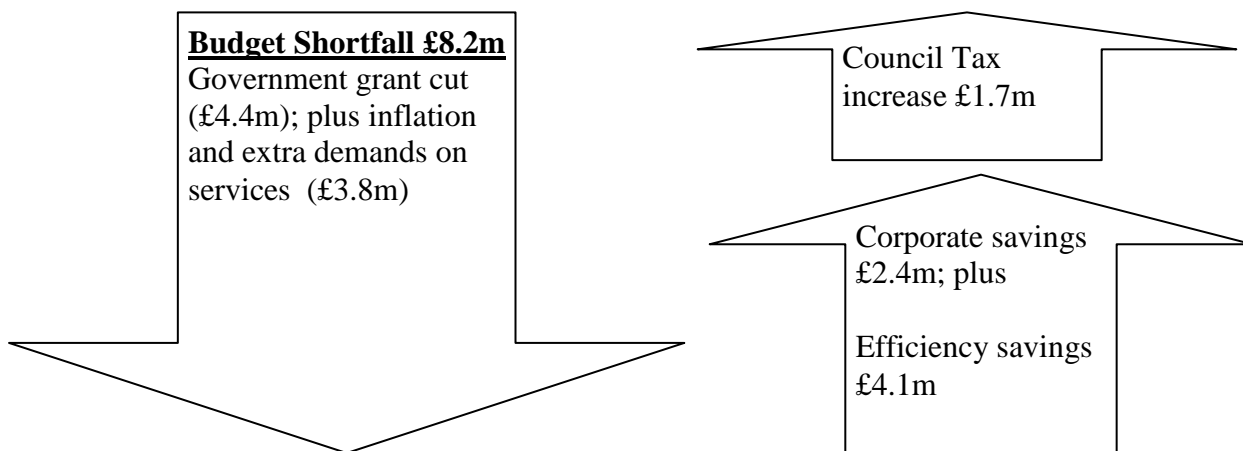
- 950 older people supported in their own homes
- 690 older people supported in residential care;
- Telecare support provided to over 2,300 people to promote independence
- 350 adults with learning disabilities supported to live in the community
- Over 1,000 carers provided with information, advice and support

In line with national trends, the population in Hartlepool is ageing which creates additional demands on services. People with learning and physical disabilities are also living longer. These trends are to be celebrated but do increase the costs of providing adult services.

How has the Council managed the 2017/18 Government grant cut and inflation?

Over the next three years Government grant will be cut by nearly £10 million. Approximately 44% of this cut is being made in 2017/18. The Council also faces inflation and demand pressures, which mean there is a budget shortfall of nearly £8.2m next year. The Council Tax increase of 4.9% (including the 3% Adult Social Care precept) only covers approximately a fifth of this shortfall. The remaining shortfall has been funded from a combination of corporate budget savings (saving in information technology costs, insurance costs and interest costs) and efficiency savings, as summarised below:

Summary of 2017/18 budget shortfall and measures to address it.



How is the Council planning to use reserves?

As part of the approach to managing continuing Government grant cuts the Council has adopted a long-term strategy to manage its resources, including monies held in reserves. This strategy recognises that reserves can only be spent once.

The Council has earmarked £17 million to support the budget over the four years up to 2019/20 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 2019/20.

SECTION A

Council 23rd February 2017

COUNCIL REPORT

23 February 2017



Report of: Finance and Policy Committee

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2017/2018 TO 2019/2020

1. PURPOSE OF REPORT

- 1.1 The purposes of the report are to enable Council to consider:
- i) the recommendations from the Finance and Policy Committee in relation to the 2017/18 Budget and Council Tax level for Hartlepool Council services; and
 - ii) approve the detailed statutory Council Tax calculations for 2017/18, which incorporate Council Tax precepts set by other organisations.

2. BACKGROUND

- 2.1 In accordance with the Constitution the Finance and Policy Committee is required to develop budget and Council Tax proposals for the forthcoming year for consideration by Council. These proposals are summarised in sections 3 to 5.
- 2.2 This report also details the statutory 2017/18 Council Tax calculations which the Council is required to undertake to incorporate the Council Tax levels approved by 'precepting bodies', i.e. the Police and Crime Commissioner, Cleveland Fire Authority and Parish Councils. Individual 'precepting bodies' are responsible for setting their own Council Tax levels in accordance with the specific Government Council Tax referendum principles applying. Further information is provided in section 6.

3. CONSIDERATION OF 2017/18 BUDGET AND COUNCIL TAX RECOMMENDATIONS MADE BY THE FINANCE AND POLICY COMMITTEE

- 3.1 The detailed report considered by Finance and Policy Committee on the 9th January 2017 is included in the separate booklet issued with the agenda, which also includes detailed supporting information for the 2017/18 budget.

3.2 To enable Members to consider the recommendations referred by Finance and Policy Committee the following paragraphs provide a summary of the key issues impacting on the Council's financial position.

3.3 Five Year Capital Plan

3.4 The delivery of the five year capital plan will require the Council to secure external capital grants and private sector investment to fund continued investment in the town. The Finance and Policy Committee report also provides details of the Council's own resources which have been identified to fund capital investment and recommends specific proposals for using these resources.

3.5 Government Revenue Support Grant (RSG) and Top-Up Grant

3.6 The Government has confirmed that austerity will continue until 2019/20 and this means the Council will have faced nine consecutive years of cuts in RSG. The cut in RSG for 2017/18 is £4.420m, which is a reduction of 24%.

3.7 Further RSG cuts will be made in the following two years and by 2019/20 RSG will have reduced to £7.780m, compared to £18.210m in 2016/17. This is a total recurring annual reduction of £10.430m - a reduction of 57%.

3.8 The RSG cut of £10.430m is partly mitigated by a small increase in Top-Up Grant. However, the Council still faces a net cut in recurring Government funding by 2019/20 of £9.8m. This is the main driver of the gross budget deficit of £20.8m facing the Council over the next three years.

3.9 Strategy for managing budget deficit

3.10 The Finance and Policy Committee has developed a three year plan to address the gross budget deficit of £20.8m. This plan seeks to minimise the impact on front line services by implementing corporate savings (i.e. reductions in IT costs, insurance costs and loan repayment savings), achieving housing growth to generate additional Council Tax and the implementation of annual Council Tax increases in line with the Government's Council Tax referendum regime. The plan also benefits from the Government's Better Care Fund which it is anticipated will provide increasing funding in 2018/19 and 2019/20. After reflecting these issues the budget deficit reduces to £8.841m as summarised overleaf:

	£'m
Gross Deficit	20.800
Less – Forecast Council Tax increases and housing growth	(5.710)
Less – Corporate savings	(2.400)
Less - changes in forecast improved Better Care Fund, New Homes Bonus and Employers Pension contribution increase	(3.849)
Revised Forecast Net Deficit	8.841

- 3.11 As Government grant cuts are front loaded in 2016/17 and 2017/18 the budget strategy is based on the phased use of the Council's reserves to provide a slightly longer lead time to implement permanent budget reductions. In addition, departmental reserves will be used to manage demand pressures. In total, over the period 2016/17 to 2019/20, the Council will use £17.158m of reserves to support the budget and protect services.
- 3.12 The three year savings plan enables a balanced budget to be set for 2017/18. The plan also provides total savings of £6.547m towards the net deficit of £8.841m. Detailed proposals for addressing the remaining budget deficit of £2.294 will be reported in June/July 2017 for approval. Additional savings may be required to address forecast budget pressures if demand cannot be reduced and an update will also be reported in June/July, together with a strategy for managing future pressures.
- 3.13 **Government Council Tax policy and impact on MTFS**
- 3.14 Over the five years up to (and including) 2015/16 the Government supported councils to freeze Council Tax by providing a specific grant to partly offset the loss of increased Council Tax income. Hartlepool was the only Council in the Tees Valley which froze Council Tax for this 5 year period.
- 3.15 For 2016/17 there was a significant shift in Government policy as the Government introduced the Adult Social Care precept. This was recognition of the financial pressures facing Adult Social Care. For 2016/17 the Government set the Adult Social Care precept at 2% and indicated this would continue in the following three years. This policy shifts the burden of funding increasing Adult Social Care costs from national taxation to Council Tax.
- 3.16 The Government's Adult Social Care precept is in addition to the base Council Tax referendum limit of 1.9%. Therefore, from 2016/17 the Government's Council Tax policy was based on Adult Social Care authorities increasing Council Tax by 3.9% to address service pressures. Furthermore, the Government's overall budget forecasts and the funding allocation for Local Government, is based on councils increasing Council Tax in line with the overall referendum limit, including the Adult Social Care precept.

- 3.17 During 2016 and increasingly in the first few weeks of 2017 there have been continuing calls on the Government to address the funding crisis facing Adult Social Care. This included a call on 9th January 2017 from the chairs of three Government Select Committee's (Public Accounts Committee, Health Select Committee, and the Communities and Local Government Select Committee) for an urgent cross party review of the financial sustainability of Social Care and the NHS.
- 3.18 On the 15th December 2016 the Government announced that the Adult Social Care precept could be increased to 3% for 2017/18 and 2018/19, before then reducing to zero in 2019/20. Alternatively authorities could continue to implement a 2% Social Care precept for three years. Both the 2% and 3% Adult Social Care precept are in addition to the base Council Tax referendum limit of 1.9%.
- 3.19 As detailed in the Finance and Policy Committee report the 3% Adult Social Care precept enables authorities to achieve increased Council Tax income slightly earlier than the 2% option. In the short-term this helps partly mitigate the financial pressures facing Adult Social Care. However, by 2019/20 the 2% and 3% Adult Social Care precept options provide the same recurring income and neither option provides a permanent solution to the financial challenges facing the sector.
- 3.20 The Finance and Policy Committee considered alternative options for the Adult Social Care precept and recommend an overall Council Tax increase of 4.9%, including a 3% Adult Social Care precept, for the following reasons:
- The increase will be in line with the Government's latest policy announcement;
 - Demonstrate to the Government that the Council is committed to protecting Adult Social care services, which will protect the Better Care Fund resources to be received over the next three years – which will provide recurring income from 2019/20 of approximately £4m;
 - Achieve the recurring Social Care precept income built into the existing MTFs from 2019/20 of £2.198m.
- 3.21 For the majority of households (i.e. 55% of households in a band A property) the annual increase is £48.15, which equates to 93 pence per week over 52 weeks. For a further 17% of households in a Band B property the annual increase is £56.18, which equates to £1.08 per week.
- 3.22 The Council decision in December 2016 to maintain a 12% Local Council Tax Support Scheme means that for 97% of Local Council Tax Support Scheme households in a Band A or B property the weekly increase is approximately 12 pence.

4. ROBUSTNESS OF BUDGET FORECASTS – DIRECTOR OF FINANCE AND POLICY OFFICERS PROFESSIONAL ADVICE

4.1 Section 7 of the MTFs report submitted to Finance and Policy Committee provided detailed advice on the robustness of the budget forecasts. This advice is equally applicable when Council is considering the detailed recommendations referred by the Finance and Policy Committee.

4.2 This advice was predicated on a Council Tax increase of 4.9% (i.e. base Council Tax increase of 1.9%, plus a 3% Adult Social Care precept) being approved. If this increase is not approved additional budget cuts of £1.702m will need to be identified before Council can approve the 2017/18 budget. This amount consists of the following increased Council Tax income:

- 1.9% base Council Tax increase - £0.660m;
- 3% Social Care precept income - £1.042m.

4.3 Since the MTFs report was considered by Finance and Policy Committee on 9th January 2017 the Government has issued guidance in relation to the Adult Social Care precept declaration that each councils Section 151 officer (i.e. the officer holding the statutory post of Chief Finance Officer) is required to sign to confirm this funding will be spent on Adult Social Care and will not be used to support other services.

4.4 The Director of Finance and Policy (the Council's Section 151 officer) has reviewed this guidance and confirms that the Council will comply with these requirements if a 3% Social Care precept is approved.

5. MTFs RECOMMENDATIONS REFERRED BY FINANCE AND POLICY COMMITTEE FOR COUNCIL'S CONSIDERATION AND APPROVAL

5.1 Details of the Finance and Policy Committees final recommendations are detailed in section 12 of the report included in the separate booklet issued with the Council agenda. For ease of reference these issues are summarised in Appendix A to this report and Council is requested to consider and approve the following Finance and Policy Committee recommendations:

- i) Approve a 3% Adult Social Care precept for 2017/18;
- ii) Approve a 1.9% base Council Tax increase for 2017/18 and to note that when account is taken of the recommended Adult Social Care precept the total increase for Hartlepool Council services is 4.9%;
- iii) Approve the detailed supporting MTFs recommendations set out in Appendix A, which includes reducing the Ward Members Budget from £132,000 to £66,000 to provide permanent funding to continue the beach lifeguard service.

- iv) Approve the additional recommendation approved by Finance and Policy Committee on the 10th February 2017 to replace the proposed 2018/19 allotment rental increase of £100,000 as follows:
- A Public Health contribution of £50,000 per year for 3 years
 - An inflationary increase in Allotment rents for 3 years commencing April 2018, which will result in the allotment rate increasing from 15p sq.m. to 16p from 1st April 2018.
 - The remaining financial shortfall in 2018/19 will be found from other areas of the Council's budget and details will be report in the 2018/18 Medium Term Financial Strategy.

6. STATUTORY COUNCIL TAX CALCULATIONS, INCORPORATING PRECEPTING AUTHORITIES DECISIONS

- 6.1 In accordance with Local Government Finance Act 1992 and relevant regulations the Council is required to approve statutory Council Tax calculation incorporating the Council Tax levels set by individual precepting authorities i.e. the Police and Crime Commissioner, Cleveland Fire Authority and individual parish councils.
- 6.2 Individual 'precepting bodies' are responsible for setting their own Council Tax levels in accordance with the specific Government Council Tax referendum principles applying and which meet their own budgetary requirements.
- 6.3 The statutory Council Tax calculations are an administrative responsibility that the Council as the statutory 'billing authority' is required to undertake once the Council has set its own Council Tax level (as detailed in section 5) and the individual precepting authorities have set their own Council Tax levels.
- 6.4 For Members information, for areas without a parish council, which is 90% of Hartlepool households, the overall Council Tax increase for 2017/18 is 4.2%, which reflects the following increases approved by the Council, the Police and Crime Commissioner and Cleveland Fire Authority. The table also includes the Government's 2017/18 Council Tax referendum limit for the different types of authority.

	Council Tax increase	Government Council Tax referendum limit
Hartlepool Council (includes 3% Social Care Precept)	4.9%	5%
Police and Crime Commissioner	1.99%	2%
Cleveland Fire Authority	1.9%	2%
Total increase	4.43%	

6.5 Based on the increases detailed the following table summarises the Council Tax for 2017/18.

	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Hartlepool Borough Council Basic Amount without parishes or special items	982.45	1,146.19	1,309.92	1,473.67	1,801.15	2,128.64	2,456.12	2,947.34
Hartlepool Borough Council Adult Social Care Precept	48.39	56.46	64.53	72.59	88.72	104.85	120.98	145.18
Office of Police and Crime Commissioner	143.03	166.86	190.70	214.54	262.22	309.89	357.57	429.08
Fire Authority	48.71	56.82	64.94	73.06	89.30	105.53	121.77	146.12
Areas without a Parish Council	1,222.58	1,426.33	1,630.09	1,833.86	2,241.39	2,648.91	3,056.44	3,667.72

6.6 Council is requested to approve the statutory Council Tax calculations detailed in Appendix B, which includes the Council Tax increases approved by the individual precepting authorities.

6.7 On 3rd February 2017 the Government announced that owing to Parliamentary time being allocated for the Brexit Bill, the final Local Government Settlement would not be presented to Parliament until the week commencing 20th February 2017. Provided the detailed figures are available before Council, a verbal update will be provided. However, as it is not expected there will be any changes to the provisional 2017/18 grant figures issued by the Government in December 2016 (which confirmed the initial 2017/18 grant figures issued in December 2015 as part of the initial multi-year settlement), the statutory budget and Council Tax calculations detailed in Appendix B, are based on these figures.

6.8 In the unlikely event that there is any variation in the final 2017/18 grant allocation, it is recommended that this is managed as an in-year budget variance by adjusting the value of the Budget Support Fund used to support the 2017/18 budget. There would then be a compensating increase/decrease in the Budget Support Fund available to support the 2018/19 budget. Should this situation arise, the Ceremonial Mayor and Chair of the Finance and Policy Committee will be advised of any changes and details reported within the first budget management report for 2017/18.

7. CONTACT OFFICER

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MTFS RECOMMENDATIONS REFERRED BY FINANCE AND POLICY COMMITTEE

Implementation of annual increase in Hartlepool Living Wage and National Living Wage

1. That it is noted that the National Living Wage will increase from £7.20 an hour to £7.50 an hour in April 2017.
2. That it is noted that in accordance with the previous decision of Council on 10th December 2015 the Hartlepool Living Wage had been set at £7.88 from 1st December and would then 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, at which stage the National Living Wage would apply. This policy increased the Hartlepool Living Wage to £8.04 from 1st April 2016 and would result in an increase to £8.19 from 1st April 2017.

Five year capital plan

3. That the following proposals for using the one off resources of £4.949m identified from the reserves review and contribution from the 2016/17 forecast outturn be approved and delegated to the Finance and Policy Committee to manage the detailed allocations for individual proposals:

	Recommendation funding allocation £'m
<p><u>Building Condition issues</u> A detailed programme will be developed and reported to a future meeting for approval to reflect the impact of building rationalisation, the development of Community Hubs and the potential impact of the closure of the Law Courts.</p>	1.000
<p><u>Borough Hall</u> A building condition survey has identified investment requirements for this building of £493,000 to ensure the continued operation of this facility.</p> <p>In addition, potential underpinning of the building may be required if repairs recently completed to the drainage system do not address subsidence issues. An assessment of the impact of the drainage works will be completed by September 2017. If these works are not necessary it is recommended that these resources are allocated to address further requirements at the Borough Hall, subject to a further report being considered by the Finance and Policy Committee.</p>	0.493 0.307

<p><u>Church Street/Church Square</u> This funding is allocated to match fund the external grant secured for the Managed Work Space scheme and will be held as a contingency to manage the potential risks in relation to this scheme. This amount is specifically funded from City Challenge resources released from the reserves review.</p> <p>If the funding is not needed as match funding it will be allocated to support the public realm works within Church Street/Church Square and a further report submitted to this Committee for approval.</p>	0.287
<p><u>Contribution towards Waterfront development and relocation of Sports Facilities</u> The delivery of these projects will be reliant upon securing private sector investment and external grant funding. These funding sources are likely to require match funding from the Council's own resources. Therefore, it is recommended that this amount is set aside. Proposals for using these resources will be subject to further reports on the detailed business cases being submitted to this Committee for approval.</p>	2.862
<p><u>Total</u></p>	4.949

4. That the proposal to use Prudential Borrowing to support capital investment of £1.5m to address issues identified through the 'Your say, our future' consultation be approved and Council's approval be sought to delegate Authority for approving the detailed programme of schemes to the Finance and Policy Committee.
5. That Council notes that the details of specific Government Capital Allocations for the Local Transport Plan, Education and Personal Social Services had not be issued by the Government when the report was prepared and detailed proposals for using these ring fenced capital resources would be reported to the relevant Policy Committee for approval once details have been received. Indicative allocations were detailed in Appendix B to the report.
6. That the use of Prudential Borrowing for the replacement of Operational Equipment as detailed in Appendix B to the report be approved (subject to removal of the items requested by the Chair as referred in the previous paragraphs) and that it be noted that the annual repayment costs were already included within existing operational and trading accounts budgets.
7. That approval is given to a new capital receipts target of between £1.5m and £3.5m for 2017/18 and 2018/19. It was noted that these forecast resources could not be committed until land sales were certain and detailed proposals for using these resources would then be reported to a future meeting of Finance and Policy Committee.

2017/18 to 2018/19 General Fund Budget

8. It was noted that the Government had confirmed a multi-year settlement for the Council for 2017/18 to 2019/20 and this confirmed there would be a further grant cut of £9.8m by 2019/20. After reflecting this funding cut and the impact of inflation the Council faced a forecast deficit of £20.800m.
9. That the revised deficits are after reflecting the use of one off corporate reserves and the use of departmental reserves as follows;

Phased use of one-off corporate reserves and departmental reserves

	Planned use of Corporate Reserves £'m	Planned use of Departmental Reserves £'m	Total Planned use of Reserves £'m
2016/17	6.488	1.091	7.579
2017/18	# 3.251	2.425	5.676
2018/19	2.448	0.400	2.848
2019/20	1.055	0	1.055
Total	13.242	3.916	17.158

includes £1m of additional one-off funding from the 2016/17 managed under spend to help manage the annual phasing of the budget savings over the period 2017/18 to 2019/20.

10. It was noted that after reflecting the use of reserves, the 2017/18 recommended Council Tax increase, the continuation of the current Council Tax regime by the Government for 2018/19 and 2019/20, the achievement of corporate budget savings and the forecast improved Better Care Fund allocation for 2018/19 and 2019/20 the gross deficit reduces from £20.800m to £8.841m.
11. That the detailed General Fund savings proposal for 2017/18 to 2018/19 as summarised in Appendix C to the report totalling £6.547m be approved. It was noted that, as summarised below, these proposal enabled a balanced budget to be set for 2017/18 and significantly reduce the savings still to be identified for 2018/19 and 2019/20:

	2017/18 £'m	2018/19 £'m	2019/20 £'m	Total £'m
Forecast Budget Deficit	4.077	2.479	2.285	8.841
Less - Savings Proposals	(4.077)	(1.684)	(0.786)	(6.547)
Savings still to be identified	0	0.795	1.499	2.294

12. It was noted that proposals to address the residual savings for 2018/19 and 2019/20 would be reported in June/July 2017 for consideration and approval.
13. That the strategy detailed in section 5.14 of the report for managing budget pressures in relation to Children's Services, Adult Services and Regeneration and Neighbourhoods Services be noted. It was also noted that if these pressures cannot

be reduced that additional budget saving of £2m may be required by 2019/20.

14. It was noted that Council Tax levels for 2018/19 and 2019/20 would be determined at a future date to reflect the Government's Council Tax referendum regime, inclusive of the Social Care precept, which reflected the Government's policy of shifting funding for local services to Council Tax payers.
15. It was agreed to recommend to Council that the Lifeguard Service, which is currently funded from one off funding, be funded in 2017/18 by top-slicing the Ward Members Budget.

Public Health Funding

16. That approval be given to the savings proposals for the Public Health department of £1.779 million over the next three financial years, which addressed a grant cut of £689,000, provided £900,000 which would be reinvested into transforming services across the Council to deliver public health outcomes in 2017/18 and £190,000 to support eligible expenditure within Sport and Recreation to ensure access to services for all residents particularly those in poor health.

Adult Social Care Reserves

17. It was noted that the Council will benefit from one off Adult Social Care Support Grant in 2017/18 (£500,000), plus the early achievement of Social Care precept income arising from the Government moving from a three year precept of 2% per year, to a two year precept of 3% per year - £347,000 in 2017/18 and £423,000 in 2018/19. It was noted the total value of these resources is £1.270m which reduced the call on Departmental Reserves and enabled these resources to be reallocated to fund one off pump priming and transitional costs of implementing alternative service delivery options for Adult Services arising from feasibility work the Council is currently undertaking, as detailed in paragraph 5.19 of the report.

Robustness of Budget Forecasts

18. The Committee noted the detailed advice provided by the Director of Finance and Policy and Corporate Management Team as set out in section 7 of the report.

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 2017/2018 in accordance with the Local Government Finance Act 1992 and relevant regulations:

i) To note that on 9th January 2017 the Finance and Policy Committee approved the 2017/18 Council Tax Base for:

- The whole Council area as 23,569.5 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	104.1	Greatham	575.5
Elwick	542.9	Hart	304.8
Headland	745.7	Newton Bewley	31.9

2 That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) is £36,444,575.

3 £1,546.26 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 2017/18 (excluding Parish precepts), which has the effect of increasing the Council's element of Council Tax by 4.9%.

4 £28,095 Parish Precepts Being the aggregate amount of all special items referred to in Section 34 (1) of the Local Government Finance Act 1992.

£14,316 Concurrent Services - as detailed in Table 1.
Concurrent Services

5 £1,547.45 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).

6 The Basic Council Tax for 2017/18 calculated in accordance with Section 34 (3) for dwellings in those areas that have a Parish precept as set out in Table 2.

- 7 Approve in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, the aggregate amounts shown in Table 3 the amounts of Council Tax for 2017/18 for each part of the Council's area and each of the categories of dwellings.
- 8 Approve that the Council's basic amount of Council Tax for 2017/18 of £1,546.26, detailed in 3 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.
- 9 Approve the amount of Council Tax including the Cleveland Fire Authority and the Office of the Police and Crime Commissioner precepts, in accordance with Section 40 of the Local Government Finance Act 1992 and the relevant inclusion of amounts of Council Tax for each category of dwelling in accordance with Sections 43 to 47 of the Act as set out in Table 3.
- 10 Approve the following amounts be calculated by the Authority for 2017/18 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and relevant regulations:-

£	
77,594,389	Gross Requirement
(5,006,000)	Use of Reserve
72,588,389	Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A (2) of the Local Government Finance Act 1992 and relevant regulations.
(13,785,539)	Revenue Support Grant
(9,292,096)	Top Up Grant
(14,681,423)	Business Rates
1,643,339	Collection Fund
(36,115,719)	Being the aggregate of the sums which the Council estimate will be payable to it in respect of Revenue Support Grant, Top Up Grant, Business Rates income and the estimate to be paid to the Collection Fund as at 31 st March 2017, 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.
36,472,670	Council Tax requirement for 2017/18 including parish precepts, calculated in accordance with Section 31A (4) of the Act.

TABLE 1 - Council Tax For Parish Councils 2017/2018

	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	5,617	104.1	53.96	1,546.26	1,600.22	312	2,448	8,377
Elwick	9,658	542.9	17.79	1,546.26	1,564.05	351	6,988	16,997
Greatham	2,755	575.5	4.79	1,546.26	1,551.05	445	1,385	4,585
Hart	4,252	304.8	13.95	1,546.26	1,560.21	241	3,495	7,988
Headland	5,704	745.7	7.65	1,546.26	1,553.91	2,296	0	8,000
Newton Bewley	109	31.9	3.42	1,546.26	1,549.68	11	0	120
	28,095					3,656	14,316	46,067

TABLE 2 - Council Taxes For Each Property Band 2017/2018**(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	1,066.81	1,244.62	1,422.41	1,600.22	1,955.82	2,311.43	2,667.03	3,200.44
Elwick	1,042.70	1,216.49	1,390.26	1,564.05	1,911.61	2,259.19	2,606.75	3,128.10
Greatham	1,034.03	1,206.37	1,378.71	1,551.05	1,895.72	2,240.40	2,585.08	3,102.10
Hart	1,040.14	1,213.50	1,386.85	1,560.21	1,906.92	2,253.64	2,600.35	3,120.42
Headland	1,035.94	1,208.60	1,381.25	1,553.91	1,899.22	2,244.54	2,589.85	3,107.82
Newton Bewley	1,033.12	1,205.31	1,377.49	1,549.68	1,894.05	2,238.43	2,582.79	3,099.36
Areas without a Parish Council	1,030.84	1,202.65	1,374.45	1,546.26	1,889.87	2,233.49	2,577.10	3,092.52

TABLE 3 - Council Taxes For Each Property Band 2017/2018**(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	1,258.55	1,468.30	1,678.05	1,887.82	2,307.34	2,726.85	3,146.37	3,775.64
Elwick	1,234.44	1,440.17	1,645.90	1,851.65	2,263.13	2,674.61	3,086.09	3,703.30
Greatham	1,225.77	1,430.05	1,634.35	1,838.65	2,247.24	2,655.82	3,064.42	3,677.30
Hart	1,231.88	1,437.18	1,642.49	1,847.81	2,258.44	2,669.06	3,079.69	3,695.62
Headland	1,227.68	1,432.28	1,636.89	1,841.51	2,250.74	2,659.96	3,069.19	3,683.02
Newton Bewley	1,224.86	1,428.99	1,633.13	1,837.28	2,245.57	2,653.85	3,062.13	3,674.56
Areas without a Parish Council	1,222.58	1,426.33	1,630.09	1,833.86	2,241.39	2,648.91	3,056.44	3,667.72

FINANCE AND POLICY COMMITTEE

9th January 2017



Report of: Corporate Management Team and Director of Finance and Policy

Subject: MEDIUM TERM FINANCIAL STRATEGY – CAPITAL AND REVENUE 2017/2018 to 2019/2020

1. TYPE OF DECISION/APPLICABLE CATEGORY

Budget and Policy Framework Decision.

2. PURPOSE OF REPORT

2.1 The purposes of the report are to:-

- i) Update Members on Government announcements, including the Chancellor's 2016 Autumn Statement, impacting on local authorities; and
- ii) To enable Members to finalise the detailed 2017/18 budget proposals to be referred to Council on 23rd February 2017.

3. BACKGROUND

3.1 A comprehensive report - "Council Plan and Overall Medium Term Financial Strategy" was considered by the Finance and Policy Committee on 2nd December 2016.

3.2 The report stated that despite the impact of continuing austerity and cuts in Government funding the Council needs to remain ambitious for the town. This ambition is based upon achieving our key strategic objectives which will be focused around:

- Growing our Economy, Jobs and Skills
- Regenerating our town;
- Developing and promoting Hartlepool as a great place to live;
- Developing new services for people and communities;
- Building better beginnings and better futures for our children and young people;
- Providing effective leadership based upon innovation and efficiency.

3.3 The strategic objectives are underpinned by a number of key deliverables as detailed in Appendix A. The previous report indicated that further work and consultation would be undertaken to develop the Council Plan prior to the final plan being approved by Council in March/April 2017. This report concentrates on the budget and Council Tax issues the Committee needs to consider and to then determine the proposals to be referred to Council on 23rd February 2017.

3.4. Government Announcements impacting on Local Authorities

3.5 The Government have made a number of announcements over recent months including an announcement on 15th December 2016 of a change in the previously announced Council Tax referendum limit for 2017/18. The Government introduced the option for Councils of a Social Care precept of 2% for 2016/17 and had indicated this would continue for a further three years (2017/18 to 2018/19). The Government's policy of allowing the addition of a Social Care precept partially recognises the significant financial pressures facing Social Care authorities, including the additional costs of implementing the National Living Wage and increasing demand. In response to continuing concerns raised by Local Authorities the Government announced on 15th December that the limit on the Social Care precept would increase to 3% for 2017/18 and 2018/19 and would then be set at zero for 2019/20. This change does not increase the recurring income raised in 2019/20 from the Social Care precept, although it does change the phasing so that more of the income can be raised in 2017/18 and 2018/19.

3.6 As reported previously the Social Care precept will not generate sufficient resources to address the impact of the Government's National Living Wage, demographic and inflationary pressures impacting on Adult Social Care services. In response to the Government announcement to increase the limit for the Social Care precept to 3% the Chair of the Local Government Association, Gary Porter said "the social care funding gap could not be addressed by increasing the council tax precept alone as there were wide variations in the amount of money that councils could generate across the country".

3.7 The Government recognises that more deprived areas will generate less income from the Social Care precept than more prosperous areas. This will be addressed by targeting the 'improved Better Care Fund' to those areas benefiting least from the Social Care precept. This policy is designed to provide all authorities with increased resources to address Adult Social Care pressures. However, more deprived authorities, including Hartlepool, have suffered disproportionate cuts in core Government funding. When these funding cuts are factored in the Council still faces a significant net reduction in Government funding and this is the main driver of the budget deficits over the next three years.

3.8 There is increasing concern at a national level that Adult Social Care is facing a funding crisis over the next few years. The Government's approach based on the Social Care precept and the improved Better Care Fund will not address the financial pressures arising from demographic pressures and the impact of the

National Living Wage. In many areas the cuts in Social Care funding are already impacting on the NHS. The NHS Chief Executive had called on the Chancellor to provide additional Social Care funding in the Autumn Statement, even if this meant the NHS did not receive increased funding.

- 3.9 Further information on the impact of the Government's Council Tax regime for 2017/18 is detailed in section 6.
- 3.10 The Government has announced that from April 2017 the National Living Wage will increase from £7.20 to £7.50. For external contracts this is broadly in line with the planning assumptions included in the MTFs forecasts. For Council employees the Hartlepool Living Wage is anticipated to increase from £8.04 to £8.19 from 1st April 2017, based on the national cost of living increase for the lowest paid Council employees. For the majority of Local Government staff the April 2017 cost of living pay award is 1%.
- 3.11 The Government has confirmed that Local Government can continue operating with a four-year settlement and on 16th November 2016 the Council received notification from the Department for Communities and Local Government (DCLG) that its application for a multi-year settlement up to 2019/20 has been accepted. The DCLG letter stated that 97% of authorities applied for a multi-year settlement, although the letter did not state how many applications have been approved.
- 3.12 With regard to the overall public sector finances and the economy the 2016 Autumn Statement indicates that GDP growth will be lower for the next 2 years, Government borrowing and inflation will be higher than the Government had previously forecast. These forecasts may be more volatile than in previous years owing to the uncertainty arising from the Brexit referendum outcome. On a positive note the Government has not determined to address this uncertainty by increasing cuts in funding for Councils, at this stage.

4. FIVE YEAR CAPITAL PLAN

- 4.1 As indicated in the previous report to this Committee on 2nd December 2016 the Council will continue to play a significant role in the physical regeneration and development of the town over the next five years. The Council's key regeneration and development priorities are:

- Development of the Waterfront;
- Development of Church Street;
- Development of Sports and Leisure facilities;
- Development at Seaton Carew;
- Investment in new roads to enable housing developments to be implemented;
- Continued investment in social housing;
- Civic and community buildings.

- 4.2 To deliver major parts of the five year capital plan the Council will need to attract external grants and private sector investment. To secure this investment the Council needs to provide the confidence to invest in Hartlepool and this has been underpinned by actions taken to progress the Local Plan, master plan major development sites (including sites for housing developments), the acquisition of the Waterfront site, support of the CCAD development by relocating the former depot site and the completion of the Housing Market Renewal programme.
- 4.3 Work to secure future external grants and private sector investment is progressing and details will be reported to future meetings when funding is secured.
- 4.4 The Council will also be able to allocate its own resources towards the five year capital plan and the following resources have been identified:

- **One-off funding from reserves review and 2016/17 managed revenue outturn**

As detailed in the review of reserves report considered by the Committee on 31st October 2016 one-off resources have been identified. In addition, it is anticipated that the 2016/17 managed outturn will provide additional one-off resources. In total these resources amount to £4.949m (£4.089m from the reserves review and £0.860m from the 2016/17 managed outturn).

- **Additional capital receipts**

It is anticipated that the existing capital receipts target should be achieved in 2017/18, although this is dependent on planned land sales being achieved. These resources have been achieved during a period of economic uncertainty and have taken longer to achieve than initially anticipated. The Council has been able to manage this position using temporary prudential borrowing at historically low interest rates.

The Council has limited remaining land holdings available for development and an assessment of future potential receipts indicates that additional capital receipts of between £1.5m and £3.5m may be achievable over the next two years (2017/18 and 2018/19). These resources would then be available to support capital priorities. However, these resources cannot be committed until they have been received, or contracts exchanged. Proposals for using these resources will be presented to a future meeting when more information is available in relation to external funding secured for the Council's key regeneration and development priorities and potential match funding contributions are known.

- **Departmental Capital priorities**

Over the last few years departments have developed business cases to use Prudential Borrowing to invest in capital projects which are self funded,

either by achieving service efficiencies, such as LED street lighting and the new CIL, or achieving new income streams, such as housing developments.

The current low level of long term interest rates continues to provide the opportunity to implement further capital investment where there is a robust business case and no revenue subsidy is required from the General Fund revenue budget. Detailed business cases will need to be developed on a case by case basis.

- 4.5 At this stage the only resources which can be committed are the one-off resources identified from the reserves review and 2016/17 forecast outturn, totalling £4.949m. It is recommended that resources are allocated to fund the following priorities:

	Recommended funding allocation £'m
<p><u>Building Condition issues</u></p> <p>As reported previously investment will be required in the Council's buildings to ensure the continued delivery of services. The recommended funding allocation reflects requirements identified from building condition survey for the next three years. A detailed programme will be developed and reported to a future meeting for approval to reflect the impact of building rationalisation, the development of Communities Hubs and the potential impact of the closure of the courts.</p>	1.000
<p><u>Borough Hall</u></p> <p>A building condition survey has identified initial investment requirements for this building of £493,000 to ensure the continued operation of this facility.</p> <p>In addition, potential underpinning of the building may be required if repairs recently completed to the drainage system do not address subsidence issues. An assessment of the impact of the drainage works will be completed by September 2017. If these works are not necessary it is recommended that these resources are allocated to address further requirements at the Borough Hall, subject to a further report being considered by the Finance and Policy Committee.</p>	0.493 0.307
<p><u>Church Street/Church Square</u></p> <p>This funding is allocated to match fund the external grant secured for the Managed Work Space scheme and will be held as a contingency to manage the potential risks in relation to this scheme. This amount is specifically funded from City Challenge resources released from the reserves review.</p> <p>If the funding is not needed as match funding it will be allocated to support the public realm works within Church Street/Church Square and a further report submitted to this Committee for approval.</p>	0.287

	Recommended funding allocation £'m
<u>Contribution towards Waterfront development and potential relocation sports facilities</u>	2.862
The delivery of these projects is reliant upon securing private sector investment and external grant funding. These funding sources are likely to require match funding from the Council's own resources. Therefore, it is recommended that this amount is set aside. Proposal for using these resources will be subject to further reports on the detailed business cases being submitted to this Committee for approval.	
Net One-off Resources	4.949

- 4.6 Capital investment will also be needed to address priorities identified during the 'Your say, our future' consultation in relation a broad range of local quality of life, public realm and infrastructure investment. These issues are not unique to Hartlepool and reflect many years of funding for these schemes having a low national priority and the impact of cuts in Government revenue funding. The MTFs forecasts include a revenue budget of £60,000 which will support capital investment in these issues of £1.5m. Work is ongoing to prepare a draft programme of schemes for Members consideration and these will be reported to this Committee in March 2017 for consideration and approval.
- 4.7 Capital investment in schemes funded from specific Government grants for Schools, Disabled Facilities Grant and the Local Transport Plan will also continue over the next three years. Indicative Government funding allocations for 2017/18 to 2019/20 are detailed in Appendix B.
- 4.8 The Council will also use Prudential Borrowing to replace operational vehicles as this is the most cost effective way of funding these assets over more than one financial year within existing departmental revenue budgets. Details of the replacement programme for 2017/18 to 2019/20 are also detailed in Appendix B.

5. REVENUE BUDGET - THREE YEAR SERVICE TRANSFORMATION PLAN

- 5.1 As detailed in the previous report the Council will implement a series of initiatives over the next three years to address the impact of continued austerity. Development of these plans commenced earlier in the year and reflected the impact of a range of initiatives to reduce the gross budget deficit covering corporate savings and housing growth.
- 5.2 The current forecasts reflect announcements made by the Government over the summer in relation to the improved Better Care Fund and changes to the New Homes Bonus (NHB) regime. These changes have a positive net financial benefit for the Council as the Government will target the improved Better Care Fund to those authorities that benefit least from 2% Social Care precept.

- 5.3 The Government has confirmed their intention to use the improved Better Care Fund to equalise the total resources individual authorities generate from this grant plus the 2% Social Care precept. Whilst this approach is welcomed it only addresses part of the reduction in core Government Revenue Support Grant over the four years up to 2019/20. In addition, the improved Better Care Fund is back loaded, with this funding not beginning to be paid until 2018/19 (45% of the total allocation) and 2019/20 (the final 50% of the total allocation). The cuts in Revenue Support Grant are front loaded in 2016/17 and 2017/18.
- 5.4 In relation to the NHB reforms the change from paying this grant for six years to four years will be delayed until 2018/19, this is a year later than previously indicated by the Government.
- 5.5 When account is taken of these changes the forecast budget deficit for the next three years reduced to **£8.891m** as summarised below:

	£'m
Gross Deficit	20.800
Less – Forecast Council Tax increase and housing growth	(5.710)
Less – Corporate savings	(2.400)
Sub Total – Net Forecast Deficit reported 20.06.16	12.690
Less - changes in forecast improved Better Care Fund, New Homes Bonus and Employers Pension contribution increase	(3.849)
Revised Forecast Net Deficit	8.841

- 5.6 In terms of the phasing of the revised deficit there is a positive benefit in each of the next three financial years as summarised in the following table.

Phasing of 2017/18 to 2018/19 Forecast Budget Deficit

	Forecast reported 20.06.16 £'m	Latest Forecast £'m
2017/18	5.634	4.077
2018/19	2.784	2.479
2019/20	4.272	2.285
Total	12.690	8.841
Total deficit as a percentage of 2016/17 Budget	15%	10.5%

- 5.7 The revised deficits are after reflecting the use of one-off corporate reserves (i.e. Budget Support Fund reserve and the Power Station Rateable Value

Reserves) and the use of departmental reserves as detailed in section 5.14. These resources are front loaded to provide a slightly longer lead time to make permanent budget reductions. In addition, support in 2019/20 is limited to £1.054m to avoid deferring a significant budget deficit until 2020/21, which will be the first year of the 100% Business Rates retention system. The following table summarises the phasing of one-off corporate and departmental reserves allocated to support the budget and for completeness includes the 2016/17 support.

Phased use of one-off corporate reserves and departmental reserves

	Planned use of Corporate Reserves £'m	Planned use of Departmental Reserves £'m	Total Planned use of Reserves £'m
2016/17	6.488	1.091	7.579
2017/18	# 3.251	2.425	5.676
2018/19	2.448	0.400	2.848
2019/20	1.055	0	1.055
Total	13.242	3.916	17.158

includes £1m of additional one-off funding from the 2016/17 managed under spend to help manage the annual phasing of the budget savings over the period 2017/18 to 2019/20.

5.8 Details of the service transformation proposals to be implemented over the next three years have been considered by individual Policy Committees and these proposals are supported by Members. The reports are detailed in the separate booklet included with the agenda for this meeting. In line with the practise adopted in previous years this booklet will be expanded to include the detailed departmental budgets for 2017/18 when these details are reported to Council. Appendix C provides a summary of the savings proposals for 2017/18 to 2019/20 and the following table provides a summary of feedback from Policy Committees.

Feedback from Policy Committees (will be updated to reflect Neighbourhood Services Committee meeting on 13th December).

Three year savings programme reports have been considered by individual Policy Committees and this included a presentation on the overall financial challenge facing the Council over the next three years. A number of similar observations were made across all Policy Committees in relation to:

- the disproportionate impact of Government funding cuts between the north and the south;
- the impact of further Government funding cuts on jobs and services over the next three years. Concerns were expressed that many people were not aware of the savings that have been made over the past five years and how the Council has managed to protect front line services; and

- recognition that the Council will continue to seek to minimise compulsory redundancies.

The Adult Services Committee considered the impact of the 2% Social Care precept and recognised that in light of continuing cuts in core Government funding and increasing pressures on Adult Care services that the Council has little choice but to implement this precept given the financial implications for those authorities which chose not to introduce it.

The Children's Service Committee resolved that this Committee be informed that subject to the services to Children and Young People continuing for the 5-19 age group (rather than 11-19 age group proposed, though with the same revised budget) the savings proposals were reluctantly supported. The Children's Service Committee also considered an issue raised under 'any other business' in relation to the Engagement and Participation Team. It was explained that this budget sits with the Adult Services Committee and the Director of Child and Adult Services stated that the report to Adult Services outlined the proposals in relation to changes to the Standards Engagement and Development Team which worked across the whole department. The report did not propose to cut youth participation or the work of the Youth Council but outlined proposals to re-design the team to achieve the required savings. The Director re-stated her commitment to the Youth Council and involving young people in decision making and indicated that the proposals outlined in the budget report were the best that could be made without ceasing services entirely. Both the Chair and the Chair of the Adult Services Committee voiced their commitment to including the Youth Parliament in the discussions that would shape the future of the work of the Standards, Engagement and Development Team.

In summary, individual Policy Committees reluctantly support the savings proposals identified for the next three years and did not proposal any alternative savings proposals.

- 5.9 As indicated earlier in the report the approach for 2017/18 is predicated on implementing service reviews. Across the Council this will include further rationalisation of staffing structures and operational capacity. Whilst, these proposals can be implemented across a range of services, these changes continue to reduce capacity to manage services and/or to respond to increased demand. The savings proposals for the Public Health department total £1.779 million over the next three financial years. This includes savings to manage the impact of grant cuts of £0.689m over the three year period and £0.900m which will be reinvested into transforming services across the Council to deliver public health outcomes in 2017/18. In addition, budget pressures have been identified within Sport and Recreation and the proposal is to provide £190,000 from the Public Health Grant to support eligible expenditure in this service area. This will mean that the service is supported to ensure access to services for all residents particularly those in poor health. People in Hartlepool have poorer health than the England average, so it is essential that there is good access for all to high quality leisure services. This support is critical to maintain the current service provision as it is unlikely that these pressures can be achieved in 2017/18

through internal improvements to service delivery, and additional income generation.

- 5.10 For 2018/19 and 2019/20 the strategy is based on a combination of detailed savings proposals, where these can be quantified, and a broader framework of proposed savings requiring further work – including initiatives to reduce demand.
- 5.11 On the basis of the proposals identified so far, including income proposals, it is anticipated that a balanced budget can be set for 2017/18. In relation to 2018/19 and 2019/20 the savings proposals identified so far are not sufficient to bridge the forecast deficits and further savings of £0.795m and £1.499m respectively will be required in these years, as summarised below. Further work is needed to identify these additional savings and details will be reported to a future meeting.

	2017/18 £'m	2018/19 £'m	2019/20 £'m	Total £'m
Forecast Budget Deficit	4.077	2.479	2.285	8.841
Less - Savings Proposals #	(4.077)	(1.684)	(0.786)	(6.547)
Savings still to be identified	0	0.795	1.499	2.294

There have been minor changes in the phasing of the total savings proposals considered by Finance and Policy Committee on 2nd December 2016, which reflects the detailed implementation plans for achieving savings over the next three years. This has been managed by a corresponding re-phasing of the Budget Support Fund.

- 5.12 The above forecasts do not include provision for potential budget pressures over the next three years. An initial assessment of the potential budget pressures and actions to mitigate these issues has been completed as detailed in paragraph 5.14 to 5.17.
- 5.13 For planning purposes it is anticipated that departmental actions will absorb approximately half the forecast pressures. Additional work is needed to assess the budget pressures and to then develop a strategy to identify further savings, which will include implementing further service reviews, potential increases in income and the development of new income streams. This will be completed over the next few months and a further report submitted in June/July 2017 to address the remaining forecast budget deficit of between £2m and £4.294m, as summarised below:

	£'m
Forecast shortfall in departmental savings as detailed in paragraph 5.11	2.294
Potential Pressures	2.000
Additional Savings to be identified	4.294

5.14 Budget Pressures

5.15 The overall budget forecasts make no provision for budget pressures as it is assumed, in line with practice adopted in previous years, that departments will fund pressures from within existing resources, or where this is not possible by identifying additional budget savings. These pressures are forecast to arise over the next three years and relate to the following areas:

- **Children's Services**

Volatility in this budget area has previously been recognised and a specific reserve earmarked to manage these risks. Significant pressures have arisen in the current year in relation to Looked after Children and the costs of care proceedings. These areas are affecting other authorities. In total the increase in demand has resulted in a recurring pressure of £1.6m. On the basis of current caseloads continuing the existing reserve will only be sufficient to fund additional costs in 2017/18.

Therefore, in order to address this pressure in the medium term and to avoid this issue increasing the overall budget deficit the Director of Child and Adult Services is seeking to manage demand to reduce costs back down to the level of the recurring budget. This will be extremely challenging and if demand cannot be reduced alternative savings will need to be identified as part of the 2018/19 budget.

These pressures are not unique to Hartlepool and are impacting on authorities across the country. A report published by The Association of Directors of Children's Services (ADCS) in December – 'Safeguarding Pressures Phase 5' confirmed that the effects of "the toxic trio" of domestic abuse, parental mental health and parental substance misuse continue to be a major, and increasingly prevalent, reason for the involvement of children's social care in children's and families' lives. The report also highlighted the Department for Education's own research into children's service spending and delivery which concluded "that budgets were decreasing against rising demand". However, the Government has not identified any additional funding to address these pressures.

- **Adult Services**

There is increasing evidence across the country of continuing pressures on Adult Services, including pressure on authorities from the financial challenges facing the NHS. An assessment of the local picture has been completed and this indicates potential annual pressures over the next three years. These pressures are likely to be phased and by 2019/20 the recurring pressure could be up to £2.065m. A specific reserve has also been earmarked to manage these potential risks and if they materialise the reserve will only be sufficient to support the shortfall in the budget in 2017/18 and 2018/19.

The Director of Child and Adult Services is also seeking to manage demand to reduce costs in this area and further work is required to assess the pressures and the scope for achieving demand management savings. For planning purposes it is anticipated that for 2017/18 the increased demand can be accommodated with the existing available budget and by using part of the reserve. The position for future years is less certain and a further update will be provided when the position is clearer.

There are also significant financial pressures arising from Deprivation of Liberty Safeguarding arrangements which have not been funded by the Government as a new financial burden.

The Adult Services pressures are not unique to Hartlepool and similar issues have been identified in written evidence submitted by the Kings Fund and the Nuffield Trust to the Communities and Local Government committee inquiry into adult social care identified similar issues including:

- After 6 years of unprecedented budget reductions, the adult social care system in England is not sustainable in its current form, and the human and financial costs to older people and their carers are mounting.
- The Government's response does not address the scale of the challenge facing the system as a result of the ageing population. The changes announced in the 2015 Spending Review will have some positive impact on social care funding but are insufficient to meet current or future needs.

These issues have also had a national profile in the press and received television coverage over the last few weeks.

- **Regeneration and Neighbourhood Services**

The Council is facing growth of the town pressures in relation to waste and environmental services (£0.300m), income shortfalls (£0.233m) and a shortfall in the 2016/17 savings target (£0.157m). The Director of Regeneration and Neighbourhood Services will identify budget savings and efficiencies of £0.690m to offset these pressures.

- 5.16 The majority of the forecast pressures relate to Child and Adult Services issues and will be phased over the next three years. It was anticipated that Departmental reserves would be used to provide a longer lead to address these issues by implementing measures to manage demand and thereby reduce recurring costs. As demand measures will take time to implement the planned use of reserve would have to be front loaded as summarised below:

Planned use of Child and Adult Services Reserves

	Children's Service Reserve £'m	Adult Services Reserve £'m
Total Reserve	1.600	1.765
Less - Planned use 17/18	(1.600)	(0.825)
Less - Planned use 18/19	0	(0.400)
Less- Planned use 19/20	0	0
Forecast Uncommitted Reserve	0	(0.540)

- 5.17 However, following the Government's announcements made on the 15th December 2016 the Council will not need to use the Adult Services Reserves, as the Council will benefit from two factors. Firstly, the Government will provide a one-off 2017/18 Adult Social Care Support Grant, which is funded by top slicing the national New Homes Bonus pot. Nationally this provides funding of £240m towards Adult Social Care pressures for 2017/18, pending replacement with recurring Better Care Funding in 2018/19. Hartlepool's allocation is £0.5m.
- 5.18 Secondly, the Council will also benefit from the Government's decision to re-phase the potential Social Care Precept from 2% for three years to 3% for two years. Whilst, the change does not increase recurring Social Care precept income from 2019/20 it does provide part of this income earlier. In total this amounts to £770,000 (£347,000 in 2016/17 and £423,000 in 2017/18).
- 5.19 In total the additional one off resources from the Adult Social care Support Grant and earlier achievement of the Social Care precept provide one off funding of £1.270m. This funding can be used to replace the planned use of Adult Services reserves over the next two years of £1.225m. The resources released can then be re-allocated to fund one off pump priming and transitional costs of implementing alternative service delivery options for Adult Services arising from feasibility work the Council is currently undertaking. This work is considering alternative service delivery options to meet health and social care needs of frail and elderly older people that would significantly improve home based support.
- 5.20 No additional funding will be provided by the Government for Children's services pressures impacting on the 2017/18 budget position. Therefore, the planned use of reserves continues to be necessary. There is a risk that measures to reduce demand for Child and Adult Services may take longer to implement than anticipated, or achieve a lower reduction in recurring costs than forecast. If these pressures cannot be addressed this would increase the overall budget gap. Paragraph 5.13 demonstrates the potential impact of this matter when the one off funding is used up.

6. **COUNCIL TAX**

- 6.1 In 2016/17 the Government started to shift part of the burden for funding Adult Social Care pressures to Council Tax payers by introducing the Adult Social Care precept. This was set at 2% for 2017/18 and the Government had

previously indicated that a 2% Social Care precept would continue to apply for the next three years (i.e. 2017/18 to 2019/20). However, the Government has now brought forward these increases and set the Social Care precept limit at 3% for 2017/18 and 2018/19. By bringing forward these increases the Government has stated that no additional Social Care precept increase will be allowed in 2019/20.

