

**Budget for Best Value 2019/2020
&
Capital Programme to 2021/2022**



Hartlepool Borough Council

**Budget for Best Value 2019/2020
&
Capital Programme to 2021/2022**

**C. LITTLE
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FINANCE DIVISION**

ISSUED APRIL 2019

MEDIUM TERM FINANCIAL STRATEGY 2019/20 TO 2021/22

SUMMARY OF CONTENTS

	<u>Page No</u>
OVERVIEW OF 2019/20 BUDGET AND COUNCIL TAX	1-4
SECTION A - Council 21st February 2019	1-50
Council 21st February 2019 - Medium Term Financial Strategy (MTFS) 2019/20 to 2021/22	5-44
Council 21st February 2019 - Minutes	45-50
SECTION B - Detailed Revenue Budgets by Department 2019/20	51-102
Adults & Community Based Services	53-60
Chief Executives	61-72
Child and Joint Commissioning Services	73-86
Regeneration and Neighbourhood Services	87-98
Housing Revenue Account	99-102
SECTION C - Treasury Management Strategy 2019/20	103-134
Treasury Management Strategy 2019/20 - Business Report on 21st February 2019	105-134
SECTION D - Capital Programme 2019/20 to 2021/22	135-138
Forecast Capital Resources and Expenditure Commitments 2019/20 to 2021/22	137-138



HARTLEPOOL BOROUGH COUNCIL

Your Council Tax 2019/20

www.hartlepool.gov.uk/budget



Your Council Tax explained



2019/20 will be the ninth year of Government funding reductions faced by Hartlepool Borough Council. This means our Government funding will be approximately £25.5m, compared to £46.4m in 2013/14 – a reduction of 45%.

Hartlepool Borough Council also faces significant budget pressures in 2019/20 in relation to Looked after Children and Adult Social Care - particularly in respect of the frail, elderly and vulnerable.

As a result, Hartlepool Borough Council faces a 2019/20 budget deficit of **£8.4m**, making this the most difficult year the Council has ever faced.

However, this deficit can be reduced to **£3.8m** by implementing the proposed core Council Tax increase, Adult Social Care precept, achieving forecast housing growth, budget savings and the use of forecast additional Social Care funding.

To support the process to achieve further efficiencies, a comprehensive review of reserves has been completed. On this basis it is proposed that the 2019/20 budget can be balanced by using **£3.8m** of reserves.

We believe the Government's current Council Tax policy is simply shifting the burden of paying for vital services - including Social Care, Police and Fire - from Central Government to local taxpayers in Hartlepool.

For Hartlepool Borough Council services, this will mean a 3.9% increase in Council Tax.

This isn't fair and means Councils are being left with the difficult choice of either increasing Council Tax or making even greater cuts in services.

The amount of Council Tax payable for each property band in 2019/20 is shown in the table below.

	Increase	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Hartlepool Council	2.9%	£1,043.69	£1,217.65	£1,391.59	£1,565.54	£1,913.43	£2,261.34	£2,609.23	£3,131.08
Adult Social Care levy	1.0%	£79.83	£93.13	£106.44	£119.74	£146.35	£172.96	£199.57	£239.48
Police and Crime Commissioner	10.6%	£167.03	£194.86	£222.70	£250.54	£306.22	£361.89	£417.57	£501.08
Cleveland Fire Authority	2.9%	£51.57	£60.17	£68.76	£77.36	£94.55	£111.74	£128.93	£154.72
Total	4.7%	£1,342.12	£1,565.81	£1,789.49	£2,013.18	£2,460.55	£2,907.93	£3,355.30	£4,026.36

NOTE: The Adult Social Care levy was first introduced in 2016/17 and has increased each year. In 2019/20, it will be £119.74 for a Band D property.

Where each £1 spent by the Council comes from

47p Council Tax	21p Government Revenue Support Grant & Business Rates top-up	11p Other Government grants	17p Local share of Business Rates	4p Reserves
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How each £1 of Council Tax is spent



Adult Social
Services
36p



Children's
Services
21p



Refuse collection
and disposal
5p



Loan
repayments
3p



Recreation, Libraries
and Tourism
4p



Other
services
15p



Police
12p



Cleveland Fire
Authority
4p

Other elements of your Council Tax

The Council Tax for Police is set by the