- 6.2 The implementation of the Adult Social Care precept is reflected in the forecasts detailed in the Chancellor Autumn Statement which shows that the national Council Tax income is anticipated to increase from £24.8 billion in 2015/16 to £29.8 billion in 2019/20, an increase of £5 billion – which equates to an increase 20%. This increase reflects annual increases in line with the Government’s Council Tax referendum limits and forecast national housing growth. To put this increase into context the same amount could potentially have been raised by increasing other taxes as summarised below:

	Increase in tax yield to generate £5 billion of additional income
Income Tax	3.0%
National Insurance Contributions	4.4%
Value Added Tax	4.3%
Corporation Tax	11.3%
Fuel Duties	18.1%
Business Rates	17.4%

- 6.3 The Council's MTFs forecasts anticipate Council Tax income increasing from £34.3 million in 2018/19 to £40 million in 2019/20, an increase of 17%. The local increase is slightly below the national increase and reflects the impact of higher house building in the south of the country and higher Council Tax income raised from the 2% Social Care precept in more affluent areas.
- 6.4 Members previously approved indicative Council Tax increase of 3.9% for the next three years and by 2019/20 it is anticipated this will increase recurring income by £4.286m. Housing growth is forecast to increase recurring Council Tax income by £1.448m by 2019/20. If this increased income is not achieved the shortfall will need to be addressed by making cuts in services which will increasingly have an adverse impact on the Council’s ability to address the needs of the public and provide the services they expect.
- 6.5 In addition, not achieving the increase in recurring Council Tax income will permanently reduce the Council’s ongoing resource base and significantly undermine the financial viability of the Council in the medium term. From 2020/21 the Government intends to implement a 100% Business Rates Retention system which will see the complete withdrawal of Revenue Support Grant. This change will mean that Council’s will largely be funded from Business Rates and Council Tax raised locally. Therefore, against this background the Council needs to ensure that recurring Council Tax income is secured by implementing annual Council Tax increases over the next three

years in line with the Government's Council Tax regime and by achieving housing growth.

- 6.6 The Council needs to review the Council Tax level for 2017/18 to 2019/20 to reflect the Government's decision to increase the Social Care Precept to 3% for the next two years and then set a zero Social Care Precept increase for 2019/20. The previous Government policy was based on annual Social Care Precepts of 2% for three years.
- 6.7 The revised Social Care Precept of 3% for two years would achieve the same recurring income level by 2019/20 as a 2% precept for three years. However, the 3% precept achieves this income slightly earlier. If Members determine to limit the Social Care precept to 2% for the next two years this may reduce recurring income achieved from 2019/20 as the Council may not be allowed to implement a 2% increase for 2019/20. The position for the Social Care precept options is highlighted in the following table which shows that a 2% Social Care precept for two years would only achieve recurring income of £1.428m, compared to the MTFs forecast income of £2.198m i.e. a recurring income shortfall of £770,000.

Social Care Precept	2017/18 Social Care Precept income £'000	2018/19 Social Care Precept income £'000	2018/19 Social Care Precept income £'000	Total recurring income from 2019/20 £'000
2% for three years	695	733	770	2,198
3% for two year and freeze one year	1,042	1,156	0	2,198
2% for two year and freeze one year	695	733	0	1,428

- 6.8 It is recommended that Members approve a Social Care precept of 3% for the following reasons:
- The increase will be in line with the Government's latest policy announcement;
 - Demonstrate to the Government that the Council is committed to protecting Adult Social care services, which will protect the Better Care Fund resources to be received over the next three years – which will provide recurring income from 2019/20 of £4m;
 - Achieve the recurring Social Care precept income built into the existing MTFs from 2019/20 of £2.198m.
- 6.9 If Members determined to limit the Social Care precept to 2% for the next two years this would result in additional financial risks and services cuts as follows:
- Reduce the Council's argument that additional Government funding is needed to fund Adult Services budget pressures;

- May result in lower Better Care Fund allocations as the Government are targeting these resources to areas with greatest need and least ability to fund services from Council Tax;
- May reduce recurring Social Care precept income achieved by 2019/20 by £770,000, which would require additional budget cuts to be made.

6.10 The Social Care Precept is in addition to the basic Council Tax increase of 1.9%. The following table details the weekly increase in Council Tax for 2017/18 of a 4.9% Council Tax increase, inclusive of the 3% Social Care precept. The table shows that for households in a Band A property (54% of all households) the weekly increase is 93 pence.

Property Band	Number of households	Weekly increase
A	23,346	£0.93
B	7,191	£1.08
C	6,055	£1.23
D	3,158	£1.39
E	1,618	£1.70
F	639	£2.00
G	438	£2.32
H	58	£2.78

6.11 For the 97% of Local Council Tax Support Scheme households in a Band A or B property the weekly increase approximately 12 pence.

7. ROBUSTNESS OF BUDGET FORECASTS – DIRECTOR OF FINANCE AND POLICY’S PROFESSIONAL ADVICE

7.1 As indicated in previous years the Local Government Act 2003 introduced a statutory requirement on an Authority’s Section 151 Chief Finance Officer (S151) 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 Section 151 Officer and in practice is not a situation I would expect to arise for this Authority.

7.2 In response to the continuing financial challenges facing councils CIPFA (Chartered Institute of Public Finance and Accountancy) issued guidance reminding Directors of Finance and Policy and their authorities of the statutory responsibilities when setting budgets. This advice reinforces statutory requirements and provides practical guidance to help Section 151 Officer’s discharge their responsibilities.

7.3 The Director of Finance and Policy can advise Members that in his professional opinion the budget proposals for 2017/18 are robust and this advice is based on the following factors being in place:

- A risk assessment of the measures identified to address the gross budget deficit of £20.780m has been completed which identifies those measures which can be implemented easily and the proposals requiring closer management and / or further action to ensure they are achieved, as summarised overleaf:

Measure to reduce gross budget deficit	£'m	Risk	RAG rating
Forecast Council Tax increase and housing growth	5.710	Government change referendum limits on housing growth not achieved	Amber
Corporate savings	2.400	None	Green
Changes in forecast improved Better Care Fund, New Homes Bonus and Employers Pension contribution increase	3.799	Government make further unexpected changes to the improved Better Care Fund.	Green/ Amber
Savings Proposals 2017/18 to 2018/19	6.597	Council does not approve initial savings proposal to be considered in February 2017.	Amber
Additional savings proposals to be identified	2.294	Council does not approve initial savings proposal to be considered in June 2017.	Red
	20.780		

- The assumption that Members will approve the proposals identified to bridge the 2017/18 budget gap and proposals to reduce the budget gaps for 2018/19 and 2019/20. If these proposals are not approved the budget forecasts will not be robust as overall expenditure will inevitably exceed available resources.
- The MTFs forecasts are predicated on significant growth in Council Tax income over the next three years, reflecting both housing growth and annual increases in line with the Government's national Council Tax policy, including implementing annual Adult Social Care precepts. If these increases are not achieved there will be an increase in the forecast budget deficits and the budget cuts which will need to be implemented;
- The assessment by the Corporate Management Team of the achievability and sustainability of proposed budget reductions for 2017/18. 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 2017/18. 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 2017/18 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;

- 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 over the next three years and the costs of implementing both the Hartlepool Living Wage and the National Living wage;
- Budget provision for the new Apprenticeship levy from 1st April 2017 arising from changes being implemented by the Government;
- A prudent provision for inflation on non pay budgets and income budgets for the next three years. Following the Brexit referendum the risks in relation to inflation have increased. These factors will need to be reviewed on an annual basis.
- 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 measures to mitigate these risks as detailed in Appendix D;
- An assessment of the key financial assumptions underpinning the 2016/17 budget as detailed in Appendix E;
- An assessment of the impact of using Departmental Reserves to help manage the demands risk over the next three years and the arrangements for managing demand. As indicated in section 5.16 there is a risk that these measures may not fully address demand pressures and this may increase the budget deficits in 2018/19 and / or 2019/20. This area will be monitored carefully and updates included in the 2017/18 budget monitoring reports;

7.4 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 Director of Finance and Policy 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 2017/18 these costs will mainly relate to voluntary redundancies as management action is currently

anticipated to minimise compulsory redundancies for 2017/18. 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 Director of Finance and Policy and the Corporate Management Team.

ii) Existing Capital Receipts target of £6.3m (includes £2m for Brierton Developments)

This risk has reduced significantly over the last two years owing to the completion of land sales. It is anticipated that the existing capital receipts target should be achieved early in 2017/18 provided planned land sales are completed.

iii) New Capital Receipts target of £1.5m to £3.5m for 2017/18 to 2018/19

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 these resources will not be committed until they have either been received or a contractually committed. This will remove this risk.

iv) Business Rate Retention Risks

Financial risks continue in relation to Business Rates income over the period 2017/18 to 2019/20, including appeals against the 2017 rating list and risks arising from NHS Foundation Trusts applying for Mandatory Business Rate Relief. This is a national issue and the Local Government Association has raised concerns regarding this issue with the Department for Communities and Local Government as the NHS funding regime is based on Business Rates being payable by individual Trusts.

From 2020/21 there is a risk that the implementation of the 100% Business Rates retention system will place additional financial risks on local authorities. These risks will need to be assessed when the Government provide more details on how the 100% Business Rate retention system will operate, including the arrangements for equalising resources across the country. In addition, at a national level, the value of additional Business Rates income to be allocated to local authorities will exceed Revenue Support Grant which will be removed when the 100% system is implemented. This is an extremely complex issue and whilst the Government may get the balance of additional services and funding right at a national level, there is a significant risk that this may not be the case at a local level. There have been a number of examples over recent years where additional responsibilities transferred to the Council have not been matched by additional funding allocations, particularly where additional responsibilities are driven by deprivation factors. For example, localisation of Council Tax support has had the greatest impact on deprived areas and these authorities suffered disproportionate grant cuts over the last 6 years.

7.5 The robustness advice also reflects an assessment of the reserves being used to support the budget and the reserves earmarked to manage financial risks and to fund one off commitments. These issues were considered in the detailed review of reserves report considered by Finance and Policy Committee on 31st October 2016.

8. PUBLIC ENGAGEMENT, COMMUNICATION AND CONSULTATION

8.1 The report reflects feedback received from the “Your say, our future” consultation and further proposals to continue this public engagement and communication will be developed.

8.2 Consultation meetings have been held with the Trade Unions and Business Sector and the minutes of these meetings are provided in Appendix F.

9. EQUALITY IMPACT ASSESSMENT

9.1 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.

9.2 Equality Impact Assessments (EIA) have therefore been undertaken where required and are included as part of the proposal reports to Policy Committees (separate booklet issued with the agenda papers) 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.

9.3 An overall central assessment has been undertaken to determine the cumulative impact of the savings proposals on each individual “protected characteristic”. 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.

10. 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	<p>A Child and Poverty Assessment has been completed for the proposed changes to the Youth Service and was included in the report to Children's Service on 6th December 2016. This report is included in the separate booklet issued with the agenda papers for this meeting.</p> <p>There are no Child and Poverty considerations in relation to the savings proposals considered by the other Policy Committees.</p>
Equality and Diversity Considerations	Detailed in paragraph 8
Staff Considerations	Covered in detailed reports to individual Policy Committees
Asset Management Considerations	None

11. CONCLUSIONS

- 11.1 Despite the impact of continuing austerity and cuts in Government funding the Council needs to remain ambitious for the town. This ambition is based upon achieving our key strategic objectives which will be focused around:
- Growing our Economy, Jobs and Skills
 - Regenerating our town;
 - Developing and promoting Hartlepool as a great place to live;
 - Developing new services for people and communities;
 - Building better beginning and better futures for our children and young people;
 - Providing effective leadership based upon innovation and efficiency.
- 11.2 The five year capital plan sets out our key priorities and to deliver on these issues we will need to attract external investors, secure capital grants and invest our own resources.
- 11.3 The position in relation to the revenue budget is extremely challenging. Local Authorities have already faced 6 years of austerity (2011/12 to 2016/17). Government grant cuts implemented over the last 6 years have had a disproportionate impact on Authorities, including Hartlepool, with the greatest

dependency on Government Grant, with the least ability to raise resources locally from Council Tax or Business Rates and higher levels of need and deprivation.

- 11.4 The Council has implemented significant efficiencies and budget reductions over the last 6 years to manage the impact of Government grant cuts. These measures cannot be repeated as the budget has either been removed completely, or cut to a minimal level. These measures have had a fundamental impact on how services are delivered and on capacity. To put the scale of the efficiencies and budget reductions implemented over the last 6 years into context the Council has removed approximately 430 posts over this period – this equates to a 12% reduction on the 2010/11 staffing baseline.
- 11.5 With regard to the overall public sector finances and the economy for the next three years the Chancellor's 2016 Autumn Statement indicates that GDP growth will be lower than forecast for the next 2 years, Government borrowing will be higher than forecast and inflation will be higher than forecast. These forecasts may be more volatile than in previous years owing to the uncertainty arising from the Brexit referendum outcome.
- 11.6 The 2016 Autumn Statement provides a one off Adult Social Care Support Grant for 2017/18 which partly addresses the increasing national calls for additional funding for Adult Services. These pressures include the impact of the National Living Wage implemented by the Government and continuing demographic pressures. This one off funding needs to be considered in the context of the recurring cuts in core Revenue Support Grant implemented over the last six years and continuing cuts over the next three years.
- 11.7 The Government's response to these financial pressures is the continuation of the policy of shifting this liability onto Council Tax payers via the option for an increase in the Social Care precept to 3% for the next two years (2017/18 and 2018/19). However, under this revised arrangement authorities will not be allowed to implement a Social Care precept increase in 2019/20. Therefore, this change in Government Policy does not increase recurring Social Care precept resources available from 2019/20.
- 11.8 For Hartlepool the 3% Social Care precept generates recurring annual income of £1.042m for 2017/18, compared to recurring additional costs from the Government's National Living Wage, Deprivation of Liberty Safeguarding costs and inflation pressure impacting on Adult Social care of £1.450m.
- 11.9 The Government has confirmed that Local Authorities will continue to face further significant funding cuts over the next three years (2017/18 and 2019/20) and by 2019/20 Government funding will be £45m less than in 2010/11, which is a reduction of 70%.
- 11.10 The report sets out how we will manage a gross budget deficit of £20.8m over the next three years. The deficit will be reduced though a combination of measures which protect services and include increasing Council Tax in line with Government forecasts (including the Adult Social Care precept), achieving

housing growth, implementing corporate budget savings and use of the improved Better Care Fund. In total these measures cover 57% (£11.889m) of the gross deficit and this significantly reduced the impact on front line services.

11.11 However, the measures to manage the remaining budget deficit of £8.891m will impact on services. The use of the one-off Budget Support Fund avoids a significant deficit in 2017/18 and helps phase the remaining deficit over three years; £4.127m in 2017/18, £2.479m in 2018/19 and £2.285m in 2019/20.

11.12 A balanced budget can be set for 2017/18. The proposals for the following two years do not yet fully address the budget deficits for these years, although good progress has been made for these years. Proposals to achieve further savings to address the residual deficit of £2.294m (£0.795m in 2018/19 and £1.499m in 2019/20) will be developed. In addition, based on an initial assessment of pressures, additional savings of £2m may need to be made in 2018/19 and 2019/20 if these pressures cannot be offset by achieving demand management savings. This may increase the savings still to be identified to £4.294m, as summarised below:

	Total £'m
Savings still to be identified as address core budget deficit.	2.294
Add Forecast Child and Adult Pressures	2.000
Total Savings still to be identified	4.294

11.13 A strategy for achieving additional savings will be developed over the next few months and reported in June 2017. This will be based on reviewing preventative services, maximising income through commercial and trading activities, potential terms and conditions savings, work to achieve greater social care integration with health, early intervention and a programme of service reviews.




11.14 In the meantime Members are asked to note the good progress made in developing a robust strategy for addressing the impact of continuing Government funding reductions over the next three years and to approve the detailed recommendations set out in the next section are referred to Council to enable a balanced budget to be set for 2017/18.

11.15 As reported previously the Settlement for 2017/18 confirmed the Government's commitment to pay additional Top-up Grant to authorities (which includes Hartlepool) where there is a reduction in the Rateable Value arising from the 2017 Rating List. Under these arrangements top-up grant due for 2017/18 will not be received until 2018/19 and a further report on this issue will be reported to a future meeting.

11.16 In summary the funding available for Council services is affected by three key issues:

- The ongoing impact of the 50% Business Rates Retention system which was implemented in 2013/14;
- The impact of Government grant cuts continuing up to 2019/20; and
- An acceleration of the Government's policy to shift the cost of funding Adult Social Care services to Council Tax by moving from a 2% Adult Social Care precept for three years (2017/18 to 2019/20) to a 3% Adult Social Care precept for two years (2017/18 and 2018/19) followed by a freeze in the Adult Social Care precept in 2019/20.

11.17 These changes permanently reduce the total resources available to fund services and result in a higher proportion of the reduced budget being funded from Council Tax as follows:

	2013/14	2019/20	
Total Budget	£99.1M	£81.6M	£17.5m Reduction (18%) 
Government Funding	£46.4m	£25.4m	£21m Reduction (45%) 
Council Tax income	£30.8m	£40.0m	£9.2m Increase (30%) 
Percentage of Budget funded from Government Funding	47%	31%	16% reduction in percentage of budget
Percentage of Budget funded from Council Tax	31%	49%	18% increase in percentage of budget

11.18 As detailed in paragraph 6.9 there are significant additional financial risks of not implementing the Adult Social Care precept of 3% as follows:

- Reduce the Council's argument that additional Government funding is needed to fund Adult Services budget pressures;
- May potentially result in lower Better Care Fund allocations as the Government are targeting these resources to areas with greatest need and least ability to fund services from Council Tax;
- May reduce recurring Social Care precept income achieved by 2019/20 by £770,000, which would require additional budget cuts to be made.

11.19 It is therefore recommended that in line with Government policy a Council Tax increase of 4.9%, inclusive of the Adult Social Care precept of 3%, is implemented for 2017/18. As the Government have indicated that further information regarding the Adult Social Care precept will be issued separately,

which it is anticipated this will be received before the Committee meets, a verbal update will be provided at the meeting on the 9th January 2016 to enable Members to approve the Adult Social Care precept to be recommended to full Council.

12. RECOMMENDATIONS

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

12.2 Implementation of annual increase in Hartlepool Living Wage and National Living Wage

12.3 Note that the National Living Wage will increase from £7.20 an hour to £7.50 an hour in April 2017.

12.4 Note that in accordance with the previous decision of Council on 10th December 2015 the Hartlepool Living Wage was set at £7.88 from 1st December and will then 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, at which stage the National Living Wage will apply. This policy increased the Hartlepool Living Wage to £8.04 from 1st April 2016 and will result in an increase to £8.19 from 1st April 2017.

12.5 Five year capital plan

12.6 Approve the following proposals for using the one off resources of £4.949m identified from the reserves review and contribution from the 2016/17 forecast outturn and delegations to the Finance and Policy Committee to manage the detailed allocations for individual proposals:

	Recommended funding allocation £'m
<p><u>Building Condition issues</u></p> <p>A detailed programme will be developed and reported to a future meeting for approval to reflect the impact of building rationalisation, the development of Communities Hubs and the potential impact of the closure of the courts.</p>	1.000
<p><u>Borough Hall</u></p> <p>A building condition survey has identified investment requirements for this building of £493,000 to ensure the continued operation of this facility.</p> <p>In addition, potential underpinning of the building may be required if repairs recently completed to the drainage system do not address subsidence issues. An assessment of the impact of the drainage works will be completed by September 2017. If these works are not necessary it is recommended that these resources are allocated to address further requirements at the Borough Hall, subject to a further report being considered by the Finance and Policy Committee.</p>	0.493 0.307
<p><u>Church Street/Church Square</u></p> <p>This funding is allocated to match fund the external grant secured for the Managed Work Space scheme and will be held as a contingency to manage the potential risks in relation to this scheme. This amount is specifically funded from City Challenge resources released from the reserves review.</p> <p>If the funding is not needed as match funding it will be allocated to support the public realm works within Church Street/Church Square and a further report submitted to this Committee for approval.</p>	0.287
<p><u>Contribution towards Waterfront development and relocation of Sports Facilities</u></p> <p>The delivery of these projects will be reliant upon securing private sector investment and external grant funding. These funding sources are likely to require match funding from the Council's own resources. Therefore, it is recommended that this amount is set aside. Proposal for using these resources will be subject to further reports on the detailed business cases being submitted to this Committee for approval.</p>	2.862
Total	4.949

- 12.7 Approve the proposal to use Prudential Borrowing to support capital investment of £1.5m to address issues identified through the 'Your say, our future' consultation and to seek Council approval to delegate Authority for approving the detailed programme of schemes to the Finance and Policy Committee.
- 12.8 Note that details of specific Government Capital Allocations for the Local Transport Plan, Education and Personal Social Services had not been 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. Indicative allocations are detailed in Appendix B.

- 12.9 Approve the use of Prudential Borrowing for the replacement of Operational Equipment as detailed in Appendix B and note the annual repayment costs are already included within existing operational and trading accounts budgets.
- 12.10 Approve a new capital receipts target of between £1.5m and £3.5m for 2017/18 and 2018/19. Note that these forecast resources cannot be committed until land sale are certain and detailed proposals for using these resources will then be reported to a future meeting of Finance and Policy Committee.

12.11 2017/18 to 2018/19 General Fund Budget

- 12.12 Note that the Government has confirmed a multi-year for the Council for 2017/18 to 2019/20 and this confirms there will be a further grant cut of £9.8m by 2019/20. After reflecting this funding cut and the impact of inflation the Council faces a forecast deficit of £20.800m.

- 12.13 Approve the phased use of the Budget Support Fund as follows:

	Planned use of Corporate Reserves £'m
2016/17	6.488
2017/18	#3.251
2018/19	2.448
2019/20	1.055
Total	13.242

includes £1m of additional one-off funding from the 2016/17 managed under spend to help manage the annual phasing of the budget savings over the period 2017/18 to 2019/20.

- 12.14 Approve a 2017/18 Council Tax increase of 4.9%, which includes the 3% Social Care precept. To note this is below the Government Council Tax referendum limit of 5% which reflects the Government's policy of shifting the cost of funding local services, including Adult Social Care services, to Council Tax payers. To also note that for the majority of households (54%) in Band A property the weekly increase is 93 pence or less.
- 12.15 Note that after reflecting the use of reserves, the 2017/18 recommended Council Tax increase, the continuation of the current Council Tax regime by the Government for 2018/19 and 2019/20, the achievement of corporate budget

savings and the forecast improved Better Care Fund allocation for 2018/19 and 2019/20 the gross deficit reduces from £20.800m to £8.841m.

- 12.16 Approve the detailed General Fund savings proposal for 2017/18 to 2018/19 summarised in Appendix C totalling £6.547m. Note that as summarised below these proposal enable a balanced budget to be set for 2017/18 and significantly reduce the savings still to be identified for 2018/19 and 2019/20:

	2017/18 £'m	2018/19 £'m	2019/20 £'m	Total £'m
Forecast Budget Deficit	4.077	2.479	2.285	8.841
Less - Savings Proposals	(4.077)	(1.684)	(0.786)	(6.547)
Savings still to be identified	0	0.795	1.499	2.294

- 12.17 Note that proposals to address the residual savings for 2018/19 and 2019/20 will be reported in June/July 2017 for consideration and approval.
- 12.18 Note the strategy detailed in section 5.14 for managing budget pressures in relation to Children's Services, Adult Services and Regeneration and Neighbourhoods Services. To also note that if these pressures cannot be reduced that additional budget saving of £2m may be required by 2019/20.
- 12.19 Note that Council Tax levels for 2018/19 and 2019/20 will be determined at a future date to reflect the Government's Council Tax referendum regime, inclusive of the Social Care precept, which reflects the Government's policy of shifting funding for local services to Council Tax payers.
- 12.20 Determine whether Members wish to continue the Lifeguard Service which is currently funded from one off funding and if this service is to continue recommend alternative savings to provide a permanent budget.

12.21 Public Health Funding

- 12.22 Approve the savings proposals for the Public Health department of £1.779 million over the next three financial years, which addresses a grant cut of £689,000, provides £900,000 which will be reinvested into transforming services across the Council to deliver public health outcomes in 2017/18 and £190,000 to support eligible expenditure within Sport and Recreation to ensure access to services for all residents particularly those in poor health.

12.23 Adult Social Care Reserves

- 12.24 Note that the Council will benefit from one off Adult Social Care Support Grant in 2017/18 (£500,000), plus the early achievement of Social Care precept income arising from the Government moving from a three year precept of 2% per year, to a two year precept of 3% per year - £347,000 in 2017/18 and £423,000 in 2018/19. Note the total value of these resources is £1.270m which reduces the call on Departmental Reserves and enables these resources to be reallocated to fund one off pump priming and transitional costs of implementing

alternative service delivery options for Adult Services arising from feasibility work the Council is currently undertaking, as detailed in paragraph 5.19.

12.25 Robustness of Budget Forecasts

12.26 Note the detailed advice provided by the Director of Finance and Policy and Corporate Management Team in section 7.

13. REASONS FOR RECOMMENDATIONS

13.1 To enable the Finance and Policy Committee to approve the 2017/18 to 2019/20 budget proposals to be referred to Council for approval.

14. BACKGROUND PAPERS

Medium Term Financial Strategy 2016/17 to 2018/19 report Finance and Policy Committee 20th June 2016.

Reserves Review report Finance and Policy Committee 31st October 2016

Medium Term Financial Strategy 2016/17 to 2018/19 report Finance and Policy Committee 2nd December 2016.

Reports to individual Policy Committees - detailed in separate booklet included with agenda papers for this meeting.

15. CONTACT OFFICER

Chris Little

Director of Finance and Policy

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Summary of Strategic Priorities and Key Deliverables

Growing our Economy, Jobs and Skills – Key Deliverables

- In partnership with private and public sector operators launch a new tourist marketing and promotion campaign ‘ Destination Hartlepool’ supported by a co-ordinated events, exhibitions and festivals programme by 2017
- In partnership with the NMRN establish a world class visitor attraction by 2019
- Open ‘ the Bis’ in partnership with CCAD – a new world class managed workspace for emerging creative industries by September 2017
- Promote Hartlepool as a location for Film production by Summer 2018
- Extend the lifespan and promote the development of the Queens Meadow, The Port and Oaksway Enterprise Zones as centres of excellence in advance manufacturing and engineering.
- Launch a partnership with learning providers and employers to deliver a new approach to targeting learning, skills and employment pathways for unemployed adults and parents.
- Improve the commercial land and premises offer in Hartlepool to attract new business investment and grow existing businesses
- Increase local and public sector spending in the local supply chain in Hartlepool and expand employment and apprenticeship opportunities in the procurement of construction schemes

Regenerating our town – Key Deliverables

- Complete Church Street and Church Square to coincide with the completion of the new CCAD campus by March 2018.
- Deliver improvements to Stockton Street by March 2018.
- Rephase and deliver the regeneration plan for Seaton Carew seafront by 2018.
- Complete a phased regeneration of the Waterfront to include a landmark visitor attraction complemented by hotel and leisure facilities by 2020.
- Complete a master plan for the Millhouse area and deliver investment in new sport and leisure facilities by 2019/20.

Developing and promoting Hartlepool as a great place to live – Key Deliverables

- Facilitate the sustainable development of Hartlepool through the adoption of the Local Plan by 2018
- Build more affordable and low carbon homes through a new housing investment programme
- Establish an investment programme for improvements to neighbourhoods, open spaces, parks and play sites

- Deliver more supported accommodation for vulnerable adults
- Launch new joined up approach to enforcement and community safety
- Expand the wildflower programme
- Improve sustainable transport and travel patterns for pedestrians and cyclists
- Improve the allotment infrastructure to meet the diverse needs of our communities

Developing new services for people and communities – Key Deliverables

- Launch a co-ordinated approach to engaging citizens in becoming actively involved in meeting local needs and shaping the future of their communities by September 2017.
- Implement a new approach to supporting the development of the community and voluntary sector by 2017.
- Deliver three community hubs across Hartlepool by 2018
- Implement a new model for encouraging and supporting healthy lifestyles by 2018.
- Work with health partners to establish new integrated health and social care services as set out in Hartlepool Matters by 2018.
- Widen participation in sport and leisure activities by April 2018.
- Increase the availability high quality residential and nursing care in Hartlepool by the end of 2018.
- Implement a new model for supporting drug and alcohol recovery by September 2017.
- Fully open and maximise the benefits of the new Centre for Independent Living for people with learning disabilities.

Building better beginnings and better futures for our children and young people – Key Deliverables

- Get every school to good or outstanding by 2019.
- Launch a new centre for excellence in technical education in creative industries at the Northern Lights Academy by September 2017.
- Establish a youth foundation to co-ordinate investment in and deliver youth provision within neighbourhoods by 2019.
- Launch a programme to improve the emotional wellbeing of children and young people by 2017.
- Implement four multidisciplinary locality based teams which meet the health, development and care needs of children and help families provide the stability and security their children need to prevent problems from getting worse by 2017.
- Implement improvements in the way organisations work together to protect and safeguard children at risk of harm by 2018.

- Deliver the specialist support services children in care need to ensure they are cared for and feel cared about in stable and secure placements and that they are healthy, happy and making good educational progress.
- Implement improvements to the support provided to children with special educational needs and disabilities by 2018.
- Establish a new high quality alternative education provision for children and young people who don't access mainstream education.

Providing effective leadership based upon innovation and efficiency – Key Deliverables

- Implement new ways of communicating the change that is happening in Hartlepool both within and outside of the Borough
- Review arrangements for facilitating public involvement and participation in shaping the future of Hartlepool
- Introduce a new workforce and leadership and management development programme to unlock the potential of our staff to play a key role in finding alternative ways of delivering efficiencies and increasing income.
- Expand apprenticeship opportunities provided by the Council

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2017/18 TO 2019/20

TABLE 1 - FORECAST CAPITAL RESOURCES

	Forecast Resources 2017/2018 (Provisional)				Forecast Resources 2018/2019 (Provisional)				Forecast Resources 2019/2020 (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												
Devolved Formula Capital (Schools) *	0	0	128	128	0	0	128	128	0	0	128	128
Disabled Facilities Grant (Better Care Fund) **	0	0	863	863	0	0	863	863	0	0	863	863
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	2,755	2,755	0	0	4,801	4,801	0	0	628	628
	0	0	5,551	5,551	0	0	7,597	7,597	0	0	3,424	3,424
Departmental Prudential Borrowing - Funded from Specific Business Cases												
Replacement Wheelie Bins	90	0	0	90	90	0	0	90	90	0	0	90
Vehicle Procurement (Tables 2 - 4)	530	0	0	530	589	0	0	589	1,122	0	0	1,122
	620	0	0	620	679	0	0	679	1,212	0	0	1,212
Total Forecast Resources	620	0	5,551	6,171	679	0	7,597	8,276	1,212	0	3,424	4,636

* Devolved Formula Capital allocation for Schools is an estimate based on the 2016/17 allocation. The Government has stated that the 2016/17 allocation could be used as an indication of future allocations, which has been reduced to reflect schools that have converted to Academy status.

** Better Care Fund is continuing in 2017/18, however detailed allocations have yet to be announced by the Government. Estimates are based on 2016/17 allocations and an assumption that the Better Care Fund will continue in future years.

Schools Capital Programme includes an estimate of £628k Schools Condition Grant for 2017/18 and future years as actual allocations have yet to be announced by the Government. This is based on the 2016/17 allocation which the Government has stated is indicative of future allocations pro-rated for schools that have converted to Academy status. In addition the Council has received a Basic Need funding allocation for 2017/18 and 2018/19, this is reflected in the above figures.

TABLE 2 - 2017/18 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	Financed by Borrowing £'000	Business Case (Note 1) £'000	Total £'000
Sweepers	4	Cleansing	300	0	300
Large 360° excavator	1	Waste Management	180	0	180
Price Variation Contingency*			50	0	50
			530	0	530

TABLE 3 - 2018/19 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	Financed by Borrowing £'000	Business Case (Note 1) £'000	Total £'000
Transit Tipper	3	Cleansing	61	0	61
Gritter Body	1	Highways	30	0	30
7.5 Tonne Tipper with Lorry Loader	1	Highways	55	0	55
Ride on Mower - cylinder	2	Horticulture	78	0	78
Ride on Mower - rotary	4	Horticulture	68	0	68
Ride on Mower - box collector	1	Horticulture	25	0	25
Transit Tipper	2	Horticulture	42	0	42
Low Roof Van	2	Mechanical & Electrical	26	0	26
Jet Ski & Trailer	1	Parks & Countryside	8	0	8
Transit Low Roof Van	1	Public Buildings	13	0	13
Transit Tipper	1	Public Buildings	21	0	21
Transit Van	1	Public Buildings	22	0	22
Medium Roof Van	1	Public Buildings	14	0	14
Long Wheel Base High Roof Van	2	Small Works	76	0	76
Price Variation Contingency*			50	0	50
			589	0	589

TABLE 4 - 2019/20 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	Financed by Borrowing £'000	Business Case (Note 1) £'000	Total £'000
Medium Panel Van	1	Parks & Countryside	14	0	14
Civic Car	1	Corporate	20	0	20
13 Tonne Vertical Tipping Trailer	1	Horticulture	20	0	20
5 Tonne Hydraulic Tipping Trailer	1	Horticulture	10	0	10
17 Seat Bus	2	PTS	46	0	46
33 Seat Bus	1	PTS	120	0	120
68 Seat Bus	3	PTS	480	0	480
Beach Cleaner Rake	1	Cleansing	8	0	8
Gully Emptier	1	Highways	130	0	130
LWB Van	2	Cleansing	45	0	45
LWB Van	1	Highways	23	0	23
LWB Van	2	Horticulture	44	0	44
Pickup Van	1	Cleansing	23	0	23
Pickup Van	1	Horticulture	23	0	23
Tipper	1	Horticulture	75	0	75
Tipper Body	1	Highways	30	0	30
Trailer	1	Highways	10	0	10
Trailer	1	Horticulture	3	0	3
			1,122	0	1,122

Note 1

Vehicles which were not previously funded by prudential borrowing, but typically by grant funding. These will only be replaced if supported by a detailed business case and provided that 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.

SUMMARY OF SAVINGS 2017/18 - 2019/20

(detailed savings reports are included in booklet issued with the Agenda)

Finance & Policy Committee - Chief Executives Department	Proposed Savings 2017/18	Proposed Savings 2018/19	Proposed Savings 2019/20	Total Proposed Savings
	£'000	£'000	£'000	£'000
Assistant Chief Executive's Division	189	0	0	189
Chief Finance Officer's Division	140	0	0	140
Chief Solicitor's Division	36	0	0	36
Further review of management and operational structures	0	300	235	535
Total for Finance and Policy Committee - Chief Executives	365	300	235	900

Finance and Policy Committee - Public Health Department	Proposed Savings 2017/18	Proposed Savings 2018/19	Proposed Savings 2019/20	Total Proposed Savings
	£'000	£'000	£'000	£'000
Public Health Grant - Integration	900	0	0	900
Total for Finance and Policy Committee - Public Health Grant	900	0	0	900

Finance and Policy Committee - Public Health Department	Proposed Savings 2017/18	Proposed Savings 2018/19	Proposed Savings 2019/20	Total Proposed Savings
	£'000	£'000	£'000	£'000
Community Hubs	23	83	(76)	30
Total for Community Hubs	23	83	(76)	30

Adult Services Committee - Child and Adult Department	Proposed Savings 2017/18	Proposed Savings 2018/19	Proposed Savings 2019/20	Total Proposed Savings
	£'000	£'000	£'000	£'000
Standards, Engagement and Development Team	190	0	0	190
Departmental Running Costs and Non Pay Budgets	220	0	0	220
Review of Pay Budgets	235	0	0	235
Review of Prevention and Housing Related Support (Adult Services)	150	150	0	300
Total Adult Services Committee:	795	150	0	945

Children's Services Committee - Child and Adult Department	Proposed Savings 2017/18	Proposed Savings 2018/19	Proposed Savings 2019/20	Total Proposed Savings
	£'000	£'000	£'000	£'000
Review of all non-pay budgets	150	0	0	150
Youth Service	169	0	0	169
Commissioned Services for Early Intervention Activities	185	0	0	185
Troubled Families (maximising grant income)	100	0	0	100
Other - to be identified from Children's Centres, Commissioned Services, Short Breaks and Better Childhood Programme	0	500	296	796
Education Services Income Generation	25	30	10	65
Children Services Income	10	10	0	20
Service Reconfiguration and Data Management	0	0	41	41
Premature Retirement Commitment	0	0	10	10
Inflation Freeze	0	0	34	34
Total Children's Services Committee:	639	540	391	1,570

Regeneration Services Committee - Public Health Department	Proposed Savings 2017/18	Proposed Savings 2018/19	Proposed Savings 2019/20	Total Proposed Savings
	£'000	£'000	£'000	£'000
Growing and Developing Hartlepool	260	0	0	260
Maximising Income	190	0	0	190
Service Reviews	170	100	0	270
Regeneration and Neighbourhoods - Departmental	30	0	0	30
Total Regeneration Services Committee (Regeneration and Neighbourhoods)	620	100	0	750

Neighbourhood Services Committee - Regeneration and Neighbourhoods Department	Proposed Savings 2017/18	Proposed Savings 2018/19	Proposed Savings 2019/20	Total Proposed Savings
	£'000	£'000	£'000	£'000
Transport and Infrastructure	90	50	0	140
Vehicle Fleet	50	0	0	50
Building Design and Construction	20	0	0	20
Environmental Services	170	360	160	690
Community Safety and Engagement-	50	0	0	50
Neighbourhood Services – Income Generation	225	0	0	225
Total for Neighbourhood Services Committee	605	410	160	1,175

Regeneration Services Committee - Regeneration and Neighbourhoods Department	Proposed Savings 2017/18	Proposed Savings 2018/19	Proposed Savings 2019/20	Total Proposed Savings
	£'000	£'000	£'000	£'000
Public Protection	50	25	25	100
Sport and Recreation	50	50	50	150
Total Regeneration Committee (Public Health General Fund Savings)	100	75	75	250

Inflation on 2017/18 savings	0	27	0	27
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GRAND TOTAL	4,047	1,685	785	6,547
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* The savings above exclude £50k originally proposed from an increase in staff car parking charges. At Neighbourhood services Committee a Member view was that given the recent changes in contributions of staff car allowances it was not an appropriate time to increase charges and suggested that this issue be considered at a later date. The Committee supported this suggestion. The removal of this saving will be offset for an increase in the Councils New Home Bonus allocation.

2017/18 FINANCIAL RISK MANAGEMENT**Risk Rating**

A simplified version of the Risk Assessment criteria used in the Council's Risk Management Strategy has been used to rank budget risks. This assessment rates risk using the convention of green/amber/red, as defined below, although different levels of risk within each category have not been defined. The risk assessment helps inform the Council's budget monitoring process as it identifies areas that need to be monitored more closely than other budgets. These procedures help ensure that departments can manage budgets and services within the overall departmental resource allocation and the Council's overall financial management framework, which enable departments to establish reserves for significant risks and to carry forward under and over spends between financial years.

The value of expenditure/income on individual areas, together with the percentage of the authority's net budget, are shown in the table below to highlight the potential impact on the Council's overall financial position.

Green - these are unlikely events which would have a low financial impact.

Amber - these are possible events which would have a noticeable financial impact.

Red - these are almost certain to occur and would have a very significant impact. Provision would need to be made for such events in the budgets.

CORPORATE RISKS

Financial Risk	Risk Rating	2017/18 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Pay	Amber	56,517	76%	The MTFS includes provision for a 1% pay award from 1st April 2017 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	2,911	4%	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	225	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.
Schools Buy-Back Income	Amber	2,607	3.5%	Buy back income underpins a range of services provided by the Council. This income budget is reliant on the Schools continuing to buy back the services.
Education Services Grant	Red	271	0.4%	The grant is distributed between LA's and Academies pro-rata to the number of pupils for whom each is responsible. As schools in Hartlepool convert to Academy status in the future then the funding for education services received by the LA will reduce which could impact on service delivery.
Failure to comply with relevant local authority financial legislation/regulations, NI and taxation regulations.	Amber	0	N/A	The Council will take appropriate steps to ensure it keeps up to date with changing legislation and regulations. There is nothing to indicate that the Council faces any specific material risk in these areas.

CHILD & ADULT SERVICES

Financial Risk	Risk Rating	2017/18 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	5,755	7.8%	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	8,190	11.1%	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	0.8%	There are a number of services provided by the LA which are funded from retained DSG. The LA delegates this funding into school budgets and then requesting approval from Schools Forum to de-delegate these budgets back to the LA for all non-Academy schools. Academy schools retain this funding although they would have the opportunity to 'buy-back' these services from the LA. As schools in Hartlepool convert to Academy status in the future then there is the potential for funding to be reduced which could impact on service delivery.
Demographic changes in Older People	Red	10,090	13.6%	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 expectancy.
Demographic changes in Working Age Adults	Red	8,375	11.3%	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	Amber	6,699	9.1%	The Better Care Fund consists of revenue funding and capital funding (not shown) totalling £7.562m in 2016/17. 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 achieved.
Non-achievement of income targets - CCG contributions towards Joint Packages.	Amber	4,150	5.6%	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	2017/18 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Car Parking	Amber	1,430	1.9%	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	790	1.1%	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 up to 2017/18.
Highways Maintenance	Amber	1,450	2.0%	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 - Cultural Services	Amber	320	0.4%	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. This amount of income at risk has reduced as a result of the transfer of the Maritime Experience to National Museum of the Royal Navy.
Home to School Transport Costs	Amber	1,360	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 Passenger Transport service.
Trading Accounts	Amber	20,000	27.0%	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	2017/18 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	447	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.
Non-achievement of income targets - Sport, Leisure and Recreation	Amber	1,562	2.1%	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 2017/18 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>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 2017/18 are departmental savings. Work undertaken during 2016/17 to deliver these savings in advance makes the 2017/18 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 Strategic Risk Reserve to fund such risks.</p>

**BUDGET CONSULTATION MEETING WITH TRADE UNION
REPRESENTATIVES - Minutes of Meeting held on
5 December 2016**

Present: ***Hartlepool Borough Council Officers***
 Councillor Kevin Cranney (*Chair*)
 Councillor Marjorie James
 Gill Alexander, Chief Executive
 Chris Little, Chief Finance Officer
 Andrew Atkin, Assistant Chief Executive
 Denise Ogden, Director of Regeneration and Neighbourhoods
 Louise Wallace, Director of Public Health
 Sally Robinson, Director of Child & Adult Services

Trade Union Representatives
 Edwin Jeffries
 Steve Williams
 Tony Watson
 Cheryl Walton
 Duncan Rothwell

Apologies:
 Councillor Christopher Akers-Belcher, Leader of the Council
 Councillor Stephen Thomas
 Councillor Alan Clark

Sam Durham, PA to CEMT (Minutes)

1.	Presentation
<p>Councillor Kevin Cranney welcomed the group and introductions were given.</p> <p>Chris Little provided a brief summary of the Council Plan and MTFs savings proposals report submitted to Finance & Policy Committee on the 2nd December 2016 and reported on Hartlepool's forecast financial position for 2017/18 – 2018/19.</p>	

APPENDIX F

Comments Made	Response
<p>EJ explained that TU's appreciate continued work carried out by Officers and Councillors.</p> <p>No major concerns at this time but will continue to work alongside Officers and Councillors were possible.</p>	
<p>SW commented on impact of cuts on staff working relationships and risks arising from continuing cuts.</p> <p>TU support is available were required.</p>	<p>Cllr Cranney agreed that support to staff needs to be readily available and need to try to alleviate staff pressures.</p> <p>Hartlepool continue to maintain front line services where possible with very limited compulsory.</p> <p>The Council continues to manage the budget position around areas of vacant posts and minimise the number of compulsory redundancies which has been successful in the past - will try to continue as and where possible but does become difficult.</p> <p>MJ informed that staff relations appear to be positive and a number of services have been brought back in house resulting in jobs being secured. Looking at additional areas where services can be brought back in house.</p> <p>DO explained that the 3 year plan outlines more of a longer term plan which is available for staff to consider and should be more reassuring.</p>

**BUDGET CONSULTATION MEETING WITH BUSINESS
SECTOR REPRESENTATIVES - Minutes of Meeting held on
12 December 2016**

Present: **Hartlepool Borough Council Officers**
 Councillor Christopher Akers-Belcher, Leader of the Council (*Chair*)
 Councillor Kevin Cranney
 Councillor Marjorie James
 Councillor Alan Clark
 Gill Alexander, Chief Executive
 Chris Little, Chief Finance Officer
 Andrew Atkin, Assistant Chief Executive
 Denise Ogden, Director of Regeneration and Neighbourhoods
 Louise Wallace, Director of Public Health
 Sally Robinson, Director of Child & Adult Services

Business Partner Representatives
 Peter Olsen, Hartlepool NEECC
 Brian Beaumont, Tees Valley NEECC
 Colin Griffith, Hartlepool FSB

Apologies:
 Councillor Stephen Thomas
 Adrian Liddell, Atkinson Print

Sam Durham, PA to CEMT (Minutes)

1.	Presentation
<p>Councillor Christopher Akers-Belcher welcomed the group.</p> <p>Chris Little provided a brief summary of the Council Plan and MTFS savings proposals report which was considered by Finance & Policy Committee on the 2nd December 2016 and reported on Hartlepool's forecast financial position for 2017/18 – 2018/19.</p>	

Comments Made	Response
PO queried how much would be in reserves at the end of 3 year period.	CL explained that reserves for all Authorities would be running at a minimum level.
Would there be any impact on interest rates as far borrowing is concerned.	There would be very limited impact on interest rates in terms of borrowing. Longer term debt is through long term interest rates which are locked out.

APPENDIX F

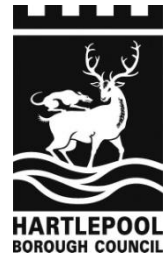
<p>BB acknowledged and praised work put into the Finance and Policy report which was circulated to Business Partners prior to the meeting and appreciates that it is going to be a difficult couple of years.</p>	<p>CL agreed that it is getting difficult each year but the Council are confident with proposals for 2017/18 but will face challenges in 2019/20.</p> <p>The Government do recognise 2018/19 pressures within the Adult care system and if these are not addressed the Council could face additional pressures of £2m in next couple of years.</p>
<p>BP's queried if sites around the town can be used to help with housing developments?</p>	<p>DO explained that housing developments continue to increase around the town.</p> <p>Growth is ongoing, the Local Plan shows roughly 500 new housing developments within town.</p> <p>CL explained that the Council tax forecast for the next 3 years is positive and reflex's previous trends and should be achievable.</p>
<p>How will the new business rate regime effect business in the future.</p>	<p>CL advised that the new business rates valuation are due in April 2017. The North East rateable values reduce for all North East Councils, although the Government has indicated Councils will be fully compensated via 'top-up grant' more uncertainty regarding a move to 100% system in 2020/21.</p>
<p>Is it right that hospital sites are reviewing rateable value.</p>	<p>This is a national issue in which the NHS feel they should be exempt from paying business rates. Local Government Association is pursuing on behalf of Councils.</p>
<p>How does the expansion of housing in Hartlepool reflect and effect those not paying council tax – are people worse off for this expansion.</p>	<p>Everyone pays Council tax – collection rates are very good – low income houses are supported by appropriate arrangements.</p>
<p>Will the Combined Authority be able to help and fund businesses?</p>	<p>The Council will be working in partnership with the whole of the Tees Valley as part of the Combined Authority which will help business etc.</p>

APPENDIX F

<p>Investment from the Church Street development is impressive and developing well.</p>	<p>Confident that the Church Street development will be good from a business point of view – business acquisition is being reviewed and a number of properties around the area have been sold.</p> <p>Meetings with Network Rail scheduled and looking at potential station developments.</p>
	<p>The Council have a 3 year budget, 5 year programme and Council plan in place which outlines year on year benefits.</p>
<p>How do people of Hartlepool find out what is happening in the town.</p> <p>The FSB are happy to promote town developments as and when they can.</p>	<p>The Council continue to promote what is happening within the town via social media, Hartbeat etc and understand more needs to be done via briefings, email bulletins etc.</p> <p>People like to see visual changes within the town which will increase over the next coming months through Church Street and longer term through the Waterfront developments.</p> <p>The National Museum of the Royal Navy recognise potential development opportunities for the town and are looking to expand which would increase visitor numbers to the town.</p>
	<p>Councillor Akers-Belcher thanked everyone for attending and closed the meeting.</p>

FINANCE AND POLICY COMMITTEE

2 December 2016



Report of: Chief Executive

Subject: SAVINGS PROGRAMME 2017/18 – CHIEF EXECUTIVE’S 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 2017/18 savings proposals relating to the Committees remit to contribute towards achieving the overall savings requirement.

3.0 BACKGROUND

3.1 There was a separate comprehensive report on the “Council Plan and Medium Term Financial Strategy – Capital and Revenue” on the Finance and Policy Committee agenda on 2nd December 2016. The report advised Members that as a Council we are ambitious for the Borough. Despite the fact that we continue to face unprecedented financial and demographic pressure it is important that we remain focused on securing the future prosperity and wellbeing of our residents. Whilst managing government funding cuts we need to remain committed to realising the potential of Hartlepool to be a place that is truly exceptional and use our unique spirit and assets to grow as a vibrant, dynamic and welcoming place to live, learn, work, play and invest.

3.2 The Council plan is currently being developed and will be based around six strategic priorities:

- Growing our Economy, Jobs and Skills;
- Regenerating our town;
- Developing and promoting Hartlepool as a great place to live;
- Developing new services for people and communities;
- Better beginnings and better futures for our children and young people;
- Providing effective leadership based upon innovation and efficiency.

3.3 The report to Finance and Policy Committee reminded Members that Government funding for the Council will be reduced further over the next three years. As a result we are therefore proposing an approach to meeting the financial and demographic challenges based upon a three year strategic

and financial plan that will deliver an improvement and efficiency programme focused on new ways of delivering services within and with communities; better integration of early help services to help people live healthier independent lives to reduce pressure on high cost services; and increasing income by promoting growth and a more commercial approach to traded services.

3.4 In relation the development of the five year capital plan the report to Finance and Policy Committee sort Members views on the Council's key regeneration and development priorities. Once these priorities have been approved a further report will be prepared detailing an investment strategy for delivering the capital plan, which will include identify those areas where the Council will need to secure capital grant and external investment.

3.5 This report details the savings proposals for the Chief Executives department.

4.0 **PROPOSALS**

4.1 Proposals to deliver savings in the Chief Executive's department in 2017/18 are set in the context of a three year strategy and reflect the overall approach adopted by the Corporate Management Team for identifying achievable savings and aiming to protect front line services, while recognising that not all areas can be protected in the current financial climate.

4.2 Within the Chief Executive's department savings of £2,028,000 have been made over the last five financial years:

- 2012/13 £621,000
- 2013/14 £200,000
- 2014/15 £457,000
- 2015/16 £515,000
- 2016/17 £235,000

4.3 This report covers the specific savings proposals identified for the Chief Executive's Department for 2017/18. As reported in the Medium Term Financial Strategy report considered by the Finance and Policy Committee on 20th June 2016 officers within the Chief Executive's Department have identified a range of permanent budget savings which can be achieved from 2017/18 and have been allocated to reduce the overall budget deficit. These savings total approximately £3 million, consisting of:-

- £2 million saving from work done to restructure loan repayment costs, which provides this level of saving for the next 12 years and fully repays pre 31st March 2008 loans by 2056/57. Under the previous loan repayment arrangements 13% (£9.4m) of these loans would have still been outstanding at 31st March 2057.

The revised repayment arrangements are more prudent than the previous arrangements as they do not increase the overall level of debt, but they do provide a more equitable annual charge to the revenue budget and ensure the pre 31st March 2008 loans are fully repaid by 2056/57.

- £1 million saving in a number of corporate budgets covering support for the Local Council Tax Support Scheme, IT contract costs, insurance costs and energy costs.

The update of the Local Council Tax Support scheme detailed how a budget saving can be achieved whilst maintaining the 12% Local Council Tax Support scheme for the period 2017/18 to 2019/20.

The IT contract saving reflects the financial benefits of continued rationalisation of the IT estate and the benefits of the inflation cap included in the contract.

The insurance cost savings reflects an assessment of existing/future insurance claims and is predicated on maintaining the existing Insurance Fund to manage these risks over the period of the MTFS.

The energy saving reflects continued lower actual energy costs.

4.4 The departmental approach to identifying savings has been to focus on service re-modelling, whilst seeking to protect front line services provided by the Chief Executive's department. The approach has been underpinned by considering requests for voluntary redundancies, within the rolling process for considering Voluntary Redundancy and Early retirement costs, where there is a business case for approving. Vacant or fixed term posts have also 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 2017/18.

4.5 The proposals for the department services will contribute £900,000 towards achieving the overall savings requirement over the next three years; £365,000 in 2017/18, £300,000 in 2018/19 and a further £235,000 in 2018/19. The specific savings proposals in relation to 2017/18 are detailed in the following paragraphs.

4.6 **ASSISTANT CHIEF EXECUTIVE**

4.7 Total savings for the Divisions of £189,000 are proposed, as detailed in the following paragraphs:

4.8 **Removal of vacant posts/changes in operations and management arrangements - £124,000**

These savings will be achieved by undertaking a further review of existing management and operational structures and other operations across the Corporate Strategy Division. The review that has been undertaken has identified that whilst there are a broad range of potential risks from these actions that these risks can be managed in the context of the service to be delivered. However, these changes are not without risks, and in relation to those savings which affect the front facing services within the Division these proposals reduce the capacity to manage increases in workload if there is an increase in workload. In relation to internal services the proposals will reduce capacity available within the services further.

4.9 Running Costs and ICT infrastructure costs - £65,000

Reconsideration of a range of central support costs / non pay budgets across the division in conjunction with the renegotiation and revision of a number of ICT infrastructure costs which don't form the basis of the main ICT contract to deliver ongoing savings.

4.10 CHIEF FINANCE OFFICER

4.11 Total savings for the Division of £140,000 are proposed, as detailed in the following paragraphs:

4.12 Removal of vacant posts/changes in operations and management arrangements - £116,000

These savings will be achieved by undertaking a further review of existing management structures and other operations across the Finance Division. The review that has been undertaken has identified that whilst there are potential risks from these actions that these risks can be managed in the context of the service to be delivered. However, these changes are not without risks, and in relation to those savings which affect the front facing services within the Division these proposals reduce the capacity to manage increases in workload if there is an economic downturn and increase in caseload associated with the Local Council Tax Support Scheme, or increase in workload recovering Council Tax. In relation to internal services the proposals will reduce capacity to support new initiatives.

4.13 Running Costs - £24,000

Renegotiation of software and outsourced contracts relating to specialist support services and review of non pay budgets to reflect historic spend.

4.14 CHIEF SOLICITOR

4.15 As detailed in the Chief Executive's recent review of the departmental management structure a net saving for the Legal Division of £36,000 has been achieved for 2017/18. This net saving is after reflecting the saving achieved from removing the Legal Services Manager post, less the resulting restructuring costs from operational changes within the Legal Services

division to enable this change to be implemented and the cost of other changes within the Chief Executive's Department approved as part the recently approved proposals.

The review of Legal Services identified that whilst there are a broad range of potential risks from these actions, that these risks can be managed in the context of the service to be delivered. However, these changes are not without risks, and the proposals reduce the capacity to manage increases in workload if these arise. Of note, there has been significant pressures nationally relating to the care and protection of children (124% increase in the last 10 years) and a further review of meeting such pressures through adequate resourcing, is presently being considered.

4.16 CHIEF EXECUTIVE'S DEPARTMENT SAVINGS 2018/19 AND 2019/20

4.17 An initial assessment of potential savings proposals for 2018/19 and 2019/20 has commenced. However, as a large part of Department's work is primarily focused on supporting service departments and corporate functions, the initial assessment will need to be refined when service departments have defined savings proposals for the three years up to 2019/20, as this will define the support services which are required. Savings for 2018/19 and 2019/20 will reflect further reviews of existing management and operational structures across the Chief Executive's Division.

4.18 HOUSING BENEFIT ADMINISTRATION GRANT SAVINGS 2017/18

4.19 The savings detailed in the previous paragraph exclude the additional savings which will be required to address a further forecast cut in the Housing Benefit Administration grant in 2017/18 of £50,000. This will be the seventh year this grant has been cut and the 2016/17 grant is 39% less than the grant received in 2010/11. In line with the approach adopted for the General Fund budget vacant posts and requests for voluntary redundancy will be considered to address the funding reduction' alongside further measures to redesign services. However, it is becoming increasingly difficult to maintain service standards in this area, against a background of continuing cuts in the Housing Benefit Administration grant. There will be more significant changes in this service area and the level of Government funding in 2018/19 owing to the impact of the roll-out of Universal Credit by the Government. Further information will be reported when it is provided by the Government.

5. RISK IMPLICATIONS

5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. The primary risk relates to maintaining capacity to deliver the front line services and support to the Council/departments.

5.2 It is considered that the proposed 2017/18 savings can be delivered, although not without difficulty or some degree of risk. This can be managed in the coming year; however achieving these savings becomes more difficult each year. A summary of the risks considered as part of the proposals has been identified below.

6. FINANCIAL CONSIDERATIONS

6.1 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.

6.2 The savings that have been identified have been assessed for their sustainability. As with all others parts of the Authority the sustainability of the savings required by the ongoing cuts which the Authority faces becomes increasingly difficult as the compound affect of these savings impacts on services. It is not necessary to remind Members of the level of savings which have been delivered in previous years or those which are likely to be required in future years. The savings have been identified as sustainable in the light of the need to make ongoing changes to both what is delivered and the scaling back of some activity. The principles that have been applied in determining the proposals for savings have been linked to protecting front line services, savings being realised in respect of vacant posts where this can be managed, considering early retirement / voluntary redundancy request where these have been received and reflecting the pressures, both internal and external that the Authority needs to address to maintain effective governance arrangements.

6.3 The proposals deliver the following proposed 2017/18 savings:-

Service	Proposed Savings 2017/18	Proposed Savings 2018/19	Proposed Savings 2019/20
	(£k)	(£k)	(£k)
Assistant Chief Executive's Division	189		
Chief Finance Officer's Division	140		
Chief Solicitor's Division	36		
Further review of management and operational structures	0	300	235
Total	365	300	235

7. EQUALITY AND DIVERSITY CONSIDERATIONS

7.1 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.

7.2 Approximately 76% of the above savings will be made by reducing staffing levels (mainly from vacant posts and ER/VR applications) with the remaining 24% reflecting changes to day to day running costs and external contract savings.

7.3 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 2017/18.

8 LEGAL CONSIDERATIONS

8.1 None.

9 CHILD AND FAMILY POVERTY

9.1 None.

10 STAFF CONSIDERATIONS

10.1 It is anticipated that the staffing reduction can be achieved on a voluntary basis, although until this process is work through in detailed this cannot be guaranteed.

11 ASSET MANAGEMENT CONSIDERATIONS

11.1 None.

12 CONCLUSION

12.1 The achievement of further savings over the next three years will be challenging and will require further changes, whilst ensuring services are maintained as far as practical, or the implications of reducing capacity are reflected in service requirements. The proposals set out in this report to achieve savings of £365,000 in 2017/18 and further savings of £300,000 in 2018/19 and £235,000 in 2019/20; a total over three years of £900,000. These savings are largely based on reviewing existing management and operational structures.

13 RECOMMENDATIONS

13.1 That Members of the Committee note the content of the report and formulate a response to be presented to Council on 9th January 2017.

14 **REASON FOR RECOMMENDATIONS**

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

15 **BACKGROUND PAPERS**

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

- 15.2 Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2017/18 to 2019/20 - 20th June 2016

16 **CONTACT OFFICERS**

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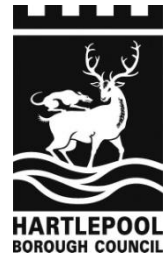
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FINANCE AND POLICY COMMITTEE

2nd December 2016



Report of: DIRECTOR OF PUBLIC HEALTH

Subject: THREE YEAR SAVINGS PROGRAMME – PUBLIC HEALTH 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 2017/18 savings proposals relating to the Committees remit for public health to contribute towards achieving the overall savings requirement.

3.0 BACKGROUND

3.1 A comprehensive report on the “Council Plan and Medium Term Financial Strategy – Capital and Revenue” was considered by Finance and Policy on 28th November 2016. The report advised Members that as a Council we are ambitious for the Borough. Despite the fact that we continue to face unprecedented financial and demographic pressure it is important that we remain focused on securing the future prosperity and wellbeing of our residents. Whilst managing government funding cuts we need to remain committed to realising the potential of Hartlepool to be a place that is truly exceptional and use our unique spirit and assets to grow as a vibrant, dynamic and welcoming place to live, learn, work, play and invest.

3.2 The Council plan is currently being developed and will be based around six strategic priorities:

- Growing our Economy, Jobs and Skills;
- Regenerating our town;
- Developing and promoting Hartlepool as a great place to live;
- Developing new services for people and communities;
- Better beginnings and better futures for our children and young people;
- Providing effective leadership based upon innovation and efficiency.

3.3 The report to Finance and Policy Committee reminded Members that Government funding for the Council will be reduced further over the next three years. As a result we are therefore proposing an approach to meeting the financial and demographic challenges based upon a three year strategic

and financial plan that will deliver an improvement and efficiency programme focused on new ways of delivering services within and with communities; better integration of early help services to help people live healthier independent lives to reduce pressure on high cost services; and increasing income by promoting growth and a more commercial approach to traded services.

- 3.4 In relation the development of the five year capital plan the report to Finance and Policy Committee sort Members views on the Council's key regeneration and development priorities. Once these priorities have been approved a further report will be prepared detailing an investment strategy for delivering the capital plan, which will include identify those areas where the Council will need to secure capital grant and external investment.
- 3.5 There will be a presentation at the start of the Committee meeting to provide an overview of the issues reported to Finance and Policy Committee which will provide the context and background for the issues detailed in this report.
- 3.6 Public health services are funded through a ring fenced public health grant. This grant has been provided to Local Authorities since 2013 when the Local Authority assumed responsibility for public health from the NHS. Since 2013 new responsibilities have been bestowed upon Councils such as the commissioning of 0-5 health visitor services. However, despite this, the current public health grant continues to be cut year on year.
- 3.7 In the Chancellors 2015 Autumn Statement, it was confirmed that LA's funding for public health would see a reduction in cash terms of 3.9% each year until 20/21. It has been necessary therefore to find significant savings to accommodate these grant cuts year on year. The following table provides a summary the grant allocations each year and this shows that Public Health grant funding is expected to reduce by £1.244m in total by 19/20.

Year	Main Public Health Grant £m	0-5 Children's Public Health Grant £'m	Total Public Health Grant £m
Original Grant 13/14	8.255	0	8.255
2014/15	8.486	0	8.486
2015/16	7.914	*0.761	8.675
2016/17	7.733	1.489	9.222
2017/18	7.543	1.452	8.995
2018/19 **	7.347	1.414	8.761
2019/20 **	7.156	1.377	8.533
Total Grant Cut	1.099	0.145	1.244

* The £761k 0-5 grant allocation in 15/16 was a part year allocation from October 2015

** These allocations are estimates based on the reductions expected.

3.8 Service Aims

Public health is focused on improving and protecting the health of the population. The department commissions and provides a range of services to support people across the town to adopt healthier lifestyles, as well as protect them from diseases. The department has 5 functions:

- Health improvement
- Drug and alcohol services
- Commissioning and clinical quality
- Sport and recreation
- Public protection.

It is noteworthy that the saving proposals for the core revenue grant funded services within sport and recreation and public protection will not be covered in this report, but in a separate report to be presented to Regeneration Committee in keeping with the council constitution.

3.9 Service Users – the services commissioned and provided by public health are a mixture of universally accessible services for all ages as well as bespoke and specialist services.

3.10 The current cost of the services delivered by the Public Health Department which is funded through a grant is £9.222 million in 2016/17.

3.11 Outputs and Outcomes

Public Health seeks to deliver the following outcomes:

- More people adopting a healthier lifestyle through not smoking, taking exercise and reducing alcohol use.
- Early intervention through the earlier detection and treatment of disease such as cancer, diabetes, cardio-vascular disease, respiratory disease etc.
- Protecting the health of the population through preventing outbreaks of disease and dealing with them effectively to minimise impact.
- Promoting population healthcare that is equitable and accessible.

4.0 PROPOSALS AND FINANCIAL CONSIDERATIONS

4.1 The proposals deliver the following proposed savings:-

Proposal	Proposed Savings 2017/18 £'000	Proposed Savings 2018/19 £'000	Proposed Savings 2019/20 £'000	Total Proposed Savings £'000
Transforming drug and alcohol services	400	124	20	544
Review public Health	42	50	58	150

capacity and advice				
Review health Improvement services and integration into new service models	55	0	0	55
Review public protection tobacco control	30	0	0	30
Transforming services 0-19 children's health services	600	250	150	1,000
Review of externally commissioned public health services				
Review of internally commissioned public health services				
Rebase of prescribing budgets				
Total	1,127	424	228	1,779

- 4.2 The savings proposals for the Public Health department total £1.779 million over the next three financial years. This includes grant cuts of £689,000 over the three year period and £900,000 which will be reinvested into transforming services across the Council to deliver public health outcomes in 2017/18.
- 4.3 In addition, budget pressures have been identified within Sport and Recreation and the proposal is to provide £190,000 from the Public Health Grant to support eligible expenditure in this service area. This will mean that the service is subsidised to ensure access to services for all residents particularly those in poor health. People in Hartlepool have poorer health than the England average, so it is essential that there is good access for all too high quality leisure services. This support is critical to maintain the current service provision as it is unlikely that these pressures can be achieved in 17/18 through internal improvements to service delivery, and additional income generation.
- 4.4 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.
- 4.5 The proposals in respect of the services in the Public Health Department reflect the overall approach adopted by the Corporate Management Team for identifying achievable savings, as part of an approach aimed at protecting

front line services, recognising that not all areas can be protected in the current financial climate.

4.6 The savings proposals for the service areas in public health funded through the ring fenced public health grant are set out below.

- Transforming and integrating drug and alcohol support services (Committee decision July 2016)
- Transforming 0-19 children's health services (Committee decision 31st October 2016).
- Review commissioned public health services to seek efficiencies and inform new models of service delivery in relation to alcohol, smoking, health checks.
- Rebase prescribing budgets to reflect actual budgets.
- Review the departmental structure to ensure an optimum structure to deliver effective and efficient public health advice, interventions and services. Proposals include reviewing staffing structures.
- Mainstream cancer awareness advice into the GP contract for NHS Health checks etc.
- Reduce expenditure on public health resources and health promotion activities.
- Reduce spend on public health support and advice particularly as a result of the disbanding of the Tees Valley Shared Public Health Service.
- Reduce the grant contribution for the additional tobacco control activities undertaken by public protection, as since the grant was originally committed all planned legislation relating to tobacco control has been implemented.
- Review services commissioned and provided by the Child and Adults Department on behalf of public health to ensure maximum efficiencies and public health outcomes.
- Integrate public health services into the community hub model.

4.7 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.

4.8 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.

5. RISK IMPLICATIONS

5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified in section 6.3.

5.2 There are a number of risks in these changes, particularly taken in the context of previous savings which have been made. At this time the proposals 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.

5.3 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. The following points highlight the key risks;

- 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.
- Response times to enquiries and subsequent action
- Income targets not been met.
- Insufficient reserve to fund posts.
- 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

- Reduced resources to train key frontline staff.
- Reductions in public health resources and health promotion activities so opportunities to inform and educate the public are reduced.
- Negotiations with providers re contract efficiencies might lead to reduced service capacity and delivery.
- Risk of pressure on demand led budget such as prescribing.

6 EQUALITY AND DIVERSITY CONSIDERATIONS

6.1 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 **Appendix 1**.

6.2 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 2017/18.

7 LEGAL CONSIDERATIONS

7.1 The services commissioned, provided and funded through the ringfenced public health grant, are to assist in delivering public health statutory duties as outlined in the Health and Social Care Act 2012.

8 CHILD AND FAMILY POVERTY

8.1 Not required for this report.

9 STAFF CONSIDERATIONS

9.1 It is anticipated that there will be compulsory redundancies as part of the savings proposals outlined above.

10 ASSET MANAGEMENT CONSIDERATIONS

10.1 None

11. CONCLUSION

11.1 The savings proposals for public health are based on a range of innovative and transformational service changes, as well as service reviews and efficiencies. The savings proposals allow for resources to be released to further embed and integrate public health delivery across the Council. The savings also rely on robust and effective commissioning of externally provided services.

12. **RECOMMENDATIONS**

- 12.1 That Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 9th January 2017.

13 **REASON FOR RECOMMENDATIONS**

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

14 **BACKGROUND PAPERS**

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

Finance and Policy Committee - Medium Term Financial Strategy (MTFS)
2017/18 to 2019/20 - 20th June 2016

15 **CONTACT OFFICERS**

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Impact Assessment Form

Department	Division	Section	Owner/Officer
Public Health			Director of Public Health
Service, policy, practice being reviewed/changed or planned	Savings proposals for public health 2017-2020.		
Why are you making the change?	Budget savings as part of the Mid Term Financial Strategy		
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?	The report is seeking views of members for the savings proposals and subject to agreement, further consultation with specific people may be required.		
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?	The proposals include a range of options to ensure the budget is delivered, including service transformation, service reviews, contract efficiencies and staffing reviews. Please refer to section 6 risk implications within main report.		
Describe how you will address and monitor the impact	1. No Impact - No Major Change		
	2. Adjust/Change Policy As the proposals are implemented subject to Council approval, then positive and negative		

		<i>impact of the changes will be monitored and addressed</i>	
		3. Adverse Impact but Continue as is	
		4. Stop/Remove Policy/Proposal	
Initial Assessment	15/11/16	Reviewed	00/00/00
Completed	00/00/00	Published	00/00/00

FINANCE AND POLICY COMMITTEE

2 December 2016



Report of: Director of Public Health

Subject: COMMUNITY HUBS

1. TYPE OF DECISION/APPLICABLE CATEGORY

Key Decision (test (i)/(ii)) Forward Plan Reference No.PH05/16.

2. PURPOSE OF REPORT

- 2.1 The purpose of this paper is to present to Committee for approval a proposal to develop community hubs across the town.

3. BACKGROUND

- 3.1 The concept of community hubs has emerged as part of the discussion, to shape the Hartlepool of the Future Programme. This project has been framed as part of the reducing demand through prevention and integration of health, social care and employability services workstream. Political commitment to the project, as part of the Hartlepool of the Future Programme, was given at Finance and Policy Committee as part of the Medium Term Financial Strategy in January 2016.
- 3.2 It is well evidenced that Hartlepool has higher levels of poor health and people who are unemployed than the England average. Therefore, the proposal for community Hubs is focused on improving health and reducing health inequalities and improving employability of individuals and reducing long term unemployment.

4. PROPOSAL

- 4.1 What is a hub?

It is proposed that a community hub is a physical space, rooted in communities most in need. Hubs will build on community assets and capacity

as well as offering a range of advice, guidance, health, learning, employment and community support and services.

Services offered out of the hub will not operate in silos, tackling single issue needs, but will be perfectly positioned to meet the diverse needs of each person. Community hubs will be a tangible resource that people can access to self help, seek help and offer help through volunteering and community action.

Community hubs will be more than just physical locations, they will be a network of partners across all services and sectors that have agreed and defined assessment and pathways. Individuals can expect to have access to the same service options regardless of where their first point of contact is. Physical Hubs will be universal but targeted, anyone will be able to access one, but they will be located in areas of most need and services will be targeted to those most in need based on an identified set of triggers. Hubs will be located in areas of BOTH employment and health inequality.

Community hubs will further strengthen the locality based approach to service delivery and integration with early help locality teams.

Functions and services of a community hub illustrated below:



4.2 In the first instance, the following are service areas are proposed to be in scope for the Community Hub project:

- Libraries
- Community centres
- Smoking Cessation service
- NHS health checks

- Health Trainers
 - Public Health Resource Library
 - Community Safety
 - Hartlepool Adult Education
 - Parenting Academy
 - Digital inclusion team
 - Hartlepool Working Solutions
 - Advice and financial inclusion
- 4.3 As hubs are intended to be places where people can access information and learning, it is proposed that the provision of a library service is streamlined, focusing on development of a quality provision from fewer sites. Therefore, a Hub model would subsume the functions of the branch libraries and provide services from three Hub centres along with a mobile provision. This would free up library staff capacity to develop other functions, and deliver an enhanced service at the remaining sites.
- 4.4 It is proposed that there are community led spaces in the hubs with a focus on building on community assets and capacity. Therefore, the function of community centres would be accommodated in the hubs.
- 4.5 It is proposed that services to improve health and well being are also consolidated into the community hub offer, therefore allowing for some currently commissioned public health services to be decommissioned as they will be provided through an integrated service model in the hub.
- 4.6 The physical presence of Community Hubs will be driven by a number of basic, physical characteristics, which will necessarily drive the decision of where in the town they will be located.
- Hubs will be located in areas with demonstrated health AND employment inequality, however everyone in the town will be within 2 km of a hub.
 - Hubs will be suitable to deliver the entire core service offer illustrated above.
 - Hubs will be accessible to all and meet Equality Act standards
 - Hubs will have appropriate infrastructure in place e.g. IT, telephony
- 4.7 As such, a number of requisites and a scoring matrix have been developed, against which buildings in the town have been assessed for suitability. These requirements are as follows:
- Sufficient office space for staff
 - Staff ICT compatible
 - Private consultation room
 - Community Space
 - Equality Act compliant
 - Public facing facilities
 - Accessible operational hours

- HSE Staff welfare compliant
- Possible capacity to provide a library offer
- Public ICT suite

4.8 Various buildings located in the town, have been assessed and matched against the criteria above and around areas of inequality. They were allocated a score based on their ability to meet the above requirements. Where buildings had facilities that added value, this was scored in addition. In central Hartlepool, Central Library scored most highly, and in the south, Owton Manor Community Centre and Library. There currently is not a HBC owned and run centre in the north of the town to meets the requirements as a Community Hub.

However the West View Advice and Resource Centre closely match the physical criteria for a hub. If West View was identified as a suitable hub in the north of the town, then this option would allow for the continuation of specialist universal welfare benefits and financial Support to continue. It would ensure the expertise in advice and guidance could be shared across all hubs and continue to be delivered from accessible community venues across Hartlepool. It would also provide the opportunity to integrate welfare support and advice services with other services linked to Community Hubs such as employment, training and volunteering opportunities; housing advice and support; and healthier lifestyle initiatives; to improve personal living standards and health and well being.

This holistic approach would be more closely aligned to the Welfare Reform Act 2016 in relation to Child Poverty and its additional emphasis upon education and employment. In the light of this for 17/18 and 18/19 the West View and Advice Resource Centre could be commissioned as a community hub through use of the Child and family Poverty Reserve and mainstreamed in 19/20. This supports three key strategic priorities to reduce child and family poverty within the Council's Child Poverty Strategy:

- Mitigate the impact of poverty on children and families
- Build pathways out of poverty for children and young people
- Create new opportunities for adults to reduce child and family poverty

5. RISK IMPLICATIONS

5.1 At this stage consultation regarding the development of community hubs has only been carried out with stakeholders. There is a risk that the public and specifically the communities we wish to target with this initiative will not engage. This risk may be mitigated to some degree with a considered and well developed communications plan. Communities which are actively engaged in development, kept informed, and understand the potential benefits are more likely to support the project and use the resultant services.

5.2 It is anticipated that staff in services considered within the scope of the project will be reconfigured and upskilled to provide some of the additional functions

which are required. Staff competencies and current roles will need to be mapped. There is a risk that the current work force will be unsuitable, or unwilling, to fulfil these new roles. This risk will be mitigated through the timely and thorough understanding of the services, and the engagement of the managers and heads of service involved. In addition, a change management plan that entails thoughtful planning and sensitive implementation, and above all, consultation with, and involvement of, the people affected by the changes.

- 5.3 If as outlined above, it is found that there are staff that are not aligned to the new model, or there is a surplus of capacity, there is a risk that it will be necessary to make compulsory redundancies.
- 5.4 As a statutory responsibility, the authority must provide a comprehensive library service. By changing the manner in which the library service is delivered, and reducing the number of sites from which it is delivered, HBC may be at risk of a legal challenge. This risk has already been somewhat mitigated through a full and comprehensive review of the library service in 2015. The proposed changes and service development will be undertaken in a cautious and considered manner, with advice from authority legal services. In addition, changes should be made in the context of the development of a library strategy which explicitly addresses equity of access and service improvements.

6. FINANCIAL CONSIDERATION

- 6.1 The full financial impact of the proposals will need to be assessed as part of a full business case. This will include assessing the likely staffing costs associated with each Hub and this can only be calculated after the detailed workforce mapping exercise has been carried out.
- 6.2 The community hub proposals have the potential to generate the following savings:-

- **Library Service £150,000**

It is proposed that the provision of a library service is streamlined, focusing on development of a quality provision from fewer sites. The proposals that the Hub model would subsume the functions of the branch libraries will generate property savings which are estimated to total £50,000 p.a.

It will be possible for the Library service to restructure its services further and it is anticipated that it will be possible to generate a further £100,000 over a three year period.

- **Contract Savings £50,000**

It will be possible to review contracts currently delivering health and wellbeing services and look at how these may be delivered as part of the

Community Hub setting. It is expected that this will generate savings of £50,000 p.a. however further work is required as part of the full business case to fully assess this potential saving.

6.3 Budget pressures to consider:

- **Community Centres**

The proposals have identified Owton Manor Community Centre as the most suitable location for a Community Hub in the South of the Town. Members will recall that one off funding has previously been approved to fund Community Centre running costs until 2016/17, on the basis that this service would be removed in 2017/18. The achievement of this saving was included in the updated budget forecasts considered by the Finance and Policy Committee on 20th June 2016. Funding will therefore need to be identified to cover the running costs associated with Owton Manor Community Centre in future years and this is estimated to be £60,000 p.a. It is proposed to use the savings identified in the table above to offset this budget pressure.

6.4 After reflecting the budget pressures above the net saving to the general fund will be £30,000 p.a.

6.5 The table below provides a summary of the financial implications associated with the proposals over the next three years:-.

	Proposed Savings/ Cost 2017/18 £'000	Proposed Savings/ Cost 2018/19 £'000	Proposed Savings/ Cost 2019/20 £'000	Total Proposed Savings/ Cost £'000
<u>Savings Generated</u>				
Branch Libraries – Property Running Costs	0	50	0	50
Contract Savings	50	0	0	50
Library Service Savings	33	33	34	100
Total Savings	83	83	34	200
<u>Less Budget Pressures to Fund</u>				
Community Centres	(60)	0	0	(60)
West View Community Hub	0	0	(110)	(110)
Total Pressures	(60)	0	(110)	(170)
Net Saving	23	83	(76)	30

Note: Commissioning of West View Advice and Resource Centre will be funded by the Child and Family Poverty Reserve in 17/18 and 18/19 and from community hub savings in 19/20.

- 6.6 In addition to a reduction in running costs for all three branch libraries, Throston and Seaton libraries are in poor condition and have exceeded their anticipated life span. It is estimated that continuing to run these buildings would require additional investment. A building condition survey in 2014 identified a backlog in relation to maintenance work totalling £170,000 at Throston library, £271,000 at Seaton Library, and £20,000 at Headland and Harbour Library.
- 6.7 Condition surveys estimate the maintenance backlog at Owton Manor Library to be £200,000 however operationally this is the only branch that is considered fit for purpose for the provision of a Community Hub and would require a programme of investment to maintain the property in the long term. Funding has been set aside to address asset condition pressures across Council buildings and if the proposals are approved, this work would need to be carried out in the short term to ensure the Community Hubs are fully operational within the required timescales.
- 6.8 It is anticipated that further work may be required to modify the buildings to accommodate the functions of a Community Hub. This will need to be considered as part of the detailed business case, and further work will need to be carried out to ascertain the level of funding required for the potential capital works associated with any adaptations.

7. LEGAL CONSIDERATIONS

- 7.1 **Library Provision**
Local authorities have a statutory duty under the Public Libraries and Museums Act 1964 'to provide a comprehensive and efficient library service for all persons' in the area that want to make use of it (section 7). In considering how best to deliver the statutory duty each library authority is responsible for determining, through consultation, the local needs and to deliver a modern and efficient library service that meets the requirements of their communities within available resources.
- 7.2 Lord Justice Ousely, Brent (2011), offered the following advice on the interpretation of 'comprehensive and efficient'.
- 7.3 'A comprehensive service cannot mean that every resident lives next to a library. This has never been the case. Comprehensive... means a service accessible to all residents using reasonable means, including digital technologies...
An efficient service must make the best use of assets available... to meet its core objectives and vision, recognising the constraints on council resources. Decisions about the service need to be embedded within a clear strategic framework which draws upon evidence about needs and aspirations across the diverse communities of the borough.'
(Department for Media, Culture and Sport 2016).

7.4 In 2015 Hartlepool Borough Council undertook a library service review which included an extensive consultation a wide range of stakeholders including library users, non-library users, community groups and organisations, library staff and schools. The review also considered information supplied by other council services e.g. Estates and Regeneration.

7.5 It is felt that this review is a solid foundation upon which to build a new library strategy and provision which provides the best quality service possible within current financial constraints meets the statutory requirements of the authority and also meets the needs of the community in a way that is dynamic.

8. CHILD AND FAMILY POVERTY

8.1 Levels of poverty in Hartlepool currently stand at 33% based on children (aged 0-19 years old) living in families where household income is 60% below median income. See **Appendix 1**

8.2 The community hub model proposes to target council services aimed at improving health and employability in areas of highest deprivation in the town. This makes it likely that developments would improve the council's impact on levels of poverty.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

9.1 There are 9 protected characteristics in the Equality Act 2010. These are:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion and belief
- gender
- sexual orientation

9.2 A focus on equality and diversity has been central to the development work undertaken this far. Assessment of potential locations for hubs has been scored against a matrix of requirements, one of which is potential to comply with Equality Act standards in service delivery. See **Appendix 2**

10. STAFF CONSIDERATIONS

10.1 Under this model, it is anticipated that staffing groups in services which are in scope will be reconfigured to fulfil the functions required to deliver the core offer.

- 10.2 As part of ongoing development in the future, a workforce work stream will need to consider mapping the competencies of the staff against the newly defined roles.
- 10.3 The following are service areas which have been agreed as in scope for the Community Hub project:
- Library
 - Community centre
 - Smoking Cessation
 - CVD Nurses
 - Health Trainers
 - Public Health Resource Library
 - Community Safety
 - Hartlepool Adult Education
 - Parenting Academy
 - Digital inclusion team
 - Hartlepool Working Solutions

11. ASSET MANAGEMENT CONSIDERATIONS

11.1 Libraries

Asset management issues relating to libraries considered under 6.6.

11.2 Community Centres

The authority currently own three community centres, and operate two, in Owton Manor and Burbank Street. There is no further funding allocated for financial year 17/18. Owton Manor has an active role to play in its community and runs activities that are attended by around 500 people weekly. It also hosts a range of health improvement services. It is proposed that as this is already co-located with the library provision that this function is subsumed into the hub which will be located in the building. In contrast, Burbank Community Centre is currently used by two classes and one drop in which attracts around sixty people to the centre a week. It also runs a community cafe which is visited by around thirty residents a week. The community centre relies on support of £4,000 per annum from the Local Authority. The majority of Rift House Community Centre is occupied, for operational purposes, in conjunction with the NHS, however the remainder is in the process of being leased to the Rifty Youth Project. Provided that this concludes, then the costs of occupation, repair, and maintenance will be covered. However in the event the Youth Project vacate then it will be necessary to find alternate occupiers and fund any shortfall in funding.

12. RECOMMENDATIONS

- 12.1 It is recommended that members approve the following to ensure the development of community hubs across Hartlepool:
- Central library to be developed as a community hub.
 - Owton Manor Community Centre and Library to be developed as a community hub.
 - West View Advice and Resource Centre to be commissioned as a community hub.
- 12.2 It is recommended that Members accept that as a consequence of the development of community hubs there potentially will be an alternative model of delivery for the functions of community centres and library services. Therefore it is recommended that the Director or Regeneration and Neighbourhoods be authorised to commence the required process of consultation that will enable the authority to re-shape the Library Service.
- 12.3 It is recommended that members agree that development of community hubs will lead to the decommissioning of some commissioned public health services and change in the delivery model of health improvement services.
- 12.4 It is recommended that members approve the development of an implementation plan and phase programme to establish community hubs commencing in April 2017.

13. REASONS FOR RECOMMENDATIONS

- 13.1 The community hubs model has been developed through rigorous scoping, analysis, and consultation with stakeholders. It is the best option available to bring about change in the manner in which we engage with communities who are the most disadvantaged in the borough, to ensure that council services are being used to the greatest advantage and with the biggest impact. It will do this by providing a front door which diverts people away from some council services, where better options exist to address their needs. Through the development of comprehensive assessment, those most in need will be brought to the attention of the correct services at the correct times to limit the impact on services further down the line.
- 13.2 The approval and implementation of the propose model would provide the basis for ongoing development work in coming years. It will provide the framework into which other service development will be made. These developments will include the third sector, council services and the uniformed services.
- 13.3 This community hub model will provide the means of safeguarding functions that otherwise will be at risk. It will subsume the functions of the two authority led community centres which at present are not funded for the next financial

year. It will also provide opportunities to develop the provision of a library service which is also under financial pressures.

14. BACKGROUND PAPERS

Finance and Policy Committee 14th March 2016
Finance and Policy Committee 20th June 2016
Finance and Policy Committee 23rd November 2015
Finance and Policy Committee 21st September 2015
Finance and Policy Committee 28th August 2015
Regeneration Services Committee 24th July 2014
Regeneration Services Committee 28th August 2015

15. CONTACT OFFICER

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1. Is this decision a Budget & Policy Framework or Key Decision? YES
If YES please answer question 2 below

2. Will there be an impact of the decision requested in respect of Child and Family Poverty? YES
If YES please complete the matrix below

GROUP	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Young working people aged 18 - 21	x			Through analysis of the issues and gap analysis of services, the target cohort for Community Hubs has been identified as working age individuals (18-64), particularly those under 35 who would not engage with the Council through children's services.
Those who are disabled or suffer from illness / mental illness	x			Council services will work in a more joined up way, coordinating services for individuals who have multiple issues across the many outcomes including long term health conditions and low level mental health needs.
Those with low educational attainment	x			The physical location of the Hubs has been informed by in depth analysis into deprivation, employment inequality and poor health outcomes. All Hubs will be located in districts where fewer than 50.9% of individuals achieved 5 A*-C GCSE's, which are also those where more than 21.5% of the population experiences income deprivation. Services will be delivered which seek to actively target those most in need to improve attainment and therefore improve employability of individuals.
Those who are unemployed	x			Both outcomes of the Community Hub project support the reduction of unemployment in the town, directly through developing joined up services which support individuals to improve employability and indirectly through improving health, allowing people to return to work.
Those who are underemployed	x			An explicit outcome of the Community Hub project is to improve employability of individuals and reduce long term unemployment.
Children born into families in poverty	x			Services will be developed so that they target those individuals and families who are most in need of support, in areas with the highest deprivation. A detailed outline business case has been developed which has identified a strong evidence base for target areas, across multiple measures of need linked to poverty.

Those who find difficulty in managing their finances	x			Access to services to support individuals who require financial advice will be strengthened due to new integrated service model. Partners will be engaged to deliver universal welfare benefits advice and guidance.
Lone parents	x			The Community Hub concept has been developed in collaboration with HBC Children's Services to ensure developments are synergistic with service development plans in line with a Better Childhood in Hartlepool. This will continue so that all parents have the best opportunities to link into services aligned to best meet their needs.
Those from minority ethnic backgrounds	x			The Community Hub model in Hartlepool, whilst targeted, will be universally available to all residents. This means that minority ethnic groups will have access to better, more coordinated services and pathways, congruent with all residents.

Poverty is measured in different ways. Will the policy / decision have an impact on child and family poverty and in what way?

Poverty Measure (examples of poverty measures appended overleaf)	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE

Overall impact of Policy / Decision

NO IMPACT / NO CHANGE		ADJUST / CHANGE POLICY / SERVICE	
ADVERSE IMPACT BUT CONTINUE		STOP / REMOVE POLICY / SERVICE	

Examples of Indicators that impact of Child and Family Poverty.

Economic

Children in Low Income Families (%)
Children in Working Households (%)
Overall employment rate (%)
Proportion of young people who are NEET
Adults with Learning difficulties in employment

Education

Free School meals attainment gap (key stage 2 and key stage 4)
Gap in progression to higher education FSM / Non FSM

Achievement gap between disadvantaged pupils and all pupils (key stage 2 and key stage 4)
Housing
Average time taken to process Housing Benefit / Council tax benefit claims
Number of affordable homes built
Health
Prevalence of underweight children in reception year
Prevalence of obese children in reception year
Prevalence of underweight children in year 6
Prevalence of obese children in reception year 6
Life expectancy

Equality Impact Assessment Form

Department	Division	Section	Owner/Officer
Public Health			<i>Louise Wallace, Director - Public Health</i>
Service, policy, practice being reviewed/changed or planned		Community Hubs	
Why are you making the change?	The concept of community hubs has emerged as part of the ongoing management and policy chair discussions, to shape the Hartlepool of the Future Programme. This project has been framed as part of the reducing demand through prevention and integration of health, social care and employability services work stream. It is well evidenced that Hartlepool has higher levels of poor health and people who are unemployed than the England average. Therefore, the proposal for community Hubs is focused on improving health and reducing health inequalities and improving employability of individuals and reducing long term unemployment.		
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		At this stage of development there has been no consultation with residents, which is appropriate	

<p>who will be affected by this policy? How has this affected your decision making?</p>	<p>until the concept has been agreed at Finance & Policy Committee. However, stakeholders have been consulted with extensively and have identified ways in which access to services will be improved through the development of Community Hubs. The further development of the project will include a dedicated work stream around communications which will consider appropriate mechanisms for consultation with members of the public, and at what stage.</p>		
<p>As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?</p>	<p>A clear communication plan will be developed by a steering group which will consider appropriate services, interest groups and sections of the community to engage with to ensure that no group is negatively impacted upon through development. Further impact assessments will be carried out at key stages of development and implementation and reflected upon.</p>		
<p>Describe how you will address and monitor the impact</p>	<p>1. No Impact - No Major Change It is clear that at this stage there will be no negative impact on any protected groups. The Community Hubs project will improve access to council services universally. In addition, the project outcome focusing on improving health inequalities will likely have a positive impact on residents with a long term illness or disability.</p> <p>2. Adjust/Change Policy N/A</p> <p>3. Adverse Impact but Continue as is N/A</p> <p>4. Stop/Remove Policy/Proposal N/A</p>		
<p>Initial Assessment</p>	<p>15/11/16</p>	<p>Reviewed</p>	<p>00/00/00</p>
<p>Completed</p>	<p>00/00/00</p>	<p>Published</p>	<p>00/00/00</p>

ADULT SERVICES COMMITTEE

1 December 2016



Report of: Director of Child & Adult Services

Subject: SAVINGS PROGRAMME 2017/18 – 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 2017/18 savings proposals relating to the Adult Services Committee's remit, to contribute towards achieving the overall savings requirement; and
- to set out proposals to achieve further savings in 2018/19 and 2019/20.

3. BACKGROUND

3.1 A comprehensive report on the 'Council Plan and Medium Term Financial Strategy – Capital and Revenue' was considered by Finance and Policy Committee on 28 November 2016. The report advised Members that as a Council we are ambitious for the Borough. Despite the fact that we continue to face unprecedented financial and demographic pressure it is important that we remain focused on securing the future prosperity and wellbeing of our residents. Whilst managing government funding cuts we need to remain committed to realising the potential of Hartlepool to be a place that is truly exceptional and use our unique spirit and assets to grow as a vibrant, dynamic and welcoming place to live, learn, work, play and invest.

3.2 The Council plan is currently being developed and will be based around six strategic priorities:

- Growing our economy, jobs and skills;
- Regenerating our town;
- Developing and promoting Hartlepool as a great place to live;
- Developing new services for people and communities;
- Better beginnings and better futures for our children and young people;

- Providing effective leadership based upon innovation and efficiency.

3.3 The report to Finance and Policy Committee reminded Members that Government funding for the Council will be reduced further over the next three years. As a result the proposed an approach to meeting the financial and demographic challenges is based on a three year strategic and financial plan that will deliver an improvement and efficiency programme focused on new ways of delivering services within and with communities; better integration of early help services to help people live healthier independent lives to reduce pressure on high cost services; and increasing income by promoting growth and a more commercial approach to traded services.

3.4 In relation the development of the five year capital plan the report to Finance and Policy Committee sought Members views on the Council's key regeneration and development priorities. Once these priorities have been approved a further report will be prepared detailing an investment strategy for delivering the capital plan, which will include identifying those areas where the Council will need to secure capital grant and external investment.

3.5 There will be a presentation at the start of the Committee meeting to provide an overview of the issues reported to Finance and Policy Committee which will provide the context and background for the issues detailed in this report.

4. BACKGROUND

4.1 Budget

The table below provides a high level breakdown of the 2016/17 budget:

	Expenditure £'000	Grant Income £'000	Other Income £'000	Net Budget £'000
Carers	180	(180)	0	0
Commissioning – Adults	5,081	(1,538)	(90)	3,453
Commissioning - Mental Health	2,712	(269)	(1,086)	1,357
Commissioning - Older People	21,962	(2,701)	(9,189)	10,072
Commissioning - Working Age Adults	12,443	(764)	(3,511)	8,168
Departmental Running Costs	208	0	0	208
Direct Care & Support inc. Telecare	1,637	(865)	0	772
Occupational Therapy Equipment	491	(119)	0	372
Care Management Teams	5,257	(1,324)	(36)	3,897
Standards, Engagement & Development	849	(174)	(42)	633
Working Age Adults - Day Services	1,236	0	(69)	1,167
Use of reserves for 16/17 shortfall in savings	0	0	(725)	(725)
Total Adults Budget	52,056	(7,934)	(14,748)	29,374

4.2 Outputs

Outputs achieved in adult services include:

- Over 5,900 people receive support from adult social care services.
- Approximately 1,900 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 2,300 people currently being supported.
- People received over 5,200 pieces of equipment to help them stay at home and over 94% were received within 7 working days.

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.
- 94% of people who use services report that those services have made them feel safe and secure.
- Over 15% of adults with a learning disability are in paid employment (compared to a national average of 6%).
- Over 80% of adults with mental health needs in settled accommodation.
- 83% of service users reported that they had control over their daily life.
- 85% of carers received an assessment, advice or a carers service.
- 86% of people who use services reported that they find it easy to access information about services.
- 92% of people who access reablement services report that their goals are met at the end of their period of reablement.
- No delayed discharges from hospital attributable to adult services.

5. **APPROACH TO SAVINGS PROPOSALS**

5.1 Proposals to deliver savings in adult services in 2017/18 are set in the context of a three year strategy and reflect the overall approach adopted by the Corporate Management Team for identifying achievable savings and aiming to protect front line services, while recognising that not all areas can be protected in the current financial climate.

5.2 Within adult services, savings of £5,764,000 have been made over the last five years:

- 2012/13 £1,570,000
- 2013/14 £860,000
- 2014/15 £1,325,000
- 2015/16 £1,075,000
- 2016/17 £934,000

5.3 Reducing budgets by this level on an ongoing basis cannot be achieved without an impact on frontline services and on people who use adult 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.

- 5.4 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 re-modelling across functional areas; and
 - Increasing income.
- 5.5 All areas of spend have been reviewed under these headings, taking into account savings achieved in previous years and statutory responsibilities. Areas have been identified where savings could be achieved with least impact on front line services for local people.
- 5.6 Reducing demand is a high priority for the department and measures are being taken that are expected to impact on future demand. However, it will take time for prevention and early intervention to take full effect, especially with demographic pressures arising from an ageing population and an increasing number of adults with complex physical and learning disabilities.
- 5.7 The proposed savings for 2017/18 within adult services therefore focus primarily on reducing departmental running costs and efficiencies in back office functions, through integration and service re-modelling across functional areas, while longer term plans focus on service transformation, integration and meeting complex needs more cost effectively.
- 5.8 This approach has included consideration of requests for voluntary redundancy as part of the rolling process for Voluntary Redundancy requests. Vacant or fixed term posts have also been considered as part of the options for savings and while it is not possible to manage all of the savings in this way it has been an underpinning principle for 2017/18.
- 5.9 There is very limited 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.

6. SAVINGS PROPOSALS 2017/18

- 6.1 The proposals for adult services will contribute £945,000 towards achieving the overall savings requirement over the next three years; £795,000 in 2017/18 and a further £150,000 in 2018/19.
- 6.2 In addition to the contribution to the overall savings target, there are ongoing financial pressures related to adult services that need to be managed over the next three years. There is increasing evidence across the country of

increasing pressures on adult services, including pressure on authorities from the financial challenges facing the NHS. An assessment of the local picture has been completed and indicates potential annual pressures over the next three years. These pressures are likely to be phased and by 2019/20 the recurring pressure could be up to £2,065,000. A specific reserve has been earmarked to manage these potential risks and if they materialise the reserve will only be sufficient to support the shortfall in the budget in 2017/18 and 2018/19. The combination of savings required to manage cuts, and savings required to manage financial pressures equates to £3,010,000 over the next three years.

The anticipated pressure of £2,065,000 is made up of:

- Forecast pressures in learning disability services of £1,100,000 associated with transitions from Children's Services;
- Budget pressures in mental health services of £100,000;
- A recurrent financial pressure in relation to Deprivation of Liberty Safeguards of £140,000 (the pressure to be managed by adult services has reduced from £340,000 to £140,000 with the balance of £200,000 covered from corporate funding from 2017/18); and
- Base budget funding required to offset the use of reserves to meet departmental savings targets in 2016/17. £934,000 of departmental reserves was used in 2016/17 to meet the savings target. £209,000 was been secured recurrently from the Better Care Fund to address pressures in adult services, leaving a balance of £725,000 to be identified from departmental budgets.

6.3 The Child and Adult Services Department is also seeking to manage demand to reduce costs and further work is required to assess the pressures and the scope for achieving demand management savings. For planning purposes it is anticipated that for 2017/18 the increased demand can be accommodated with the existing available budget and by using part of the reserve. The position for future years is less certain and a further update will be provided when the position is clearer.

6.4 In light of the lead in time to achieve longer term savings from demand led budgets, it is proposed that the required savings are phased over the three years as shown in the table below. Strategies to manage pressures are detailed later in the report with estimated savings identified below.

	17/18 £'000	18/19 £'000	19/20 £'000	Total £'000
Savings	795	150	0	945
Management of Pressures				
• Review of Housing Related Support (Phase 2)	0	215	0	215
• Transforming Adult Services (Demand Management)	0	785	1,065	1,850
	795	1,150	1,065	3,010

- 6.5 The 2017/18 savings proposals for adult services are as follows:-
- 6.6 Review of Standards, Engagement and Development Team
- 6.6.1 The Standards, Engagement and Development Team works across Child and Adult Services and undertakes the following functions:
- Workforce Development;
 - Complaints;
 - Public Information;
 - Standards Development and Quality Assurance;
 - Service User Engagement; and
 - Youth Participation.
- 6.6.2 The services have been managed in different parts of the department previously but were brought together to form a cohesive team managed by the department's Principal Social Worker in April 2016.
- 6.6.3 Following the team being brought together, a review of the functions has been undertaken to consider the role of the team across the department as a whole, and identify areas of where efficiencies can be achieved from changes in working practices and procedures. In the light of this review, a restructure is proposed that will achieve savings of £190,000 against both pay and non pay budgets.
- 6.7 Review of Departmental Running Costs and Non Pay Budgets
- 6.7.1 The budget for Departmental Running Costs (including budgets for the Director of Child & Adult Services, Departmental Admin and a range of non pay costs) sits within the adult services budget.
- 6.7.2 A review of all non pay budgets within Departmental Running Costs has been undertaken which 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 review has identified savings of £115,000.
- 6.7.3 It is proposed that an inflation freeze is implemented for all non pay budgets (excluding contracts that include annual inflationary uplifts). For adult services this will achieve a saving of £60,000.
- 6.7.4 The departmental administration resource has been reviewed and it has been determined that the level of support can be reduced to realise a saving of £25,000.
- 6.7.5 The User Property & Finance team is now able to generate income linked to charging for administration of appointments. This has been supported by the implementation of new IT systems, which were funded through social care capital funding, and will generate annual income of £20,000.
- 6.7.6 Total savings to be realised from the review of Departmental Running Costs and Non Pay Budgets are: £220,000.

6.8 Review of Pay Budgets

- 6.8.1 All pay budgets, particularly those associated with back office services, have been reviewed and savings have been identified, predominantly linked to vacant posts and a request for Voluntary Redundancy.
- 6.8.2 A departmental salary abatement target of £250,000, which accounts for vacant posts and incremental drift across the department, was introduced from April 2016. This has been closely monitored and it is proposed that the target can be increased by a further £50,000 from April 2017. This may only be 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, but is dependent upon staff turnover and recruitment. The continued ability to meet this target will be reviewed regularly and any shortfall against achieving this target in the future will be addressed as part of future savings proposals.
- 6.8.3 A review of pay budgets linked to service reviews and improved efficiency of systems has identified four posts that can be deleted with minimal impact on frontline services. Two of these posts are currently vacant and one is linked to a request for voluntary redundancy. Deleting these four posts would create a saving of £150,000.
- 6.8.4 Additional funding was identified by the Better Care Fund Pooled Budget Partnership Board to maintain adult services in 2017/18. This has enabled a saving of £60,000 to be realised from adult services budgets.
- 6.8.5 Total savings to be realised from the review of Pay Budgets, Vacant Posts and Voluntary Redundancy Requests are: £235,000.

6.9 Review of Preventative Services and Housing Related Support

- 6.9.1 A review of preventative services and housing related support is underway which is expected to deliver further savings from commissioned services.
- 6.9.2 Preventative services are being reviewed to identify potential duplication or opportunities to commission services more effectively. This review will include consideration of introducing a charge for the telecare service, as one of the only services provided within adult services at no cost to the user.

There are risks associated with charging for preventative interventions, as this approach can deter people from using these services, meaning that their needs can escalate more quickly and there is an increased requirement for more costly, intensive interventions.

Any change to current contribution arrangements also has implications for the User Property & Finance Team as the requirement to undertake financial assessments would increase, so this would need to be considered against any potential increase in income that could be achieved.

6.9.3 A further report on this issue will be considered by Adult Services Committee in March 2017 with any agreed change implemented from 1 October 2017 following consultation with current users of the service.

6.9.4 Housing related support was historically funded through the ring-fenced Supporting People Grant, which has been allocated through base budget funding for the last five years with significant cuts applied over that time.

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

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

6.9.5 Further reviews have since been undertaken which have identified additional savings from extra care housing and a contribution to housing related support has been secured from the Better Care Fund to maintain social care services. Efficiencies have also been achieved on an ongoing basis when services have been re-commissioned through tendering processes. As a result, the budget for housing related support has continued to reduce and the budget for 2016/17 is £2,480,000.

6.9.6 The housing related support budget funds a range of services that support people with additional needs to live independently and maintain a tenancy, either in long term or short stay accommodation. As an example, there is a service for people with mental health needs that supports people for up to two years, usually following a hospital stay or an exacerbation of their condition. The aim of the service is to support people through their recovery and rehabilitation, so that they can hopefully access employment and return to mainstream housing without support.

6.9.7 The current housing related support budget covers a number of areas that sit outside of adult services, but the budget has historically sat within this area. The spend can be broken down as follows:

- Older People £1,000,000
- Learning Disability £300,000
- Mental Health £100,000
- Housing Services £200,000
- Young People £450,000
- Homeless / Offenders £330,000
- Alcohol £100,000

6.9.8 A further review of housing related support services that impact on adult services is being undertaken with the aim of achieving an additional saving on the current spend of £1,400,000. The most significant element of this review will involve the range of services currently commissioned from the

Thirteen Group which includes Homecall (community alarms), floating support and housing related support for older people.

- 6.9.9 It is anticipated that the review of preventative services and housing related support within adult services will realise part year savings in 2017/18 of £150,000 with the full year effect (£300,000) achieved in 2018/19.

7. CONTEXT FOR ACHIEVING SAVINGS IN 2018/19 AND 2019/20

- 7.1 Over 80% of the gross budget for adult services is spent on demand led services, primarily residential placements and packages of support 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 spend.

- 7.2 Reducing demand is very challenging in the context of people living longer, an increasing 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. Demand management principles focus on behavioural change and preventing demand, whereas the focus in adult services focuses to a degree on delaying and reducing care needs in older people, but has a far greater emphasis on how eligible assessed social care needs (which often can't be prevented) are met in the most cost effective way possible. For this reason, the programme of work in adult services for the next three years is referred to as Transforming Adult Services rather than demand management.

- 7.3 The approach is focused primarily on the two biggest areas of spend for the department: older people and learning disabilities.

7.4 Older People

- 7.4.1 In line with national trends, there are increasing numbers of older people in Hartlepool, which creates additional demands on services. The table below summarises projected population growth of over 65s by 2030.

Population - over 65s	2015	2020	2025	2030
People aged 65-69	5,400	5,100	5,700	6,500
People aged 70-74	3,800	5,000	4,800	5,300
People aged 75-79	3,400	3,300	4,400	4,200
People aged 80-84	2,600	2,700	2,700	3,700
People aged 85-89	1,400	1,800	2,000	2,000
People aged 90 and over	700	900	1,300	1,600
Total population 65 and over	17,300	18,800	20,900	23,300
Increase on 2015 level		8.7%	20.8%	34.7%

Source: POPPI (Projecting Older People Population Information System)

This demonstrates growth of 34% in over 65s by 2030, with the highest percentage increase relating to people aged 90 and over, where an increase

of 129% is expected. While an increase in life expectancy is to be celebrated, it also needs to be recognised that many people who live longer have multiple long term conditions and need significant levels of support.

- 7.4.2 Strategies have been in place in relation to older people's services for some time that aim to reduce reliance on more intensive and costly services, such as high cost care packages in the community and residential care placements, and this work is now captured within the Better Care Fund (BCF) plan and the BCF work streams focused on preventing avoidable admissions to hospital and / or residential care. These plans have historically included investment in assistive technology / telecare and extra care housing and development of reablement services that support people to regain their independence following an illness or hospital stay. There is evidence that these strategies have been successful in constraining demand for services as the number of permanent admissions to residential care reduced in 2015/16 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.
- 7.4.3 Work undertaken by iMPower to look at potential for demand management in adult services included a Service Effectiveness Review of preventative services which identified that services were performing well in terms of outcomes for people and cost effectiveness, although there was some potential duplication between services, which is currently being explored further (see 6.9.2). This piece of work also reviewed admissions to residential care and the services that were provided to people prior to an admission and found that generally people were very well supported to remain independent in the community, with a range of services and options available to prevent or delay permanent admission to a care home. The key recommendations from the iMPower work related to:
- Increasing demand for primary preventative services; and
 - Redesigning and integrating the front door to health and adult social care.
- These recommendations are being taken forward via BCF work streams.
- 7.4.4 The challenges associated with making savings in services for older people are not unique to Hartlepool. The recent King's Fund report 'Social Care for Older People: Home Truths' (September 2016) identified that:
- the social care system is struggling to meet the needs of older people after six consecutive years of cuts to local authority budgets and nationally, the social care funding gap is expected to be between £2.8bn and £3.5bn by 2020.
 - many social care providers are surviving by relying increasingly on people who can fund their own care, with those dependent on local authority contracts in real difficulty. This is an issue which has an impact locally as the majority of people who receive support (approximately 75%) are not able to fund their own care. Home care providers are facing acute workforce shortages and are in a critical condition, threatening to undermine policies to support people at home.

- Access to care depends increasingly on what people can afford – and where they live – rather than on what they need. This favours the relatively well off and well informed at the expense of the poorest people, who are reliant on an increasingly threadbare local authority safety net – especially if they live in areas where local authorities have been least able to sustain spending levels – and who are at a higher risk of declining quality and provider failure.
- The situation for older people has been compounded by pressures in the NHS. Cuts to social care should not be viewed in isolation from overstretched general practice and community nursing. Under-investment in primary and community NHS services threatens to undermine the policy objective of keeping people independent and out of residential care.

The report concludes that ‘the funding outlook for the next five years looks bleak’ and states that ‘the potential for most local authorities to achieve more within existing resources is very limited and they will struggle to meet basic statutory duties’.

- 7.4.5 Actions being taken nationally to partly address this situation include the introduction of the Social Care Precept from April 2016 and the proposal to allocate additional Better Care Fund resources directly to Local Authorities. The additional Better Care Fund is phased over three years; £100m in 2017/18, a further £700m in 2018/19 and a further £800m in 2019/20.

The Government has recognised that the Social Care Precept will raise less income in more deprived communities than it will in more affluent areas and will seek to address these imbalances by targeting the additional Better Care Fund to those areas which benefit least from the Social Care precept.

While the recognition of pressures in this area is positive the amount of funding raised from the Social Care Precept and the additional Better Care Fund does not address the scale of cuts in core funding over the last six years and further cuts over the next three years.

The impact of the Social Care Precept for Hartlepool in 2016/17 was the generation of additional income from Council Tax of £655,000. This resource is required to meet the additional pressures created by the introduction of the National Living Wage, which has had a significant impact on providers of care homes and home care. It is anticipated that increases in the National Living Wage over the next three years will effectively commit additional income raised from future Social Care Precepts.

- 7.4.6 It must be recognised that there is a degree of volatility associated with the older people’s budget which is influenced by a range of factors beyond the Council’s control. This includes factors such as the National Living Wage, national and regional work to review the fair cost of care and changes in income from financial contributions depending on the financial circumstances of people who are being supported.

7.4.7 There is also a degree of volatility associated with NHS funding as some older people receive fully funded NHS Continuing Health Care (CHC) or an NHS contribution towards a jointly funded package of care and this funding is subject to review and change if needs increase or decrease over time.

7.4.8 Nationally mandated change to hospital discharge arrangements, such as the requirement to introduce 'discharge to assess' approaches and trusted assessors, may also have a financial impact on the Council, as outlined in the presentation to Adult Services Committee in November 2016.

7.5 Learning Disabilities

7.5.1 The fact that people with learning disabilities are living longer, along with increasing aspirations of people with learning disabilities and their families / carers, is celebrated by the Council, and supported through an increased focus on access to training, education and employment and a range of accommodation options. Longer life expectancy and greater independence of adults with learning disabilities does however create financial pressures, as adults with learning disabilities are less likely to live in outdated institutional settings or live with their parent carers throughout adulthood, and are more likely to be supported to live independently in the community.

7.5.2 The table below shows the age profile of adults with learning disabilities supported by the Council and highlights that almost 50% of people with learning disabilities known to the Council are over 50, with 20% over 60. The changing age profile in this area creates some different challenges as older people with learning disabilities can have complex needs and co-morbidities.

AGE	F	M	Total	%
a - 18-29	16	29	45	14%
b - 30-39	25	41	66	20%
c - 40-49	22	36	58	18%
d - 50-59	50	45	95	29%
e - 60-69	20	26	46	14%
f - 70+	9	12	21	6%
Grand Total	142	189	331	100%

7.5.3 Work has been undertaken to identify the number of known cases that are approaching transition to adulthood in the next three years. Based on current information, and a range of assumptions about long term package costs and potential NHS contributions to complex care packages, estimated numbers for the next three years are as follows, with an estimated pressure of £1,200,000:

Year	Expected Transitions	Indicative Costs
2017/18	19	£565,000
2018/19	7	£220,000
2019/20	18	£335,000

- 7.5.4 In addition to the financial pressure associated with the introduction of the National Living Wage, which is being managed using the additional income generated from the Social Care Precept, there is an additional pressure primarily related to providers supporting people with learning disabilities as the cost of overnight support has increased linked to National Minimum Wage Regulations and case law. A significant proportion of adults with learning disabilities require overnight support in their own homes or within supported living settings due to their needs and vulnerabilities and this has created an additional financial pressure within the learning disability budget.
- 7.5.5 The work undertaken by iMPower to identify potential opportunities to better manage demand, reported that 20% of people with learning disabilities accounted for 59% of the spend, which reflects the fact that some people have highly complex needs and require very high intensity interventions and specialist services to meet those needs. The report also identified potential to improve forward planning for young people approaching transition to adult services, with an increased focus on promoting independence.
- 7.5.6 The Transforming Care Programme has been implemented in response to concerns that were initially raised through the Winterbourne View scandal, and is focused on reducing the number of people with learning disabilities and complex needs who are supported long term in NHS funded beds. The number of people from originating from Hartlepool that need to move from NHS provision into the community is small, but the costs associated with those individuals are significant, with an average package of care in the community costing over £200,000. This is due to the very complex needs of the individuals concerned and the level of specialist support required.

Although initial guidance indicated that there should be no financial impact on Local Authorities as a result of the Transforming Care Programme, with 'dowries' identified by the NHS to meet ongoing social care needs of these people, Local Authorities in the region, and nationally, are concerned at the lack of clarity regarding funding arrangements and the potential for costs to be transferred from the NHS to Local Authorities. The estimated financial risk associated with the ten individuals in Hartlepool who are expected to move over the next three years could be up to £1.8m if it was determined that costs were shared equally between the NHS and Local Authorities. This potential pressure has not been included in the projected pressures in adult services over the coming three years at this stage, as the situation regarding funding for these individuals is still the subject of national discussion, but may need to be taken into account once the position is clearer.

- 7.5.7 As highlighted in previous years in relation to savings, it is very challenging to reduce costs for people who have existing packages of care unless there is 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.

The approach that is being taken in relation to existing packages of support involves an in depth review of needs and the support provided at the point the package is subject to an annual review. This approach needs to be managed very sensitively as there is potential for judicial review if people receiving support or families / carers perceive that the Council is not meeting statutory duties in relation to meeting assessed eligible needs and providing adequate resources in order for needs to be met. There is also a risk of increased complaints and approaches to Elected Members from people affected by this approach, and it is important that such issues are managed in a very consistent way to avoid miscommunication or precedents being set.

- 7.5.8 There is a significant degree of volatility associated with the learning disability budget, which is influenced by a range of factors beyond the Council's control. This includes national policy directives such as the Transforming Care agenda and the introduction of the National Living Wage. There is also a major impact on the budget from transitions, changes to NHS contributions to packages of care and deaths.
- 7.5.9 Under the NHS Continuing Health Care (CHC) Framework, the NHS meets the entire cost of care for individuals who meet the criteria for fully funded NHS CHC. The NHS also contributes to a number of jointly funded packages where people are assessed as having a combination of health and social care needs. As needs change and are re-assessed, there is potential for NHS contributions to increase or decrease and funding decisions are often subject to challenge. It is impossible to accurately predict the financial impact for the Council of such decisions, but individual cases are monitored and forecasts made based on trends from previous years.
- 7.5.10 In 2009/10 NHS resources were granted to Local Authorities to meet the needs of former resettlement cases through the 'Learning Disability Transfer'. This transfer was based on an agreed list of individuals who had previously been resettled from long stay hospitals to be supported in the community. The expectation at the point the transfer was made was that, as individuals died, resources would be retained by Local Authorities and used to contribute to the support costs of other individuals with similar needs. In Hartlepool, the Learning Disability Transfer was approximately £2,000,000. In the years since the transfer, a number of people have died and this has freed up an element of funding to support new packages of care. The potential for this funding to be released to support transitions costs is clearly very unpredictable and cannot be relied on, but this funding has helped to support the management of pressures in previous years.

8. PROPOSALS TO ACHIEVE SAVINGS IN 2018/19 AND 2019/20

- 8.1 Further to the review of housing related support within adult services outlined in section 6.9, a second phase cross-departmental review will be undertaken to identify further savings to be achieved from housing related support spend on housing services, services for young people, support for homelessness and offenders and support for people with alcohol dependency. The budget

for these areas is £1,080,000 so a saving of 20% would be £215,000. Further work is needed to assess whether this is achievable, the impact and risks. This review may identify some additional savings that can be achieved in 2017/18 which will support the in year management of departmental pressures, with the full year impact contributing to management of pressures on a recurrent basis from 2018/19 onwards.

8.2 Approach to Transforming Adult Services

The Local Government Association's Adult Social Care Efficiency Programme (2016) concluded that: *'The challenges over the next few years are immense. Indeed, some councils are beginning to believe that they cannot make the level of savings required without putting their basic services for vulnerable people at risk. They would argue that a combination of increasing demographic pressures (which they can manage down no further) and rising costs (which have been held down for too long), added to the fact that they have taken all of the efficiency actions they believe possible, means they can cut no further.'*

In this national context, and in light of the issues outlined earlier in this report, managing further cuts to adult services budgets in 2018/19 and 2019/20 at the level required is potentially unachievable, and making any further savings is incredibly challenging without putting vulnerable adults at risk. Although this is undoubtedly the case, practical steps are being taken to try and constrain spend, and achieve savings wherever possible:

- 8.2.1 Work is underway through the BCF to prevent avoidable admissions to hospital and residential care. This work is focused on doing everything possible across primary care, community services and social care to maintain people in their own homes for as long as possible. A significant amount of work has already been done in this area and is having a positive impact. The number of permanent admissions of people aged 65 and over to care homes in 2015/16 was 119, a significant reduction when compared to the previous year, and the number of people supported in their own home by telecare services has increased over the last three years from 1,100 in March 2013 to over 2,170 at the end of March 2016.

Next steps in relation to admission avoidance, that have been agreed via the BCF plan and influenced by the iMPower recommendations, are:

- Further development of the Hartlepool Now website and app to provide people with information about local services and support.
- Work with the newly created Care Co-ordinator roles within primary care.
- A review of first contact arrangements to develop an integrated response, that most effectively targets specialist health and social care resources.
- Education and training for care homes, including implementation of the National Early Warning Score approach which enables care home staff to identify when a person's health condition is deteriorating.

- 8.2.2 Funding for packages of care and support in the community is allocated using a Resource Allocation System (RAS). This generates an indicative allocation based on assessed needs which enables the person to plan how

to meet their needs within the available resource. The indicative allocation is a starting point, and in some cases, particularly for people with learning disabilities and complex needs, additional funding over and above the indicative allocation is required in order to meet those needs. This is in part due to increasingly complex needs with some people requiring 1:1 support 24 hours a day and 2:1 or 3:1 staffing for certain interventions and activities, but is also influenced by market forces and costs of residential placements or supported living.

The RAS that has been operating in Hartlepool since 2007 has been reviewed and the following changes are proposed from April 2017 in order to try and reduce spend on non-residential care costs:

- Indicative allocations will still be based on the current point based system, but the amounts allocated will be reduced by 20% for new cases. This will not have an adverse impact on those people with the most complex needs, whose needs justify spend over and above the indicative allocation, but the lower starting point should encourage people with less complex needs to plan more prudently and as a result the average spend on non-residential care may reduce. It is not possible to estimate the saving that this will achieve, as the impact will be determined by the number of new referrals in 2017/18 and the proportion of those people whose needs can be met within the new RAS. Spend on new cases will be monitored throughout the year to capture any savings achieved.
- A new approach will be introduced in relation to transitions, with earlier consideration of the likely costs to adult services for people who are approaching the age of 18. As well as informing future commissioning plans, this approach will enable non-residential packages to be better managed for those aged 18-25 with increased allocations linked to significant life changes (e.g. leaving home or leaving education) rather than an adult indicative allocation automatically being provided at age 18.
- A new approach to contingency funding will be introduced. Currently personal budgets for people who choose to take a direct payment and employ personal assistants, are calculated based on the hourly rate paid to the person, plus on-costs with an element of contingency funding included in order to meet any unforeseen costs associated with sickness and / or redundancy. This approach fits with the ethos of personal budgets and reducing transactions with the Local Authority, but some individuals have been 'banking' this funding for a number of years and have not needed to use contingencies. This funding is being recovered on a non-recurrent basis in 2016/17 through an exercise to reconcile Direct Payments, so there is no detrimental impact or loss to the Council. Going forward, a different approach will be taken, with a Direct Payment Contingency reserve established within the department (created from money recovered on a non-recurrent basis in 2015/16 and 2016/17). This reserve will be maintained to meet any unforeseen costs associated with Direct Payments, and payments to users of service will be reduced accordingly. This will avoid significant sums of money building up in service user bank accounts in the future and will result in some recurrent savings for the department. The level of saving cannot be quantified until the reconciliation exercise is complete, and there is a longer term risk

that the departmental reserve is exhausted at some point in the future, leaving one-off costs to be managed in future years.

- 8.2.3 An Adult Resource Panel is in place to review all packages of support in the community where costs are higher than the indicative resource allocation or where an increase in the support package is proposed. As set out above, the basic premise of a resource allocation is that it must be based on assessed eligible needs and the resource provided must be sufficient to meet those assessed eligible needs. This, along with the fact that many packages of care have been in place and working well for many years, makes it very difficult to review and potentially reduce package costs for existing service users. There is more opportunity to look at meeting needs differently when new cases are being considered, and this primarily involves cases where young people are in transition to adult services.

A positive outcome of this approach has been the identification of potential savings linked to future commissioning intentions. Current provision for adults with learning disabilities has developed on a piecemeal basis over many years, much of it linked to former NHS resettlement programmes. While there is some very good provision available this does not necessarily meet current and anticipated future needs and there are opportunities to commission different models which could achieve savings in the medium to long term. This could include extra care for older people with learning disabilities and supported living opportunities with access to shared support.

- 8.2.4 Work is being undertaken to identify groups of people who may be able to share support or to live more independently if different service models are commissioned. It is recognised that this work will potentially be difficult to manage (involving people who use services, families and carers, providers and advocates) and may result in complaints, legal challenges and direct approaches to elected members. If this is the case, there will be need to be a consistent approach regarding how issues are responded to, to ensure that frontline staff are supported by senior management and elected members in achieving this objective, and to avoid setting any precedents.

- 8.2.5 There is very limited 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. Additional income generated within the User Property & Finance Team has been identified and is included in the savings proposals for 2017/18.

In relation to NHS income, the savings proposals identified in 2015/16 and 2016/17 took 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, support for carers, low level services, support services and equipment for older people in their own homes and day services for people with dementia.

As outlined in 6.9.2 the potential to introduce charges for some preventative services that are not currently subject to a contribution will be considered as part of a separate review.

9. RISK IMPLICATIONS

- 9.1 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.
- 9.2 It is considered that the proposed 2017/18 savings can be delivered, although not without difficulty or some degree of risk. This can be managed in the coming year; however achieving these savings becomes more difficult each year.
- 9.3 There are risks associated with increasing the departmental salary abatement target as vacancies may not arise during the year or may be filled immediately and staff may move through the pay grades and reach the top of pay scale quicker than anticipated i.e. qualifications and experience based progression for Social Workers and Social Care Officers.
- 9.4 There are risks associated with the achievement of savings from housing related support spend as cuts will potentially result in some services being unsustainable. This then has potential to impact on other budgets as a loss of housing related support may mean that a person with eligible needs then requires a more costly service to meet those needs.
- 9.5 The risks associated with the proposed approach to achieve savings in 2017/18 and 2018/19 are significant in the context of previous savings and the volatility of budgets outlined in this report. 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 the cost of commissioning services to meet eligible assessed needs increases further linked work that is underway nationally in terms of fair cost of care for residential and domiciliary care. This may result in increased costs for services, even if demand can be constrained or reduced. It should also be noted that the Social Care Precept may not be sufficient to cover future pressures associated with uplifts to the National Living Wage, which would have a negative impact on the overall budget position as there is significant spend related to care homes, domiciliary care and personal assistants.
- 9.6 It is anticipated that the risks highlighted in relation to using these measures to help balance the 2017/18 budget are manageable. However, sustainability beyond 2017/18 will require careful management and if the proposed approach does not deliver the savings required on a sustainable basis, alternative savings proposals will need to be identified.

10. FINANCIAL CONSIDERATIONS

- 10.1 As highlighted in previous reports, failure to take savings identified as part of the Savings Programme will result in the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance the budget.
- 10.2 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 effect of 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 proposed savings have been identified as sustainable in light of the need to make ongoing changes to what is delivered. The principles that have been applied in determining the proposals have been linked to protecting front line services, savings being realised in respect of vacant posts where this can be managed, considering voluntary redundancy request and reflecting the pressures, both internal and external that the Authority needs to address to maintain effective governance arrangements.
- 10.3 As highlighted throughout the report, achievement of further savings to manage pressures in 2018/19 and 2019/20 will be incredibly challenging and will require careful management. If this level of savings cannot be achieved alternative proposals will need to be identified for consideration.
- 10.4 The proposed savings for 2017/18 are summarised below along with estimated savings for 2018/19 and 2019/20 to manage pressures:

Service	Proposed Savings 2017/18 (£'000)	Proposed Savings 2018/19 (£'000)	Proposed Savings 2019/20 (£'000)
Standards, Engagement and Development Team	190	0	0
Departmental Running Costs and Non Pay Budgets	220	0	0
Review of Pay Budgets	235	0	0
Review of Prevention and Housing Related Support (Adult Services)	150	150	0
Review of Housing Related Support (Phase 2)	0	215	0
Transforming Adult Services (Demand Management)	0	785	1,065
TOTAL:	795	1,150	1,065

11. LEGAL CONSIDERATIONS

- 11.1 There are no legal considerations associated with this report.

12. CHILD AND FAMILY POVERTY CONSIDERATIONS

- 12.1 There are no child and family poverty considerations associated with this report.

13. EQUALITY AND DIVERSITY CONSIDERATIONS

- 13.1 By definition, all of the savings proposals in adult services will affect people who access adult services, including some of the most vulnerable groups within the town. This includes all 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).
- 13.2 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.

14. STAFF CONSIDERATIONS

- 14.1 There are staffing considerations associated with this report as the savings proposals for 2017/18 involve deleting vacant posts and hours, accepting one request for voluntary redundancy and deleting six posts, which will potentially result in six compulsory redundancies if current post-holders cannot be successfully redeployed.
- 14.2 Informal consultation with Trade Unions regarding staffing implications will be undertaken. Staff affected by the proposals will be informally notified and formal consultation will be undertaken in line with HR policies and procedures, if the proposals are accepted.

15. ASSET MANAGEMENT CONSIDERATIONS

- 15.1 There are no asset management considerations associated with this report.

16. CONCLUSIONS

- 16.1 The achievement of further savings in Adult Services is incredibly challenging due to known pressures, potential pressures that are not yet quantified and the demand led nature of the service area. The proposals set out in this report to achieve savings of £945,000 (£795,000 in 2017/18 and a further £150,000 in 2018/19) are based on further efficiencies and service reviews, with an expectation that service delivery can be transformed in 2018/19 and 2019/20 to manage pressures of £2,065,000.

17. RECOMMENDATION

- 17.1 It is recommended that Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 9 January 2017.

18. REASON FOR RECOMMENDATION

- 18.1 The proposals included in this report will contribute to the delivery of the savings and management of pressures over the next three years.

19. BACKGROUND PAPERS

- 19.1 The following background paper was used in the preparation of this report:-
Finance and Policy Committee - Medium Term Financial Strategy 2017/18 to 2019/20 (20 June 2016)

20. CONTACT OFFICER

Jill Harrison
Assistant Director – Adult Services
Hartlepool Borough Council

CHILDREN'S SERVICES COMMITTEE

6th December 2016



Report of: Director of Child and Adult Services

Subject: SAVINGS PROGRAMME 2017/18 – CHILDREN'S 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 2017/18 savings proposals relating to the Committees remit to contribute towards achieving the overall savings requirement.

3. BACKGROUND

3.1 A comprehensive report on the "Council Plan and Medium Term Financial Strategy – Capital and Revenue" was considered by Finance and Policy on 2nd December 2016. The report advised Members that as a Council we are ambitious for the Borough. Despite the fact that we continue to face unprecedented financial and demographic pressure it is important that we remain focused on securing the future prosperity and wellbeing of our residents. Whilst managing government funding cuts we need to remain committed to realising the potential of Hartlepool to be a place that is truly exceptional and use our unique spirit and assets to grow as a vibrant, dynamic and welcoming place to live, learn, work, play and invest.

3.2 The Council plan is currently being developed and will be based around six strategic priorities:

- Growing our Economy, Jobs and Skills;
- Regenerating our town;
- Developing and promoting Hartlepool as a great place to live;
- Developing new services for people and communities;
- Better beginnings and better futures for our children and young people;
- Providing effective leadership based upon innovation and efficiency.

- 3.3 The report to Finance and Policy Committee reminded Members that Government funding for the Council will be reduced further over the next three years. As a result we are therefore proposing an approach to meeting the financial and demographic challenges based upon a three year strategic and financial plan that will deliver an improvement and efficiency programme focused on new ways of delivering services within and with communities; better integration of early help services to help people live healthier independent lives to reduce pressure on high cost services; and increasing income by promoting growth and a more commercial approach to traded services.
- 3.4 In relation the development of the five year capital plan the report to Finance and Policy Committee sought Members views on the Council's key regeneration and development priorities. Once these priorities have been approved a further report will be prepared detailing an investment strategy for delivering the capital plan, which will include identify those areas where the Council will need to secure capital grant and external investment.
- 3.5 There will be a presentation at the start of the Committee meeting to provide an overview of the issues reported to Finance and Policy Committee which will provide the context and background for the issues detailed in this report.

4. CHILDREN'S SERVICES CONTEXT

- 4.1 There has been a significant increase in demand over the last few years with more children and families needing support from specialist services. This has been discussed within the Children's Strategic Partnership and the Partnership decided to submit a bid to the Transformational Challenge Award (Cabinet Office) in 2015 to work together to transform all services to deliver integrated locality based support ensuring that interventions were evidence based.
- 4.2 A Better Childhood in Hartlepool is the result of the Transformation Challenge Award and is based on a significant analysis and review of all data and information to develop a programme of service transformation. Reports have been presented to the Children's Services Committee in March 2016 and November 2016 to update Committee on the continued work to develop a Better Childhood in Hartlepool.
- 4.3 The ambition of the Partnership is to

"Enable all children and families in Hartlepool to have opportunities to make the most of their life chances and be supported to be safe in their homes and communities."

The Partnership has committed to do this through:

- The development of integrated locality teams;
- A workforce approach based on intervention based practice;

- A workforce that owns, intervenes and takes action to meet the needs of children and families and assumes their responsibilities as agents of change;
- Building effective relationships with the families we work with to ensure they receive the help and support they need; and
- Supporting families to develop their own plans making sure that all support networks available to them are used. This includes wider family networks and also workers from other organisations.

4.4 The Children’s Strategic Partnership has also reviewed the delivery of youth activities and bid to be part of Phase 2 of Delivering Differently (Cabinet Office programme to support new ways of working for the Youth Sector). Hartlepool was successful and has been working with the Children and Young People’s Entitlement Group and an external consultancy organisation to look at options for the future delivery of young people’s activities. Options have been developed and were presented to Children’s Services Committee in September 2016. It was agreed within the Young People’s Entitlement Group that the development of a Young People’s Foundation be explored. It is the strategic aim of the council to deliver a Young People’s Foundation which provides the opportunity to attract non public sector funding to ensure that young people’s activities are sustainable in the future. The Foundation would not be a delivery organisation. It would be a membership organisation that would raise funding for young people’s activities in Hartlepool which local providers would deliver. The principles developed for the Young People’s Foundation are:

- Inclusivity;
- Diversity;
- Collaboration;
- Cross-sector working;
- Grassroots – retaining local focus.

5. PREVIOUS CHILDREN’S SAVINGS

5.1 Children’s services has contributed significantly to council savings over the last few years as set out below:

2012/2013	£545,000
2013/2014	£720,000
2014/2015	£2,100,000
2015/2016	£1,790,000
2016/2017	£1,025,000

These have been largely achieved without impacting significantly on the delivery of front line services however the cuts required over the next three years cannot be made without affecting front line children’s services.

6. CHILDREN'S SERVICES SAVINGS AND PRESSURES

- 6.1 The total amount of savings required for Children's Services is £1.635 million. Due to the current environment of increasing demand with increased care proceedings and an increase in the number of looked after children Children's Services currently has a budget pressure of £1.6million. Therefore the total savings including the pressures equate to £3.235 million.
- 6.2 Volatility in this budget area has previously been recognised and a specific reserve earmarked to manage these risks. Significant pressures have arisen in the current year in relation to Looked after Children and the costs of care proceedings. These areas are affecting other authorities. In total the increase in demand has resulted in a recurring pressure of £1.6m. On the basis of current caseloads continuing the existing reserve will only be sufficient to fund additional costs in 2017/18 and for part of 2018/19.

Therefore, in order to address this pressure in the medium term and to avoid this issue increasing the overall budget deficit the Director of Child and Adult Services is seeking to manage demand to reduce costs back down to the level of the recurring budget. This will be extremely challenging and if demand cannot be reduced alternative savings will need to be identified as part of the 2018/19 budget.

7. PROPOSALS FOR YEAR ONE SAVINGS

- 7.1 A review of all budgets across the division has been undertaken which 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 review has identified £150k.
- 7.2 The model of service delivery for A Better Childhood in Hartlepool is integrated locality teams with services wrapped around each locality. It is important in order to achieve the vision that all services are reviewed to be in line with this transformation of services. The first internal service to be reviewed is the Youth Service and it is proposed that the Youth Service is redesigned to ensure that it fits with A Better Childhood in Hartlepool model. The current spend for the Youth Service is £569k. This consists of £469k children's services budget and £100k regeneration and neighbourhoods for premises costs. It is proposed that the Youth Service is redesigned realising a funding reduction of £169k.
- 7.3 Commissioned services are also being reviewed over the next two years to ensure that they are in line with the vision and principles of A Better Childhood. The first service to be reviewed is 5- 19 contract as this contract naturally comes to an end in March 2017. The Better Childhood in Hartlepool research showed clearly that the focus of support needs to be for adolescents as there was a large proportion of family breakdown at this age and older children were becoming looked after. It is therefore proposed that funding previously allocated to this contract be focused on older children

11years and older. The current contract is £345k per year. It is proposed that this is reduced to £160k which realises a saving of £185k. It is proposed that as the Young People's Foundation is developed, this funding is channelled through the Foundation to deliver locality based services.

7.4 It needs to be noted that although this is a reduction in services for 5 – 11 year olds there is a large proportion of services already available across the town for this age group. This includes sports and recreational delivered activities, faith groups, sports clubs, scouting groups etc... Further information can be found on the Family Services Directory: <https://hartlepool.fsd.org.uk/kb5/hartlepool/fsd/home.page>

7.5 There are a number of pieces of work being implemented to try to reduce demand led costs. This includes:

- A review of all residential packages. All of the residential placements are being reviewed to understand whether they continue to meet the individual child's needs and are improving their outcomes. The placement will also be reviewed to understand if the provision provides value for money.
- A review of all Independent Fostering Agency (IFA) placements. All of the IFA placements are being reviewed to understand whether they continue to meet the individual child's needs and are improving their outcomes. The placement will also be reviewed to understand if the provision provides value for money.
- A review of all commissioned contracts delivering placements for looked after children. There are currently a number of contracts in relation to supporting looked after children and care leavers moving to independence. These contracts are being reviewed to understand whether they provide value for money and are the right kind of services to support young people leaving care in successful transitions to independence.
- A continued focus on recruiting internal foster carers. It is important that children who need looking after are supported within Hartlepool by in house foster carers. Work continues to be undertaken to attract new foster carers to ensure that children can live within and be supported by their own community. It has been previously reported that in house foster care provides good outcomes for children looked after and represent excellent value for money. In house placements costs significantly less than Independent Foster Agencies and therefore it is our strategic aim to increase the number of in house foster carers which will reduce demand management costs.
- Review of Direct Payment processes – officers are currently reviewing the Direct Payment processes and are working towards implementing personal budgets. Personal budgets are allocated annually based on specific need and it is anticipated these changes will realise some efficiencies.

8. MAXIMISING GRANT INCOME

- 8.1 The Troubled Families programme is in place until 2020. It is a payment by results programme that gives payments based on achieving targets in relation to children's and families improved outcomes. Hartlepool has a good success rate in relation to this programme and continues to claim funding against improved outcomes. In light of this we propose that the £100k of the funding claimed contributes to the budget savings for the next three years.

9. SERVICE TRANSFORMATON TO MANAGE DEMAND (2018/2019 and 2019/2020)

- 9.1 A Better Childhood in Hartlepool will continue to be implemented as per the vision set out in section 4.3 of this report. The first phase has developed integrated Early Help teams with an expectation that this early support reduces the need for more specialist services. The next phase includes working with CAMHS, midwifery, housing and social care. The aim of A Better Childhood in Hartlepool is to support families at the earliest possible opportunity and ensure needs can be met to prevent the need for social care intervention. The performance of this approach will be monitored closely for the next 6 months to understand whether this is effective.

Parallel to this and as part of A Better Childhood, a programme of workforce development is being implemented to ensure that social workers and other professionals working directly with children and their families have high level expertise and skills to support families to make sustainable changes to improve children's outcomes which will prevent the need for children to become looked after.

- 9.2 A full review of all services will be undertaken in 2018/19 and 2019/20 to ensure that all services are in line with the strategic vision of A Better Childhood in Hartlepool. This will include:

- Review of Children's Centres;
- Review of Children's Social Care teams;
- Review of all commissioned services;
- Review of Short Break Services;
- Understanding of the impact of A Better Childhood in Hartlepool to inform a decision in relation to what the early help offer looks like and whether it is sustainable.

- 9.3 It is important in these times of reducing resources that there is a clear understanding of which services are making a difference and those services that are not. It will be important to continue to deliver the services that are making a difference and stopping those services that cannot demonstrate positive impact for children and families. Evaluation of these services will be used for ongoing savings decisions for 2018/19 and 2019/2020.

10. RISK IMPLICATIONS

- 10.1 Youth Service: The statutory duty for councils specifies Councils are required “so far as reasonably practicable secure for qualifying young persons (13-19 year olds) on the authority’s area access to sufficient educational and leisure time activities which are for the improvement of their wellbeing.”

The proposals outlined in this report reduces the Youth Service provision however it does not cease all provision therefore the council will continue to meet its statutory duty.

It is also hoped that if a Young People’s Foundation is developed, this will attract external funding to enable further youth activities to be funded.

This option will result in a number of compulsory redundancies and reductions in youth workers hours.

- 10.2 5 -19 activities contract: There is a risk that some children currently accessing the 5-19 activities services will not be able to attend local activity provision. However work carried out to map activities across the town shows that there is a wide range of activities available via community organisations. It is also hoped that if a Young People’s Foundation is developed this will attract external funding to enable further community activities to be funded.

The contract is ending on 31st March and there is no scope for extension. This will mean that there may be redundancies within the current providers.

- 10.3 Troubled Families: There is a risk allocating savings to a payment by results programme due to the need for positive outcomes to be achieved. However in mitigation of this risk Hartlepool has continued to achieve the outcomes required for the last three years and therefore it is expected that this level of performance will continue.

- 10.4 Demand led costs: There is a significant risk in achieving the savings within demand led budgets. Children’s Services has a £1.6 million budget pressure linked to the cost of legal proceedings and placements for looked after children which highlights that current demand management strategies are not working. It is hoped that the implementation of A Better Childhood in Hartlepool can ensure effective early identification of and response to emerging need although it needs to be noted that it is likely to take at least 18 months to see any benefits. Even with the implementation of A Better Childhood in Hartlepool it is highly unlikely additional savings can be achieved and the key focus of the department is managing demand to bring it in line with the allocated budget. In light of this, the service reviews for Year Two and Three will need to reflect a higher proportion of the savings required and therefore careful consideration needs to be given to the

ceasing of all children's services that are not statutory. This would include a review of whether the council could continue to deliver Children's Centres, Youth Services, Early Intervention contracts and an Early Help offer.

10.4.1 There are a number of demand led budgets within children's services which include:

- In House Fostering;
- Agency Fostering;
- Residential;
- SGO (Special Guardianship Orders) payments;
- Direct Payments.

10.4.2 These budgets are directly related to providing appropriate placements and provision for looked after children and children in need (direct payments). The savings target of £1.635 million with the additional £1.6million pressure needs to be put in the context of the increasing pressures highlighted in section 4.3 of this report. The demand management savings rely on a significant reduction in the number of looked after children placements. A recent piece of research within the Better Childhood in Hartlepool showed that the average annual costs per child are:

- In House placements £15k;
- Independent Fostering Agency (IFA) placements £42k;
- Residential placements (these vary significantly based on needs) £150k.

Therefore in order to make £1.635 million savings this would equate to:

1. A reduction of 100 in house placements
2. A reduction of 38 IFA placements
3. A reduction of 11 residential placements

11. EDUCATION SAVINGS

11.1 The Council's general fund contributes £1.6m annually to education services in Hartlepool. Of this, £645,000 is spent on items that the Council has no discretion over, such as pension contributions for former employees. The remaining £955,000 is to enable the Council to carry out its statutory and some non-statutory duties. This £1.6m does not include government funding such as contributions from the Direct Schools Grant (DSG) and the Education Services Grant (ESG). It should be noted that the DSG is cash-frozen at 2012-13 prices, and the future of the ESG is uncertain. The Education Division has been asked to make a recurrent saving of £50,000 in 2018-19 and a further recurrent saving of £100,000 in 2019-20.

11.2 The impact of the Education Division on the provision for and outcomes of the children and young people in Hartlepool may be indicated by the measures below:

- Proportion of children attaining a Good Level of Development at the end of Reception has moved from below average in 2012/13 (48%) to above average in 2014/15 (68%)
- Proportion of children attaining at least the expected standard at the end of Year 6 being consistently above the national average over the last three years
- Proportion of young people attaining 5+ A*-C grades including English and mathematics hovering at or just below the national average for the last three years
- Proportion of schools judged to be Good or Outstanding by Ofsted improving from 78% in 2013/14 to 89% in July 2016

11.3 The recurrent savings outlined above will be achieved in the following ways:

- Income generation rising from £25,000 in 2017/18 to £65,000 in 2019/20, from traded education services such as Education Psychology, Governor Support Services and the use of the Centre for Excellence in Teaching and Learning (CETL);
- Service reconfiguration and data management will save £41,000
- Inflation freeze will save £44,000.

12. CONCLUSION

- 12.1 The main savings identified within children services for 2017/18 are linked to the implementation of a Better Childhood in Hartlepool. The development of integrated locality teams to support families at the earliest possible opportunity is the aim of all partners within the Children's Strategic Partnership. The first year savings will include a reorganisation of the Youth Service to align with this vision and the development of a Young People's Foundation to attract external funding to meet young people's needs which was highlighted as an area of focus within A Better Childhood in Hartlepool.
- 12.2 To manage costs associated with demand, work has commenced to ensure that there is a clear understanding of the individual needs of children looked after in external placements and whether the provider is meeting these needs and in the most cost effective manner. To this end all children's external placements will be reviewed to ensure they are meeting need and provide value for money.
- 12.3 Performance and its impact on demand led budgets will be reviewed regularly to understand the ongoing demand as interventions are delivered to reduce this to track the impact of work to reduce costs back down to the level of the recurring budget.

13. FINANCIAL CONSIDERATIONS

- 13.1 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.
- 13.2 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.

14. EQUALITY AND DIVERSITY CONSIDERATIONS

- 14.1 The services identified for reductions in this report focus on young people aged 5 – 19 however it is hoped that the development of a Young People's Foundation will mitigate the impact on this group of young people.

15. LEGAL CONSIDERATIONS

- 15.1 There are no legal considerations at this time.

16. CHILD AND FAMILY POVERTY (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE.)

- 16.1 A child and family poverty impact assessment has been attached.

17. STAFF CONSIDERATIONS

- 17.1 There will be a number of compulsory redundancies arising from the proposals in this report. It has been estimated that 6 – 8 members of staff will be at risk as a result of these proposals.

18. ASSET MANAGEMENT CONSIDERATIONS

- 18.1 There are no asset management considerations within this report.

19. RECOMMENDATIONS

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

20. REASON FOR RECOMMENDATIONS

- 20.1 The proposals included in this report have been identified as the services that do not affect the council's statutory duty at this time. However in future years, dependent upon future management of demand led budgets it is anticipated that cuts may need to be made to front line services.

21. BACKGROUND PAPERS

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

Finance and Policy Committee - Medium Term Financial Strategy (MTFS)
2017/18 to 2019/20 - 20th June 2016

22. CONTACT OFFICERS

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REGENERATION COMMITTEE

2 DECEMBER 2016



Report of: DIRECTOR OF PUBLIC HEALTH

Subject: THREE YEAR SAVINGS PROGRAMME – PUBLIC HEALTH 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 three year savings proposals relating to the Committee's remit for public health to contribute towards achieving the overall savings requirement.

3.0 BACKGROUND

3.1 A comprehensive report on the "Council Plan and Medium Term Financial Strategy – Capital and Revenue" was considered by Finance and Policy on 28th November 2016. The report advised Members that as a Council we are ambitious for the Borough. Despite the fact that we continue to face unprecedented financial and demographic pressure it is important that we remain focused on securing the future prosperity and wellbeing of our residents. Whilst managing government funding cuts we need to remain committed to realising the potential of Hartlepool to be a place that is truly exceptional and use our unique spirit and assets to grow as a vibrant, dynamic and welcoming place to live, learn, work, play and invest.

3.2 The Council plan is currently being developed and will be based around six strategic priorities:

- Growing our Economy, Jobs and Skills;
- Regenerating our town;
- Developing and promoting Hartlepool as a great place to live;
- Developing new services for people and communities;
- Better beginnings and better futures for our children and young people;
- Providing effective leadership based upon innovation and efficiency.

3.3 The report to Finance and Policy Committee reminded Members that Government funding for the Council will be reduced further over the next

three years. As a result we are therefore proposing an approach to meeting the financial and demographic challenges based upon a three year strategic and financial plan that will deliver an improvement and efficiency programme focused on new ways of delivering services within and with communities; better integration of early help services to help people live healthier independent lives to reduce pressure on high cost services; and increasing income by promoting growth and a more commercial approach to traded services.

3.4 In relation the development of the five year capital plan the report to Finance and Policy Committee sort Members views on the Council's key regeneration and development priorities. Once these priorities have been approved a further report will be prepared detailing an investment strategy for delivering the capital plan, which will include identify those areas where the Council will need to secure capital grant and external investment.

3.5 There will be a presentation at the start of the Committee meeting to provide an overview of the issues reported to Finance and Policy Committee which will provide the context and background for the issues detailed in this report.

3.6 **Service Aims**

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

3.7 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

3.8 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.

3.9 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.

3.10 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.

3.11 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.

3.12 Inputs

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

Sport and Recreation Service

	£'000
Gross Expenditure Budget	2,400
Income Budget	(1,900)
Overall Net Budget *	500

* These figures exclude all centralised premises costs

Public Protection Service

Service Area	2016/17 Net Budget £'000
Environmental Protection	0
Consumer Services	610
Environmental Standards	190
Outdoor Markets	(30)
Licensing Act 2003	(120)
Total	650

3.13 Outputs and Outcomes

The outputs and outcomes 2015/16 for the Sport are recreation Service are as follows in table below:

Leisure Centre attendances	318,968
Summerhill attendances Summerhill visitor centre footfall	16,448 this includes residential. 119,747
Attendance at sport & physical activity programmed sessions	42,564
Carlton residential attendances	7058 these two Carlton PI's are being changed for 17/18 as they do not reflect occupancy %.
Carlton day visits	332
GP Referral Programme – participants continuing with sport & physical activity 6 months after referral	73%
Number of volunteers actively engaged for one hour per week on sport & physical activity delivery	304 Sport and Physical Activity Team 77 Summerhill
Level of external partnership funding attracted to deliver new initiatives/commissioned work in sport & physical activity	43,075

The outputs and outcomes for the Public Protection Service are:

- 1830 programmed interventions including 100% of all food premises in accordance with risk rating & 100% of prescribed processes.
- Outcome 98.3% food businesses broadly compliant.
- 565 Smoke free visits
- 443 Samples taken
- 2433 service requests responded to
- 1241 licenses processed
- 87.75% customers satisfaction result up from 87.5% previous year

4.0 PROPOSALS AND FINANCIAL CONSIDERATIONS

4.1 The proposals deliver the following proposed savings:-

Service	Proposed Savings 2017/18 £'000	Proposed Savings 2018/19 £'000	Proposed Savings 2019/20 £'000	Total Proposed Savings £'000
Public protection	50	25	25	100
Sport and Recreation	50	50	50	150
Total	100	75	75	250

4.2 The initial savings proposals for Public Health General Fund budgets total £250,000 over the three financial years. 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.

4.3 The proposals in respect of the services in the Public Health Department reflect the overall approach adopted by the Corporate Management Team for identifying achievable savings, as part of an approach aimed at protecting front line services, recognising that not all areas can be protected in the current financial climate.

4.4 There have been requests for voluntary redundancies within the Division as part of the rolling process for considering Voluntary Redundancy and Early retirement costs. Vacant or fixed term posts have been considered as part of the options for savings. Whilst it is not possible to manage all of the savings in this way it has been an underpinning principle for the budget for commencing in 2017/18.

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

4.6 **Public Protection - £100,000**

Public protection is largely a regulatory function and therefore opportunities to be transformational and income generation opportunities for this service area is relatively limited. However, the service is keen to innovate and seek new ways of working, therefore over the next three years the service will aim to deliver the required savings in the following ways:

- Work in an integrated way with other public health services to deliver public health outcomes and through this ensure costs are realign from the core revenue grant to the public health grant funding stream.
- Savings will also be achieved through reviewing current ways of working to ensure an optimum staffing structure is in place to deliver an efficient and effective service.

4.7 **Sport and Recreation - £150,000**

4.8 Sport and recreation is a discretionary but valued Council service. It is a service that local people pay to use, therefore the offer across the town needs to be high quality and affordable. Delivery of the service is reliant on significant income generation. Therefore, in order to be as competitive as possible to attract people to use the services, the team are reviewing the service offer, and pricing of activities across the three leisure centre sites to sustain existing customers, but also target new and diverse potential sources of customers.

Services are also being reviewed and a prioritisation exercise will be undertaken. Funding for specific targeted initiatives may be withdrawn and reserves may be used to provide a temporary funding source over the next three years to transition to a new, consolidated service offer.

In addition, there is a review and options appraisal being undertaken to transform and improve the built facilities and subsequent operating model for the member's future consideration.

- 4.9 To put the above proposals into context and the challenge for the service, it is noteworthy that in addition to the savings target of £150,000 the Sport and Recreation service also have budget pressures of £190,000 which need to be funded on a recurring basis. This means that savings of £340,000 need to be identified to maintain the current service provision.
- 4.10 The pressures relate to running costs which have been cut back in previous years but where current levels of spend are unsustainable.
- 4.11 Support has been provided to date from the Public Health Grant and this has been critical to protect services, as the savings identified in the General Fund would only have been achieved otherwise by reductions in service provision. The proposal is to provide £190,000 from the Public Health Grant on a recurring basis to support eligible expenditure in this service area. This will mean that additional savings of £190,000 will need to be identified from the Public Health Grant services on a recurring basis to meet this pressure.
- 4.12 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.
- 4.13 The savings that have been identified have been assessed for their sustainability. As with all others parts of the Authority the sustainability of the savings required by the ongoing cuts which the Authority faces becomes increasingly difficult as the compound affect of these savings impacts on services. It is not necessary to remind Members of the level of savings which have been delivered in previous years or those which are likely to be required in future years. The savings have been identified as sustainable in the light of the need to make ongoing changes to both what is delivered and the scaling back of some activity. The principles that have been applied in determining the proposals for savings have been linked to protecting front line services, savings being realised in respect of vacant posts where this can be managed, considering early retirement / voluntary redundancy request where these have been received and reflecting the pressures, both internal and external that the Authority needs to address to maintain effective governance arrangements.

5. RISK IMPLICATIONS

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

- 5.2 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.
- 5.3 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. The following points highlight the key risks;
- 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.
 - Response times to enquiries and subsequent actions.
 - Income targets not been met.
 - Insufficient reserve to fund posts.
 - 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.
- 5.4 A key risk to note is the deficit in income already experienced within the sport and recreation service and therefore close monitoring of the budget in year is essential to manage risk of not achieving targets. In the event that income targets cannot be achieved reserves may be used to support services in the short term, however, alternative permanent savings will need to be identified and this will need to form part of a prioritisation exercise to review which services may need to reduce.

6. EQUALITY AND DIVERSITY CONSIDERATIONS

- 6.1 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. **See Appendix 1.**
- 6.2 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 2017/18.

7. LEGAL CONSIDERATIONS

7.1 None identified.

8 CHILD AND FAMILY POVERTY (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE.)

8.1 None Identified.

9. STAFF CONSIDERATIONS

9.1 It is anticipated that there is a risk of compulsory redundancies as part of the savings proposals outlined above.

10. ASSET MANAGEMENT CONSIDERATIONS

10.1 None.

11. CONCLUSION

11.1 To summarise, the saving proposals for the next three years for public protection and sport and recreation are proposed to be delivered through the following:

- Review of current service provision to ensure optimum structure to deliver effective and efficient services.
- Innovative income generation.
- Transformation of the built facilities and consequent operating model.
- Maximum integration and delivery of services with other public health services and activities.

12. RECOMMENDATIONS

12.1 That Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 9th January 2016.

13 REASON FOR RECOMMENDATIONS

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

14 BACKGROUND PAPERS

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

Finance and Policy Committee - Medium Term Financial Strategy (MTFS)
2017/18 to 2019/20 - 20th June 2016.

15 CONTACT OFFICERS

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Impact Assessment Form - Equality and Diversity

Department	Division	Section	Owner/Officer
<i>Public Health</i>			<i>Director of Public Health</i>
Service, policy, practice being reviewed/changed or planned	<i>Savings proposals for public health 2017-2020.</i>		
Why are you making the change?	<i>Budget savings as part of the Mid Term Financial Strategy</i>		
How might this impact (positively/negatively) on people who share protected characteristics?			
<i>Please tick</i>		POSITIVELY	NEGATIVELY
Age			
<i>No Impact</i>			
Disability -	negatively		
<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>The report is seeking views of members for the savings proposals and subject to agreement, further consultation with specific people may be required.</i>		

As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?		<i>The proposals include a range of options to ensure the budget is delivered, including service income generation, review of existing facilities and operating models and staffing reviews. Please refer to section 5 risk implications within main report.</i>	
Describe how you will address and monitor the impact		1. No Impact - No Major Change	
		2. Adjust/Change Policy <i>As the proposals are implemented subject to Council approval, then positive and negative impact of the changes will be monitored and addressed.</i>	
		3. Adverse Impact but Continue as is	
		4. Stop/Remove Policy/Proposal	
Initial Assessment	15/11/16	Reviewed	00/00/00
Completed	00/00/00	Published	00/00/00

REGENERATION SERVICES COMMITTEE

2nd December 2016



Report of: Director of Regeneration and Neighbourhoods

Subject: THREE YEAR SAVINGS PROGRAMME –
REGENERATION DIVISION

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Part of the Budget and Policy Framework.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to enable Members to consider the initial 2017/18 savings proposals relating to the Committees remit to contribute towards achieving the overall savings requirement.

3. BACKGROUND

3.1 A comprehensive report on the “Council Plan and Medium Term Financial Strategy – Capital and Revenue” was considered by Finance and Policy on 28th November 2016. The report advised Members that as a Council we are ambitious for the Borough. Despite the fact that we continue to face unprecedented financial and demographic pressure it is important that we remain focused on securing the future prosperity and wellbeing of our residents. Whilst managing government funding cuts we need to remain committed to realising the potential of Hartlepool to be a place that is truly exceptional and use our unique spirit and assets to grow as a vibrant, dynamic and welcoming place to live, learn, work, play and invest.

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- 3.3 The report to Finance and Policy Committee reminded Members that Government funding for the Council will be reduced further over the next three years. As a result we are therefore proposing an approach to meeting the financial and demographic challenges based upon a three year strategic and financial plan that will deliver an improvement and efficiency programme focused on new ways of delivering services within and with communities; better integration of early help services to help people live healthier independent lives to reduce pressure on high cost services; and increasing income by promoting growth and a more commercial approach to traded services.
- 3.4 In relation the development of the five year capital plan the report to Finance and Policy Committee sort Members views on the Council's key regeneration and development priorities. Once these priorities have been approved a further report will be prepared detailing an investment strategy for delivering the capital plan, which will include identify those areas where the Council will need to secure capital grant and external investment.
- 3.5 There will be a presentation at the start of the Committee meeting to provide an overview of the issues reported to Finance and Policy Committee which will provide the context and background for the issues detailed in this report.

4. REGENERATION SERVICES

Planning & Housing services - Development management 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.

Building Control provides a mix of advisory, consultancy, inspections and enforcement services. The service aims to ensure that building work is carried out to meet national building regulations.

Housing Services are 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. Their role is also to support and assist in the progression of the Housing Partnership.

Heritage and Countryside - The Heritage and Countryside Service consists of several discrete service areas: Countryside Wardens responsible for the organisation of environmental education activities and overseeing the work of the Countryside Volunteers, Rights of Way which maintains the record of the rights of way network in Hartlepool and an advisory service on Ecology and Conservation matters providing advice on planning and listed building consent applications.

Two shared services are located in the section, Tees Archaeology provide Hartlepool and Stockton Councils with advice on the archaeological implications of planning proposals and maintain the Heritage Environment Record. The Local Access Forum is a Tees Valley Service providing a forum for cross-boundary discussion on access

Estates and Regeneration - The Estates team not only manage the Councils asset register, they also have a wider role to achieve capital receipts through the sale of surplus land and property, and generate income through the letting of the non-operational property portfolio. The Estates team are also tasked with facilitating change through site assembly, acquisition and disposal of property assets to enable regeneration.

The Regeneration team lead on the development and implementation and funding of place changing master plans for the town in order to change the physical environment in order to improve the attractiveness for residents, tourists and investors. The key regeneration schemes and delivering key elements we are currently focussed on include the Innovation and Skills Quarter initiative, The Waterfront and Seaton Carew.

Economic Regeneration – The Team provides the Council's lead on the Economy, Jobs and Skills Theme and provides 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 and HCA 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 companies to ensure they can maximise financial assistance available through, for example, Regional Growth Fund, Tees Valley Business Compass and SSI grants.

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. Hartlepool Borough Council is the lead accountable body for the Tees Valley wide project with a contract value of £19.2m and which is the largest employability scheme delivered in the sub region. Officers also provide specialist services to people with learning difficulties with interventions such as the “Promoting Change, Transforming Lives” allotment project at Waverley Terrace and the Employment Link Service.

The Tourism team undertakes specialist business support for the visitor economy and is actively involved in the development of a range of activities that support both local businesses and visitors to the town. Key activities include the network Passport Group, supporting the Wintertide Festival and the development of the Coastal Initiative including ground breaking filming which received 30,000+ hits in 4 weeks.

Adult Education - The service is 100% externally funded and delivers Adult learning and skills provision to employed and unemployed local residents. The service contributes towards key corporate strategies such as Economic Strategy 2011-2021 and Hartlepool Youth Investment Project.

Culture and Information - The section is responsible for the Museums and Galleries, Libraries, heritage attractions, Community Centres, Town Hall Theatre and events programme across the Borough, venues include:

- Museum of Hartlepool.
- Hartlepool Art Gallery.
- Sir William Gray House.
- Central Library.
- Branch Libraries at Owton Manor, Seaton, Headland and Throston.
- Community Centres at Owton Manor, Burbank and the Masefield Road Centre.

A mobile library and home delivery service is also provided and officers, oversee events across the Borough and take the lead on the Council's Independent Safety Advisory Group (ISAG).

4.1 SERVICE USERS & ENGAGEMENT

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.

- The development of the Local Plan which includes major consultation with stakeholders and residents
- Processing and determining planning applications.
- Residents and developers undertaking building works including enforcement on unauthorised building work.

- Housing Management – tenants of Council owned properties
- Housing Advice – targeted towards people in need of housing or who are homeless or at risk of becoming homeless.
- The Business Team – supports the business community from new start ups right through to large scale inward investors.
- Youth Employment Initiative, young people aged between 15 and 29.
- A Universal Offer for unemployed and employed adults seeking learning and skills provision
- Home Library Service – delivering books directly into the homes of library members who are in ill health or have mobility issues.

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 and the way in which services are delivered. Examples include:

- Key stakeholders including learners, employers and external organisations are invited to feedback on the provision of Adult Education in line with OFSTED and external funding requirements.
- Updating of the Economic Regeneration Strategy involving consultation through the Economic and Tourism Forum and other business groups.
- Public and stakeholder consultation on major regeneration schemes.
- Housing Regeneration
- Audience development profile at the Museum and Art Gallery
- Consultation on all planning applications and the emerging Local Plan
- Promote safe building practices across the town to ensure the health, safety and welfare of local residents and visitors.

4.2 INPUTS

The current cost to the Council of providing the services relevant to the Regeneration Committee, within Regeneration and Neighbourhoods Department, are as follows:-

Service Area	2016/17 Net Budget £'000
Economic Regeneration	785
Heritage and Countryside	220
Planning Services	250
Housing Services	565
Culture and Information	1,610
Building Control	60
Learning and Skills (100% grant funded)	Nil
Estates and Regeneration (incl Rental Income)	(25)
Total	3,465

4.3 OUTPUTS AND OUTCOMES

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: -

Planning & Housing 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 (94% on target) 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 sustainable development of the town, enabling social and economic growth and new housing and at the same time supporting the Council's priorities.
- 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.
- The service proactively uses Section 215 planning powers to improve housing conditions and at the same time undertakes statutory enforcement where appropriate.
- A range of grant assistance is delivered to help owners carry out essential repairs and also offers the disabled facilities grant.
- Housing and homelessness advice is provided and specific targeted support is given to many vulnerable groups and clients which allows individuals to maintain independent living.
- 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.
- Regulation and enforcement by Building Control ensures that residents and visitors are safeguarded and the service is promoted widely to residents and developers.

Heritage and Countryside

- Providing advice on ecology, conservation and access to Planning Services in order to process planning applications and develop policy documents such as the local plan.
- Countryside Wardens running volunteers days two days a week in order to enhance and improve the natural environment throughout the Borough. In addition support is provided for Friends of Groups in order to support the delivery of events and improvements in parks.

Estates and Regeneration

- The service has key outputs in terms of capital receipts and rental income. At the same time the service provides the lead on key regeneration programmes including the ISQ and Seaton Carew. The service also generates external funding to support regeneration schemes.
- The service manages the Council's property asset register.

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. An example of performance youth unemployment rate has decreased from 17% in September 2012 to 3.3% in October 2016.
- 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 13 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 £17m of private sector investment and creating or safeguarding up to 300 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, currently 54 against 51 and 45 respectively. Business stock levels are growing with 328 businesses per 10k head of population which compares with a Tees Valley rate of 330 and a north east rate of 319. Whilst the performance has been very good there is still a gap with GB rates equating to a 21% increase required for business start ups and a 23% increase required in business stock levels.

Adult Education

- The service has established the BIG 90 Project which aims to increase the retention, attendance, achievement and success rates to 90% against all subject areas.

Culture and Information

- The service continues to provide good quality services to a wide range of clients, both residents and visitors
 - 135,000 visitors to the Hartlepool Museum
 - 65,000 visitors to the Art Gallery
 - 55,000 visitors to the theatre
 - 350,000 library users.

5. PROPOSALS AND FINANCIAL CONSIDERATIONS

- 5.1 The table below provides a summary of the savings proposals for the Regeneration Services Committee:-

Service Area	Proposed Savings 2017/18 £'000	Proposed Savings 2018/19 £'000	Proposed Savings 2019/20 £'000	Total Proposed Savings £'000
Growing and Developing Hartlepool	260	0	0	260
Maximising Income	190	0	0	190
Service Reviews	170	100	0	270
Total Regeneration Services	620	100	0	720

- 5.2 The initial savings proposals for the Regeneration Division totals £720,000 over the three financial years. 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.

- 5.3 Within the overall Regeneration services division, the following savings have been made over the last five financial years.

- 2012/13 £820,000
- 2013/14 £270,000
- 2014/15 £260,000
- 2015/16 £470,000
- 2016/17 £270,000

Total savings delivered to date £2,090M.

- 5.4 The proposals in respect of the services in the Regeneration Division reflect the overall approach adopted by the Corporate Management Team for identifying achievable savings, as part of an approach aimed at protecting front line services, recognising that not all areas can be protected in the current financial climate.
- 5.5 There have been requests for voluntary redundancies within the Division as part of the rolling process for considering Voluntary Redundancy and Early Retirement costs. Vacant or fixed term posts have been considered as part of the options for savings. Whilst it is not possible to manage all of the savings in this way it has been an underpinning principle for the budget for commencing in 2017/18.
- 5.6 In order to ensure the Council is resourced to deliver on the Council's ambition for the Borough and contribute towards overall savings the Council has to realise the following approach has been taken.
- i) realign services to focus on the Council's economic growth and regeneration priorities;
 - ii) maximise income at every opportunity, therefore reducing the subsidy the Council provides in supporting services; and
 - iii) undertake service reviews to provide efficient alternate delivery models.

5.7 **Growing & Developing Hartlepool**

The Hartlepool Vision envisaged the creation of new business, leisure and retail facilities that would produce new job opportunities and raise the town's profile as a visitor destination. It also paved the way for detailed proposals to unlock the potential of identified sites for economic development. Following the publication of Hartlepool Vision the Council has worked with its public sector partners and the private sector to explore opportunities for regeneration and development in pursuit of a more prosperous future for the town.

The first step has been to refresh the vision for the Waterfront and the town centre and to restate our ambitions for the Town which has been demonstrated with the arrival of the National Museum of the Royal Navy. Other important building blocks already in place include the new £53m Hartlepool College of Further Education; the £11m new campus building for Cleveland College of Art and Design; the availability of modern attractive, affordable space for dynamic, growing companies across the Town's Enterprise Zones at Queens Meadow, Hartlepool Port Estate and Oakesway and the prestige employment site at Wynyard Business Park.

Our aim must be to get more people to see Hartlepool as an ideal short break destination encouraging them to visit the town, to stay longer, spend more time and money here and recommend Hartlepool to their friends and family. The advent of the new National Museum of the Royal Navy will boost the town's destination credentials, giving more people a reason to visit the town.

Further developments in the pipeline include plans for public realm investment in Church Street and Church Square, an improved crossing area and gateway feature at Stockton Street to create a sense of arrival into the town centre; and a new Business Innovation and Skills Centre, offering incubation facilities for digital media, design and creative businesses. Work is well underway on the construction of a new campus for Cleveland College of Art and Design.

In addition to the Council's ambition for the Waterfront to become an international visitor attraction, we understand the need to accelerate the physical regeneration of surplus and derelict assets in the Borough and return these to productive economic use, creating a positive environment for attracting investment and delivering positive outcomes for the local community in accordance with the Council's policy priorities.

The Council recognises its role in achieving the town's ambition and our place within the Tees Valley. We need to work closely with the Tees Valley Combined Authority (TVCA), to ensure Hartlepool's interests are protected and new investment opportunities are unlocked, linking our local plans and economic aspirations to the growth strategy for the sub region as a whole. We need to play a full and active role in the TVCA which will be the vehicle for direct investment into the Tees Valley. It is however appropriate, with devolution and devolved funding that the Combined Authority becomes self funded this will result in a reduction in the Council's contribution from April 2017 by **£260K**, this proposal will not result in a reduction in Hartlepool Borough Council resources.

5.8 Maximising income

The Council recognises the replacement rate of new jobs has not been fast enough to cope with the structural change following the decline of heavy industry in the town. This has caused an attrition of skills and knowledge, and a downward spiral that runs the risk of the town becoming trapped in a low skill, low wage economy. Investment in new Further and Higher Education facilities and apprenticeship opportunities offers a route towards a high skill, high value economy, but only if the town can attract new businesses, encourage the dynamic growth of existing businesses and increase the number and quality of new start ups will we be able to provide local job opportunities.

By growing our business base and providing attractive job opportunities we can retain and attract skilled and talented people and create a dynamic, growing local economy. The Economic Regeneration team continues to provide many grant funded programmes and a range of further bidding opportunities will arise throughout the next three years, it is anticipated that this additional income can be used to fund staff and services otherwise funded by the general fund. There is always a risk that insufficient funding will be available in the long term, and in the event that it is not possible to generate income the Department will need to identify alternative savings. This proposal does not result in a reduction in current resources; there is however a vacant post within the service area and it is proposed that this

post is removed and the responsibilities of that post are shared across the existing resources.

Adult Education's primary role is to develop and target learning, provide skills and employment support programmes by working in partnership with education and skills providers and local businesses to engage and engage workless residents to help them overcome barriers to work. The team also provides provision for employment and apprenticeship opportunities and pathways into work for unemployed young people through the Youth Employment Initiative.

Under the Tees Valley devolution deal, responsibility for Adult Education budget will transfer to the TVCA from 2018/19 academic year. This will incorporate previous Adult Skills and Community learning budgets. Work is currently underway to prepare for this. Hartlepool Borough Council is the lead authority for Education, Employment and Skills and has previously been mentioned it is essential we take a full and active role on the combined authority if we are to see continuous improvement in Hartlepool secondary schools and skill up local people for future job opportunities.

Adult Education is 100% funded from external funds and similarly to the Economic Regeneration team has a range of bidding opportunities available and in light of the Tees Valley Devolution programme it is anticipated that this will continue going forward. Additional income will allow this service area to support the General Fund by funding staff or services otherwise funded from the core revenue grant. This proposal does not result in a reduction in current resources.

By taking this approach it is envisaged the Economic Regeneration and Adult Education services areas will achieve savings in the region of **£150K** from April 2017.

As has been referred to earlier in the report, the Council's aim must be to get more people to see Hartlepool as an ideal short break destination encouraging them to visit the town, to stay longer, spend more time and money here and recommend Hartlepool to their friends and family. The new National Museum of the Royal Navy Hartlepool will boost the town's destination credentials, giving more people a reason to visit the town. It therefore makes sense for the Council to build on our cultural and visitor attractions at every opportunity. This year for the first time the Town Hall will host a pantomime, the Christmas light switch on will transfer to the NMRN. The Children in Need One Show 'Richshaw Challenge' visited Hartlepool in November which again helps market Hartlepool as a visitor destination. Activities and events such as these are not only good for the local economy they also bring in additional income for the Authority which together with a review of fees and charges across a number of service areas in the division will bring in additional income.

A small increase in rental income generated from the Hartlepool Enterprise Centre and the introduction of a charge for the Planning application advice service which is currently offered to household applicants free of charge

together with the Town Hall Theatre events programme will generate additional income of **£40K** from April 2017.

5.9 **Service Reviews**

There have been requests for early retirement /voluntary redundancies (ER/VR) within the division as part of the rolling process. Vacant or fixed term posts have also been considered as part of the options for identifying savings. Whilst it is not possible to manage all savings in this way, a number have been accepted which will result in savings of **£270K** being realised. The main service review is the merger of Planning and Housing Services which has resulted in a ER/VR Head of Service request to be accepted earlier this year.

A further **£30K** savings have been identified across various supplies and services budget heading across the department that can be used to contribute towards the overall departmental savings. This will involve reducing spend and/or applying a cash freeze on any non essential budget headings for example, books, publications or subscriptions.

5.10 **Conclusion**

Recognising the austere climate and the savings the Council has to achieve in line with Government policy, the department has aligned and prioritised resources to focus on achieving the Council's ambition for Economic Growth and development.

It is important to note that in addition to the savings required to support the Council's overall savings programme it has been necessary to identify savings to fund budget pressures within the department. Pressures include the shortfall in savings of £157K identified in 2016/17, Growth of the Town pressures of £300K in Waste and Environmental Services and various other income shortfalls e.g. car parking. Savings have been identified in other areas to offset these pressures including additional revenue savings resulting from the street lighting LED scheme. Budgets have been realigned where possible to manage shortfalls in income budgets and ensure that realistic income targets are set for the next three years. This has meant that these savings were not available to address the budget gap.

There remains however a significant pressure on the department as further work is required to find a funding solution to address the budget pressures. It is therefore proposed a review of all services / trading accounts which continue to be subsidised and or do not make a surplus to contribute towards the MTFs is undertaken.

It is therefore very important the Council embraces a workforce development programme that focuses on commercialism and entrepreneurship to transform Council services that contribute towards the Council's revenue and reduce ongoing subsidies

Members' attention is drawn to table 5.1 which summarises how the department will realise the savings over the next three years.

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 are identified in 6.3 below.
- 6.2 The risks are real and should not be ignored, particularly taken in the context of previous savings which have been made. The assessments which have been undertaken, the summary of the conclusions from this are included in the sections above in the context they have been described are viewed as being manageable but only 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. The following points highlight the key risks;
- 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.
 - Response times to enquiries and subsequent actions.
 - Income targets not been met.
 - Insufficient reserve to fund posts.
 - 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.
 - The Regeneration of the town and the key priorities referred to in the report are dependent upon capital funds, without external grants or loans we will not be able to deliver our ambitions and regenerate our town. The TVCA will be the vehicle for direct investment in the Tees Valley and it is essential the Council plays a full and active role within it.

7. EQUALITY AND DIVERSITY CONSIDERATIONS

- 7.1 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 (see **Appendix 1**).

- 7.2 More than 90% of the above savings will be made by reducing staffing levels (mainly from vacant posts and ER/VR applications and changes to funding arrangements) with some changes to day to day running costs and significant savings being made from different funding arrangements for the Tees Valley Combined Authority.
- 7.3 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 the current proposed savings framework.

8. LEGAL CONSIDERATIONS

- 8.1 There are no specific legal considerations to this report

9. CHILD AND FAMILY POVERTY

- 9.1 The proposed budget savings have been identified that will have the least impact on frontline services and employability programmes will continue to run including the Youth Employment Initiative, support 15-29 year olds and the Employment Link scheme which supports vulnerable adults (see **Appendix 2**).
- 9.2 In addition essential frontline housing services will be largely maintained, which support a range of clients including vulnerable adults and children.
- 9.3 Whilst most frontline services at this stage will continue to be provided at a similar or slightly reduced level, any future additional savings are more than likely to have a greater impact on what the Council is able to provide to local residents across a broad range of services and may have a more direct impact on child and family wellbeing.

10. STAFF CONSIDERATIONS

- 10.1 Identified savings in staff are in relation to ER/VR requests, reduced hours for some posts, end of a fixed term contract and one vacant post along with occupied core funded posts which will be funded by future income.
- 10.2 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 is in line with Council policies.

- 10.3 One post is a fixed term contract in Planning which will not be required following the publication of the Local Plan, three are ER/VR requests, two are in Housing and one is in Heritage and Countryside. In addition to the removing the vacant post in Economic Regeneration referred to in the body of the report, it is proposed to delete two additional vacant posts, one in Housing and one in Cultural services.

11. ASSET MANAGEMENT CONSIDERATIONS

- 11.1 There are no specific asset management considerations.

12. RECOMMENDATIONS

- 12.1 That Member's of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 9th January 2017.

13. REASON FOR RECOMMENDATIONS

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

14. BACKGROUND PAPERS

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

Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2017/18 to 2019/20 - 20th June 2016.

15 CONTACT OFFICERS

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EQUALITY AND DIVERSITY IMPACT ASSESSMENT

Department	Division	Section	Owner/Officer	
<i>Regeneration and Neighbourhoods</i>	<i>Regeneration</i>	<i>All</i>	<i>Denise Ogden</i>	
Function/ Service	<ul style="list-style-type: none"> • Planning and Housing Services • Building Control • Heritage and Countryside • Economic Regeneration • Housing Services • Estates & Regeneration • Adult Education-Learning and Skills • Culture and Information 			
Information Available	<p><i>A significant range of information is available at both macro and micro levels. Socio economic data is provide by the Office of National Statistics, which can be broken down to local areas. In addition data is collected via employability and training programmes. Housing data is collected at both a national and local level. Cultural Services derive data directly from service users including residents using, libraries and community centres'. The development of the new Local Plan sets out a framework for growth thereby positively impacting on socio economic wellbeing.</i></p>			
Relevance <i>Identify which strands are relevant or may be affected by what you are reviewing or changing</i>	Age		X	
	Disability		X	
	Gender Re-assignment		X	
	Race		X	
	Religion			
	Gender		X	
	Sexual Orientation		X	
	Marriage & Civil Partnership		X	
	Pregnancy & Maternity		X	
	Information Gaps	<p><i>The proposals do not specifically impact on 3rd parties. There are no specific gaps in information relating to the proposals.</i></p>		
	What is the Impact	<p><i>The impact on Council employees has been minimised and the savings are largely based on ER/VR requests and deletion of vacant and fixed term posts. Impacts on service users has been minimised although in some instances response times maybe affected..</i></p>		
Addressing the impact	<p><i>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</i></p>			

APPENDIX 1

	1. No Impact- No Major Change –		
	2. Adjust/Change Policy - Whilst at this stage the proposals for savings are not likely to have a significant adverse impact as noted in the main report a review should be carried out 6 months after any changes are implemented in the areas that may see slower response times and possible reductions in the hours that services are available to the public. In addition progress on income targets should be reviewed at 6 month intervals.		
	3. Adverse Impact but Continue -		
	4. Stop/Remove Policy/Proposal –		
Actions			
<i>It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.</i>			
Action identified	Responsible Officer	By When	How will this be evaluated?

Date sent to Equality Rep for publishing	00/00/00
Date Published	00/00/00
Date Assessment Carried out	09/08/2016

APPENDIX 2

1. Is this decision a Budget & Policy Framework or Key Decision? YES / NO If YES please answer question 2 below				
2. Will there be an impact of the decision requested in respect of Child and Family Poverty? YES / NO If YES please complete the matrix below				
GROUP	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Young working people aged 18 – 21			x	Employability and training programmes are largely unaffected. Housing services will continue including IAG
Those who are disabled or suffer from illness / mental illness			x	No specific impacts, the Employment Link services and the Waverley promoting change transforming lives programme will continue to operate as normal
Those with low educational attainment			x	Employability and training programmes are largely unaffected. Housing services will continue including IAG.
Those who are unemployed			x	Employability and training programmes are largely unaffected.
Those who are underemployed			x	Employability and training programmes are largely unaffected.
Children born into families in poverty			x	Employability and training programmes are largely unaffected.
Those who find difficulty in managing their finances			X	IAG interventions are largely unaffected by the proposals.
Lone parents			x	Employability and training programmes are largely unaffected. Housing services will also continue to support this client group.
Those from minority ethnic backgrounds			X	Services continue on universal access for all.

APPENDIX 2

Poverty is measured in different ways. Will the policy / decision have an impact on child and family poverty and in what way?				
Poverty Measure (examples of poverty measures appended overleaf)	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Economic and housing indicators			x	Socio economic based interventions will continue and will be unaffected by the proposals.
Overall impact of Policy / Decision				
NO IMPACT / NO CHANGE		x		ADJUST / CHANGE POLICY / SERVICE
ADVERSE IMPACT BUT CONTINUE				STOP / REMOVE POLICY / SERVICE
Examples of Indicators that impact of Child and Family Poverty.				
Economic				
Children in Low Income Families (%)				
Children in Working Households (%)				
Overall employment rate (%)				
Proportion of young people who are NEET				
Adults with Learning difficulties in employment				
Education				
Free School meals attainment gap (key stage 2 and key stage 4)				
Gap in progression to higher education FSM / Non FSM				
Achievement gap between disadvantaged pupils and all pupils (key stage 2 and key stage 4)				
Housing				
Average time taken to process Housing Benefit / Council tax benefit claims				
Number of affordable homes built				
Health				
Prevalence of underweight children in reception year				
Prevalence of obese children in reception year				
Prevalence of underweight children in year 6				
Prevalence of obese children in reception year 6				
Life expectancy				

NEIGHBOURHOOD SERVICES COMMITTEE

13th December 2016



Report of: Director of Regeneration and Neighbourhoods

Subject: THREE YEAR SAVINGS PROGRAMME –
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 2017/18 savings proposals relating to the Committees remit to contribute towards achieving the overall savings requirement.

3.0 BACKGROUND

3.1 A comprehensive report on the “Council Plan and Medium Term Financial Strategy – Capital and Revenue” was considered by Finance and Policy on 28th November 2016. The report advised Members that as a Council we are ambitious for the Borough. Despite the fact that we continue to face unprecedented financial and demographic pressure it is important that we remain focused on securing the future prosperity and wellbeing of our residents. Whilst managing government funding cuts we need to remain committed to realising the potential of Hartlepool to be a place that is truly exceptional and use our unique spirit and assets to grow as a vibrant, dynamic and welcoming place to live, learn, work, play and invest.

3.2 The Council plan is currently being developed and will be based around six strategic priorities:

- Growing our Economy, Jobs and Skills;
- Regenerating our town;
- Developing and promoting Hartlepool as a great place to live;
- Developing new services for people and communities;
- Better beginnings and better futures for our children and young people;
- Providing effective leadership based upon innovation and efficiency.

3.3 The report to Finance and Policy Committee reminded Members that Government funding for the Council will be reduced further over the next three years. As a result we are therefore proposing an approach to meeting the financial and demographic challenges based upon a three year strategic and financial plan that will deliver an improvement and efficiency programme focused on new ways of delivering services within and with communities; better integration of early help services to help people live healthier independent lives to reduce pressure on high cost services; and increasing income by promoting growth and a more commercial approach to traded services.

3.4 In relation to the development of the five year capital plan the report to Finance and Policy Committee sort Members views on the Council's key regeneration and development priorities. Once these priorities have been approved a further report will be prepared detailing an investment strategy for delivering the capital plan, which will include identifying those areas where the Council will need to secure capital grant and external investment.

3.5 There will be a presentation at the start of the Committee meeting to provide an overview of the issues reported to Finance and Policy Committee which will provide the context and background for the issues detailed in this report.

3.6 Service Aims

3.6.1 **Community Safety and Engagement** - The aim of the service is to deliver a high quality and safe environment, secure investment and work together with local communities to provide and develop excellent services that will improve the prosperity and quality of life for people living and working in Hartlepool.

This section is responsible for the development and activities of the Safer Hartlepool Partnership including the Council'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 also responsible for the provision of support to the voluntary and community sector, capacity building, and engaging with residents to support elected Members to enable residents to influence and improve accountability in service delivery ensuring a co-ordinated approach to tackling issues across the neighbourhoods of Hartlepool.

3.6.2 **Facilities Management** – The service operates and delivers a number of key service areas both within the Council and to the private sector, including:

- School Meals Service
- Function Catering
- Building Cleaning

- Security Contract
- Inspirations Café and Garden Centre

3.6.3 Environmental Services - This section provides a 'one-stop-shop' for a range of front-line services which are delivered town-wide. 'Working for a safer, cleaner greener environment' is the key aim and is achieved through a combination of on-street service delivery, co-ordinated education campaigns and enforcement activities when the need arises. 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. The section has responsibility for

- Green spaces, parks and beaches
- Cemeteries and the Crematoria
- Children's outdoor play spaces and fixed play equipment
- Football pitches, games spaces and bowling greens
- Waste disposal & collection including recycling
- Street cleansing & grounds maintenance
- Highways & street lighting

The management of the Councils fleet 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.

3.6.4 Transport & Infrastructure – The section provides a range of services across Traffic & Transport, Engineering Design and Passenger Transport. Areas of responsibility include the management and co-ordination of the highway network, the provision of a safe and effective transport system, road safety and maintaining safe, smooth traffic flows.

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

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

3.6.5 Building Design and Construction - A complete building design consultancy service including feasibility studies, building surveying, condition surveying, design, advice, energy management, project management and a procurement service for construction schemes. It comprises Architects, Clerk of Works, Landscape Architects, Quantity Surveyors, Mechanical & Electrical Engineers and CDM Coordinators as well as full inspection compliance services including electrical test and inspection, Part 'P' inspections, Legionella control and management, gas safety inspections, asbestos management and accessibility/access audits.

This service operates the Building Maintenance Trading Account which provides construction and building maintenance services to the Council and external clients, including Schools.

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

3.7 Service Users & Engagement

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.

Services provided include delivery to internal and schools clients but some service portfolios have by necessity significant external public sector, commercial and private cliental. To meet the Council's client service expectations some service portfolios are already operating under the parameters of a public sector charging and trading arm to assist revenue streams.

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
- Neighbourhood Forums, resident groups & associations, and
- Stakeholder liaison Groups

The Community Safety and Engagement section has a strong interface with Ward Councillors on a daily basis ensuring appropriate support to residents in addressing neighbourhood issues.

3.8 Inputs

3.8.1 The current cost to the Council of the services delivered by the Regeneration and Neighbourhoods Department is below:

3.8.2 The cost of these services to the Council, in line with many other service areas in the Council, reduced significantly over the last 5 years. In addition, many of the areas in question are "trading activities" and have, as an integral part of their budget, income generation requirements. Some areas, as can be seen from the table, are budgeted to make a surplus. Some areas do not have budgets and rely on fees and income to cover the associated running costs.

Service Area	2016/17 Net Budget £'000
Building Design & Building Maintenance	(370)
Cems & Crems	(100)
Community Safety & Engagement	1,120
Car Parking	(450)
Parks & Countryside	300
Facilities Management	810
Technical Services	7,900
Environmental Services	7,600
Total	16,810

3.9 Outputs & Outcomes

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

- Delivery of technical, support and frontline services to internal Council departments, external organisations and schools.
- Delivery of the Council's Community Cohesion and Engagement Strategy, and Community Safety Plan.

4.0 PROPOSALS AND FINANCIAL CONSIDERATIONS

4.1 The table below provides a summary of the savings proposals for Neighbourhood Services :-

Service	Proposed Savings 2017/18 £'000	Proposed Savings 2018/19 £'000	Proposed Savings 2019/20 £'000	Total Proposed Savings £'000
Transport and Infrastructure	90	50	0	140
Vehicle Fleet	50	0	0	50
Building Design and Construction	20	0	0	20
Environmental Services	170	360	160	690
Community Safety and Engagement-	50	0	0	50
Neighbourhood Services – Income Generation	265	0	0	275
Total for Neighbourhood Services	655	410	160	1,225

4.2 Within the overall Neighbourhood services division, the following savings have been made over the last five financial years:

- 2012/13 £ 880,000
- 2013/14 £ 790,000
- 2014/15 £1,342,000
- 2015/16 £1,147,000
- 2016/17 £ 595,000

Total savings achieved to date therefore total £4,754,000.

4.3 The proposals in respect of the services in the Environment and Neighbourhoods Division reflect the overall approach adopted by the Corporate Management Team for identifying achievable savings, as part of an approach aimed at protecting front line services, recognising that not all areas can be protected in the current financial climate.

4.4 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 opportunities. Vacant or fixed term posts have also 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 2017/18.

4.5 We want Hartlepool to be known as a great place to live as well as invest and visit. We will develop a new approach to working in neighbourhoods. Working with partners we will prioritise improving the environment, public realm and play spaces through a co-ordinated neighbourhood investment programme. We recognise that our residents want us to take strong action to make sure our neighbourhoods are clean, green and safe. Members are fully aware of the financial and demographic pressures the Council faces. Therefore in order to deliver on the Council's ambitions to develop and promote Hartlepool as a great place to live and contribute towards the overall savings the Council has to realise the Department proposes to contribute to this over the next three years by:-

- i) realigning services to maximising resilience across front line services
- ii) maximising income at every opportunity, therefore reducing the subsidy the council provides in supporting services and
- iii) undertaking service reviews where necessary.

5.0 **DEVELOPING AND PROMOTING HARTLEPOOL AS A GREAT PLACE TO LIVE**

5.1 Hartlepool is in a fortunate position of being well supplied with green and open spaces, from the long expanse of attractive beach and coastline to the open countryside on the fringes of the town to the parks, recreation grounds and green spaces within. Hartlepool can boast a pleasant environment. The challenge is to keep the streets and areas of open

space clean, uncluttered and well maintained whilst resources to fund such work become increasingly scarce.

5.2 The Councils Household survey undertaken in 2013 shows that resident satisfaction with our front line services, such as refuse collection, recycling facilities, street cleansing, parks and open spaces is generally high and that residents value the clean and green spaces of Hartlepool. However residents still feel improvements could be made to their local areas and highlighted that the condition of roads, street cleanliness including dog fouling and litter/rubbish collection as being the highest priority. The Council is committed to addressing these issues and creating a better environment for people to enjoy.

5.3 As Hartlepool competes with others to attract growth, tourism and inward investment a clean, green and pleasant environment plays an important role in marketing the town as a place to live in, move to and visit. Businesses are drawn to places with good quality environment as this in turn attracts customers, employees and services into the town. The coastal area is an important tourist attraction that brings visitors into the town. In addition a well maintained town has a positive impact on commercial and domestic property values and people are willing to pay to live in clean and well kept neighbourhoods.

5.4 The Council's recent "*Your say, our future*" consultation reaffirmed the importance of the local environment to residents and highlighted the need for the Community and the Council to work together to improve the area and also reduce demand on services. The Council recognises that in order to be successful in creating a more attractive environment and delivering on the towns ambitions we will not only have to work with our existing volunteers and other committed partners but will also need the support and active citizenship of the local community. Key themes emerging from the consultation include:

- Deliver improvements to neighbourhoods, open spaces, parks and play sites;
- Launch a new joined up approach to enforcement and community safety;
- launch a campaign to address the problem that "litter is everyone's responsibility"

5.5 The Councils Customer Relationship Management (CRM) system records information from all contacts, providing a useful indication of the high demands placed on services. Records show that over 23,000 contacts were received by the Council in relation to clean and green services in 2015/16. An analysis of these contacts reveals that the greatest number of requests, and therefore demand for services, were in relation to:

- Removal of Bulky household waste
- Damaged bins
- Request to remove fly tipped materials (including side waste)

- Missed collections due to incorrect presentation of bins
- Street cleansing

5.6 These figures demonstrate that with a little more care and attention by residents in relation to correctly recycling, ensuring bins are not overflowing and refraining from thrown out excess waste and placing it next to bins the demand for Clean and Green services and therefore expenditure could be significantly reduced.

Environmental Services

5.7 The challenge of delivering savings whilst retaining standards shouldn't be underestimated; achieving savings in the region of £690k within Environmental Services will be difficult, we will need the help and focus of residents, officers and Members. By reviewing operating practices across all areas we can reduce the need for casual and seasonal staff and protect permanent jobs in the long term. This will involve staff working across different service areas. It will involve an increase in flexibility by all to improve productivity which in turn will reduce the need for vehicles in some cases. Downtime on vehicles can be reduced if working practices change to maximise demand in certain services at peak times, which subsequently will bring vehicle and fuel savings. These changes will involve the reduction of mechanical processes in some areas of the town which can be replaced with manual cleaning rounds. Grounds maintenance vehicles can also be reduced to reflect the initiatives already put in place that reduce the level of grass cutting e.g. low maintenance alternatives and wild flowers. Further work will be carried out to reduce maintenance costs on vehicles. Wear and tear is an unavoidable cost however avoidable repairs are still at an unacceptable level, further staff training will be provided and appropriate management action taken to reduce the impact where possible of vehicle repairs.

5.8 A review of management, supervisory technical and operational posts will be necessary It is anticipated that some savings will be achieved through normal staff turnover maximising vacancies across the service areas along with the acceptance of requests for voluntary redundancy however a reduction of up to 9FTE posts may be necessary as it is unrealistic to expect no compulsory redundancies when dealing with savings and a review of this nature.

Transport and Infrastructure

5.9 Connectivity across the Tees valley and a well maintained highway network together with sustainable transport and travel patterns for pedestrians and cyclists will need to be developed as part of our ambition to develop and promote Hartlepool as a great place to live. The National Highways & Transport Network Survey 2015 provides evidence that the residents of Hartlepool place a high level of importance on the condition of highways. Members are fully aware of the condition of the town's highways and the level of investment required, which is replicated across the country. The Council manages the repair and maintenance of the

highway with the resources allocated from central government via the Local Transport Plan maintenance pot.

5.10 The Traffic and Transport section manage's the Councils statutory duties in respect of the public highway, whilst also being responsible for the development and delivery of the local transport plan schemes. To date, this service area has contributed successfully towards the Councils Medium Term Financial Plan (MTFP) by generating additional income through their respective trading activities. In addition many of the services provided by the road safety team continues to generate income through the collaboration with Durham County Council and the National Driver Offender Retraining Scheme (NDORS) which we manage on behalf of Cleveland and Durham Police.

5.11 As a result of the street lighting replacement programme energy and maintenance savings can be found. We will continue to align services in line with the Councils strategic priorities which will involve the merger of Highways services with Transport and Traffic which will operate under the name of Transport and Infrastructure. This will enable services to be realigned resulting in some posts combining to ensure we meet our responsibilities to retain a level of service necessary to deliver on our statutory duties, and deliver on key deliverables. Savings in the region of **£110k** can be realised from this approach which will result in a reduction of resources and may require a reduction of up to 3 FTE posts, maximising vacant posts at every opportunity.

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 increases have been required in this area, however, based on the actual costs incurred; this budget can be reduced by **£30k** in 2017/18. This is a volatile budget and is demand led which means that there is a risk associated with this saving. The situation will be monitored closely and in the event that costs do begin to rise an alternative saving will need to be identified in the Department.

Building, Design and Construction

5.12 A full review of the Building Design & construction service will commence in the new year. The review will consider all service areas within design and construction; it will look at the current market and opportunities and resource itself accordingly. In the short term savings in the region of **£20k** are anticipated from the rationalisation and reduction in size of the stores facility at Reed Street (former Focus Building). New financial and management processes and procedures are currently being designed to help streamline the operation and should further increase efficiency. Members will receive a further report on the future service delivery model regarding the future of building design and construction going forward.

Community Safety and Engagement

- 5.13 A review is currently underway to explore how the Council strengthens and builds capacity in communities. Proposals include a restructure to retain a level of service that reflects the Council's statutory duties and by realigning the community engagement aspects of the service to generate a greater resilience in the community and voluntary sector, and the provision of a more focused and targeted community engagement approach to support Council and resident priorities around community cohesion. It is envisaged savings in the region of **£50k** will be determined and may result in a reduction of up to 2 FTE's.
- 5.14 A further review is underway in partnership with Cleveland Police and the Fire Authority examining the possibilities of pooling resources which it is anticipated will identify further savings over the next three years. Members of Finance and Policy Committee will receive a further report once the review has concluded.

Vehicle Fleet

- 5.15 Following the changes taking place in the service areas referred to within this report and the recent move to a new depot at Tofts Farm it is anticipated there will be a reduction in the Council's fleet costs in the region of **£50k**. A comprehensive analysis utilising the financial management, and tracker system, has identified a more efficient use of the Council's fleet.

6.0 MAXIMISING INCOME

- 6.1 The Department has looked to generate additional income as part of the savings programme. A review of fees and charges has been carried out and the Environment and Neighbourhoods division has identified additional income proposals which if approved could generate **£275k** over the next three years. The Income Generating proposals are as follows:-
- 6.2 Allotments - plot charges were recently changed to £25 admin fee and 15p per square metre. Allotments are currently the subject of a review and a further report to Neighbourhood Services Committee will be prepared. The proposal is to increase the fees to a level that would fully fund the running costs associated with the service and remove any revenue grant support. This would require an increase on current levels of 42p per square metre. Members are requested to note that any increase requires 12 month prior notification on tenancy agreements which commence in April each year. This will ensure the service is self sufficient. A bench marking exercise has been undertaken in relation to charges for allotment plots in other Local Authority areas, and the proposed changes to 42p per square metre would still be comparable with other neighbouring Councils.
- 6.3 Cemeteries and Crematorium. The 2016 regional benchmarking exercise has identified sufficient scope to review fees and charges. The proposal is to increase charges to the midpoint of the regional range, to bring in an

additional **£100k**. These changes will mean that Hartlepool will maintain a competitive position and will result in a midpoint regional ranking for standard adult cremation charge and combined purchase of standard burial plot and associated burial.

6.4 Household Waste Recycling Centre. Whilst the Council has a statutory duty to provide a civic amenity site for residents to dispose of ordinary household waste, it is not under any obligation to accept DIY waste such as soil, rubble, plasterboard, plate glass/windows, and asbestos-based building materials.

These materials are classified as non-household, or construction waste, and accordingly local authorities are allowed to charge for their disposal. The Waste Management section is therefore proposing to introduce a charge for disposing of these materials.

Many Local Authorities across the country are either charging, or are looking to introduce charging, for disposing of non-household waste items at their civic amenity sites. In the Tees Valley, only Middlesbrough and Hartlepool do not charge, although Middlesbrough is at present considering options. Charges already introduced by other local authorities vary somewhat; however, essentially, the following table is an indication of the level of charges introduced in the North East:

HWRC Fees and Charges Council	Inert Waste	Asbestos	Plasterboard	Tyres
Hartlepool	n/a	n/a	n/a	n/a
Middlesbrough	n/a			
Darlington	Pay As You Throw Scheme in operation for: Tyres, Paving Slabs, Brick Rubble, Ceramics, Household Fittings, Construction Waste, Plasterboard, Soil & Landscaping	Asbestos charged £25 per trailer		
Redcar	No business Waste Hardcore, rubble, ceramics = £3 inc vat for a 25kg bag or equivalent	Asbestos = £7.20 inc vat for a 25kg bag or equiv	Plasterboard = £6 inc vat for a 25kg bag or equiv	
Stockton	£20 for residents disposing of Brick and Rubble, Kitchen Units, Plasterboard, Bathroom Suites and Tiles in a van or trailer			

It is proposed to introduce a charge in line with other Local Authorities as follows:-

- £12 – 25kg of Asbestos
- £3 – 25kg of Plasterboard, soil, rubble, plate glass
- £3 – per Tyre

It is anticipated that this would generate approximately **£50k** p.a. and is based on the continuation of 25% of the current activity levels.

6.5 Trade Waste. The proposal is to increase Trade Waste charges by 7% from April 2017 and this would bring our charges in line with other providers. The rate will still be competitive as we provide a more inclusive service than other service providers. It is anticipated that this would generate approximately **£15k** p.a..

6.6 Bulky Waste
The Council currently operates a bulky waste collection service two days a week charging £7.50 for residents in receipt of benefit and £15 as a standard charge. It is proposed to increase these rates to £10 and £20 respectively which will generate **£10k** and reduce the Council subsidy.

6.7 Staff Car Parking
The Council has undertaken reviews of on-street car parking and Car parks over the last 18 months which have improved accessibility of the service to more residents and has also generated additional income. Staff car parking charges have been at the current rate since 2007/8. It is therefore proposed to introduce a standard increase of monthly payment charges for all staff on the current HBC staff permit scheme to generate **£50k** p.a. The rates will continue to be based upon annual salary, bringing this into line with public season ticket parking charges.

6.8 Transport and Infrastructure
Highways and Network Infrastructure have identified new areas which we could charge for, and the proposals include the following:-

- Increase of licence charges for skips, scaffolds and road openings etc.
- Introduce of a charge for 'A' boards, signs, banners and seating areas placed outside of shops and businesses.
- Introduce of a charge of £500 per week to companies for the use of Villiers St site (next to the Library) for promotional use.
- Introduce of a charge for the numbering of new developments or the re-numbering of existing properties.

It is anticipated that this would generate approximately **£20k** p.a. in total.

6.9 **Beach Safety Budget Pressure**

One off funding has previously been approved to retain the Lifeguard Service until 2016/17, on the basis that this service would be removed in 2017/18. The total value of this saving is £75,000 and for planning

purposes the achievement of this saving was included in the updated budget forecasts considered by the Finance and Policy Committee on 20th June 2016. This was subject to the outcome of a service review to be considered by the relevant policy committee later in the year. The continuation of any service provision after 31st March 2017 will result in a future budget pressure of £67k. The service will provide a summer holiday only lifeguard service and paddling pool provision at Seaton Carew and the Headland. It is proposed that this pressure can be funded by introducing seasonal car parking charges and a separate report outlining this proposal is to be considered later in the meeting's agenda.

6.10 **Other Departmental pressures - £690,000**

In addition to the savings required to support the savings programme it has been necessary to identify savings to fund specific budget pressures within the Department. Pressures include the shortfall in savings of £157,000 identified in 2016/17, Growth of the Town pressures of £300,000 in Waste and Environmental services and various income shortfalls e.g. car parking. Savings have been identified in other areas to offset these pressures including additional revenue savings resulting from the Street Lighting LED scheme. Budgets have been realigned where possible to manage shortfalls in income budgets and ensure that realistic income targets are set for the next three years. This has meant that these savings were not available to address the budget gap.

- 6.11 In addition to the financial pressures on operating budgets the Department continues to operate a number of trading activities on a commercial basis. These services face separate pressures each year as they are required to generate sufficient income to fund the associated operating costs. Inflation must be found each year to “stand still” financially and in an ever increasing competitive market place this can sometimes be difficult to achieve. These services will need to be reviewed to ensure that the accounts remain viable, and avoid the need for subsidy from the Council in these challenging economic times.

Trading Accounts contribute towards overhead costs incurred by the Council and in many cases these are fixed costs and not easy to down size proportionately if contracts are lost e.g. Admin Buildings, Central Support Services, Depot Running Costs. It is essential therefore that these accounts continue to generate external income to avoid a future budget pressure for the Council.

Where services do not generate sufficient income to support the General Fund a review will be carried out over the next three years to consider future delivery options.

- 6.12 An example of where we have to plan for the future and ensure services are sustainable is School Meals. Price increases will be required to fund inflation each year as pay awards and the rising cost of food is expected to cost the service £60k every year. A 5p increase each year on the cost of a meal will be required to fund this cost and ensure the viability of the

Trading Account. This area continues to face growing pressures from external providers and efficiencies continue to be made to ensure services remain competitive at the same time as improving standards to meet the growing needs of clients.

7.0 CONCLUSION

7.1 Recognising the austere climate and the savings the Council has to achieve in line with Government Policy, the department has aligned and prioritised resources to focus on the Council's ambition to develop and promote Hartlepool as a great place to live. The Council's recent "*Your say, our future*" consultation reaffirmed the importance of the local environment to residents and highlighted the need for the Community and the Council to work together to improve the area and also reduce demand on services. The Council will

- Deliver improvements to neighbourhoods, open spaces, parks and play sites;
- Launch a new joined up approach to enforcement and community safety;
- launch a campaign to address the problem that "litter is everyone's responsibility"

7.2 It is important to note that in addition to the savings required to support the Council's overall savings programme it has been necessary to identify savings to fund budget pressures within the department which are referred to in 6.10 above. In addition to the financial pressures on operating budgets the Department continues to operate a number of trading activities on a commercial basis. These services face separate pressures each year as they are required to generate sufficient income to fund the associated operating costs. Inflation must be found each year to "stand still" financially and in an ever increasing competitive market place this can sometimes be difficult to achieve. These services will need to be reviewed to ensure that the accounts remain viable, and avoid the need for subsidy from the Council in these challenging economic times.

7.3 There remains however a significant pressure on the department as further work is required to find a funding solution to address the budget pressures. It is therefore proposed a review of all services / trading accounts which continue to be subsidised and or do not make a surplus to contribute towards the MTFS is undertaken.

7.4 It is therefore very important the Council embraces a workforce development programme that focuses on commercialism and entrepreneurship to transform Council services that contribute towards the Council's revenue and reduce ongoing subsidies

8.0 RISK IMPLICATIONS

8.1 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. 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, the summary of the conclusions from this are included in the sections above 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.

8.2 It is considered that these savings can be delivered, although not without difficulty or some degree of risk but that this can be managed over the three years, however achieving these savings becomes more difficult each year, which is the case in other departments. The following points highlight the key risks;

- 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 to ensure 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.
- Response times to enquiries and subsequent actions.
- Income targets not been met.
- Insufficient reserve to fund posts.
- 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.

8.4 A key risk to note is the increase in relation to income generation targets within the Division. Close monitoring of budgets in year is essential to manage the risk of not achieving these targets. In the event that income targets cannot be achieved reserves may be used to support services in the short term, however, alternative permanent savings will need to be identified and this will need to form part of a prioritisation exercise to review which services may need to reduce.

9.0 LEGAL CONSIDERATIONS

9.1 There are no legal considerations to this report.

10.0 CHILD AND FAMILY POVERTY

10.1 The proposed budget savings have been identified that will have the least impact on frontline services. There are no significant Child and Family Poverty impacts associated with these savings.

**11.0 EQUALITY AND DIVERSITY CONSIDERATIONS
(IMPACT ASSESSMENT FORM TO BE COMPLETED AS
APPROPRIATE.)**

- 11.1 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 (see **Appendix 1**).
- 11.2 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 the next three years

**12.0 SECTION 17 OF THE CRIME AND DISORDER ACT 1998
CONSIDERATIONS**

- 12.1 Whilst all services across the Council are sighted on their section 17 obligations when reviewing services, as outlined in section 3 of this report, the Environment and Neighbourhoods Division is responsible for some core statutory responsibilities in relation to preventing crime and disorder and the co-ordination of activity to improve community safety and cohesion whilst Community Safety falls under the remit of Finance and Policy Committee it is recognised that community safety impacts on neighbourhoods.
- 12.2 In undertaking this review the Division has therefore taken particular care to ensure that these statutory responsibilities continue to be sustained by the Division and are supported by the proposed realignment of the Community Engagement elements of the service.

13.0 STAFF CONSIDERATIONS

- 13.1 It is anticipated that there is a risk of compulsory redundancies as part of the savings proposals outlined above.

14.0 ASSET MANAGEMENT CONSIDERATIONS

- 14.1 There are no asset management considerations to this report.

15.0 RECOMMENDATIONS

- 15.1 That Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 9th January 2017.

16.0 REASON FOR RECOMMENDATIONS

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

17.0 BACKGROUND PAPERS

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

Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2017/18 to 2019/20 - 20th June 2016.

18.0 CONTACT OFFICERS

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Director of Regeneration and Neighbourhoods
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Civic Centre
Hartlepool
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Tel: 01429 523300

E-mail: denise.ogden@hartlepool.gov.uk

Impact Assessment Form

Department	Division	Section	Owner/Officer
<i>Regeneration and Neighbourhoods</i>	<i>Neighbourhoods</i>		<i>Denise Ogden</i>
Service, policy, practice being reviewed/changed or planned	<ul style="list-style-type: none"> • Concessionary Fares • Environmental Services • Transport and Infrastructure • Building Design and Construction • Community Safety and Engagement • Vehicle Fleet • Income Generation 		
Why are you making the change?	<ol style="list-style-type: none"> 1. Financial savings required by the Council in response to reduced Government funding. 2. Respond to changing service delivery expectations from communities and users. 3. To provide services in a more 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 Reduction in budget is based on the level of costs currently being incurred and is not anticipated to impact on service users many of whom are aged or affect the statutory duty placed upon the Authority. • Environmental Services • Transport and Infrastructure • Building Design and Construction • Community Safety and Engagement • Vehicle Fleet • Income Generation At present no significant negative impacts have been identified for users in relation to the above. 		
Disability	<ul style="list-style-type: none"> • Concessionary Fares Reduction in budget is based on the level of costs currently being incurred and is not anticipated to impact on service users some of whom are disabled or affect the statutory duty placed upon the Authority. • Environmental Services • Transport and Infrastructure • Building Design and Construction • Community Safety and Engagement • Vehicle Fleet • Income Generation At present no significant negative impacts have been identified for users in relation to the above. 		

Gender Re-assignment		
<ul style="list-style-type: none"> • Concessionary Fares • Environmental Services • Transport and Infrastructure • Building Design and Construction • Community Safety and Engagement • Vehicle Fleet • Income Generation <p>At present no significant negative impacts have been identified for users in relation to the above.</p>		
Race		
<ul style="list-style-type: none"> • Concessionary Fares • Environmental Services • Transport and Infrastructure • Building Design and Construction • Community Safety and Engagement • Vehicle Fleet • Income Generation <p>At present no significant negative impacts have been identified for users in relation to the above.</p>		
Religion		
<ul style="list-style-type: none"> • Concessionary Fares • Environmental Services • Transport and Infrastructure • Building Design and Construction • Community Safety and Engagement • Vehicle Fleet • Income Generation <p>At present no significant negative impacts have been identified for users in relation to the above.</p>		
Gender		
<ul style="list-style-type: none"> • Concessionary Fares • Environmental Services • Transport and Infrastructure • Building Design and Construction • Community Safety and Engagement • Vehicle Fleet • Income Generation <p>At present no significant negative impacts have been identified for users in relation to the above.</p>		
Sexual Orientation		
<ul style="list-style-type: none"> • Concessionary Fares • Environmental Services • Transport and Infrastructure • Building Design and Construction • Community Safety and Engagement • Vehicle Fleet • Income Generation <p>At present no significant negative impacts have been identified for users in relation to the above.</p>		

Marriage & Civil Partnership			
<ul style="list-style-type: none"> • Concessionary Fares • Environmental Services • Transport and Infrastructure • Building Design and Construction • Community Safety and Engagement • Vehicle Fleet • Income Generation <p>At present no significant negative impacts have been identified for users in relation to the above.</p>			
Pregnancy & Maternity			
<ul style="list-style-type: none"> • Concessionary Fares • Environmental Services • Transport and Infrastructure • Building Design and Construction • Community Safety and Engagement • Vehicle Fleet • Income Generation <p>At present no significant negative impacts have been identified for users in relation to the above.</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>The following has been or will be considered and where appropriate will be used to inform decisions regarding the proposed changes:</p> <ul style="list-style-type: none"> • Organisational structures. • Job Descriptions. • Single Status and Job Evaluation • Established HR Procedures (Redundancy selection criteria is based on objective matters which are not related to any protected groups). • Service reviews and research. • Information from service users <ul style="list-style-type: none"> - 'Your Say Our Future' consultation - Satisfaction surveys - Regular liaison meetings with users, providers and partners - Neighbourhood forums and resident groups - Transport liaison groups - Ward Councillor feedback <p>Concessionary Fares The amount paid for concessionary fares depends on a number of factors, ie the costs incurred by bus operators, the price of an adult fare, and the number of passengers travelling. Based on actual costs incurred, this budget can be reduced by £30k in 2017/18. These savings are not anticipated to affect the statutory duties placed upon the Authority.</p> <p>Environmental Services Savings can potentially be achieved from reviewing the operating practices across the service. Reduced casual and seasonal staff, improved productivity and changes in working practices are anticipated. Downtime on vehicles could be reduced as well as the number of mechanical processes. It is expected that there will be reductions in</p>	

	<p>staffing through ER/VR's and some compulsory redundancies may be unavoidable. Any future restructuring will be subject to consultation with staff concerned. The changes are not anticipated to affect the statutory duties placed upon the Authority.</p> <p>Transport and Infrastructure It is anticipated that a restructure will take place involving the merger of Highways services with Transport and Traffic and services will be realigned. Additional savings can be generated as a result of the Street Lighting replacement programme through energy savings and a reduction in maintenance costs. These savings are not anticipated to affect the statutory duties placed upon the Authority. The reduction in resources may however require the loss of up to 3 full time posts. Any future restructuring will be subject to detailed consultation with staff concerned.</p> <p>Building Design and Construction A £20k saving is anticipated from the rationalisation and reduction in the size of the stores facility.</p> <p>Community Safety and Engagement A review is underway to explore how the Council strengthens and builds capacity in communities and continues to retain a level of service that reflects the Council's statutory duties. This review may however lead to a reduction of up to 2 FTE posts. Any restructuring would be subject to detailed consultation with staff concerned.</p> <p>Vehicle Fleet Following changes in several service areas and the recent move to the new depot at Tofts Farm it is anticipated that fleet costs can be reduced.</p> <p>Income Generation Income generation opportunities have been examined and proposals regarding introducing new charges and increasing existing charges have been set out. Benchmarking data has been used to compare the Council with other local authorities. The fees and charges relate to discretionary services and may be set according to the nature of the service being offered and prevailing market conditions.</p>
<p>As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?</p>	<p>Equality impacts on particular groups and staff have been considered as part of the savings programme. The proposals, as they stand, will have minimal if any impact on equality and statutory services will not be affected. Where staff may be affected, impacts will be considered further as savings options are agreed but will include:-</p> <ul style="list-style-type: none"> • Early Retirement/Voluntary Redundancy opportunities – these will be in line with the Council's HR policy and staff will be appropriately advised and supported throughout the process. • Compulsory Redundancy – any requirements will be addressed in line with Council's HR policies and

	<p>staff affected will be supported and advised throughout the process. Where appropriate Council job vacancies will be earmarked as redeployment opportunities for anyone in the workforce deemed to be at risk of redundancy.</p> <ul style="list-style-type: none"> • 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. 		
Describe how you will address and monitor the impact	<p>The proposed changes will be addressed and monitored by the appropriate managers and front line staff through existing methods as appropriate. These are likely to include:</p> <ul style="list-style-type: none"> - Public surveys and questionnaires - CRM data - Complaints (informal and formal) - Budget monitoring data - Liaison meetings with users and providers - Neighbourhood forums - Ward Councillor feedback <p>If necessary the appropriate management level will need to address any emerging concerns.</p> <p>The equality impact of the following item will be monitored particularly closely:-</p> <p>Concessionary Fares This is a volatile budget and demand led and therefore there is a risk that the budget will be insufficient to meet the costs incurred by aged and/or disabled service users. The budget situation will be closely monitored. If costs do arise over and above the reduced budget level, alternative savings will need to be identified in the department.</p>		
	<p>2. Adjust/Change Policy n/a</p>		
	<p>3. Adverse Impact but Continue as is n/a</p>		
	<p>4. Stop/Remove Policy/Proposal n/a</p>		
Initial Assessment	8/11/16	Reviewed	22/11/16
Completed		Published	

COUNCIL

MINUTES OF PROCEEDINGS

23 February 2017

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

PRESENT:-

The Ceremonial Mayor (Councillor Cook) presiding:

COUNCILLORS:

C Akers-Belcher	S Akers-Belcher	Barclay
Beck	Belcher	Black
Buchan	Clark	Cranney
Fleming	Hall	Hamilton
Harrison	James	Lauderdale
Lawton	Lindridge	Loynes
Martin-Wells	Moore	Dr Morris
Richardson	Riddle	Robinson
Sirs	Springer	Tennant
Thomas	Thompson	

Officers: Gill Alexander, Chief Executive
Peter Devlin, Chief Solicitor
Dr Paul Edmondson-Jones, Interim Director of Public Health
Chris Little, Director of Finance and Policy
Hayley Martin, Head of Legal Services 'Place'
Sally Robinson, Director of Child and Adult Services
Denise Ogden, Director of Regeneration and Neighbourhoods
Alastair Rae, Public Relations Manager
Louise Wallace, Director of Public Health
Ed Turner, Public Relations Officer
Amanda Whitaker, Denise Wimpenny, Democratic Services Team

87. APOLOGIES FOR ABSENT MEMBERS

Councillors Hind, Hunter and Tempest

88. DECLARATIONS OF INTEREST FROM MEMBERS

The following interests were declared by Members:-

Following advice received from the Chief Solicitor, Councillor Fleming declared

a disclosable pecuniary interest in agenda item 12(2) and left the meeting during consideration of that item.

Councillor Thompson declared a personal interest in agenda item 12(2).

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

None

Prior to consideration of the minutes of proceedings of the Council meeting held on 15 December 2016, the Ceremonial Mayor advised Council that Councillor Springer had requested that he be allowed to address Council.

Councillor Springer addressed Council advising that it had become evident that his comments at the last full Council meeting could well have been misunderstood so as a matter of public record, to clarify what he had said at that meeting. Councillor Springer advised that it had been a legitimate point, that the effect of uncontrolled mass immigration had had on housing, the NHS and schools. The motion put forward at the last Council meeting did not discuss EU migration but rather refugees from war-torn areas. He informed Council that his point was, 'do we have enough resources in this town, through housing, schools and social care to be able to provide a decent quality of life? Councillor Springer advised that he recognised that there was a distinction between economic migrants and refugees who were fleeing war, civil unrest and persecution and that was why his party colleagues and himself had supported the Motion, and any attempt to paint otherwise would be factually incorrect.

90. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 15 December 2016, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

The minutes were thereupon signed by the Chairman.

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

With reference to minute 85, a Member highlighted a change in the details stated relating to the Frankie and Bennys' restaurant, referred to in a response to a public question at the Council meeting.

92. BUSINESS REQUIRED BY STATUTE

None

93. ANNOUNCEMENTS

The Chief Executive informed Council that the following Assistant Directors had recently joined the Council's Senior Leadership Team:-

- Andrew Carter – Assistant Director (Economic Growth & Regeneration)
- Tony Hanson - Assistant Director (Environment and Neighbourhoods)
- Claire McLaren - Assistant Director (Corporate Services)

The Chief Executive highlighted that Louise Wallace, Director of Public Health, was leaving the Council to take up a new appointment at North Yorkshire Council. Tribute was paid to Louise by the Chief Executive on behalf of Officers and the Ceremonial Mayor and a number of Members complimented Louise and acknowledged her service to the Council.

The Ceremonial Mayor concluded by announcing tickets were still available for the Mayor's Charity Indian Supper on Monday 27 February 2017.

94. 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

95. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES

- (1) School Funding Formula 2017/18 – Report of Children's Services Committee

The report presented by the Chair of Children's Services Committee sought Council's consideration of the referral from Children's Services Committee to write to the Secretary of State for Education regarding school budget cuts and the Education Services Grant (ESG) general rate funding allocation.

Members were advised that from 2013/14 Local Authorities had received ESG general rate funding for statutory services carried out on behalf of maintained schools. When schools converted to academy status this funding was paid direct to the academy, as the majority of these functions also transferred. The Government had announced that in order to make annual savings of £600m ESG general rate would be removed. Final regulations had been issued in late December 2016 which confirmed that the Government would no longer be funding the ESG general rate. The regulations confirmed that the Education Funding Agency would fund a transitional period from April 2017 to August 2017. From September 2017 Local Authorities had to request this funding from their maintained schools. The new funding arrangement shifted responsibility for funding statutory services from a specific grant to the Dedicated Schools Grant. No additional funding was made available to schools to cover this cost shift.

The regulations stated that if agreement could not be reached with maintained schools the matter would need to be referred to the Secretary of State for a decision.

It was noted that the Education Funding Agency had issued a funding rate per pupil, which showed a 14% cut from the 2016/17 rates, as set out in the report. The Local Authority, in recognition of the financial pressures facing schools, had proposed to set per pupil rates 9% lower than recommended by the Education Funding Agency which were detailed in the report. The reduced per pupil amounts proposed by the Council provided funding of approximately £0.3m towards the cost of statutory education services. The Schools Forum had considered the implications of the change in funding arrangements implemented by the Government and the proposal from the Council to implement per pupil rates below the levels recommended by the Education Funding Agency. Whilst the Schools Forum had appreciated this issue was not of the Council's making, they did not support the per pupil funding rates proposed by the Council and determined that this issue should be referred to the Secretary of State for a decision.

Members were advised that on the 18th January, 2017 the Council had submitted the necessary application to the Secretary of State and had emphasised that the Council was committed to working with schools and had proposed lower per rates than those recommended by the Education Funding Agency. A decision from the Secretary of State could take up to four weeks. The Chair of Schools Forum had written to the Secretary of State about the invidious position maintained schools in Hartlepool had been placed into in respect of making this decision, in the context of years of continual reductions in schools' budgets. The matter had been discussed at Children's Services Committee on the 17 January 2017. The Committee had proposed that this issue be considered by Council and had proposed that a similar letter should be sent to the Secretary of State from the Council.

RESOLVED:-

That the proposal from Children's Services Committee that Council write to the Secretary of State for Education expressing concerns on school funding cuts and the ESG be agreed.

**(2) Nominations For Conferment Of The Title Of Freeman And Freewoman Of The Borough – Report of Civic Honours Committee
(Exempt item considered later in agenda, minute 107 refers)**

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

None

97. REPORT FROM THE POLICY COMMITTEES

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

1. Presentation – Chair 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 key issues affecting the Council's resources over the next three years and what this meant for services. The Chair highlighted that the proposals recommended by the Committee reflected the impact of cuts in Government funding continuing for a further three years, the shift in funding from Government grant to Council Tax and had been subject to detailed consideration by the Finance and Policy Committee and individual Policy Committees. In addition, the public had contributed through 'Your Say, Our Future' events.

2. Part 1 - MTFS Recommendations Referred By Finance And Policy Committee For Council's Consideration And Approval

On presenting the Committee's recommendations to Council, the Committee Chair highlighted that the detailed report included a revised proposal in relation to the allotment increase, which removed the initial proposed increase and replaced this with an alternative proposal.

In addition the recommendation detailed on page 9, of Appendix A, at point 3 in relation to the use of capital funding of £2.862m, needed to be amended to be regeneration schemes, in line with the Council's priorities.

Members debated issues arising from the report. Members understood the reasoning for the proposed 3% increase in Adult Social Care precept. However, a number of Members expressed their opposition to the 1.9% base Council Tax increase and suggested alternative sources of funding and expressed concerns regarding previous financial decisions.

It was moved by Councillor Thompson and seconded by Councillor Black:-

“That the £66,000 allocated in Ward Member budgets be removed from the budget and car parking spaces allocated to Members in the underground car park be hired out to staff ”

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the amendment:-.

Those in favour:

Councillors Black, Buchan, Fleming, Hall, Lauderdale, Moore, Riddle, Springer, Tennant and Thompson.

Those against:

Councillors C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Belcher, Clark, Cook, Cranney, Hamilton, Harrison, James, Lawton, Lindridge, Loynes, Martin-Wells, Morris, Richardson, Robinson, Sirs and Thomas

Those abstaining:

None

Members were advised that the amendment was lost.

During the continuation of the debate, Members reiterated concerns regarding the proposed 1.9% base Council Tax increase for 2017/18.

Councillor Thompson seconded an amendment made earlier in the meeting by Councillor Martin-Wells:-

“That as an alternative to the Council increasing the Council Tax by the proposed 1.9%, the Mill House Leisure Centre be sold to the private sector and the Council commence the process of finding a private sector provider to run Leisure Centre “

The Chair of Finance and Policy Committee responded to the amendment by advising that the draft Council Plan included a recommendation to review the leisure service.

Based on the information provided by the Chair of Finance and Policy Committee, the Ceremonial Mayor questioned whether the proposer would withdraw his amendment.

The proposer of the amendment advised Council that he would not withdraw the amendment.

Concern was expressed by a Member at both the implications of the amendment and in relation to the implications of an earlier proposal to commence discussions with the Royal National Lifeboat Institute to run the lifeboat service.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken:-.

Those in favour:

Councillors Buchan, Fleming, Loynes, Martin-Wells, Moore, Morris, Springer, Tennant and Thompson

Those against:

Councillors C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Belcher, Black, Clark, Cook, Cranney, Hall, Hamilton, Harrison, James, Lauderdale, Lawton, Lindridge, Richardson, Riddle, Robinson, Sirs and Thomas

Those abstaining:

None

The vote was lost.

The Chair of Finance and Policy Committee concluded by addressing issues which had arisen during the debate.

It was moved by Councillor C Akers-Belcher and seconded by Councillor Cranney:-

“That a 3% Adult Social Care Precept be approved for 2017/18

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken:-.

Those in favour:

Councillors C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Belcher, Black, Buchan, Clark, Cook, Cranney, Fleming, Hall, Hamilton, Harrison, James, Lauderdale, Lawton, Lindridge, Loynes, Martin-Wells, Moore, Morris, Richardson, Riddle, Robinson, Sirs, Springer, Tennant, Thomas and Thompson.

Those against:

None

Those abstaining:

None

The vote was carried unanimously.

It was moved by Councillor C Akers-Belcher and seconded by Councillor Cranney:-

“That Council approve a 1.9% base Council Tax increase for 2017/18 and note that when account is taken of the recommended Adult Social Care precept the total increase for Hartlepool Council services is 4.9%”

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken:-.

Those in favour:

Councillors C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Belcher, Clark, Cook, Cranney, Fleming, Hamilton, Harrison, James, Lawton, Lindridge, Richardson, Robinson, Sirs, Springer and Thomas.

Those against:

Councillors Black, Buchan, Hall, Lauderdale, Loynes, Martin-Wells, Moore, Morris, Riddle, Tennant and Thompson.

Those abstaining:

None

The vote was carried.

It was moved by Councillor C Akers-Belcher and seconded by Councillor Cranney:-

“That the detailed supporting MTFS recommendations set out in Appendix A, which includes reducing the Ward Members Budget from £132,000 to £66,000 to provide permanent funding to continue the beach lifeguard service be approved, a replacement savings proposal in relation to allotments and the recommendation detailed on page 9, of Appendix A, at point 3 in relation to the use of capital funding of £2.862m, be amended to be regeneration schemes, in line with the Council’s priorities.”

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken:-.

Those in favour:

Councillors C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Belcher, Black, Buchan, Clark, Cook, Cranney, Fleming, Hall, Hamilton, Harrison, James, Lauderdale, Lawton, Lindridge, Loynes, Martin-Wells, Moore, Morris, Richardson, Riddle, Robinson, Sirs, Springer, Tennant, Thomas and Thompson.

Those against:

None

Those abstaining:

None

The vote was carried unanimously.

3. Part 2- Statutory Council Tax Calculations, Incorporating Precepting Authorities Decisions

It was moved by Councillor C Akers-Belcher and seconded by Councillor Cranney:-

“That the statutory Council Tax calculations detailed in appendix B, including the Council Tax increases approved by the individual precepting Authorities, be

approved.”

Prior to the vote being taken, a Member informed Council, for clarity purposes, that the statutory Council Tax calculations were technical calculations.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken:-.

Those in favour:

Councillors C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Belcher, Black, Buchan, Clark, Cook, Cranney, Fleming, Hall, Hamilton, Harrison, James, Lauderdale, Lawton, Lindridge, Loynes, Martin-Wells, Moore, Morris, Richardson, Riddle, Robinson, Sirs, Springer, Tennant, Thomas and Thompson.

Those against:

None

Those abstaining:

None

The vote was carried unanimously.

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

None

98. MOTIONS ON NOTICE

The following Motions had been received:-

1. “Council resolves that all questions which are submitted by members of the public to Full Council are entered onto a database freely available to the public via the Hartlepool Borough Council website, along with their response. Should they be declined, the reason given for their refusal will also be listed”.

Signed: Councillors Thompson, Black, Riddle, Moore and Tennant.

The Motion was moved by Councillor Thompson and seconded by Councillor Black subject to the addition of the following to the Motion:-

“subject to the council’s compliance with all legal requirements and safeguards relating to the publication of information.”

On moving the Motion the proposer and seconder advised Council of the rationale for submission of the Motion. Reference was made to the Council Procedure Rules that the Chief Executive will enter each public question in a book open to public inspection. Members were advised that the purpose of the Motion was for the Council to 'move with the times' and extend the requirements included in the Local Government Transparency Code.

A Member highlighted that the issue of public questions was currently under consideration by the Constitution Working Group. A number of other Members spoke in support of the Motion.

A vote taken on the Motion was lost.

Further to minute 88, Councillor Fleming left the meeting during consideration of the following item.

2. "Hartlepool Borough Council considers amending its Licensing Policy to introduce an Early Morning Restriction Order preventing the sale of alcohol between the hours of 2 am and 6am in pubs and clubs within the Borough and a report be brought back to Council as soon as practicable"

Signed: Councillors Thompson, Black, Riddle, Tennant, Moore and Hall

The Motion was moved by Councillor Tennant and seconded by Councillor Thompson.

The Chief Solicitor reiterated advice which he had issued previously to Council that in consideration of Early Morning Restriction Orders, the responsibility for evidence gathering was that of the Licensing Authority which was discharged by the Licensing Committee. In addition, in accordance with the Council Procedure Rules, the Motion should stand referred to the Licensing Committee, for consideration and report back to Council as soon as practicable.

Clarification was sought from the Chief Solicitor in terms of what timescale was considered to be reasonably practicable. The Chief Solicitor responded by highlighting the requirement for the Licensing Committee to engage with a number of partner agencies to report back to Council in a timely manner.

Following a discourteous comment expressed by a Member to Council, the Ceremonial Mayor asked for a retraction and apology from the Member. The Chief Solicitor advised that it was open to the Member to apologise and reminded the Member of the requirements of the Members Code of Conduct. It was noted that an apology had been called for and the Member concerned had refused to apologise.

Following a vote, it was:-

RESOLVED – That the Motion be referred to the Licensing Committee.

CHIEF EXECUTIVE'S BUSINESS REPORT

99. APPOINTMENT OF INTERIM DIRECTOR OF PUBLIC HEALTH

The Chief Executive reported that the Director of Public Health would leave her role with the Council on 1 March, 2017. The Director of Public Health is a statutory Chief Officer of the Council and the principal adviser on all public health matters and primarily in the areas of; health improvement, health protection and healthcare public health. It was necessary for a suitably qualified individual to undertake this position and the Chief Executive had therefore acted to appoint, on an interim basis, Dr Paul Edmondson-Jones.

It was noted that Section 73A(1) of the NHS Act 2006, inserted by section 30 of the Health and Social Care Act 2012, gives the Director of Public Health responsibility for:

- all of the local authority's duties to take steps to improve public health
- any of the Secretary of State's public health protection or health improvement functions that s/he delegates to local authorities, either by arrangement or under regulations – these include services mandated by regulations made under section 6C of the 2006 Act, inserted by section 18 of the 2012 Act
- exercising local authority's functions in planning for, and responding to, emergencies that present a risk to public health
- the local authority's role in co-operating with the police, the probation service and the prison service to assess the risks posed by violent or sexual offenders
- such other public health functions as the Secretary of State specifies in regulations.

Members were advised that a Director of Public Health is required to be a registered public health specialist (i.e. included in the GMC Specialist Register/GDC Specialist List or UK Public Health Register (UKPHR)) and Dr Edmondson-Jones fulfilled this requirement. The Director of Public Health is also a statutory member and main source of health advice to the Health and Wellbeing Board. The Director has a statutory responsibility to produce an independent annual report on the health of the local population, progress on improving health and reducing inequalities and making recommendations thereon.

RESOLVED – That the appointment of Dr Edmondson-Jones be endorsed on an interim basis and that he undertakes the statutory roles and associated responsibilities outlined within the report and that Council receives a further report upon the position of the Director of Public Health in due course.

100. TREASURY MANAGEMENT

The Chief Executive reported that the Local Government Act 2003 required the Council to 'have regard to' the CIPFA Prudential Code and to set prudential indicators for the next three years to ensure that the Authority's capital investment plans were affordable, prudent and sustainable. The Act therefore required the Council to determine a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Secretary of State had issued Guidance on Local Government Investments which came into force on 1st April, 2004. This guidance recommended that all Local Authorities produce an Annual Investment Strategy that is approved by full Council, which was also included in the report.

The Council was required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to Council. This responsibility has been allocated to the Audit and Governance Committee. The recommended Treasury Management Strategy had been considered by the Audit and Governance Committee on the 8th December 2016, as appended to the report. The Committee had carefully scrutinised the proposed Treasury Management strategy and had approved that the recommended strategy be referred to full Council.

It was noted that at the time of the Audit and Governance Committee it was not possible to calculate supporting Prudential Indicators as this was reliant on Government Capital and Revenue Allocations which had not been issued. However, as the Treasury Management Strategy outlined the key principles covering the operation of the Council'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 and covered the following:

- Prudential Indicators;
- Capital Expenditure and Financing Requirement
- Affordability Prudential Indicators
- Borrowing Prudential Indicators;
- Investment Prudential Indicators and Other Limits on Treasury Activity;

RESOLVED – That the recommendations from the Audit and Governance Committee for the 2017/18 Treasury Management Strategy and related issues be approved as follows;

Borrowing Strategy 2017/18

- 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 Director of Finance and Policy may take out additional borrowing if this secures the lowest long term interest cost.
- iii) **Borrowing required for business cases** – Approve the strategy of internally investing in business cases to mitigate counterparty risk, reduce borrowing costs and generate an internal investment return. Note that if this strategy is adopted that action may be taken by the Director of Finance and Policy to externally borrow for these schemes if an interest rates rise is expected.

Investment Strategy 2017/18

- iv) Approve the increase in the Counterparty Limit for Svenska Handelsbanken from £3m to £5m.
- v) Approve the increase in the Counterparty Limit for County, Metropolitan or Unitary Councils from £5m to £8m
- vi) Approve the increase in the Counterparty Limit for District Councils, Police or Fire Authorities from £2m to £3m
- vii) Approve the increase in the overall Local Authority Limit from £35m to £40m
- viii) Approve the Counterparty limits as set out in paragraph 8.8 of Appendix 1.

Minimum Revenue Provision (MRP) Statement

- ix) Approve the following MRP statement:
 - For capital expenditure incurred before 1st April, 2008 the Council's MRP policy is to calculate MRP based on a 50 year annuity repayment.
 - 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.
- x) Approve the establishment of a phasing reserve to secure the annual savings achieved as a result of the revised MRP policy. The recommended revised MRP policy is a long term strategy covering a 50 year period and to ensure the annual recurring saving detailed in the report can be achieved a phasing reserve will be required. This reserve can be funded from small annual contributions from the existing budget.

Prudential Indicators 2017/18

xi) Approve the prudential indicators outlined in Appendix 2.

101. CHANGE OF DATE OF MARCH COUNCIL MEETING

Members were reminded that the 'purdah' period commenced with the publication of the 'Notice of Election'. Information had been received that it had been agreed that the notice of election for the election of a Tees Valley Mayor would be published on 23rd March, 2017. Therefore, in order to avoid the 'purdah' period and following discussion with the Ceremonial Mayor, Council was requested to approve the change of date of the next Council meeting from 23rd March to 16th March, 2017.

RESOLVED – That the change of date of the Council meeting from 23rd March 2017 to 16th March 2017 be approved

The Chief Solicitor, Mr Devlin, left the meeting for consideration of the following item:-

102. APPOINTMENT OF RETURNING OFFICER – TEES VALLEY COMBINED AUTHORITY MAYORAL ELECTIONS

The Chief Executive reported that the Combined Authorities (Mayoral Elections) Order, 2017, made on 30 January, 2017, required the appointment of a Returning Officer in connection with a combined authority mayoral election. Although the Council's Returning Officer, Peter Devlin, had been appointed under Section 35 of the Representation of the People Act, 1983, for the purposes of the conduct of local elections, this provision had been modified by Schedule 2 to the above Order, which stipulated that '*...each constituent council shall appoint an officer of the council to be the returning officer for the election of a combined authority mayor*'. Guidance issued through the Electoral Commission similarly advised that a formal appointment should be made and each constituent council comprising the electoral area of the Tees Valley Combined Authority were taking steps to make such appointments for their individual local areas.

It was therefore recommended that Peter Devlin is appointed Returning Officer under Article 5 of the Combined Authorities (Mayoral Elections) Order, 2017, in connection with the combined authority mayoral elections.

RESOLVED – That Peter Devlin is appointed Returning Officer under Article 5 of the Combined Authorities (Mayoral Elections) Order, 2017, in connection with the combined authority mayoral elections

103. OUTSIDE BODIES

Council was informed of the following changes to the Outside Bodies memberships:-

Tees Valley Combined Authority Board – Overview and Scrutiny

Committee – Councillor Stephen Akers-Belcher had resigned from this position and a replacement nomination was therefore sought. At the meeting, Council was advised that Councillor Akers-Belcher had rescinded his operation.

Fostering and Adoption Panel – Councillor Hunter had resigned from this position. A replacement nomination was therefore sought for the remainder of the term of office expiring May 2017.

RESOLVED – That Councillor Lawton be appointed to replace Councillor Hunter on the Fostering and Adoption Panel.

104. PUBLIC QUESTION

Council was advised that one public question had been received from Sue Little to the Chair of Finance and Policy Committee as follows:-

“At the meeting of Adult Services Committee on 01/12/2016, the Assistant Director produced the report including "savings" in the sum of £945,000 to "offer up" from this department to allay massive cuts from Government. However, the Government recognise the plight from Councils to allow a precept from Council Tax up to 2% in the years from 2015/2016 onwards. Given the arguments that fiscal policy should be borne by national taxation rather than Council Tax payers, we are in the position. Warning signs that the uplift from 2% is "offering up" to core budget and even redundancies from Adult Services!

My question is: can the residents of Hartlepool be assured that 2% over 5 years (approximately £4 million) would be directed to social workers, domiciliary services and Deprivation of Liberty Safeguards pressures rather than diverted to "core budgets" and "vanity projects?"

The Chair of Finance and Policy Committee responded by confirming that the social care precept would be directed to Adult social care services only, as addressed in his earlier presentation to Council.

105. 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 of the Police and Crime Panel held on 10th November 2016 were noted.

106. LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION ORDER) 2006

Under Section 100(A)(4) of the Local Government Act 1972, the press and public were excluded from the meeting for the following items of business on the grounds that it involved the likely disclosure of exempt information as defined in the paragraph referred to below of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

Minute 107 – Nominations For Conferment Of The Title Of Freeman And Freewoman Of The Borough – this item contained exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely paragraphs 1 and 2

107. Nominations For Conferment Of The Title Of Freeman And Freewoman Of The Borough - This item contained exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely (paras 1 and 2)

Council considered nominations, submitted on behalf of the Civic Honours Committee, in respect of the award of the titles of Honorary Freeman and Honorary Freewoman of the Borough of Hartlepool.

At the meeting of the Civic Honours Committee on 12 December 2016 the process and criteria relating to Civic Honours nominations was considered and a number of amendments were proposed for Council's consideration and approval.

The decisions of Council are set out in the exempt section of the minutes.

The meeting concluded at 9.05 p.m.

CEREMONIAL MAYOR

SECTION B

Detailed Revenue Budgets by Department

STATEMENT OF GENERAL FUND REQUIREMENTS FOR 2017/18

	2017/2018 PROJECTED BUDGET £m.
DEPARTMENTAL REQUIREMENTS	
Chief Solicitor Division	0.915
Child & Adult Services Department	46.223
Finance and Policy Department	3.529
Public Health Department	1.078
Regen & Neighbourhoods	19.242
TOTAL DEPARTMENTAL REQUIREMENTS	70.987
Property Budgets	2.577
EXTERNAL REQUIREMENTS	
Magistrates, Probation and Coroners Court	0.197
North Eastern Sea Fisheries Levy	0.028
Flood Defence Levy	0.075
CORPORATE COMMITMENTS	
I.T.	2.760
External Audit Fees	0.128
Centralised Estimates	3.366
Designated Authority Costs	0.034
Designated Authority Pensions	0.413
Members Allowances	0.287
Emergency Planning	0.068
Parish Precepts	0.029
Shopping Centre	(0.200)
Pensions Employers Saving	(0.149)
Holiday Pay	0.190
Ward Members Budgets	0.066
Lifeguards funded from Ward Members Budgets	0.066
Modern Apprentices Levy	0.275
Alternative Adult Social Care Delivery Option	0.847
GROSS BASE BUDGET REQUIREMENT	82.044

Council Tax Percentage Increase	0.049
Formula Grant	13.790
Top Up Grant	9.291
Retained Business Rates	14.681
Council Tax	36.445
Council Tax - Precept Income	0.028
Collection Fund Surplus/(deficit) - Council Tax	0.111
Collection Fund Surplus/(deficit) - NNDR	(1.755)
Specific Grants	4.447
Use of Budget Support Fund / Risk Reserves	5.006
BUDGET LIMIT	82.044
DEFICIT/(SURPLUS)	0.000
Less Cumulative cuts in previous years	0.000
New Annual Savings	0.000

CHIEF SOLICITOR'S DIVISION
DETAILED REVENUE BUDGETS 2017/2018

2017/2018 BUDGET - CHIEF SOLICITOR'S DIVISION SUMMARY

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2017/2018 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
35	Civic Attendants	35	0	0	0	0	0	35
191	Democratic Services	195	0	0	0	0	0	195
410	Legal Services	406	(36)	0	0	0	0	370
198	Municipal Elections and Registration of Electors	202	0	0	0	0	0	202
(80)	Other Office Services	(83)	0	0	0	0	0	(83)
70	Scrutiny Function	72	0	0	0	22	(22)	72
122	Support to Members	124	0	0	0	0	0	124
946	Net Budget Requirement	951	(36)	0	0	22	(22)	915

2017/2018 BUDGET - SERVICE UNIT: CIVIC ATTENDANTS

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Civic Attendants</u>						
44	Direct costs - Employees	46	0	0	0	0	46
0	- Other	0	0	0	0	0	0
44	Total Direct Cost	46	0	0	0	0	46
0	Support Recharges	0	0	0	0	0	0
(9)	Income	(11)	0	0	0	0	(11)
35	Gross Budget Requirement	35	0	0	0	0	35
	Use Of Departmental Reserves						0
35	Net Budget Requirement	35	0	0	0	0	35

2017/2018 BUDGET - SERVICE UNIT: DEMOCRATIC SERVICES

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Democratic Services</u>						
172	Direct costs - Employees	175	0	0	0	0	175
20	- Other	21	0	0	0	0	21
192	Total Direct Cost	196	0	0	0	0	196
0	Support Recharges	0	0	0	0	0	0
(1)	Income	(1)	0	0	0	0	(1)
191	Gross Budget Requirement	195	0	0	0	0	195
	Use Of Departmental Reserves						0
191	Net Budget Requirement	195	0	0	0	0	195

2017/2018 BUDGET - SERVICE UNIT: LEGAL SERVICES

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Legal Services</u>						
513	Direct costs - Employees	512	(36)	0	0	0	476
38	- Other	38	0	0	0	0	38
551	Total Direct Cost	550	(36)	0	0	0	514
0	Support Recharges	0	0	0	0	0	0
(141)	Income	(144)	0	0	0	0	(144)
410	Gross Budget Requirement	406	(36)	0	0	0	370
	Use Of Departmental Reserves						0
410	Net Budget Requirement	406	(36)	0	0	0	370

Corporate Budget Reductions

The reduction relates to staffing changes within the Legal Section.

2017/2018 BUDGET - SERVICE UNIT: MUNICIPAL ELECTIONS AND REGISTRATION OF ELECTORS

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Municipal Elections and Registration of Electors						
135	Direct costs - Employees	138	0	0	0	0	138
65	- Other	66	0	0	0	0	66
200	Total Direct Cost	204	0	0	0	0	204
0	Support Recharges	0	0	0	0	0	0
(2)	Income	(2)	0	0	0	0	(2)
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

2017/2018 BUDGET - SERVICE UNIT: OTHER OFFICE SERVICES

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Other Office Services						
56	Direct costs - Employees	57	0	0	0	0	57
0	- Other	0	0	0	0	0	0
56	Total Direct Cost	57	0	0	0	0	57
8	Support Recharges	8	0	0	0	0	8
(144)	Income	(148)	0	0	0	0	(148)
(80)	Gross Budget Requirement	(83)	0	0	0	0	(83)
	Use Of Departmental Reserves						0
(80)	Net Budget Requirement	(83)	0	0	0	0	(83)

2017/2018 BUDGET - SERVICE UNIT: SCRUTINY FUNCTION

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Scrutiny Function						
69	Direct costs - Employees	71	0	0	0	22	93
1	- Other	1	0	0	0	0	1
70	Total Direct Cost	72	0	0	0	22	94
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
70	Gross Budget Requirement	72	0	0	0	22	94
	Use Of Departmental Reserves					(22)	(22)
70	Net Budget Requirement	72	0	0	0	0	72

One off costs funded from Departmental Reserves

To fund staffing costs

2017/2018 BUDGET - SERVICE UNIT: SUPPORT TO MEMBERS

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Support to Members</u>						
70	Direct costs - Employees	71	0	0	0	0	71
52	- Other	53	0	0	0	0	53
122	Total Direct Cost	124	0	0	0	0	124
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
122	Gross Budget Requirement	124	0	0	0	0	124
	Use Of Departmental Reserves						0
122	Net Budget Requirement	124	0	0	0	0	124

CHILD & ADULT SERVICES
DETAILED REVENUE BUDGETS 2017/2018

2017/2018 BUDGET - CHILD AND ADULT SERVICES SUMMARY

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2017/2018 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Child							
208	Access to Education	127	0	0	0	0	0	127
120	Central Support Services	120	0	0	0	0	0	120
12,331	Children & Families	12,721	(762)	1,600	(200)	105	(105)	13,359
3,395	Early Intervention Services	3,466	(751)	0	0	51	(51)	2,715
523	Other School Related Expenditure	512	0	0	0	0	0	512
5	Play & Care	6	0	0	0	0	0	6
524	Raising Educational Achievement	569	(25)	0	0	27	(27)	544
237	Special Educational Needs	247	0	0	0	83	(83)	247
16	Strategic Management	107	0	0	0	0	0	107
286	Youth Justice Service	295	0	0	0	43	(43)	295
0	Dedicated Schools Grant - Early Years Block	0	0	0	0	0	0	0
36	Dedicated Schools Grant - Schools Block	51	0	0	0	0	0	51
11	Dedicated Schools Grant - High Needs Block	0	0	0	0	0	0	0
0	Contribution from Children's Reserves to Fund LAC Pressures	0	0	0	0	0	(1,400)	(1,400)
17,692	Sub-Total Child	18,221	(1,538)	1,600	(200)	309	(1,709)	16,683
	Adult							
0	Carers Support	0	0	0	0	0	0	0
3,318	Commissioning - Adults	3,421	(226)	0	0	51	(51)	3,195
1,426	Commissioning - Mental Health	1,761	0	100	0	140	(140)	1,861
10,174	Commissioning - Older People	10,335	(5)	0	0	0	0	10,330
8,101	Commissioning - Working Age Adults	8,274	0	565	(565)	0	0	8,274
232	Complaints, Investigations & Public Information	239	(54)	0	0	31	(31)	185
458	Departmental Running Costs	453	(130)	0	0	55	(55)	323
772	Direct Care & Support Team	802	(41)	0	0	0	0	761
419	Learning Disability & Transition Social Work Teams	428	0	0	0	0	0	428
2,784	Locality & Safeguarding Social Work Teams	2,858	(131)	0	0	0	0	2,727
729	Mental Health Services	742	(4)	0	0	0	0	738
373	Occupational Therapy Services & Disability Equipment	382	(13)	0	0	0	0	369
414	Workforce Planning & Development	424	(134)	0	0	0	0	290
1,168	Working Age Adults Day Services	1,193	(9)	0	0	0	0	1,184
30,368	Sub-Total Adult	31,312	(747)	665	(565)	277	(277)	30,665
(250)	Departmental Salary Abatement Target	(250)	(50)	0	0	0	0	(300)
(725)	Contribution from Adult's Reserves towards Pressures	(725)	0	0	0	0	(100)	(825)
47,085	Net Budget Requirement	48,558	(2,335)	2,265	(765)	586	(2,086)	46,223

2017/2018 BUDGET - SERVICE UNIT: ACCESS TO EDUCATION

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Buildings and School Places						
83	Direct costs - Employees	0	0	0	0	0	0
72	- Other	10	0	0	0	0	10
155	Total Direct Cost	10	0	0	0	0	10
14	Support Recharges	14	0	0	0	0	14
(44)	Income	0	0	0	0	0	0
125	Gross Budget Requirement	24	0	0	0	0	24
	Attendance and Behaviour						
282	Direct costs - Employees	264	0	0	0	0	264
18	- Other	12	0	0	0	0	12
300	Total Direct Cost	276	0	0	0	0	276
31	Support Recharges	37	0	0	0	0	37
(233)	Income	(210)	0	0	0	0	(210)
98	Gross Budget Requirement	103	0	0	0	0	103
223	Total Gross Budget Requirement	127	0	0	0	0	127
(15)	Use Of Departmental Reserves						0
208	Net Budget Requirement	127	0	0	0	0	127

2017/2018 BUDGET - SERVICE UNIT: CENTRAL SUPPORT SERVICES

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Central Support Services						
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
473	Support Recharges	473	0	0	0	0	473
(353)	Income	(353)	0	0	0	0	(353)
120	Gross Budget Requirement	120	0	0	0	0	120
	Use Of Departmental Reserves						0
120	Net Budget Requirement	120	0	0	0	0	120

2017/2018 BUDGET - SERVICE UNIT: CHILDREN & FAMILIES

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Children & Families						
6,018	Direct costs - Employees	6,267	0	0	0	105	6,372
7,476	- Other	7,818	(60)	1,600	(200)	0	9,158
13,494	Total Direct Cost	14,085	(60)	1,600	(200)	105	15,530
119	Support Recharges	121	(2)	0	0	0	119
(1,282)	Income	(1,485)	(700)	0	0	0	(2,185)
12,331	Gross Budget Requirement	12,721	(762)	1,600	(200)	105	13,464
	Use Of Departmental Reserves					(105)	(105)
12,331	Net Budget Requirement	12,721	(762)	1,600	(200)	0	13,359

Corporate Budget Reductions

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. Other savings include income from the Troubled Families Programme which can be offset against existing budgets to realise savings and general reductions and inflationary savings across supplies and services budgets.

Department Budget Pressures

As identified in the savings report there is a current budget pressure of £1.6m arising from an increase in the number of looked after children and increased care proceedings. The department are seeking to manage demand over the period of the MTFS to reduce costs back down to the level of the recurring budget. The net pressure (after departmental savings) will be funded in 2017/18 from departmental reserves however this will only be sufficient to fund additional costs in 2017/18 and for part of 2018/19.

Department Budget Reductions to Fund Pressures

As identified above, there is a current budget pressure of £1.6m which is to be funded by seeking to manage demand over the period of the MTFS to reduce costs back down to the level of the recurring budget. The saving shown is the proposed 2017/18 contribution towards this pressure. Achieving this will be extremely challenging and if demand cannot be reduced alternative savings will need to be identified as part of the 2018/19 budget.

One off costs Funded from Department Reserves

This relates to use of the Social Care and Early Intervention reserve to fund additional social work requirements.

2017/2018 BUDGET - SERVICE UNIT: EARLY INTERVENTION SERVICES

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	<u>Early Intervention Services</u>						
3,563	Direct costs - Employees	3,686	(169)	0	0	51	3,568
1,874	- Other	2,259	(257)	0	0	0	2,002
5,437	Total Direct Cost	5,945	(426)	0	0	51	5,570
79	Support Recharges	72	(15)	0	0	0	57
(2,121)	Income	(2,551)	(310)	0	0	0	(2,861)
3,395	Gross Budget Requirement	3,466	(751)	0	0	51	2,766
	Use Of Departmental Reserves					(51)	(51)
3,395	Net Budget Requirement	3,466	(751)	0	0	0	2,715

Corporate Budget Reductions

The savings relate to re-designing the Youth Service to ensure that it fits with 'A Better Childhood in Hartlepool' model, a review of the '5-19' contract, working more closely with Public Health so that the Public Health grant can be utilised across Children's Services to support the aims of improving and enhancing Public Health across Hartlepool and general reductions and inflationary savings across supplies and services budgets.

One off costs Funded from Department Reserves

This relates to a temporary post within the Children's Hub although work is on-going to secure funding for this post directly from the schools budgets.

2017/2018 BUDGET - SERVICE UNIT: OTHER SCHOOL RELATED EXPENDITURE

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	<u>Other School Related Expenditure</u>						
201	Direct costs - Employees	191	0	0	0	0	191
1,198	- Other	321	0	0	0	0	321
1,399	Total Direct Cost	512	0	0	0	0	512
0	Support Recharges	0	0	0	0	0	0
(876)	Income	0	0	0	0	0	0
523	Gross Budget Requirement	512	0	0	0	0	512
	Use Of Departmental Reserves						0
523	Net Budget Requirement	512	0	0	0	0	512

2017/2018 BUDGET - SERVICE UNIT: PLAY & CARE

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	<u>Play & Care</u>						
105	Direct costs - Employees	106	0	0	0	0	106
27	- Other	27	0	0	0	0	27
132	Total Direct Cost	133	0	0	0	0	133
0	Support Recharges	0	0	0	0	0	0
(127)	Income	(127)	0	0	0	0	(127)
5	Gross Budget Requirement	6	0	0	0	0	6
	Use Of Departmental Reserves						0
5	Net Budget Requirement	6	0	0	0	0	6

2017/2018 BUDGET - SERVICE UNIT: RAISING EDUCATIONAL ACHIEVEMENT

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Raising Educational Achievement						
1,148	Direct costs - Employees	1,076	0	0	0	27	1,103
405	- Other	302	0	0	0	0	302
1,553	Total Direct Cost	1,378	0	0	0	27	1,405
0	Support Recharges	0	0	0	0	0	0
(903)	Income	(809)	(25)	0	0	0	(834)
650	Gross Budget Requirement	569	(25)	0	0	27	571
650	Total Gross Budget Requirement	569	(25)	0	0	27	571
(126)	Use Of Departmental Reserves					(27)	(27)
524	Net Budget Requirement	569	(25)	0	0	0	544

Corporate Budget Reductions

The reductions relate to increased income targets for centrally delivered training and room hire

One off costs Funded from Department Reserves

This relates to Transforming Tees and Education Commission Projects.

2017/2018 BUDGET - SERVICE UNIT: SPECIAL EDUCATIONAL NEEDS

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Special Educational Needs						
1,000	Direct costs - Employees	1,057	0	0	0	83	1,140
44	- Other	90	0	0	0	0	90
1,044	Total Direct Cost	1,147	0	0	0	83	1,230
18	Support Recharges	18	0	0	0	0	18
(825)	Income	(918)	0	0	0	0	(918)
237	Gross Budget Requirement	247	0	0	0	83	330
	Use Of Departmental Reserves					(83)	(83)
237	Net Budget Requirement	247	0	0	0	0	247

One off costs Funded from Department Reserves

This relates to specific grant funding for the delivery of education Psychology and implementation of SEND reform

2017/2018 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Strategic Management						
392	Direct costs - Employees	245	0	0	0	0	245
250	- Other	89	0	0	0	0	89
642	Total Direct Cost	334	0	0	0	0	334
0	Support Recharges	0	0	0	0	0	0
(225)	Income	(227)	0	0	0	0	(227)
417	Gross Budget Requirement	107	0	0	0	0	107
(401)	Use Of Departmental Reserves						0
16	Net Budget Requirement	107	0	0	0	0	107

2017/2018 BUDGET - SERVICE UNIT: YOUTH JUSTICE SERVICE

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Youth Justice Service						
516	Direct costs - Employees	525	0	0	0	43	568
190	- Other	190	0	0	0	0	190
706	Total Direct Cost	715	0	0	0	43	758
0	Support Recharges	0	0	0	0	0	0
(420)	Income	(420)	0	0	0	0	(420)
286	Gross Budget Requirement	295	0	0	0	43	338
	Use Of Departmental Reserves					(43)	(43)
286	Net Budget Requirement	295	0	0	0	0	295

One off costs Funded from Department Reserves

Following significant cuts in the grant from the Youth Justice Board over the last few years (no announcement has yet been made on the level of grant for 2017/18 so for budgeting purposes a 'cash freeze' has been assumed) a review of the service is currently being undertaken with an aim to make permanent reductions in the budget. The specific Youth Justice reserve will provide the time to enable this to happen.

2017/18 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - EARLY YEARS BLOCK

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (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						
0	ISB	0	0	0	0	0	0
62	Direct costs - Employees	36	0	0	0	0	36
4,283	- Other	5,094	0	0	0	0	5,094
4,345	Total Direct Cost	5,130	0	0	0	0	5,130
77	Support Recharges	77	0	0	0	0	77
(4,346)	Income	(5,207)	0	0	0	0	(5,207)
76	Gross Budget Requirement	0	0	0	0	0	0
(76)	Use Of Departmental Reserves						0
0	Net Budget Requirement	0	0	0	0	0	0

This is an indicative budget which is subject to change due to participation levels.

2017/2018 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - SCHOOLS BLOCK

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Dedicated Schools Grant - Schools Block						
34,562	ISB	32,952	0	0	0	0	32,952
259	Direct costs - Employees	265	0	0	0	0	265
1,320	- Other	1,274	0	0	0	0	1,274
36,141	Total Direct Cost	34,491	0	0	0	0	34,491
318	Support Recharges	315	0	0	0	0	315
(36,423)	Income	(34,755)	0	0	0	0	(34,755)
36	Gross Budget Requirement	51	0	0	0	0	51
	Use Of Departmental Reserves						0
36	Net Budget Requirement	51	0	0	0	0	51

2017/2018 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - HIGH NEEDS BLOCK

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Dedicated Schools Grant - High Needs Block						
1,244	ISB	1,244	0	0	0	0	1,244
	Direct costs - Employees	0	0	0	0	0	0
6,490	- Other	6,490	0	0	0	0	6,490
7,734	Total Direct Cost	7,734	0	0	0	0	7,734
382	Support Recharges	382	0	0	0	0	382
(8,105)	Income	(8,116)	0	0	0	0	(8,116)
11	Gross Budget Requirement	0	0	0	0	0	0
	Use Of Departmental Reserves						0
11	Net Budget Requirement	0	0	0	0	0	0

2017/2018 BUDGET - SERVICE UNIT: CARERS SUPPORT

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Carers Support						
0	Direct costs - Employees	0	0	0	0	0	0
165	- Other	165	0	0	0	0	165
165	Total Direct Cost	165	0	0	0	0	165
0	Support Recharges	0	0	0	0	0	0
(165)	Income	(165)	0	0	0	0	(165)
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

2017/2018 BUDGET - SERVICE UNIT: COMMISSIONING - ADULTS

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Commissioning - Adults						
1,230	Direct costs - Employees	1,251	(40)	0	0	51	1,262
3,633	- Other	3,714	(166)	0	0	0	3,548
4,863	Total Direct Cost	4,965	(206)	0	0	51	4,810
196	Support Recharges	196	0	0	0	0	196
(1,741)	Income	(1,740)	(20)	0	0	0	(1,760)
3,318	Gross Budget Requirement	3,421	(226)	0	0	51	3,246
	Use Of Departmental Reserves					(51)	(51)
3,318	Net Budget Requirement	3,421	(226)	0	0	0	3,195

Corporate Budget Reductions

These relate to deletion of a vacant post, additional income linked to charging for administration of appointeeships, inflationary savings across various non-pay budgets and the part-year effect of a review of housing related support 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: COMMISSIONING - MENTAL HEALTH

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	<u>Commissioning - Mental Health</u>						
74	Direct costs - Employees	230	0	0	0	0	230
2,610	- Other	2,716	0	100	0	140	2,956
2,684	Total Direct Cost	2,946	0	100	0	140	3,186
0	Support Recharges	0	0	0	0	0	0
(1,258)	Income	(1,185)	0	0	0	0	(1,185)
1,426	Gross Budget Requirement	1,761	0	100	0	140	2,001
	Use Of Departmental Reserves					(140)	(140)
1,426	Net Budget Requirement	1,761	0	100	0	0	1,861

Departmental Budget Pressures

This relates to increased numbers of people who are assessed as requiring 24 hour care or packages in the community and will be funded from departmental reserves in 2017/18. It is proposed that longer term savings from demand-led budgets will be found in future years to fund this pressure.

One off costs Funded from Department Reserves

This relates to the Deprivation of Liberty Safeguards budget pressure to be funded from reserves in 2017/18.

2017/2018 BUDGET - SERVICE UNIT: COMMISSIONING - OLDER PEOPLE

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	<u>Commissioning - Older People</u>						
59	Direct costs - Employees	60	0	0	0	0	60
22,324	- Other	22,724	(5)	0	0	0	22,719
22,383	Total Direct Cost	22,784	(5)	0	0	0	22,779
0	Support Recharges	0	0	0	0	0	0
(12,209)	Income	(12,449)	0	0	0	0	(12,449)
10,174	Gross Budget Requirement	10,335	(5)	0	0	0	10,330
	Use Of Departmental Reserves						0
10,174	Net Budget Requirement	10,335	(5)	0	0	0	10,330

2017/2018 BUDGET - SERVICE UNIT: COMMISSIONING - WORKING AGE ADULTS

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	<u>Commissioning - Working Age Adults</u>						
0	Direct costs - Employees	0	0	0	0	0	0
12,512	- Other	13,139	0	565	(565)	0	13,139
12,512	Total Direct Cost	13,139	0	565	(565)	0	13,139
0	Support Recharges	0	0	0	0	0	0
(4,411)	Income	(4,865)	0	0	0	0	(4,865)
8,101	Gross Budget Requirement	8,274	0	565	(565)	0	8,274
	Use Of Departmental Reserves						0
8,101	Net Budget Requirement	8,274	0	565	(565)	0	8,274

Departmental Budget Pressures

This relates to increased demand within learning disability services linked to transitions from Children's Services and the increasingly complex needs of people who are eligible for social care support. As reported in the Savings Report, for planning purposes it is anticipated that this increased demand can be accommodated within the existing available budget by making savings within demand-led budget areas.

Departmental Budget Reductions to Fund Pressures

As reported in the Savings Report, for planning purposes it is anticipated that this increased demand can be accommodated within the existing available budget by making savings within demand-led budget areas.

2017/2018 BUDGET - SERVICE UNIT: COMPLAINTS, INVESTIGATIONS & PUBLIC INFORMATION

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Complaints, Investigations & Public Information						
198	Direct costs - Employees	202	(51)	0	0	31	182
165	- Other	168	(3)	0	0	0	165
363	Total Direct Cost	370	(54)	0	0	31	347
0	Support Recharges	0	0	0	0	0	0
(131)	Income	(131)	0	0	0	0	(131)
232	Gross Budget Requirement	239	(54)	0	0	31	216
	Use Of Departmental Reserves					(31)	(31)
232	Net Budget Requirement	239	(54)	0	0	0	185

Corporate Budget Reductions

These relate to a review of the Standards, Engagement and Development Team and inflationary savings across various non-pay budgets.

One off costs Funded from Department Reserves

This relates to a temporary post funded from the Better Care Fund reserve.

2017/2018 BUDGET - SERVICE UNIT: DEPARTMENTAL RUNNING COSTS

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Departmental Running Costs						
267	Direct costs - Employees	270	(42)	0	0	0	228
191	- Other	183	(88)	0	0	55	150
458	Total Direct Cost	453	(130)	0	0	55	378
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
458	Gross Budget Requirement	453	(130)	0	0	55	378
	Use Of Departmental Reserves					(55)	(55)
458	Net Budget Requirement	453	(130)	0	0	0	323

Corporate Budget Reductions

This relates to the deletion of a post, a review of all non-pay budgets to identify areas where budgets have not been fully committed in recent years and an inflationary freeze across all non-pay budgets.

One off costs Funded from Department Reserves

This relates to the funding of departmental modern apprenticeships.

2017/2018 BUDGET - SERVICE UNIT: DIRECT CARE & SUPPORT TEAM

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Direct Care & Support Team						
1,472	Direct costs - Employees	1,499	(27)	0	0	0	1,472
165	- Other	168	(14)	0	0	0	154
1,637	Total Direct Cost	1,667	(41)	0	0	0	1,626
0	Support Recharges	0	0	0	0	0	0
(865)	Income	(865)	0	0	0	0	(865)
772	Gross Budget Requirement	802	(41)	0	0	0	761
	Use Of Departmental Reserves						0
772	Net Budget Requirement	802	(41)	0	0	0	761

Corporate Budget Reductions

This relates to the deletion of a post, a review of all non-pay budgets to identify areas where budgets have not been fully committed in recent years and an inflationary freeze across all non-pay budgets.

2017/2018 BUDGET - SERVICE UNIT: LEARNING DISABILITY & TRANSITIONS SOCIAL WORK TEAMS

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	<u>Learning Disability & Transitions Social Work Teams</u>						
458	Direct costs - Employees	467	0	0	0	0	467
9	- Other	9	0	0	0	0	9
467	Total Direct Cost	476	0	0	0	0	476
0	Support Recharges	0	0	0	0	0	0
(48)	Income	(48)	0	0	0	0	(48)
419	Gross Budget Requirement	428	0	0	0	0	428
	Use Of Departmental Reserves						0
419	Net Budget Requirement	428	0	0	0	0	428

2017/2018 BUDGET - SERVICE UNIT: LOCALITY & SAFEGUARDING SOCIAL WORK TEAMS

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	<u>Locality & Safeguarding Social Work Teams</u>						
3,883	Direct costs - Employees	3,953	(66)	0	0	0	3,887
202	- Other	206	(65)	0	0	0	141
4,085	Total Direct Cost	4,159	(131)	0	0	0	4,028
0	Support Recharges	0	0	0	0	0	0
(1,301)	Income	(1,301)	0	0	0	0	(1,301)
2,784	Gross Budget Requirement	2,858	(131)	0	0	0	2,727
	Use Of Departmental Reserves						0
2,784	Net Budget Requirement	2,858	(131)	0	0	0	2,727

Corporate Budget Reductions

This relates to the deletion of a vacant post, a request for voluntary redundancy, additional funding identified by the Better Care Fund Pooled Budget Partnership Board and inflationary savings on non-pay budgets.

2017/2018 BUDGET - SERVICE UNIT: MENTAL HEALTH SERVICES

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	<u>Mental Health Services</u>						
650	Direct costs - Employees	661	0	0	0	0	661
100	- Other	102	(4)	0	0	0	98
750	Total Direct Cost	763	(4)	0	0	0	759
0	Support Recharges	0	0	0	0	0	0
(21)	Income	(21)	0	0	0	0	(21)
729	Gross Budget Requirement	742	(4)	0	0	0	738
	Use Of Departmental Reserves						0
729	Net Budget Requirement	742	(4)	0	0	0	738

2017/2018 BUDGET - SERVICE UNIT: OCCUPATIONAL THERAPY SERVICES & DISABILITY EQUIPMENT

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Occupational Therapy Services & Disability Equipment						
0	Direct costs - Employees	0	0	0	0	0	0
430	- Other	438	(11)	0	0	0	427
430	Total Direct Cost	438	(11)	0	0	0	427
62	Support Recharges	63	(2)	0	0	0	61
(119)	Income	(119)	0	0	0	0	(119)
373	Gross Budget Requirement	382	(13)	0	0	0	369
	Use Of Departmental Reserves						0
373	Net Budget Requirement	382	(13)	0	0	0	369

Corporate Budget Reductions

These relate to inflationary savings on all non-pay budgets.

2017/2018 BUDGET - SERVICE UNIT: WORKFORCE PLANNING & DEVELOPMENT

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Workforce Planning & Development						
329	Direct costs - Employees	336	(122)	0	0	0	214
140	- Other	143	(12)	0	0	0	131
469	Total Direct Cost	479	(134)	0	0	0	345
0	Support Recharges	0	0	0	0	0	0
(55)	Income	(55)	0	0	0	0	(55)
414	Gross Budget Requirement	424	(134)	0	0	0	290
	Use Of Departmental Reserves						0
414	Net Budget Requirement	424	(134)	0	0	0	290

Corporate Budget Reductions

These relate to a review of the Standards, Engagement and Development Team.

2017/2018 BUDGET - SERVICE UNIT: WORKING AGE ADULTS DAY SERVICES

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Working Age Adults Day Services						
693	Direct costs - Employees	706	0	0	0	0	706
544	- Other	558	(9)	0	0	0	549
1,237	Total Direct Cost	1,264	(9)	0	0	0	1,255
0	Support Recharges	0	0	0	0	0	0
(69)	Income	(71)	0	0	0	0	(71)
1,168	Gross Budget Requirement	1,193	(9)	0	0	0	1,184
	Use Of Departmental Reserves						0
1,168	Net Budget Requirement	1,193	(9)	0	0	0	1,184

FINANCE AND POLICY DEPARTMENT
DETAILED REVENUE BUDGETS 2017/2018

2017/2018 BUDGET - FINANCE AND POLICY DEPARTMENT SUMMARY

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2017/2018 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
(152)	Benefits	(152)	0	0	0	81	(81)	(152)
(881)	Central Administration Recharges	(903)	0	0	0	0	0	(903)
1,006	Corporate Finance	1,054	(63)	0	0	0	0	991
646	Corporate Strategy & Public Consultation	686	(48)	0	0	0	0	638
(143)	Council Tax & Housing Benefits	(143)	0	0	0	0	0	(143)
941	Customer and Support Services	959	(57)	0	0	0	0	902
76	Fraud	77	0	0	0	0	0	77
452	Human Resources & Health and Safety	458	(75)	0	0	0	0	383
237	Internal Audit	241	(11)	0	0	0	0	230
91	Procurement	92	0	0	0	0	0	92
84	Public Relations	86	0	0	0	0	0	86
(107)	Registration Services	(110)	0	0	0	0	0	(110)
(43)	Reprographics	(45)	0	0	0	0	0	(45)
903	Revenues	914	0	0	0	10	(10)	914
(435)	Revenue & Benefits Central	(446)	0	0	0	0	0	(446)
665	Shared Services	675	(70)	0	0	17	(17)	605
15	Training & Equality	16	0	0	0	0	0	16
385	Corporate Management Running Expenses	399	(5)	0	0	0	0	394
3,740	Net Budget Requirement	3,858	(329)	0	0	108	(108)	3,529

2017/2018 BUDGET - SERVICE UNIT: BENEFITS

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Benefits						
686	Direct costs - Employees	698	0	0	0	0	698
49	- Other	57	0	0	0	0	57
735	Total Direct Cost	755	0	0	0	0	755
0	Support Recharges	0	0	0	0	0	0
(887)	Income	(907)	0	0	0	81	(826)
(152)	Gross Budget Requirement	(152)	0	0	0	81	(71)
	Use Of Departmental Reserves					(81)	(81)
(152)	Net Budget Requirement	(152)	0	0	0	0	(152)

One off costs Funded from Department Reserves

To fund Revenues and Benefits project development work.

2017/2018 BUDGET - SERVICE UNIT: CENTRAL ADMINISTRATION RECHARGES

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Central Administration Recharges						
0	Direct costs - Employees	0	0	0	0	0	0
0	- Other	0	0	0	0	0	0
0	Total Direct Cost	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0
(881)	Income	(903)	0	0	0	0	(903)
(881)	Gross Budget Requirement	(903)	0	0	0	0	(903)
	Use Of Departmental Reserves						0
(881)	Net Budget Requirement	(903)	0	0	0	0	(903)

2017/2018 BUDGET - SERVICE UNIT: CORPORATE FINANCE

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Corporate Finance						
1,512	Direct costs - Employees	1,563	(59)	0	0	0	1,504
106	- Other	113	(4)	0	0	0	109
1,618	Total Direct Cost	1,676	(63)	0	0	0	1,613
0	Support Recharges	0	0	0	0	0	0
(612)	Income	(622)	0	0	0	0	(622)
1,006	Gross Budget Requirement	1,054	(63)	0	0	0	991
	Use Of Departmental Reserves						0
1,006	Net Budget Requirement	1,054	(63)	0	0	0	991

Corporate Budget Reductions

The reduction relates to the deletion of vacant posts within the Corporate Finance Section.

2017/2018 BUDGET - SERVICE UNIT: CORPORATE STRATEGY & PUBLIC CONSULTATION

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Corporate Strategy & Public Consultation</u>						
659	Direct costs - Employees	654	0	0	0	0	654
12	- Other	58	(48)	0	0	0	10
671	Total Direct Cost	712	(48)	0	0	0	664
0	Support Recharges	0	0	0	0	0	0
(25)	Income	(26)	0	0	0	0	(26)
646	Gross Budget Requirement	686	(48)	0	0	0	638
	Use Of Departmental Reserves						0
646	Net Budget Requirement	686	(48)	0	0	0	638

Corporate Budget Reductions

The reduction relates to savings made on non pay budgets across the Corporate Strategy and Corporate ICT Section.

2017/2018 BUDGET - SERVICE UNIT: COUNCIL TAX & HOUSING BENEFITS

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Council Tax & Housing Benefits</u>						
0	Direct costs - Employees	0	0	0	0	0	0
48,500	- 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)

2017/2018 BUDGET - SERVICE UNIT: CUSTOMER/SUPPORT SERVICES

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Customer/Support Services</u>						
867	Direct costs - Employees	883	(52)	0	0	0	831
99	- Other	100	(5)	0	0	0	95
966	Total Direct Cost	983	(57)	0	0	0	926
0	Support Recharges	0	0	0	0	0	0
(25)	Income	(24)	0	0	0	0	(24)
941	Gross Budget Requirement	959	(57)	0	0	0	902
	Use Of Departmental Reserves						0
941	Net Budget Requirement	959	(57)	0	0	0	902

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.

2017/2018 BUDGET - SERVICE UNIT: FRAUD

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Fraud						
67	Direct costs - Employees	68	0	0	0	0	68
9	- Other	9	0	0	0	0	9
76	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
76	Gross Budget Requirement	77	0	0	0	0	77
	Use Of Departmental Reserves						0
76	Net Budget Requirement	77	0	0	0	0	77

2017/2018 BUDGET - SERVICE UNIT: HUMAN RESOURCES & HEALTH AND SAFETY

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Human Resources & Health and Safety						
729	Direct costs - Employees	746	(72)	0	0	0	674
11	- Other	11	(1)	0	0	0	10
740	Total Direct Cost	757	(73)	0	0	0	684
0	Support Recharges	0	0	0	0	0	0
(288)	Income	(299)	(2)	0	0	0	(301)
452	Gross Budget Requirement	458	(75)	0	0	0	383
	Use Of Departmental Reserves						0
452	Net Budget Requirement	458	(75)	0	0	0	383

Corporate Budget Reductions

The savings made relate to the deletion of posts within the Human Resources Section and additional income generation.

2017/2018 BUDGET - SERVICE UNIT: INTERNAL AUDIT

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Internal Audit						
253	Direct costs - Employees	258	(11)	0	0	0	247
13	- Other	13	0	0	0	0	13
266	Total Direct Cost	271	(11)	0	0	0	260
0	Support Recharges	0	0	0	0	0	0
(29)	Income	(30)	0	0	0	0	(30)
237	Gross Budget Requirement	241	(11)	0	0	0	230
	Use Of Departmental Reserves						0
237	Net Budget Requirement	241	(11)	0	0	0	230

Corporate Budget Reductions

The savings made relate to the deletion of vacant hours.

2017/2018 BUDGET - SERVICE UNIT: PROCUREMENT

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Procurement						
176	Direct costs - Employees	179	0	0	0	0	179
1	- Other	1	0	0	0	0	1
177	Total Direct Cost	180	0	0	0	0	180
0	Support Recharges	0	0	0	0	0	0
(86)	Income	(88)	0	0	0	0	(88)
91	Gross Budget Requirement	92	0	0	0	0	92
	Use Of Departmental Reserves						0
91	Net Budget Requirement	92	0	0	0	0	92

2017/2018 BUDGET - SERVICE UNIT: PUBLIC RELATIONS

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Public Relations						
164	Direct costs - Employees	167	0	0	0	0	167
70	- Other	72	0	0	0	0	72
234	Total Direct Cost	239	0	0	0	0	239
0	Support Recharges	0	0	0	0	0	0
(150)	Income	(153)	0	0	0	0	(153)
84	Gross Budget Requirement	86	0	0	0	0	86
	Use Of Departmental Reserves						0
84	Net Budget Requirement	86	0	0	0	0	86

2017/2018 BUDGET - SERVICE UNIT: REGISTRATION SERVICES

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Shared Services						
16	Direct costs - Employees	16	0	0	0	0	16
9	- Other	9	0	0	0	0	9
25	Total Direct Cost	25	0	0	0	0	25
0	Support Recharges	0	0	0	0	0	0
(132)	Income	(135)	0	0	0	0	(135)
(107)	Gross Budget Requirement	(110)	0	0	0	0	(110)
	Use Of Departmental Reserves						0
(107)	Net Budget Requirement	(110)	0	0	0	0	(110)

2017/2018 BUDGET - SERVICE UNIT: REPROGRAPHICS

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Reprographics						
81	Direct costs - Employees	82	0	0	0	0	82
243	- Other	249	0	0	0	0	249
324	Total Direct Cost	331	0	0	0	0	331
0	Support Recharges	0	0	0	0	0	0
(367)	Income	(376)	0	0	0	0	(376)
(43)	Gross Budget Requirement	(45)	0	0	0	0	(45)
	Use Of Departmental Reserves						0
(43)	Net Budget Requirement	(45)	0	0	0	0	(45)

2017/2018 BUDGET - SERVICE UNIT: REVENUES

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Revenues						
723	Direct costs - Employees	736	0	0	0	10	746
199	- Other	198	0	0	0	0	198
922	Total Direct Cost	934	0	0	0	10	944
14	Support Recharges	14	0	0	0	0	14
(33)	Income	(34)	0	0	0	0	(34)
903	Gross Budget Requirement	914	0	0	0	10	924
	Use Of Departmental Reserves					(10)	(10)
903	Net Budget Requirement	914	0	0	0	0	914

One Off Costs Funded from Departmental Reserves

To fund a temporary post ending in October 2017

2017/2018 BUDGET - SERVICE UNIT: REVENUE & BENEFITS CENTRAL

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Revenue & Benefits Central						
252	Direct costs - Employees	261	0	0	0	0	261
115	- Other	115	0	0	0	0	115
367	Total Direct Cost	376	0	0	0	0	376
0	Support Recharges	0	0	0	0	0	0
(802)	Income	(822)	0	0	0	0	(822)
(435)	Gross Budget Requirement	(446)	0	0	0	0	(446)
	Use Of Departmental Reserves						0
(435)	Net Budget Requirement	(446)	0	0	0	0	(446)

2017/2018 BUDGET - SERVICE UNIT: SHARED SERVICES

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Shared Services						
886	Direct costs - Employees	902	(42)	0	0	17	877
195	- Other	200	(5)	0	0	0	195
1,081	Total Direct Cost	1,102	(47)	0	0	17	1,072
0	Support Recharges	0	0	0	0	0	0
(416)	Income	(427)	(23)	0	0	0	(450)
665	Gross Budget Requirement	675	(70)	0	0	17	622
	Use Of Departmental Reserves					(17)	(17)
665	Net Budget Requirement	675	(70)	0	0	0	605

One off costs Funded from Department Reserves

To fund temporary staffing in the Recovery Section ending in November 2017

2017/2018 BUDGET - SERVICE UNIT: TRAINING & EQUALITY

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Training & Equality						
3	Direct costs - Employees	13	0	0	0	0	13
12	- Other	3	0	0	0	0	3
15	Total Direct Cost	16	0	0	0	0	16
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
15	Gross Budget Requirement	16	0	0	0	0	16
	Use Of Departmental Reserves						0
15	Net Budget Requirement	16	0	0	0	0	16

2017/2018 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 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (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>						
267	Direct costs - Employees	272	0	0	0	0	272
11	- Other	11	(5)	0	0	0	6
278	Total Direct Cost	283	(5)	0	0	0	278
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
278	Gross Budget Requirement B	283	(5)	0	0	0	278
	<u>Trade Union Representative</u>						
37	Direct costs - Employees	38	0	0	0	0	38
0	- Other	0	0	0	0	0	0
37	Total Direct Cost	38	0	0	0	0	38
18	Support Recharges	24	0	0	0	0	24
0	Income	0	0	0	0	0	0
55	Gross Budget Requirement C	62	0	0	0	0	62
	<u>Central Council Expenses</u>						
0	Direct costs - Employees	0	0	0	0	0	0
77	- Other	79	0	0	0	0	79
77	Total Direct Cost	79	0	0	0	0	79
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
77	Gross Budget Requirement D	79	0	0	0	0	79
	<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)
385	Gross Budget Requirement of (A) to (E)	399	(5)	0	0	0	394
	Use Of Departmental Reserves						
385	Net Budget Requirement	399	(5)	0	0	0	394

PUBLIC HEALTH
DETAILED REVENUE BUDGETS 2017/2018

2017/2018 BUDGET - PUBLIC HEALTH SUMMARY

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2017/2018 (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)							
3,009	Children's Public Health	3,009	0	900	(442)	150	(150)	3,467
732	General Public Health Services	732	0	0	(10)	0	0	722
102	NHS Health Programme	97	0	0	(5)	0	0	92
155	Obesity	155	0	0	(53)	0	0	102
165	Physical Activity	173	0	0	0	0	0	173
862	Prescribing	862	0	0	0	0	0	862
889	Public Health Advice	894	0	0	(31)	0	0	863
694	Sexual Health	694	0	0	(58)	0	0	636
253	Smoking & Tobacco	253	0	0	0	0	0	253
2,361	Substance Misuse	2,353	0	0	(528)	250	(250)	1,825
(9,222)	Public Health Grant	(9,222)	0	227	0	0	0	(8,995)
0	Public Health Ringfenced Grant Subtotal	0	0	1,127	(1,127)	400	(400)	0
	Public Health (funded from General Fund)							
679	Consumer Services	690	(50)	0	0	0	0	640
(3)	Environmental Protection	(3)	0	0	0	0	0	(3)
(91)	Environmental Standards	(33)	0	0	0	0	0	(33)
514	Sport & Recreation	524	(50)	157	(157)	0	0	474
1,099	Public Health General Fund Subtotal	1,178	(100)	157	(157)	0	0	1,078
1,099	Net Budget Requirement	1,178	(100)	1,284	(1,284)	400	(400)	1,078

2017/2018 BUDGET - SERVICE UNIT: CHILDREN'S PUBLIC HEALTH

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Children's Public Health						
0	Direct costs - Employees	0	0	0	0	0	0
3,009	- Other	3,009	0	900	(442)	150	3,617
3,009	Total Direct Cost	3,009	0	900	(442)	150	3,617
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
3,009	Gross Budget Requirement	3,009	0	900	(442)	150	3,617
0	Use Of Departmental Reserves					(150)	(150)
3,009	Net Budget Requirement	3,009	0	900	(442)	0	3,467

Departmental Budget Pressures

This represents the funding which will be reinvested into transforming services across the Council to deliver Public Health outcomes.

Departmental Budget Reductions to Fund Pressures

Contract efficiencies achieved by transforming and integrating the 0-19 children's health services.

One off costs Funded from Department Reserves

One-off funding earmarked to support the transition of services in 2017/18.

2017/2018 BUDGET - SERVICE UNIT: GENERAL PUBLIC HEALTH SERVICES

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Miscellaneous Public Health Services						
0	Direct costs - Employees	0	0	0	0	0	0
732	- Other	732	0	0	(10)	0	722
732	Total Direct Cost	732	0	0	(10)	0	722
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
732	Gross Budget Requirement	732	0	0	(10)	0	722
	Use Of Departmental Reserves						0
732	Net Budget Requirement	732	0	0	(10)	0	722

Departmental Budget Reductions to Fund Pressures

Savings relate to a reduction in Health Improvement initiatives. These reductions were required to meet the £227,000 cut to the ringfenced Public Health Grant in 2017/18.

2017/2018 BUDGET - SERVICE UNIT: NHS HEALTH CHECK PROGRAMME

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	NHS Health Check Programme						
0	Direct costs - Employees	0	0	0	0	0	0
102	- Other	97	0	0	(5)	0	92
102	Total Direct Cost	97	0	0	(5)	0	92
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
102	Gross Budget Requirement	97	0	0	(5)	0	92
	Use Of Departmental Reserves						0
102	Net Budget Requirement	97	0	0	(5)	0	92

Departmental Budget Reductions to Fund Pressures

Savings relate to a reduction in Health Improvement initiatives. These reductions were required to meet the £227,000 cut to the ringfenced Public Health Grant in 2017/18.

2017/2018 BUDGET - SERVICE UNIT: OBESITY

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Obesity						
138	Direct costs - Employees	138	0	0	(53)	0	85
17	- Other	17	0	0	0	0	17
155	Total Direct Cost	155	0	0	(53)	0	102
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
155	Gross Budget Requirement	155	0	0	(53)	0	102
0	Use Of Departmental Reserves						0
155	Net Budget Requirement	155	0	0	(53)	0	102

Departmental Budget Reductions to Fund Pressures

Savings relate to a reduction in staff costs resulting from a restructure in this area.

2017/2018 BUDGET - SERVICE UNIT: PHYSICAL ACTIVITY

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (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
165	- Other	173	0	0	0	0	173
165	Total Direct Cost	173	0	0	0	0	173
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
165	Gross Budget Requirement	173	0	0	0	0	173
0	Use Of Departmental Reserves						0
165	Net Budget Requirement	173	0	0	0	0	173

2017/2018 BUDGET - SERVICE UNIT: PRESCRIBING

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Prescribing						
0	Direct costs - Employees	0	0	0	0	0	0
862	- Other	862	0	0	0	0	862
862	Total Direct Cost	862	0	0	0	0	862
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
862	Gross Budget Requirement	862	0	0	0	0	862
0	Use Of Departmental Reserves						0
862	Net Budget Requirement	862	0	0	0	0	862

2017/2018 BUDGET - SERVICE UNIT: PUBLIC HEALTH ADVICE

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Public Health Advice</u>						
438	Direct costs - Employees	443	0	0	0	0	443
451	- Other	451	0	0	(31)	0	420
889	Total Direct Cost	894	0	0	(31)	0	863
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
889	Gross Budget Requirement	894	0	0	(31)	0	863
0	Use Of Departmental Reserves						0
889	Net Budget Requirement	894	0	0	(31)	0	863

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 £227,000 in 2017/18.

2017/2018 BUDGET - SERVICE UNIT: SEXUAL HEALTH

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (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
694	- Other	694	0	0	(58)	0	636
694	Total Direct Cost	694	0	0	(58)	0	636
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
694	Gross Budget Requirement	694	0	0	(58)	0	636
0	Use Of Departmental Reserves						0
694	Net Budget Requirement	694	0	0	(58)	0	636

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 £227,000 in 2017/18.

2017/2018 BUDGET - SERVICE UNIT: SMOKING AND TOBACCO

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Smoking & Tobacco</u>						
0	Direct costs - Employees	0	0	0	0	0	0
253	- Other	253	0	0	0	0	253
253	Total Direct Cost	253	0	0	0	0	253
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
253	Gross Budget Requirement	253	0	0	0	0	253
0	Use Of Departmental Reserves						0
253	Net Budget Requirement	253	0	0	0	0	253

2017/2018 BUDGET - SERVICE UNIT: SUBSTANCE MISUSE

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Substance Misuse						
343	Direct costs - Employees	349	0	0	(22)	0	327
2,018	- Other	2,004	0	0	(506)	250	1,748
2,361	Total Direct Cost	2,353	0	0	(528)	250	2,075
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
2,361	Gross Budget Requirement	2,353	0	0	(528)	250	2,075
	Use Of Departmental Reserves					(250)	(250)
2,361	Net Budget Requirement	2,353	0	0	(528)	0	1,825

Departmental Budget Reductions to Fund Pressures

Savings relate to efficiencies achieved as part of the proposals to transform and integrate drug and alcohol support services. These budget reductions were required to meet the 2.2% cut to the ringfenced Public Health Grant of £227,000 in 2017/18.

One off costs Funded from Department Reserves

Funding supports the budget for tier 4 treatment services.

2017/2018 BUDGET - SERVICE UNIT: PUBLIC HEALTH MAIN GRANT

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Public Health 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
(9,222)	Income	(9,222)	0	227	0	0	(8,995)
(9,222)	Gross Budget Requirement	(9,222)	0	227	0	0	(8,995)
0	Use Of Departmental Reserves						0
(9,222)	Net Budget Requirement	(9,222)	0	227	0	0	(8,995)

Departmental Budget Pressures

As part of the Spending Review in 2016/17 the Government announced that the Public Health Grant would reduce by 9.6% over a 4 year period. The reduction in 2017/18 was £227,000 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.

2017/2018 BUDGET - SERVICE UNIT: CONSUMER SERVICES

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Consumer Services						
931	Direct costs - Employees	948	(26)	0	0	0	922
79	- Other	81	0	0	0	0	81
1,010	Total Direct Cost	1,029	(26)	0	0	0	1,003
30	Support Recharges	31	0	0	0	0	31
(361)	Income	(370)	(24)	0	0	0	(394)
679	Gross Budget Requirement	690	(50)	0	0	0	640
0	Use Of Departmental Reserves						0
679	Net Budget Requirement	690	(50)	0	0	0	640

Corporate Budget Reductions

Savings relate to a reduction in staff costs resulting from a restructure in this area.

2017/2018 BUDGET - SERVICE UNIT: ENVIRONMENTAL PROTECTION

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Environmental Protection						
21	Direct costs - Employees	22	0	0	0	0	22
0	- Other	0	0	0	0	0	0
21	Total Direct Cost	22	0	0	0	0	22
10	Support Recharges	10	0	0	0	0	10
(34)	Income	(35)	0	0	0	0	(35)
(3)	Gross Budget Requirement	(3)	0	0	0	0	(3)
0	Use Of Departmental Reserves						0
(3)	Net Budget Requirement	(3)	0	0	0	0	(3)

2017/2018 BUDGET - SERVICE UNIT: ENVIRONMENTAL STANDARDS

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(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
(98)	Income	(40)	0	0	0	0	(40)
(91)	Gross Budget Requirement	(33)	0	0	0	0	(33)
0	Use Of Departmental Reserves						0
(91)	Net Budget Requirement	(33)	0	0	0	0	(33)

2017/2018 BUDGET - SERVICE UNIT: SPORT & RECREATION

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Sport & Recreation						
1,737	Direct costs - Employees	1,783	0	150	0	76	2,009
478	- Other	469	(8)	7	0	13	481
2,215	Total Direct Cost	2,252	(8)	157	0	89	2,490
8	Support Recharges	8	0	0	0	0	8
(1,709)	Income	(1,736)	(42)	0	(157)	(89)	(2,024)
514	Gross Budget Requirement	524	(50)	157	(157)	0	474
	Use Of Departmental Reserves						0
514	Net Budget Requirement	524	(50)	157	(157)	0	474

Corporate Budget Reductions

Savings reflect the proposals to generate additional income in this area.

Departmental Budget Pressures

Budget pressures relate to running costs where budgets have been reduced and; based on current levels of spend, are now unsustainable.

Departmental Budget Reductions to Fund Pressures

Income reflects support from the Public Health ringfenced grant to support initiatives that deliver the public health outcomes.

REGENERATION & NEIGHBOURHOODS
DETAILED REVENUE BUDGETS 2017/2018

2017/2018 BUDGET - REGENERATION AND NEIGHBOURHOODS SUMMARY

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2017/2018 (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	(50)	0	0	0	0	(50)
20	Archaeology	20	0	0	0	0	0	20
(345)	BDM - Building Design & Management	(364)	(1)	0	(1)	0	0	(366)
(6)	Building Control	(7)	0	80	(1)	0	0	72
71	Building Maintenance	103	0	0	0	0	0	103
(454)	Car Parking	(437)	(6)	100	(140)	51	(51)	(483)
57	Community Centres	59	(28)	0	0	0	0	31
957	Community Safety & Engagement	981	(50)	0	(2)	109	(109)	929
621	Cultural Services	627	(20)	0	(4)	0	0	603
822	Economic Regeneration	839	(315)	0	(23)	0	0	501
(50)	Economic Regeneration - External Funded	(51)	(55)	0	0	0	0	(106)
419	Engineering & Design	416	(4)	0	(11)	0	0	401
(24)	Estates and Regeneration	(26)	0	0	(1)	0	0	(27)
872	Facilities Management	838	(3)	0	0	0	0	835
30	General Allotments	30	0	0	0	0	0	30
1,675	Grounds Maintenance	1,709	0	0	(161)	0	0	1,548
199	Heritage and Countryside	202	(21)	0	(1)	0	0	180
1,416	Highway Maintenance	1,450	0	0	(1)	0	0	1,449
552	Highways Liability	566	0	0	0	0	0	566
(292)	Highways Trading	(292)	0	0	0	0	0	(292)
500	Highways Traffic & Transport Management	509	(75)	0	(3)	0	0	431
566	Housing Services	574	(102)	0	(1)	12	(12)	471
(53)	Traffic and Transportation Strategic Management	(53)	0	53	0	0	0	0
990	Libraries	1,010	(55)	0	(5)	0	0	950
(118)	Logistics	(136)	(20)	0	0	0	0	(156)
(1)	NDORS	(1)	0	0	0	0	0	(1)
1,164	Network Infrastructure	1,191	0	0	0	0	0	1,191
145	Parks & Countryside	65	(100)	0	(169)	0	0	(204)
1,376	Passenger Transport	1,386	0	0	(1)	0	0	1,385
257	Planning Services	259	(59)	0	(1)	0	0	199
128	Road Safety	130	0	0	0	0	0	130
305	Strategic Management, Admin & Service Development	362	(48)	0	(15)	0	0	296
1,485	Street Cleansing	1,517	(66)	0	(20)	0	0	1,431
2,422	Sustainable Transport	2,484	(30)	0	(26)	0	0	2,428
0	Traffic Management	(1)	0	0	0	0	0	(1)
(140)	Vehicle Fleet	(137)	(40)	0	0	0	0	(177)
4,804	Waste & Environmental Services	4,915	(190)	300	(100)	0	0	4,925
20,370	Sub-Total Regeneration and Neighbourhoods	20,737	(1,338)	533	(687)	172	(172)	19,242
(157)	Contribution from Reserves	(157)	0	157	0	0	0	0
20,213	Net Budget Requirement	20,580	(1,338)	690	(687)	172	(172)	19,242

2017/2018 BUDGET - SERVICE UNIT: ADULT EDUCATION

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Adult Education</u>						
916	Direct costs - Employees	741	0	0	0	0	741
241	- Other	293	0	0	0	0	293
1,157	Total Direct Cost	1,034	0	0	0	0	1,034
43	Support Recharges	106	0	0	0	0	106
(1,121)	Income	(1,140)	(50)	0	0	0	(1,190)
79	Gross Budget Requirement	0	(50)	0	0	0	(50)
(79)	Use Of Departmental Reserves						0
0	Net Budget Requirement	0	(50)	0	0	0	(50)

Corporate Budget Reductions

Savings relate to additional income generated which will allow the service to fund staff and/or services otherwise funded from the core revenue grant.

2017/2018 BUDGET - SERVICE UNIT: ARCHAEOLOGY

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Archaeology</u>						
83	Direct costs - Employees	85	0	0	0	0	85
8	- Other	7	0	0	0	0	7
91	Total Direct Cost	92	0	0	0	0	92
12	Support Recharges	12	0	0	0	0	12
(83)	Income	(84)	0	0	0	0	(84)
20	Gross Budget Requirement	20	0	0	0	0	20
0	Use Of Departmental Reserves						0
20	Net Budget Requirement	20	0	0	0	0	20

2017/2018 BUDGET - SERVICE UNIT: BDM - BUILDING DESIGN & MANAGEMENT

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	BDM - Building Design & Management						
1,000	Direct costs - Employees	1,028	0	0	0	0	1,028
83	- Other	85	(1)	0	(1)	0	83
1,083	Total Direct Cost	1,113	(1)	0	(1)	0	1,111
(1,428)	Income	(1,477)	0	0	0	0	(1,477)
(345)	Gross Budget Requirement	(364)	(1)	0	(1)	0	(366)
0	Use Of Departmental Reserves						0
(345)	Net Budget Requirement	(364)	(1)	0	(1)	0	(366)

Departmental Budget Reductions to Fund Pressures

Savings relate to the application of a cash freeze to some supplies and services budgets.

2017/2018 BUDGET - SERVICE UNIT: BUILDING CONTROL

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Building Control						
192	Direct costs - Employees	196	0	0	0	0	196
28	- Other	29	0	0	(1)	0	28
220	Total Direct Cost	225	0	0	(1)	0	224
12	Support Recharges	12	0	0	0	0	12
(238)	Income	(244)	0	80	0	0	(164)
(6)	Gross Budget Requirement	(7)	0	80	(1)	0	72
0	Use Of Departmental Reserves						0
(6)	Net Budget Requirement	(7)	0	80	(1)	0	72

Departmental Budget Pressures

Pressures relate to an income shortfall in this area.

Departmental Budget Reductions to Fund Pressures

Savings relate to the application of a cash freeze to some supplies and services budgets.

2017/2018 BUDGET - SERVICE UNIT: BUILDING MAINTENANCE

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Building Maintenance						
2,614	Direct costs - Employees	2,738	0	0	0	0	2,738
2,833	- Other	2,834	0	0	0	0	2,834
5,447	Total Direct Cost	5,572	0	0	0	0	5,572
514	Support Recharges	514	0	0	0	0	514
(5,890)	Income	(5,983)	0	0	0	0	(5,983)
71	Gross Budget Requirement	103	0	0	0	0	103
	Use Of Departmental Reserves						0
71	Net Budget Requirement	103	0	0	0	0	103

2017/2018 BUDGET - SERVICE UNIT: CAR PARKING

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Car Parking</u>						
441	Direct costs - Employees	450	0	0	0	51	501
597	- Other	612	0	20	0	0	632
1,038	Total Direct Cost	1,062	0	20	0	51	1,133
14	Support Recharges	14	0	0	0	0	14
(1,506)	Income	(1,513)	(6)	80	(140)	0	(1,579)
(454)	Gross Budget Requirement	(437)	(6)	100	(140)	51	(432)
0	Use Of Departmental Reserves					(51)	(51)
(454)	Net Budget Requirement	(437)	(6)	100	(140)	0	(483)

Corporate Budget Reductions

The saving relates to additional income expected from the renegotiation of a joint parking management agreement.

Departmental Budget Pressures

Budget pressures relate to increased running costs including business rates, and a shortfall in car parking income.

Departmental Budget Reductions to Fund Pressures

Relates to additional income expected to be generated from a review of car parking charges across the town.

One off costs Funded from Department Reserves

Funding earmarked to fund additional enforcements officers in 2017/18.

2017/2018 BUDGET - SERVICE UNIT: COMMUNITY CENTRES

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Community Centres</u>						
94	Direct costs - Employees	96	0	0	0	0	96
4	- Other	4	0	0	0	0	4
98	Total Direct Cost	100	0	0	0	0	100
0	Support Recharges	0	0	0	0	0	0
(41)	Income	(41)	(28)	0	0	0	(69)
57	Gross Budget Requirement	59	(28)	0	0	0	31
0	Use Of Departmental Reserves						0
57	Net Budget Requirement	59	(28)	0	0	0	31

Corporate Budget Reductions

Savings represent the funding from Public Health used to support the costs associated with Community Hubs.

2017/2018 BUDGET - SERVICE UNIT: COMMUNITY SAFETY & ENGAGEMENT

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Community Safety & Engagement</u>						
666	Direct costs - Employees	668	(50)	0	0		618
489	- Other	511	0	0	(2)	109	618
1,155	Total Direct Cost	1,179	(50)	0	(2)	109	1,236
0	Support Recharges	0	0	0	0	0	0
(198)	Income	(198)	0	0	0	0	(198)
957	Gross Budget Requirement	981	(50)	0	(2)	109	1,038
	Use Of Departmental Reserves					(109)	(109)
957	Net Budget Requirement	981	(50)	0	(2)	0	929

Corporate Budget Reductions

Savings relate to staff costs which have reduced following a restructure.

One Off Costs Funded from Department Reserves

One off funding earmarked to support staff employed on temporary contracts relating to specific projects.

2017/2018 BUDGET - SERVICE UNIT: CULTURAL SERVICES

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Cultural Services						
424	Direct costs - Employees	381	0	0	0	0	381
537	- Other	520	0	0	(4)	0	516
961	Total Direct Cost	901	0	0	(4)	0	897
0	Support Recharges	0	0	0	0	0	0
(340)	Income	(274)	(20)	0	0	0	(294)
621	Gross Budget Requirement	627	(20)	0	(4)	0	603
0	Use Of Departmental Reserves						0
621	Net Budget Requirement	627	(20)	0	(4)	0	603

Corporate Budget Reductions

Savings relate to additional income generation across the service area.

Departmental Budget Reductions to Fund Pressures

Savings relate to the application of a cash freeze to some supplies and services budgets.

2017/2018 BUDGET - SERVICE UNIT: ECONOMIC REGENERATION

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Economic Regeneration						
478	Direct costs - Employees	487	(45)	0	0		442
554	- Other	564	(260)	0	(22)	0	282
1,032	Total Direct Cost	1,051	(305)	0	(22)	0	724
49	Support Recharges	50	0	0	(1)	0	49
(259)	Income	(262)	(10)	0	0	0	(272)
822	Gross Budget Requirement	839	(315)	0	(23)	0	501
	Use Of Departmental Reserves						0
822	Net Budget Requirement	839	(315)	0	(23)	0	501

Corporate Budget Reductions

It is proposed that the Combined Authority becomes self funded through the use of devolved funding. The savings reported reflect the reduction in the Council's contribution along with the deletion of a vacant post. Additional income reflects a small increase in the rental income generated from the Hartlepool Enterprise Centre.

Departmental Budget Reductions to Fund Pressures

Savings reflect the reduction in the Council's contribution towards the Combined Authority.

2017/2018 BUDGET - SERVICE UNIT: ECONOMIC REGENERATION - EXTERNALLY FUNDED

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Economic Regeneration - Externally Funded						
12	Direct costs - Employees		0	0	0	0	0
	- Other	12	0	0	0	0	12
12	Total Direct Cost	12	0	0	0	0	12
	Support Recharges	0	0	0	0	0	0
(62)	Income	(63)	(55)	0	0	0	(118)
(50)	Gross Budget Requirement	(51)	(55)	0	0	0	(106)
	Use Of Departmental Reserves						0
(50)	Net Budget Requirement	(51)	(55)	0	0	0	(106)

Corporate Budget Reductions

Additional income has been included to reflect the bidding opportunities that currently exist for grant funding. It is anticipated that some of this income may be used to support services otherwise funded by the General Fund.

2017/2018 BUDGET - SERVICE UNIT: ENGINEERING & DESIGN

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Engineering & Design						
359	Direct costs - Employees	364	0	0	(6)	0	358
562	- Other	567	(4)	0	(1)	0	562
921	Total Direct Cost	931	(4)	0	(7)	0	920
19	Support Recharges	19	0	0	0	0	19
(521)	Income	(534)	0	0	(4)	0	(538)
419	Gross Budget Requirement	416	(4)	0	(11)	0	401
0	Use Of Departmental Reserves						0
419	Net Budget Requirement	416	(4)	0	(11)	0	401

Corporate Budget Reductions

Savings relate to the application of a cash freeze to some supplies and services budgets.

Departmental Budget Reductions to Fund Pressures

Savings reflect reductions in running costs and additional income that can be generated in this area.

2017/2018 BUDGET - SERVICE UNIT: ESTATES AND REGENERATION

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Estates and Regeneration						
254	Direct costs - Employees	267	0	0	0	0	267
47	- Other	48	0	0	(1)	0	47
301	Total Direct Cost	315	0	0	(1)	0	314
1	Support Recharges	1	0	0	0	0	1
(326)	Income	(342)	0	0	0	0	(342)
(24)	Gross Budget Requirement	(26)	0	0	(1)	0	(27)
0	Use Of Departmental Reserves						0
(24)	Net Budget Requirement	(26)	0	0	(1)	0	(27)

Departmental Budget Reductions to Fund Pressures

Savings relate to the application of a cash freeze to some supplies and services budgets.

2017/2018 BUDGET - SERVICE UNIT: FACILITIES MANAGEMENT

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Facilities Management						
3,978	Direct costs - Employees	4,088	0	0	0	0	4,088
3,204	- Other	3,210	(3)	0	0	0	3,207
7,182	Total Direct Cost	7,298	(3)	0	0	0	7,295
364	Support Recharges	362	0	0	0	0	362
(6,674)	Income	(6,822)	0	0	0	0	(6,822)
872	Gross Budget Requirement	838	(3)	0	0	0	835
0	Use Of Departmental Reserves						0
872	Net Budget Requirement	838	(3)	0	0	0	835

Corporate Budget Reductions

Savings relate to the application of a cash freeze to some supplies and services budgets.

2017/2018 BUDGET - SERVICE UNIT: GENERAL ALLOTMENTS

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	General Allotments						
0	Direct costs - Employees	0	0	0	0	0	0
98	- Other	102	0	0	0	0	102
98	Total Direct Cost	102	0	0	0	0	102
0	Support Recharges	0	0	0	0	0	0
(68)	Income	(72)	0	0	0	0	(72)
30	Gross Budget Requirement	30	0	0	0	0	30
0	Use Of Departmental Reserves						0
30	Net Budget Requirement	30	0	0	0	0	30

2017/2018 BUDGET - SERVICE UNIT: GROUNDS MAINTENANCE

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Grounds Maintenance						
1,145	Direct costs - Employees	1,180	0	0	(106)	0	1,074
458	- Other	456	0	0	(19)	0	437
1,603	Total Direct Cost	1,636	0	0	(125)	0	1,511
563	Support Recharges	577	0	0	(36)	0	541
(491)	Income	(504)	0	0	0	0	(504)
1,675	Gross Budget Requirement	1,709	0	0	(161)	0	1,548
0	Use Of Departmental Reserves						0
1,675	Net Budget Requirement	1,709	0	0	(161)	0	1,548

Departmental Budget Reductions to Fund Pressures

The savings relate to a review of operating practices carried out as part of the Clean and Green Strategy. The review has involved a change in working practices that has reduced the need for seasonal and casual staff. Vehicles have been reduced to reflect the initiatives put in place to reduce the level of grass cutting e.g. low maintenance alternatives.

2017/2018 BUDGET - SERVICE UNIT: HERITAGE & COUNTRYSIDE

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Heritage & Countryside						
197	Direct costs - Employees	201	(20)	0	0	0	181
68	- Other	49	0	0	(1)	0	48
265	Total Direct Cost	250	(20)	0	(1)	0	229
0	Support Recharges	0	0	0	0	0	0
(66)	Income	(48)	(1)	0	0	0	(49)
199	Gross Budget Requirement	202	(21)	0	(1)	0	180
0	Use Of Departmental Reserves						0
199	Net Budget Requirement	202	(21)	0	(1)	0	180

Corporate Budget Reductions

Savings relate to a reduction in staff costs following a restructure in this area.

Departmental Budget Reductions to Fund Pressures

Savings relate to the application of a cash freeze to some supplies and services budgets.

2017/2018 BUDGET - SERVICE UNIT: HIGHWAYS MAINTENANCE

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
1,431	Highways Maintenance						
	Direct costs - Employees	1,465	0	0	(1)	0	1,464
	- Other		0	0	0	0	0
1,431	Total Direct Cost	1,465	0	0	(1)	0	1,464
0	Support Recharges	0	0	0	0	0	0
(15)	Income	(15)	0	0	0	0	(15)
1,416	Gross Budget Requirement	1,450	0	0	(1)	0	1,449
0	Use Of Departmental Reserves						0
1,416	Net Budget Requirement	1,450	0	0	(1)	0	1,449

Departmental Budget Reductions to Fund Pressures

Savings relate to the application of a cash freeze to some supplies and services budgets.

2017/2018 BUDGET - SERVICE UNIT: HIGHWAYS LIABILITY

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Highways Liability						
0	Direct costs - Employees	0	0	0	0	0	0
552	- Other	566	0	0	0	0	566
552	Total Direct Cost	566	0	0	0	0	566
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
552	Gross Budget Requirement	566	0	0	0	0	566
0	Use Of Departmental Reserves						0
552	Net Budget Requirement	566	0	0	0	0	566

2017/2018 BUDGET - SERVICE UNIT: HIGHWAYS TRADING

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Highways Trading						
1,336	Direct costs - Employees	1,308	0	0	0	0	1,308
514	- Other	512	0	0	0	0	512
1,850	Total Direct Cost	1,820	0	0	0	0	1,820
659	Support Recharges	659	0	0	0	0	659
(2,801)	Income	(2,771)	0	0	0	0	(2,771)
(292)	Gross Budget Requirement	(292)	0	0	0	0	(292)
0	Use Of Departmental Reserves						0
(292)	Net Budget Requirement	(292)	0	0	0	0	(292)

2017/2018 BUDGET - SERVICE UNIT: HIGHWAYS TRAFFIC & TRANSPORT MANAGEMENT

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Highways Traffic & Transport Management						
486	Direct costs - Employees	495	(60)	0	0	0	435
49	- Other	50	(1)	0	0	0	49
535	Total Direct Cost	545	(61)	0	0	0	484
26	Support Recharges	27	(1)	0	0	0	26
(61)	Income	(63)	(13)	0	(3)	0	(79)
500	Gross Budget Requirement	509	(75)	0	(3)	0	431
0	Use Of Departmental Reserves						0
500	Net Budget Requirement	509	(75)	0	(3)	0	431

Corporate Budget Reductions

The savings relate to a reduction in staff costs following a restructure in this area, along with additional income expected to be generated from an increase in various license fees and the introduction of new charges in some areas.

Departmental Budget Reductions to Fund Pressures

The savings relate to additional income expected to be generated in this area.

2017/2018 BUDGET - SERVICE UNIT: HOUSING SERVICES

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Housing Services						
962	Direct costs - Employees	977	(99)	0	0	0	878
182	- Other	190	(2)	0	(1)	0	187
1,144	Total Direct Cost	1,167	(101)	0	(1)	0	1,065
75	Support Recharges	76	(1)	0	0	12	87
(653)	Income	(669)	0	0	0	0	(669)
566	Gross Budget Requirement	574	(102)	0	(1)	12	483
	Use Of Departmental Reserves					(12)	(12)
566	Net Budget Requirement	574	(102)	0	(1)	0	471

Corporate Budget Reductions

The savings relate to a reduction in staff costs following a restructure in this area.

One Off Costs Funded from Department Reserves

Reserve used to support the cost of operating the Selective Licensing scheme over years.

2017/2018 BUDGET - SERVICE UNIT: TRAFFIC AND TRANSPORTATION STRATEGIC MANAGEMENT

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	ITU Strategic Management						
0	Direct costs - Employees	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
(53)	Income	(53)	0	53	0	0	0
(53)	Gross Budget Requirement	(53)	0	53	0	0	0
0	Use Of Departmental Reserves						0
(53)	Net Budget Requirement	(53)	0	53	0	0	0

Departmental Budget Pressures

Pressure relates to an income shortfall in this area.

2017/2018 BUDGET - SERVICE UNIT: LIBRARIES

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Libraries						
783	Direct costs - Employees	797	(11)	0	0	0	786
246	- Other	253	(22)	0	(5)	0	226
1,029	Total Direct Cost	1,050	(33)	0	(5)	0	1,012
26	Support Recharges	26	0	0	0	0	26
(65)	Income	(66)	(22)	0	0	0	(88)
990	Gross Budget Requirement	1,010	(55)	0	(5)	0	950
0	Use Of Departmental Reserves						0
990	Net Budget Requirement	1,010	(55)	0	(5)	0	950

Corporate Budget Reductions

Savings reflect the implementation of the Community Hub and Library Service review and include staff cost savings following a restructure. Income represents the funding from Public Health used to support the costs associated with Community Hubs.

Departmental Budget Reductions to Fund Pressures

Savings relate to the application of a cash freeze to some supplies and services budgets.

2017/2018 BUDGET - SERVICE UNIT: LOGISTICS

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Logistics						
404	Direct costs - Employees	177	(20)	0	0	0	157
599	- Other	555	0	0	0	0	555
1,003	Total Direct Cost	732	(20)	0	0	0	712
120	Support Recharges	120	0	0	0	0	120
(1,241)	Income	(988)	0	0	0	0	(988)
(118)	Gross Budget Requirement	(136)	(20)	0	0	0	(156)
0	Use Of Departmental Reserves						0
(118)	Net Budget Requirement	(136)	(20)	0	0	0	(156)

Corporate Budget Reductions

Savings relate to a reduction in staff costs following a restructure in this area.

2017/2018 BUDGET - SERVICE UNIT: NDORS

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	NDORS						
141	Direct costs - Employees	144	0	0	0	0	144
1,214	- Other	1,214	0	0	0	0	1,214
1,355	Total Direct Cost	1,358	0	0	0	0	1,358
0	Support Recharges	0	0	0	0	0	0
(1,356)	Income	(1,359)	0	0	0	0	(1,359)
(1)	Gross Budget Requirement	(1)	0	0	0	0	(1)
0	Use Of Departmental Reserves						0
(1)	Net Budget Requirement	(1)	0	0	0	0	(1)

2017/2018 BUDGET - SERVICE UNIT: NETWORK INFRASTRUCTURE

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Network Infrastructure						
0	Direct costs - Employees	0	0	0	0	0	0
1,164	- Other	1,191	0	0	0	0	1,191
1,164	Total Direct Cost	1,191	0	0	0	0	1,191
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
1,164	Gross Budget Requirement	1,191	0	0	0	0	1,191
0	Use Of Departmental Reserves						0
1,164	Net Budget Requirement	1,191	0	0	0	0	1,191

2017/2018 BUDGET - SERVICE UNIT: PARKS & COUNTRYSIDE

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Parks & Countryside						
314	Direct costs - Employees	244	0	0	0	0	244
760	- Other	774	0	0	(19)	0	755
1,074	Total Direct Cost	1,018	0	0	(19)	0	999
10	Support Recharges	10	0	0	0	0	10
(939)	Income	(963)	(100)	0	(150)	0	(1,213)
145	Gross Budget Requirement	65	(100)	0	(169)	0	(204)
0	Use Of Departmental Reserves						0
145	Net Budget Requirement	65	(100)	0	(169)	0	(204)

Corporate Budget Reductions

Savings reflect an increase in charges proposed within the Cemeteries and Crematorium service area.

Departmental Budget Reductions to Fund Pressures

Savings reflect the additional income generated from charges within the Cemeteries and Crematorium service area.

2017/2018 BUDGET - SERVICE UNIT: PASSENGER TRANSPORT

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Passenger Transport						
934	Direct costs - Employees	939	0	0	0	0	939
1,132	- Other	1,134	0	0	(1)	0	1,133
2,066	Total Direct Cost	2,073	0	0	(1)	0	2,072
411	Support Recharges	416	0	0	0	0	416
(1,101)	Income	(1,103)	0	0	0	0	(1,103)
1,376	Gross Budget Requirement	1,386	0	0	(1)	0	1,385
0	Use Of Departmental Reserves						0
1,376	Net Budget Requirement	1,386	0	0	(1)	0	1,385

Departmental Budget Reductions to Fund Pressures

Savings relate to the application of a cash freeze to some supplies and services budgets.

2017/2018 BUDGET - SERVICE UNIT: PLANNING SERVICES

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Planning Services						
757	Direct costs - Employees	771	(49)	0	0	0	722
42	- Other	43	0	0	(1)	0	42
799	Total Direct Cost	814	(49)	0	(1)	0	764
0	Support Recharges	0	0	0	0	0	0
(542)	Income	(555)	(10)	0	0	0	(565)
257	Gross Budget Requirement	259	(59)	0	(1)	0	199
	Use Of Departmental Reserves						0
257	Net Budget Requirement	259	(59)	0	(1)	0	199

Corporate Budget Reductions

Savings reflect a reduction in salary costs following a restructure in this area. The additional income reflects the introduction of a charge for the planning application advice service.

Departmental Budget Reductions to Fund Pressures

Savings relate to the application of a cash freeze to some supplies and services budgets.

2017/2018 BUDGET - SERVICE UNIT: ROAD SAFETY

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Road Safety						
232	Direct costs - Employees	247	0	0	0	0	247
3	- Other	3	0	0	0	0	3
235	Total Direct Cost	250	0	0	0	0	250
0	Support Recharges	0	0	0	0	0	0
(107)	Income	(120)	0	0	0	0	(120)
128	Gross Budget Requirement	130	0	0	0	0	130
0	Use Of Departmental Reserves						0
128	Net Budget Requirement	130	0	0	0	0	130

2017/2018 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT, ADMIN & SERVICE DEVELOPMENT

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5 +6) (7) £'000
	Strategic Management, Admin & Service Development						
585	Direct costs - Employees	575	0	0	(15)	0	560
55	- Other	130	(48)	0	(3)	0	79
640	Total Direct Cost	705	(48)	0	(18)	0	639
538	Support Recharges	552	0	0	0	0	552
(873)	Income	(895)	0	0	0	0	(895)
305	Gross Budget Requirement	362	(48)	0	(18)	0	296
0	Use Of Departmental Reserves						0
305	Net Budget Requirement	362	(48)	0	(18)	0	296

Corporate Budget Reductions

Savings relate to the application of a cash freeze to some supplies and services budgets.

Departmental Budget Reductions to Fund Pressures

Savings relate to a reduction in staff costs following a restructure in this area.

2017/2018 BUDGET - SERVICE UNIT: STREET CLEANSING

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Street Cleansing						
741	Direct costs - Employees	754	0	0	0	0	754
148	- Other	152	(10)	0	(4)	0	138
889	Total Direct Cost	906	(10)	0	(4)	0	892
696	Support Recharges	713	(56)	0	(16)	0	641
(100)	Income	(102)	0	0	0	0	(102)
1,485	Gross Budget Requirement	1,517	(66)	0	(20)	0	1,431
0	Use Of Departmental Reserves						0
1,485	Net Budget Requirement	1,517	(66)	0	(20)	0	1,431

Corporate Budget Reductions

Savings relate to a review of work programmes which has led to a reduction in the number of vehicles used by the service.

Departmental Budget Reductions to Fund Pressures

Savings relate to a review of work programmes which has led to a reduction in the number of vehicles used by the service.

2017/2018 BUDGET - SERVICE UNIT: SUSTAINABLE TRANSPORT

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (7) £'000
	Sustainable Transport						
0	Direct costs - Employees	0	0	0	0	0	0
2,422	- Other	2,484	(30)	0	(26)	0	2,428
2,422	Total Direct Cost	2,484	(30)	0	(26)	0	2,428
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
2,422	Gross Budget Requirement	2,484	(30)	0	(26)	0	2,428
0	Use Of Departmental Reserves						0
2,422	Net Budget Requirement	2,484	(30)	0	(26)	0	2,428

Corporate Budget Reductions

Savings reflect the current cost of concessionary fares.

Departmental Budget Reductions to Fund Pressures

Savings reflect the current cost of concessionary fares.

2017/2018 BUDGET - SERVICE UNIT: TRAFFIC MANAGEMENT

Approved Budget 2016/2017 (1) £'000	Service Unit	Budget Projection 2017/2018 (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 2017/2018 (2+3+4+5+6) (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	(12)	0	0	0	0	(12)
0	Gross Budget Requirement	(1)	0	0	0	0	(1)
0	Use Of Departmental Reserves						0
0	Net Budget Requirement	(1)	0	0	0	0	(1)

2017/2018 BUDGET - SERVICE UNIT: VEHICLE FLEET

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Vehicle Fleet						
742	Direct costs - Employees	844	0	0	0	0	844
2,919	- Other	2,887	(35)	0	0	0	2,852
3,661	Total Direct Cost	3,731	(35)	0	0	0	3,696
364	Support Recharges	364	0	0	0	0	364
(4,165)	Income	(4,232)	(5)	0	0	0	(4,237)
(140)	Gross Budget Requirement	(137)	(40)	0	0	0	(177)
0	Use Of Departmental Reserves						0
(140)	Net Budget Requirement	(137)	(40)	0	0	0	(177)

Corporate Budget Reductions

Savings relate a reduction in the running costs associated with operating the Council's Fleet e.g. vehicle hire costs and software Licenses.

2017/2018 BUDGET - SERVICE UNIT: WASTE & ENVIRONMENTAL SERVICES

Approved Budget 2016/2017	Service Unit	Budget Projection 2017/2018	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2017/2018 (2+3+4+5+6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Waste & Environmental Services						
1,564	Direct costs - Employees	1,686	(114)	150	0	0	1,722
2,914	- Other	2,893	0	0	(100)	0	2,793
4,478	Total Direct Cost	4,579	(114)	150	(100)	0	4,515
797	Support Recharges	817	0	150	0	0	967
(471)	Income	(481)	(76)	0	0	0	(557)
4,804	Gross Budget Requirement	4,915	(190)	300	(100)	0	4,925
0	Use Of Departmental Reserves						0
4,804	Net Budget Requirement	4,915	(190)	300	(100)	0	4,925

Corporate Budget Reductions

Savings relate to a reduction in staff costs following a restructure in this area, along with income generated from the new charging arrangements at the Household Waste Recycling Centre.

Departmental Budget Pressures

Pressures relate to additional services required to support the Growth of the Town.

Departmental Budget Reductions to Fund Pressures

The service continues to reduce costs associated with waste disposal and this is reflected in the budget for 2017/18.

HOUSING REVENUE ACCOUNT
DETAILED REVENUE BUDGETS 2017/2018

HOUSING REVENUE ACCOUNT (HRA) 2017/18

This is a ringfenced account relating to the Council's rented housing. It was reopened on the 1st April, 2016 as a result of the number of houses exceeding the Government's new limit of 200, which was announced in a Ministerial Statement on 20 March, 2015. Prior to this it was included within the Regeneration & Neighbourhoods Department budgets as 'Council Housing'.

	2017/2018 BUDGET
	£000
INCOME	
Dwelling Rents (Note 1)	(1,080)
Charges for services and facilities	(6)
Other Income	(8)
Income sub total	(1,094)
EXPENDITURE	
Major Repairs Allowance (Note 2)	258
Supervision and management (Note 3)	245
Repairs and maintenance	101
Increase in provision for bad or doubtful debts	30
Rents, rates, taxes and other charges	15
Debt Management	10
Expenditure sub total	659
NET COST OF SERVICES	(435)
Interest payable	355
HRA investment income	(6)
(SURPLUS) FOR THE YEAR	(86)
HRA BALANCE B/F	(530)
HRA BALANCE C/F	(616)

Note 1 - Rent setting is determined by the Government's policy to reduce rents by 1%.

Note 2 - This relates to amounts set aside to fund capital expenditure on major repairs.

Note 3 - Includes staffing costs, insurance, IT and central support services

SECTION C

Treasury Management Strategy 2017/18

COUNCIL
23 February 2017



Report of: Chief Executive

Subject: BUSINESS REPORT

1. APPOINTMENT OF INTERIM DIRECTOR OF PUBLIC HEALTH

I have received notification that the Director of Public Health will leave her role with the Council on 1 March, 2017. The Director of Public Health is a statutory Chief Officer of the Council and the principal adviser on all public health matters and primarily in the areas of; health improvement, health protection and healthcare public health. It is necessary for a suitably qualified individual to undertake this position and I have therefore acted to appoint, on an interim basis, Dr Paul Edmondson-Jones.

Section 73A(1) of the NHS Act 2006, inserted by section 30 of the Health and Social Care Act 2012, gives the Director of Public Health responsibility for:

- all of the local authority's duties to take steps to improve public health
- any of the Secretary of State's public health protection or health improvement functions that s/he delegates to local authorities, either by arrangement or under regulations – these include services mandated by regulations made under section 6C of the 2006 Act, inserted by section 18 of the 2012 Act
- exercising local authority's functions in planning for, and responding to, emergencies that present a risk to public health
- the local authority's role in co-operating with the police, the probation service and the prison service to assess the risks posed by violent or sexual offenders
- such other public health functions as the Secretary of State specifies in regulations.

In addition, a Director of Public Health is required to be a registered public health specialist (i.e. included in the GMC Specialist Register/GDC Specialist List or UK Public Health Register (UKPHR)) and Dr Edmondson-Jones fulfills this requirement. The Director of Public Health is also a statutory member and main source of health advice to the Health and Wellbeing Board. The Director has a statutory responsibility to produce an independent annual report on the health of the local population, progress on improving health and reducing inequalities and making recommendations thereon.

Council is requested to endorse the appointment of Dr Edmondson-Jones on an interim basis and that he undertakes the statutory roles and associated responsibilities outlined within the confines of this report and that Council receives a further report upon the position of the Director of Public Health in due course.

2. TREASURY MANAGEMENT

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.

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 Council'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.

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.

The recommended Treasury Management Strategy was considered by the Audit and Governance Committee on the 8th December 2016 and this report is attached as Appendix 1.

The Audit and Governance Committee carefully scrutinised the proposed Treasury Management strategy and approved that the recommended strategy be referred to full Council.

At the time of the Audit and Governance Committee it was not possible to calculate supporting Prudential Indicators as this is reliant on Government Capital and Revenue Allocations which had not been issued. However, as the Treasury Management Strategy outlines the key principles covering the operation of the Council'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 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;

RECOMMENDATIONS

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 2017/18 Treasury Management Strategy and related issues;

Borrowing Strategy 2017/18

- 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 Director of Finance and Policy may take out additional borrowing if this secures the lowest long term interest cost.
- iii) **Borrowing required for business cases** – Approve the strategy of internally investing in business cases to mitigate counterparty risk, reduce borrowing costs and generate an internal investment return. Note that if this strategy is adopted that action may be taken by the Director of Finance and Policy to externally borrow for these schemes if an interest rates rise is expected.

Investment Strategy 2017/18

- iv) Approve the increase in the Counterparty Limit for Svenska Handelsbanken from £3m to £5m.
- v) Approve the increase in the Counterparty Limit for County, Metropolitan or Unitary Councils from £5m to £8m
- vi) Approve the increase in the Counterparty Limit for District Councils, Police or Fire Authorities from £2m to £3m
- vii) Approve the increase in the overall Local Authority Limit from £35m to £40m
- viii) Approve the Counterparty limits as set out in paragraph 8.8 of Appendix 1.

Minimum Revenue Provision (MRP) Statement

- ix) Approve the following MRP statement:
- For capital expenditure incurred before 1st April, 2008 the Council's MRP policy is to calculate MRP based on a 50 year annuity repayment.
 - 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.
- x) Approve the establishment of a phasing reserve to secure the annual savings achieved as a result of the revised MRP policy. The recommended revised MRP policy is a long term strategy covering a 50 year period and to ensure the annual recurring saving detailed in the report can be achieved a phasing reserve will be required. This reserve can be funded from small annual contributions from the existing budget.

Prudential Indicators 2017/18

- xi) Approve the prudential indicators outlined in Appendix 2.

3. CHANGE OF DATE OF MARCH COUNCIL MEETING

As Members will be aware the 'purdah' period commences with the publication of the 'Notice of Election'. Information has been received that it has been agreed that the notice of election for the election of a Tees Valley Mayor will be published on 23rd March, 2017. Therefore, in order to avoid the 'purdah' period and following discussion with the Ceremonial Mayor, Council is requested to approve the change of date of the next Council meeting from 23rd March to 16th March, 2017.

4. APPOINTMENT OF RETURNING OFFICER – TEES VALLEY COMBINED AUTHORITY MAYORAL ELECTIONS

The Combined Authorities (Mayoral Elections) Order, 2017, made on 30 January, 2017, requires the appointment of a Returning Officer in connection with a combined authority mayoral election. Although the Council's Returning Officer, Peter Devlin, has been appointed under Section 35 of the Representation of the People Act, 1983, for the purposes of the conduct of local elections, this provision has been modified by Schedule 2 to the above Order, which stipulates that '*...each constituent council shall appoint an officer of the council to be the returning officer for the election of a combined authority mayor*'. Guidance issued through the Electoral Commission similarly advises that a formal appointment should be made and each constituent council comprising the electoral area of the Tees Valley Combined Authority are taking steps to make such appointments for their individual local areas.

It is therefore recommended that Peter Devlin is appointed Returning Officer under Article 5 of the Combined Authorities (Mayoral Elections) Order, 2017, in connection with the combined authority mayoral elections.

5. OUTSIDE BODIES

Council is informed of the following changes to the Outside Bodies memberships:-

Tees Valley Combined Authority Board – Overview and Scrutiny Committee – Councillor Stephen Akers-Belcher has resigned from this position and a replacement nomination is therefore sought.

Fostering and Adoption Panel – Councillor Hunter has resigned from this position. A replacement nomination is therefore sought for the remainder of the term of office expiring May 2017.

Council is requested to appoint replacement Members as set out above.

AUDIT AND GOVERNANCE COMMITTEE

8th December 2016



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 2015/16 including the 2015/16 outturn Prudential Indicators;
- ii. Provide a mid-year update of the 2016/17 Treasury Management activity; and
- iii. Enable the Audit and Governance Committee to scrutinise the recommended 2017/18 Treasury Management Strategy before it is referred to the full Council for approval.

2. BACKGROUND

2.1 The Treasury Management Strategy covers:

- 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 where loan repayment costs are funded from budget savings and / or increased income, previous examples have included LED streetlight replacement, housing schemes and the development of a new 'Centre for Independent Living'; 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 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, and has subsequently been updated.
- 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 2015/16
 - Treasury Management Strategy 2016/17 mid-year review
 - Treasury Management Strategy 2017/18
 - Minimum Revenue Provision and Interest Cost and Other Regulatory Information 2017/18

3. ECONOMIC ENVIRONMENT AND OUTLOOK FOR INTEREST RATES

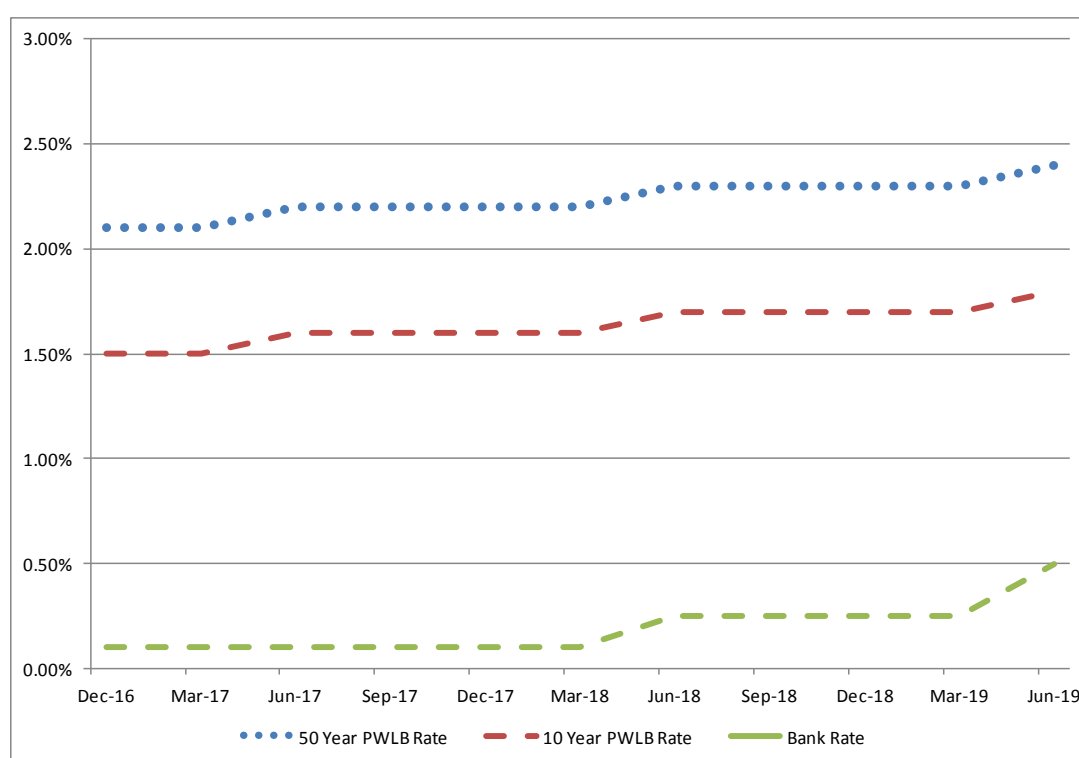
- 3.1 At the time the 2016/17 Treasury Management Strategy was proposed most economists anticipated that interest rates in the USA and the UK would begin to increase during 2016. This position reflected underlying economic conditions and statements from both the Federal Reserve and the Bank of England.
- 3.2 However following the referendum vote to leave the EU in June this year there was a change in the outlook for UK interest rates and greater uncertainty.
- 3.3 The Bank of England cut the Bank Rate from 0.5% to a new historic low, 0.25% as part of a package of measures to address the expected slowdown in growth. The Governor of the Bank of England had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, owing to uncertainty of whether the UK would continue to have full access to the EU single market (i.e. without tariffs). The Governor indicated that monetary policy alone would not be sufficient to address emerging issues in the economy suggesting that the Government would need to help growth by increasing investment expenditure and possibly use fiscal tools such as taxation. The new Chancellor Phillip Hammond announced after the referendum result that the target of achieving a budget surplus in 2020 will be eased in the November 2016 Autumn Statement.

- 3.4 Inflation is forecast to rise in 2018 and 2019 to around 2.4%. The Consumer Prices Index (CPI) started rising during 2016 as the fall in the price of oil and food twelve months earlier dropped out of the calculation during the year. In addition, the fall in the value of sterling following the referendum is likely to result in a further increase in CPI over a time period of three to four years. Since the referendum in June the pound has fallen about 18% against the dollar. This reflects the market view that growth is likely to be stronger in the US than the UK and that UK interest rates are falling while US interest rates are expected to increase.
- 3.5 **U.S.A. economy** – Following overall growth of 2.4% in 2015 the US economy disappointed in the first quarter of 2016 with annualised growth at 0.8% but improving to 1.4% in the second quarter. However, forward indicators are pointing to a pickup in growth for the remainder of 2016. After holding interest rates at near 0% for seven years the Federal Reserve increased rates by 0.25% in December 2015. At that point it was anticipated that there would be four more rate rises to come in 2016. However, more downbeat international economic news has delayed the timing of the second increase which is now not expected until December 2016 at the earliest.
- 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 at a rate of €60 billion per month. This programme was expected to run until September 2016 but was extended by the ECB to March 2017. The ECB progressively cut its deposit facility interest rate with it reaching -0.4% in March 2016. At the same meeting the ECB also increased its monthly asset purchase rate to €80 billion per month. These measures have struggled to make an impact in boosting economic growth. GDP growth rose by 0.6% in the first quarter of 2016 but slowed to an increase of 0.3% in the second quarter. This has led to many commentators stating that central banks around the world are running out of tools to stimulate economic growth. This position highlights the need for national governments to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in their economies and stimulate economic growth.
- 3.7 **Other economies** – Japan continues to struggle with very weak economic growth and is making little progress on fundamental reform of its economy. Chinese economic growth has been weakening and medium term risks have been increasing with many commentators worried about the adverse affect this may have on the already weak global economic recovery.
- 3.8 **Interest Rate Forecasts**
- 3.9 Forecasting future interest rates remains extremely challenging. Prior to the EU referendum Bank Rate had remained unchanged for significantly longer than most economists initially forecast but an increase in interest rates was widely anticipated. However, following the EU referendum the Bank Rate was reduced to a new historic low of 0.25%. Capita Asset Services (the Authority's Treasury Management advisors) continue to update their

forecasts to reflect statements made by the Governor of the Bank of England and changes in the economy. Their latest forecast incorporates forward guidance which indicates that there may be a further rate cut to 0.1% in November 2016. An increase back to 0.25% is not anticipated until May 2018.

- 3.10 The Governor of the Bank of England has repeatedly stated that increases in Bank Rate will be slow and gradual once they do start. The Monetary Policy Committee is concerned about the impact of increases on heavily indebted consumers, especially when growth in average disposable income is still weak and could turn negative if inflation rises as forecast. Capita Asset Services' latest forecasts up to June 2019 are provided in the following graph.

Interest Rate Forecast up to June 2019



- 3.11 Since the late 1990s Bank Rate averaged 5% until 2009 when the Bank of England reduced it to the historically low 0.5% in response to the financial crisis. Over the same period PWLB rates have been significantly higher than they are at present. The rates for 10 year loans were on average 5% prior to the financial crisis but subsequently fell to between 3% and 4%. The rates for 50 year loans were also on average 5% although this trend continued throughout the financial crisis. PWLB interest rates fell to historically low levels in early 2015 predominantly as a consequence of falling oil prices. They fell further following the EU referendum to the current levels. In the context of previous interest rates, current rates are at an unprecedented low level.

4. TREASURY MANAGEMENT OUTTURN POSITION 2015/16

4.1 Capital Expenditure and Financing 2015/16

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 £21.488m, of which £7.277m 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 £97.600m as shown at Appendix A comprising £74.803m relating to the core CFR and £22.797m relating to business cases. This is lower than the approved estimate of £102.804m owing to the rephasing of capital expenditure.

4.8 The Council's total long term external borrowing as at 31st March, 2015 was £83.9m and increased to £87.7m at 31st March 2016. This increase was in line with the approved strategy and reflected borrowing taken out to secure the business cases including following schemes:

- Street Lighting
- Coastal Defences
- Raby Road Bungalow

- 4.09 The total borrowing remains below the CFR and there continues to be an element of netting down investments and borrowing to a level that is expected to be sustainable.
- 4.10 **Prudential Indicators and Compliance Issues 2015/16**
- 4.11 Details of each Prudential Indicator are shown at Appendix A. Some of the prudential indicators provide either an overview or specific limits on treasury activity. The key Prudential Indicators to report at outturn are described below.
- 4.12 The **Authorised Limit** is the “Affordable Borrowing Limit” required by Section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. Appendix A demonstrates that during 2015/16 the Council has maintained gross borrowing within its Authorised Limit.
- 4.13 **Net Borrowing and the CFR** - In order to ensure that borrowing levels are prudent, over the medium term the Council’s external borrowing, net of investments, must only be for a capital purpose. Net borrowing should not exceed the CFR for 2015/16 plus the expected changes to the CFR over 2016/17 and 2017/18. The Council has complied with this Prudential Indicator.
- 4.14 **The treasury position 31st March 2016**
- 4.15 The table below shows the treasury position for the Council as at the 31st March, 2016 compared with the previous year:

Treasury position	31st March 2015		31st March 2016	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Rate Debt				
- Tees Valley Unlimited Loan	£1.6m	0.00%	£1.6m	0.00%
- PWLB	£37.3m	2.91%	£41.1m	2.97%
- Market Loans (LOBOs)	£45.0m	4.00%	£45.0m	4.00%
Total Long Term Debt	£83.9m	3.44%	£87.7m	3.45%
Total Investments	£68.2m	0.40%	£61.1m	0.54%
Net borrowing Position	£15.7m		£26.6m	

- 4.16 At the time the LOBOs were taken out the prevailing PWLB rates were between 4.25% and 4.55%. The LOBOs have therefore allowed the Council to achieve annual interest savings between 0.25% and 0.55% compared to if PWLB loans had been taken out.
- 4.17 A key performance indicator shown in the above table is the very low average rate of external debt of 3.45% for debt held as at 31st March, 2016.

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.

- 4.18 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 5th February, 2015.
- 4.19 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 between three and six months but a maximum of one year). 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 2015/16 the risk associated with these higher returns would not have been prudent.
- 4.20 A prudent approach will continue to be adopted in order to safeguard the Council's resources, although some changes are recommended later in the report.
- 4.21 **Regulatory Framework, Risk and Performance 2015/16**
- 4.22 The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:
- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
 - The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions have been made since this power was introduced);
 - Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act, and requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
 - The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
 - Under the Act the DCLG has issued Investment Guidance to structure and regulate the Council's investment activities;
 - Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November, 2007.
- 4.23 The Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its Treasury Management activities

5. TREASURY MANAGEMENT STRATEGY 2016/17 MID YEAR REVIEW

- 5.1 The Treasury Management Strategy for 2016/17 was approved by Council on 18th February 2016. The Council's borrowing and investment position as at 30th September 2016 is summarised as follows:

	£m	Average Rate
Market Loans (LOBOs)	20.0	4.12%
Market Loans (Maturities)	25.0	3.92%
PWLB Loans	39.8	3.00%
Tees Valley Unlimited Loan	1.6	0.00%
Gross Debt	86.4	3.47%
Investments	63.8	0.53%
Net Debt as at 30-09-16	22.6	

- 5.2 No new borrowing has been undertaken during 2016/17. However in June 2016 Barclays took the decision to remove their option to 'call' the LOBOs and these have now become standard maturity loans. This has been beneficial to the Council as this has removed refinancing risk on these loans at no cost to the Council.
- 5.3 Net Debt has decreased since 31st March 2016 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 however depending on the timing of the receipt of Safety Net Grant which is not yet known this position may decrease.
- 5.4 As part of the Treasury Strategy for 2016/17 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 2017/18

- 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 2017/18 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 2017/18

- 7.1 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 2017/18 to 2019/20 recommends proposals for using significant one-off resources and therefore a large proportion of 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 a 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 historically low long term interest rates. This action has also secured the Treasury Management savings already built into the 2015/16 base budget of £1.270m.
- 7.6 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 In order to ensure that the above objectives are achieved a strategy of fully funding the borrowing for business cases has been adopted in recent years. However, given the reduction in interest rates and current interest rate forecasts it is recommended that a strategy of temporarily internally funding business cases maybe appropriate in order to mitigate counterparty risk. The timing of long term borrowing decisions will then be managed carefully to ensure that interest rates are fixed at an affordable level.

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 remaining LOBOs were called). Any borrowing in advance of need will be reported to the Council in the next Treasury Management report.

8. **INVESTMENT STRATEGY 2017/18**

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.

8.3 **Counterparty Selection Criteria**

8.4 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.

8.5 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

8.6 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.

8.7 Following the deterioration of market conditions as a result of the EU referendum 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 high quality institutions however interest rates on some instant access accounts have reduced to near 0% and the following amendments are recommended in order to increase flexibility and secure investment income with existing high quality counterparties:

- Increase the Counterparty Limit for Svenska Handelsbanken from £3m to £5m.
- Increase the Counterparty Limit for County, Metropolitan or Unitary Councils from £5m to £8m.
- Increase the Counterparty Limit for District Councils, Police or Fire Authorities from £2m to £3m.
- Increase the overall Local Authority Limit from £35m to £40m.

8.8 The table below shows the proposed limits in 2017/18 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: - £8m County, Metropolitan or Unitary Councils - £3m District Councils, Police or Fire Authorities			£40m	1 Year
F	Three Money Market Funds (AAA) with maximum investment of £3m per fund			£9m	Liquid (instant access)
G	Svenska Handelsbanken			£5m	3 Months

8.9 Specified and Non-Specified Investments

8.10 CLG regulations classify investments as either Specified or Non-Specified. Specified Investment is any investment not meeting the Specified definition.

8.11 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.

8.12 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.

8.13 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).

9. MINIMUM REVENUE PROVISION AND INTEREST COSTS AND OTHER REGULATORY INFORMATION 2017/18

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 Capital Financing Requirement (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.
- 9.3 A revised MRP Policy was presented to Finance and Policy Committee on 20th June 2016 and then to Audit and Governance Committee on 14th July 2016 and the report is attached at Appendix B.
- 9.4 The revised policy is in relation to capital expenditure incurred before 1st April 2008 and enables the Council to make a £2m recurring annual saving until 2028/29.
- 9.5 This policy fully repays this element of the CFR within 50 years. Under the previous policy 13% (£9.4m) would remain outstanding at the end of this period.
- 9.6 The budget strategy reflects the above saving and is based on the following MRP statement and Council is recommended to formally approve this statement:
- For capital expenditure incurred before 1st April, 2008 the Council's MRP policy is to calculate MRP based on a 50 year annuity repayment.
 - 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.
- 9.7 **CIPFA Treasury Management Code of Practice**
- 9.8 The Council has adopted CIPFA Treasury Management Code of Practice. Confirmation of this is the first prudential indicator.
- 9.9 **Treasury Management Advisors**
- 9.10 The Council uses Capita Asset Services – Treasury Solutions (formerly known as Sector) as its external treasury management advisors.
- 9.11 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.
- 9.12 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. FINANCIAL CONSIDERATIONS

10.1 As detailed in preceding paragraphs and section 5 of Appendix B.

11. RISK IMPLICATIONS

11.1 As detailed in Appendix B the phasing reserves manages the risk of sustaining the financial benefits to the General Fund from adopting the revised MRP policy.

12. LEGAL CONSIDERATIONS

12.1 The MRP proposal detailed in the report can be implemented in accordance with the requirement of Statutory Instrument 2008 Number 414 - the 'Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008' and provide a prudent basis for determining the annual MRP provision for the pre 31st March 2008 CFR.

13. CHILD AND FAMILY POVERTY

13.1 There are no direct child and family poverty implications in this instance. However, the revised recommended MRP policy will help avoid the need for cuts in services, which may have had child and family poverty implications.

14. EQUALITY AND DIVERSITY CONSIDERATIONS

14.1 There are no equality and diversity considerations in this instance.

15. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS

15.1 None

16. STAFF CONSIDERATIONS

16.1 None

17. ASSET MANAGEMENT CONSIDERATIONS

17.1 None

18. CONCLUSION

18.1 The report sets out how the Council will comply with the regulatory framework to ensure the Council achieves the lowest borrowing costs and security for any temporary cash investments made by the Council.

18.2 As reported to the Committee on 14th July 2016 the report confirms the revised MRP policy which helps the Council meet the objective of ensuring the CFR is fully repaid within 50 years, sooner than the existing policy and provides a significantly more prudent basis for the pre 31st March 2008 CFR.

Under the previous policy 13% (£9.4m) of the CFR would still be outstanding after 50 years.

- 18.3 The revised MRP policy will provide a recurring annual saving of £2m over a 12 year period - i.e. 2017/18 to 2028/29. From 2029/30 this savings will reduce to £1m to ensure the CFR is repaid within 50 years. The annual savings are predicated on establishing a phasing reserve as detailed in section 5 of Appendix B.
- 18.4 The savings from the revised MRP policy helps reduce the budget deficit facing the Council in 2017/18.

19. RECOMMENDATIONS

19.1 It is recommended that Members approve the following proposals:

19.2 Treasury Management Outturn Position 2015/16

- i) Note the 2015/17 Treasury Management Outturn detailed in section 4 and Appendix A.

19.3 Treasury Management Strategy 2016/17 Mid-Year Review

- ii) Note the 2016/17 Treasury Management Mid-year Position detailed in section 5.

19.4 Treasury Management Strategy 2017/18 (Prudential Indicators)

- iii) Note that detailed prudential indicators will be reported to full Council in February 2017.

19.5 Borrowing Strategy 2017/18

- 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 strategy of internally investing in business cases to mitigate counterparty risk, reduce borrowing costs and generate an internal investment return. Note that if this strategy is adopted that action may be taken by the Chief Finance Officer to externally borrow for these schemes if an interest rates rise is expected.

19.6 **Investment Strategy 2017/18**

- vii) Approve the increase the Counterparty Limit for Svenska Handelsbanken from £3m to £5m.
- viii) Increase the Counterparty Limit for County, Metropolitan or Unitary Councils from £5m to £8m
- ix) Increase the Counterparty Limit for District Councils, Police or Fire Authorities from £2m to £3m
- x) Increase the overall Local Authority Limit from £35m to £40m
- xi) Approve the Counterparty limits as set out in paragraph 8.8.

19.7 **Minimum Revenue Provision (MRP) Statement**

- xii) Approve the MRP statement outlined in paragraph 9.6 above.
- xiii) Approve the establishment of a phasing reserve as detailed in paragraph 5.7 of Appendix B. The recommended revised MRP policy is a long term strategy covering a 50 year period and to ensure the annual recurring saving detailed in the report can be achieved a phasing reserve will be required. This reserve can be funded from small annual contributions from the existing budget

20. REASON FOR RECOMMENDATIONS

- 20.1 To allow Members to fulfil their responsibility for scrutinising the Treasury Management Strategy

21. CONTACT OFFICER

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Prudential Indicators 2015/16 Outturn

1. Ratio of Financing Costs to Net Revenue Stream

This indicator shows the proportion of the total annual revenue budget that is funded by the local tax payer and Central Government, which is spent on servicing debt. .

2015/16 Estimate		2015/16 Outturn
6.56%	Ratio of Financing costs to net revenue stream	6.57%

2. Capital Expenditure

This indicator shows the total capital expenditure for the year.

2015/16 Estimate £'000		2015/16 Outturn £'000
29,097	Capital Expenditure	21,488

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.

2015/16 Estimate £'000		2015/16 Outturn £'000
274	Core Capital Expenditure Financed by Borrowing	561
12,705	Business Case Capital Expenditure Financed by Borrowing	6,716
12,979	Total Capital Expenditure Financed by Borrowing	7,277

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.

2015/16 Estimate £'000		2015/16 Outturn £'000
74,247	Core Capital Financing Requirement	74,803
28,557	Business Case Capital Financing Requirement	22,797
102,804	Total Capital Financing Requirement	97,600

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.

2015/16 Limit £'000		2015/16 Peak £'000
125,000	Authorised limit for external debt	89,971

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 £87.700m. The peak level during the year was £89.971m.

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.

2015/16 Limit £'000		2015/16 Peak £'000
115,000	Operational boundary for external debt	89,971

The operational limit was not exceeded in the year. The peak level of debt was £89.971m.

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.

2015/16 Limit £'000	Upper limits on fixed and variable interest rate exposure	2015/16 Peak £'000
115,000	Fixed Rates	44,971
85,000	Variable Rates	45,000

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	2,187	22,187
Between one and five years	115,000	0	12,954	37,954
Between five and ten years	115,000	0	5,463	5,463
Between ten and fifteen years	115,000	0	3,597	3,597
Between fifteen and twenty years	115,000	0	3,406	3,406
Between twenty and twenty-five years	115,000	0	1,940	1,940
Between twenty-five and thirty years	115,000	0	2,054	2,054
Between thirty and thirty-five years	115,000	0	2,458	2,458
Between thirty-five and forty years	115,000	0	5,844	5,844
Between forty and forty-five years	115,000	0	2,460	2,460
More than forty-five years	115,000	0	45,298	298

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	30,000	0	0
Actual	24,000	0	0

FINANCE AND POLICY COMMITTEE

20th June 2016



Report of: Chief Finance Officer

Subject: REVIEW OF MINIMUM REVENUE PROVISION (MRP) POLICY FOR 2017/18

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework Decision.

2. PURPOSE OF REPORT

2.1 To provide detailed information on the proposal included in the Medium Term Financial Strategy report to revise the Minimum Revenue Provision (MRP) policy for 2017/18 prior to this proposal being referred to the Audit and Governance Committee for detailed scrutiny, before submission to full Council.

3. BACKGROUND

3.1 In consultation with the Chair of the Finance and Policy Committee a review of the current MRP policy commenced during 2015/16 to provide an adequate lead time to review the complex technical and legal requirements in relation to the MRP. This lead time was necessary to enable this detailed report to be prepared for consideration by this Committee and also referred to the Audit and Governance Committee, prior to any changes being submitted to Council for implementation in 2017/18.

3.2 The MRP policy is part of the annual Treasury Management Strategy which provides the framework for managing the repayment of the Council's borrowing used to fund previous capital investment. The Treasury Management Strategy is considered each year by the Audit and Governance Committee before detailed proposals are referred to full Council. In normal circumstances the draft Treasury Management Strategy is considered by the Audit and Governance Committee in December and then referred to Council in February.

3.3 The existing MRP policy has been in place for eight years and to provide adequate time to consider a revised MRP policy this report is being presented to Finance and Policy Committee for information, prior to referral

to the Audit and Governance Committee for detailed scrutiny in accordance with the Council's constitution.

- 3.4 In accordance with regulations which came into force on 31st March 2008 local authorities are required, on an annual basis, to determine a MRP policy which it considers is appropriate to ensure the Capital Financing Requirement (CFR) is repaid over an appropriate period. The CFR and MRP are defined as follows:
- The CFR is the accumulated level of borrowing undertaken to finance capital expenditure; and
 - The MRP is the annual charge to the revenue budget to repay the CFR.

4. REVIEW OF MRP POLICY

4.1 The existing MRP policy consists of two components:

- **MRP for pre 31st March 2008 borrowing**

Borrowing up to this date was all subject to Government approval via the granting of 'credit approvals', which provided authority to borrow for capital purposes. In accordance with national regulations applying at that time the MRP for non-housing capital investment was set at 4% of the CFR.

- **MRP for post 1st April 2008 borrowing**

From this date local authority borrowing is regulated via the Prudential Code, which enables individual authorities to set their own borrowing limits, subject to specific conditions being met. The most important condition is the ability to repay Prudential Borrowing over an appropriate time period.

The Council has adopted a cautious approach to using the Prudential Borrowing regime. Most borrowing has been linked to specific business cases or operational requirements, for example housing investments and operational vehicle repayments, where there is either a specific income stream, budget savings or ongoing revenue budget to fund the annual MRP and interest costs. In these cases the MRP reflects the operational life of individual assets.

4.2 It is not proposed to make any changes to the MRP policy for post 1st April 2008 borrowing and MRP payments will continue in accordance with existing arrangements to ensure the debt is repaid over the existing asset lives.

4.3 As detailed later in the report Local Authorities have had the power for a number of years to review their MRP policies, although most Authorities, including Hartlepool have continued to base MRP charges for pre 31st March 2008 borrowing on the regime apply up to that date.

4.4 The position in relation to pre 31st March 2008 borrowing needs to be reviewed to ensure these arrangements remain appropriate in light of the significant changes to the Local Government funding system introduced over the last few years. It is my understanding that other North East Councils have either reviewed their MRP policies for 2016/17, or are in the process of reviewing for 2017/18.

4.5 From this Council's perspective reviewing the MRP policy for the 2017/18 financial year provides the maximum benefits in terms of the scale of the ongoing saving which can be achieved and the number of years this saving can be sustained for. If this review had been completed in an earlier financial year the financial benefits would have been lower and sustained over a shorter time period. Further information is provided in section 5.

4.6 There are a number of factors to take into account in reviewing the pre 31st March 2008 MRP policy as follows:

- The current MRP rate of 4% was set by the Government at a time when the Government system for distributing Revenue Support Grant (RSG) included specific formula to allocate RSG on the basis of the approved CFR and annual MRP repayments of 4%. These arrangements meant that part of the annual MRP repayment costs were funded from RSG and part from the General Fund budget.

As a result of changes on the RSG formula and the significant cuts in RSG over the last 5 years there is no longer a specific component of RSG linked to annual MRP charges. Therefore, the previous link to Government grant no longer exists and this means a greater proportion of MRP is now falling on the General Fund budget as less Government grant is received to support these costs. This position will be exacerbated over the next few years as further Government grant cuts will be implemented.

- The current annual MRP charge is 4% of the reducing CFR and front loads repayment costs. This means a disproportionate element of borrowing costs falls on the General Fund in the earlier years of making MRP repayments. This has significant implications for services in the current financial climate;
- The MRP current policy for pre 31st March 2008 CFR does not provide for the full repayment of this amount within a reasonable time period as highlighted in paragraph 4.7.

4.7 The development of a revised CFR policy needs to address the above issues and retain a prudent basis for repaying the CFR. These objectives can be achieved by basing the MRP policy on a 50 year annuity loan. The revised MRP policy is prudent and would ensure:

- The balance of the CFR at 31st March 2008 will be fully repaid after 50 years, i.e. by 31st March 2057.

- Under the current MRP policy this would not be achieved as 13% (£9.4m) of the CFR would still be outstanding at 31st March 2057. There would still be 7% (£5.1m) outstanding at 31st March 2072 – some 65 years after 31st March 2008;
- The revised MRP policy does not increase the overall level of debt, although it does change the repayment profile.
- The annual financial commitment of making MRP repayments will be fairer for both Council Tax payers and the budget over a 50 year period.

Whilst, the revised MRP charges are lower in the early years and higher in the later years, the total 'net present value' (NPV) charges are lower than the existing MRP charges over a 50 year period. This position reflects the fact that the NPV figures represent the real term value of money - i.e. £100 today is worth more than £100 in ten years time. Therefore, this provides a fairer 'real term' cost over time to the budget and Council Tax payers. As detailed in the following table the NPV for the revised MRP policy is lower than the existing MRP policy. The table also shows that the revised MRP policy provides for the full repayment of the CFR by 31st March 2057. This is not the case for the existing MRP policy.

Repayment Basis	Net Present Value (£m)*	CFR Outstanding 31st March 2057 (£m)
4% MRP on Reducing CFR Balance	32.733	9.362
50 Year Annuity Repayment	29.973	0.00

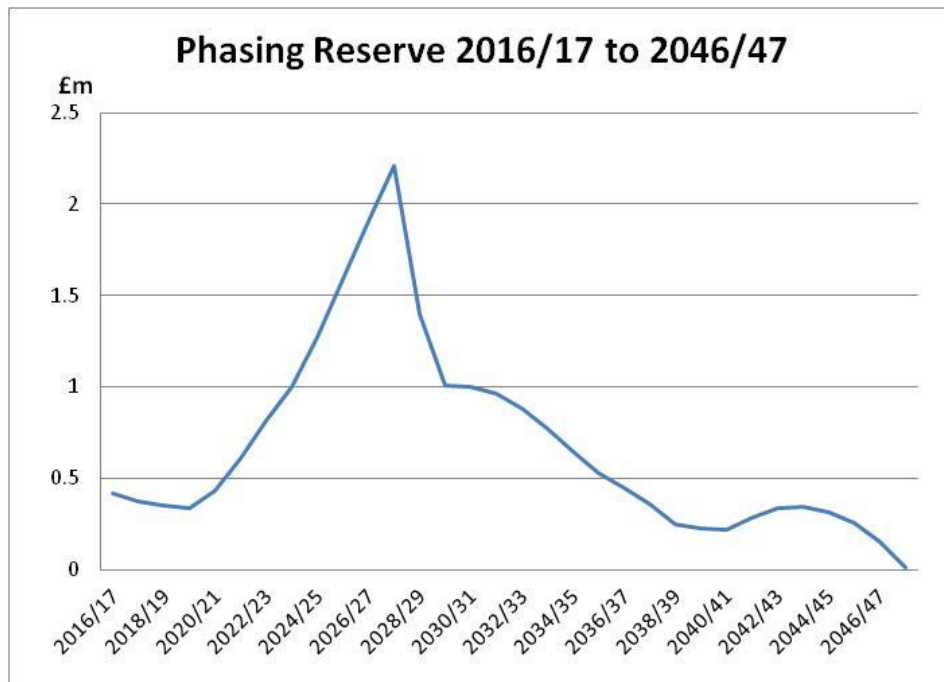
*Based on 2% Bank of England Target Inflation Rate

- By adopting the revised MRP policy the annual charge to the revenue budget will never exceed the current charge. This will provide a revenue savings which can be taken into account when setting the 2017/18 budget, as detailed in the next section.

5. FINANCIAL CONSIDERATIONS

- 5.1 The revised recommended MRP policy for the pre CFR at 31st March 2008 cannot be applied retrospectively as the financial accounts for 2008/09 to 2014/15 have been closed. However, the financial impact of the revised MRP policy and the current policy has been assessed. This analysis shows that the 31st March 2017 the Council will have 'overprovided MRP' by £13.8m.
- 5.2 If this policy change had been considered 12 months earlier the Council would have 'overprovided MRP' by £11.7m. As indicated earlier in the report this demonstrate that if the revised policy had been considered earlier the overall benefit and resulting annual savings would have been lower and for a shorter number of years.

- 5.3 To address the overprovision of MRP under the existing policy it is recommended that no MRP payments are made in relation to the pre-2008 CFR for the period 2017/18 to 2028/29. The proposal will enable the Council to re-base the repayment of the CFR so that the CFR outstanding at 31st March 2028 will be at the level it should have been had the revised MRP policy applied from 1st April 2008.
- 5.4 This proposal will enable a recurring revenue budget saving of £2 million to be taken over a 12 year period i.e. 2017/18 to 2028/29.
- 5.5 In 2029/30 the savings will reduce to £1.4m. There will then be a further reduction in 2030/31 to £1m.
- 5.6 However, the key issue to recognise is that from 2030/31 the aggregate annual MRP (i.e. covering the pre and post 2008 CFR) will be £1m lower than it would have been if the existing MRP policy is maintained.
- 5.7 To ensure the annual saving detailed in the previous paragraphs can be relied upon over a 50 year period the Council will need to manage annual fluctuations by maintaining a phasing reserve. As the revised MRP policy is a long term financial strategy the phasing reserve also needs to reflect this planning horizon.
- 5.8 As summarised in the following graph small annual contributions will be made to the phasing reserves from the existing budget (net of the £2m MRP saving) up until 2026/27, when the reserve will peak at approximately £2.2m. The reserve will then begin to be used in 2027/28 when £1m will be withdrawn. This will enable a £2m benefit to the General Fund budget to be maintained in 2027/28 consisting of net recurring MRP saving of £1m and £1m draw down from the reserve. Further smaller annual draw downs of the reserve will be made in 2028/29 and future years to sustain an annual benefit of at £1m (i.e. combined value of MRP saving and reserve draw down) until 2047/48. Movements in the phasing reserve are summarised in the following graph:



6. RISK IMPLICATIONS

- 6.1 As detailed in the previous paragraphs the phasing reserves manages the risk of sustaining the financial benefits to the General Fund from adopting the revised MRP policy.

7. LEGAL CONSIDERATIONS

- 7.1 The proposal detailed in the report can be implemented in accordance with the requirement of Statutory Instrument 2008 Number 414 - the 'Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008' and provide a prudent basis for determining the annual MRP provision for the pre 31st March 2008 CFR.

8. CHILD AND FAMILY POVERTY

- 8.1 There are no direct child and family poverty implications in this instance. However, the revised recommended MRP policy will help avoid the need for cuts in services, which may have had child and family poverty implications.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 There are no equality and diversity considerations in this instance.

10. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS

- 10.1 None

11. STAFF CONSIDERATIONS

11.1 None

12. ASSET MANAGEMENT CONSIDERATIONS

12.1 None

13. CONCLUSIONS

13.1 In consultation with the Chair of the Finance and Policy Committee a review of the current MRP policy commenced during 2015/16 to provide an adequate lead time to review the complex technical and legal requirements in relation to the MRP. This lead time was necessary to enable this detailed report to be prepared for consideration by this Committee and also referred to the Audit and Governance Committee, prior to any changes being submitted to Council for implementation in 2017/18.

13.2 The Council is required to adopt a prudent MRP policy to repay the CFR and the policy for the pre-31st March 2008 CFR has not previously been reviewed. This position needs to be reviewed to ensure these arrangements remain appropriate in light of the significant changes to the Local Government funding system introduced over the last few years. In reviewing the MRP policy the Council needs to ensure that the proposed new policy remains prudent and this is assessed by considering 2 key questions:

- Will the revised MRP policy repay the pre-31st March 2008 CFR sooner than the existing policy?; and
- Will the revised MRP avoid deferring a higher annual MRP charge to future years?

13.3 As detailed earlier in this report the revised recommended MRP policy meets these objectives as it ensures the CFR is fully repaid within 50 years. This would not be achieved under the existing CFR policy, as this would leave an outstanding CFR of 13% (£9.4m) after 50 years. Therefore, the revised MRP policy provides a significantly more prudent basis for repaying the pre 31st March 2008 CFR.

13.4 Compared to the continuation of the previous policy the revised proposal demonstrates that at 31st March 2017 the Council will have overprovided MRP by £13.8m. This position reflects the previous policy front loading repayment cost borne by the General Fund budget over the early years of the loan repayment period. Perversely, as indicated in the previous paragraph the current MRP policy would not repay the CFR over a 50 year period.

13.5 To enable the Council to benefit from the change in MRP policy it is recommended that no MRP charges are made in relation to the pre-2008 CFR for the period 2017/18 to 2028/29. The proposal will enable the Council to re-base the repayment of the CFR so that the CFR outstanding

at 31st March 2028 will be at the level it should have been had the revised MRP policy applied from 1st April 2008.

- 13.6 The revised MRP policy will provide a recurring annual saving of £2m over a 12 year period - i.e. 2017/18 to 2028/29. From 2029/30 this savings will reduce to £1m to ensure the CFR is repaid within 50 years. The annual savings are predicated on establishing a phasing reserve as detailed in section 5.
- 13.7 The proposals in the report do not impact on post 2008 CFR and MRP payments which will continue on accordance with existing arrangements to ensure the debt is repaid over the existing asset lives. This remains the most prudent basis for repaying the post 2008 CFR.
- 13.8 In the event that Members support the recommendations in this report and these proposal are subsequently approved by full Council I can confirm that in my professional opinion the revised recommended change in the MRP policy for the pre 31st March 2008 CFR is prudent and provides a sustainable and robust basis for ensuring the repayment of the CFR.
- 13.9 The revised recommended MRP policy for the pre 31st March 2008 CFR could potentially have been implemented in an earlier financial year, but this would have provided a lower annual saving for a shorter period.
- 13.10 The recommendation to implement the revised MRP policy for the 2017/18 financial year provides the greatest annual financial savings and sustains this saving for the longest period i.e. a £2m recurring annual saving until 2028/29.

14. RECOMMENDATIONS

- 14.1 It is recommended that Members:
- i) Note the report and the potential to achieve an annual saving of £2m over the period 2017/18 to 2028/29 by implementing a revised MRP policy for the pre 31st March 2008 CFR;
 - ii) Note that as detailed in paragraph 5.7 the recommended revised MRP policy is a long term strategy covering a 50 year period and to ensure the annual recurring saving detailed in the report can be achieved a phasing reserve will be required. This reserve can be funded from small annual contributions from the existing budget;
 - iii) Refer this report for earlier consideration by the Audit and Governance Committee to enable this savings to be built into the 2017/18 budget strategy to help address the 2017/18 budget deficit.

15. REASONS FOR RECOMMENDATIONS

- 15.1 To enable Members to consider the implications of a revised MRP policy for the pre 31st March 2008 CFR and to enable this proposal to be referred to the Audit and Governance Committee for detailed consideration.

16. BACKGROUND PAPERS

- 16.1 Treasury Management Strategy to Council on 18th February 2016.

17. CONTACT OFFICER

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TREASURY MANAGEMENT STRATEGY 2017/18 REGULATORY INFORMATION AND PRUDENTIAL INDICATORS

1. INTRODUCTION

- 1.1 The Audit and Governance Committee considered the Treasury Management Strategy for 2017/18 on 8th December 2016. 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.
- 1.2 Prior to 2016/17 the Council was exempt from producing a Housing Revenue Account (HRA) owing to the Council's low level of housing stock. However, in 2016/17 the Council is required to reintroduce the Housing Revenue Account (HRA) as the number of Council properties exceeds the Government's newly introduced cap of 200 properties to qualify for HRA exemption. A number of new disclosures in relation to the HRA are included in this report.

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	2016/17 Revised £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
CFR at 1st April	97,600	103,487	103,488	99,587
Capital Expenditure Financed by New Borrowing	1,578	720	679	1,212
Approved Borrowing Rephased from 2015/16 and Borrowing Profiled for Future Years	13,367	0	0	0
Less Borrowing to be Rephased to 2016/17 and Borrowing Profiled for Future Years	(3,830)	3,830	0	0
Less Repayment of CFR	(5,228)	(4,549)	(4,580)	(4,420)
CFR at 31st March	103,487	103,488	99,587	96,380
Less assets held under Finance Lease	(510)	(489)	(469)	(449)
Borrowing Requirement	102,976	102,999	99,118	95,930
Corporate Borrowing Requirement	73,666	70,914	67,724	64,631
Business Case Borrowing Requirement	20,030	21,658	20,968	20,873
Housing Revenue Account Borrowing Requirement	9,280	10,426	10,426	10,426
Borrowing Requirement	102,976	102,999	99,118	95,930

- 3.6 As part of the Medium Term Financial Strategy the Council is required to approve the 2017/18 capital programme summarised as follows:

Capital Expenditure	2016/17 Revised £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
New Approved Capital Expenditure	10,008	6,271	8,276	4,636
Rephased Capital Expenditure from 2015/16 and Expenditure Profiled for Future Years	25,712	0	0	0
Approved Capital Expenditure Profiled for Future Years	(4,482)	4,482	0	0
2016/17 Capital Expenditure to be Rephased	(4,324)	4,324	0	0
Capital Expenditure for the Year	26,914	15,077	8,276	4,636
Financed by:				
Capital grants and contributions	5,131	5,551	7,597	3,424
Other Capital Funding	3,299	0	0	0
Capital Expenditure to be funded from New Prudential Borrowing	1,578	720	679	1,212
Capital Resources Rephased from 2015/16 and Capital Resources Profiled for Future Years	25,712	0	0	0
Rephased Capital Resources from 2016/17 and Capital Resources Profiled for Future Years	(8,806)	8,806	0	0
Total Funding	26,914	15,077	8,276	4,636
Non-HRA Capital Expenditure	25,188	13,362	8,276	4,636
HRA Capital Expenditure	1,726	1,715	0	0
Total Capital Expenditure	26,914	15,077	8,276	4,636

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.

	Forward Projection	Forward Projection	Forward Projection	Forward Projection
	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
CouncilTax - Band D	£2.26	£1.14	£1.08	£1.92

4.4 Incremental Impact of Capital Expenditure on Housing Rent Levels

4.5 This indicator shows the revenue impact on any newly proposed changes to HRA capital expenditure. At present there will be no impact on housing rent levels as these have been set taking into account the existing HRA capital programme.

	Forward Projection	Forward Projection	Forward Projection	Forward Projection
	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Weekly Housing Rent Levels	£0.00	£0.00	£0.00	£0.00

4.6 Ratio of Financing Costs to Net Revenue Stream

4.7 This shows the net cost of capital borrowing as a percentage of the net budget. The decrease reflects significant savings from locking into historically low interest rates and re-profiling of MRP as outlined in Appendix 1.

	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Non-HRA financing cost to General Fund Net Revenue Stream	6.40%	4.01%	3.93%	3.95%

4.8 Ratio of Finance Costs to HRA Net Revenue Stream

4.9 This shows the net cost of capital borrowing as a percentage of the net HRA budget arising from the phased implementation of the business case.

	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
HRA financing cost to HRA Net Revenue Stream	29.89%	32.45%	34.04%	33.74%

5. BORROWING PRUDENTIAL INDICATORS

5.1 Debt Projections 2016/17 – 2019/20

5.2 The following table sets out the Council's projected Capital Financing Requirement (CFR) and level of debt:

Debt and Investment Projections	2016/17 Revised £'000	2017/18 Estimated £'000	2018/19 Estimated £'000	2019/20 Estimated £'000
Long Term Borrowing 1 April	87,661	85,060	80,832	78,108
Expected change in Long Term Debt	(2,601)	(4,228)	(2,724)	(2,790)
Debt at 31 March	85,060	80,832	78,108	75,319
Borrowing Requirement	102,976	102,999	99,118	95,930
Under Borrowing	(17,916)	(22,167)	(21,010)	(20,611)

Non-HRA Debt	75,780	70,406	67,682	64,892
HRA Debt	9,280	10,426	10,426	10,426
Total Debt	85,060	80,832	78,108	75,319

5.3 Although the Council has reduced its under borrowing in recent years 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 2017/2018 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	2016/17 Revised £'000	2017/18 Estimated £'000	2018/19 Estimated £'000	2019/20 Estimated £'000
Gross Borrowing	85,060	80,832	78,108	75,319
Other Long Term Liabilities	510	489	469	449
Total Gross Borrowing	85,571	81,321	78,578	75,768
Borrowing Requirement	102,976	102,999	99,118	95,930

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	2016/17	2017/18	2018/19	2019/20
	£'000	Estimated £'000	Estimated £'000	Estimated £'000
Operational Limit	121,000*	115,000*	109,000	106,000
Authorised limit	131,000*	125,000*	119,000	116,000

*These Limits include provision for potential temporary borrowing related to the phasing of capital receipts over the period of the MTFs.

- 5.8 The Council is also limited to a maximum HRA CFR through the HRA self-financing regime. The following table shows the HRA debt cap, the HRA CFR and the actual level of HRA debt (i.e. borrowing).

HRA Debt Limits	2016/17	2017/18	2018/19	2019/20
	Revised £'000	Estimated £'000	Estimated £'000	Estimated £'000
HRA Debt Cap	10,890	10,890	10,890	10,890
HRA CFR	9,280	10,426	10,426	10,426
HRA Headroom	1,610	464	464	464
HRA Debt	9,280	10,426	10,426	10,426
HRA Under/Over Borrowing	0	0	0	0

6. INVESTMENT PRUDENTIAL INDICATORS AND OTHER LIMITS ON TREASURY ACTIVITY

6.1 Investment Projections 2016/17 – 2019/20

- 6.2 The following table sets out the estimates for the expected level of resource for investment or use to defer long term borrowing.

2015/16 Outturn £'000	Year End Resources	2016/17 Revised £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
82,310	Balances and Reserves	47,374	31,685	24,083	21,869
(21,783)	Collection Fund Adjustment Account*	0	0	0	0
4,094	Provisions	3,555	3,555	3,555	3,555
64,621	Total Core Funds	50,929	35,240	27,638	25,424
6,940	Working Capital**	13,500	13,500	13,500	13,500
71,561	Resources Available for Investment	64,429	48,740	41,138	38,924
(9,939)	(Under)/over borrowing	(17,916)	(22,167)	(21,010)	(20,611)
61,622	Expected Investments	46,513	26,574	20,129	18,313

* 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" was established to manage this risk.

Impact on Revenue Budgets	2017/18 Estimated 1% £'000	2017/18 Estimated -1% £'000
	Interest on Borrowing	222
Investment income	(266)	266
Net General Fund Borrowing Cost	(44)	44

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	2017/18 Upper £'000	2018/19 Upper £'000	2019/20 Upper £'000
Borrowing	85,000	79,000	76,000
Investments	80,000	70,000	60,000

- 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	2017/18 Upper £'000	2018/19 Upper £'000	2019/20 Upper £'000
Borrowing	115,000	109,000	106,000
Investments	80,000	70,000	60,000

- 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 2017/18				
	2016/17 £000	2016/17 £000	2017/18 £000	2017/18 £000
	Lower Limit	Upper Limit	Lower Limit	Upper Limit
Under 12 months	0	111,000	0	105,000
12 months to 2 years	0	121,000	0	115,000
2 years to 5 years	0	121,000	0	115,000
5 years to 10 years	0	121,000	0	115,000
10 years to 20 years	0	121,000	0	115,000
20 years to 30 years	0	121,000	0	115,000
30 years to 40 years	0	121,000	0	115,000
40 years to 50 years	0	121,000	0	115,000
50 years to 60 years	0	121,000	0	115,000
60 years to 70 years	0	121,000	0	115,000

- 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	20,000	0	0

6.7 Performance Indicators

- 6.8 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. The Council will produce the following performance indicators for information and explanation of previous treasury activity:

- Average rate of borrowing for the year compared to average available
- Debt – Average rate movement year on year

SECTION D

Capital Programme 2017/18 to 2019/20

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2017/18 TO 2019/20

TABLE 1 - FORECAST CAPITAL RESOURCES

	Forecast Resources 2017/2018 (Provisional)				Forecast Resources 2018/2019 (Provisional)				Forecast Resources 2019/2020 (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												
Devolved Formula Capital (Schools) *	0	0	128	128	0	0	128	128	0	0	128	128
Disabled Facilities Grant (Better Care Fund) **	0	0	863	863	0	0	863	863	0	0	863	863
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	2,755	2,755	0	0	4,801	4,801	0	0	628	628
	0	0	5,551	5,551	0	0	7,597	7,597	0	0	3,424	3,424
Departmental Prudential Borrowing - Funded from Specific Business Cases												
Replacement Wheelie Bins	90	0	0	90	90	0	0	90	90	0	0	90
Vehicle Procurement (Tables 2 - 4)	530	0	0	530	589	0	0	589	1,122	0	0	1,122
	620	0	0	620	679	0	0	679	1,212	0	0	1,212
Total Forecast Resources	620	0	5,551	6,171	679	0	7,597	8,276	1,212	0	3,424	4,636

* Devolved Formula Capital allocation for Schools is an estimate based on the 2016/17 allocation. The Government has stated that the 2016/17 allocation could be used as an indication of future allocations, which has been reduced to reflect schools that have converted to Academy status.

** Better Care Fund is continuing in 2017/18, however detailed allocations have yet to be announced by the Government. Estimates are based on 2016/17 allocations and an assumption that the Better Care Fund will continue in future years.

Schools Capital Programme includes an estimate of £628k Schools Condition Grant for 2017/18 and future years as actual allocations have yet to be announced by the Government. This is based on the 2016/17 allocation which the Government has stated is indicative of future allocations pro-rated for schools that have converted to Academy status. In addition the Council has received a Basic Need funding allocation for 2017/18 and 2018/19, this is reflected in the above figures.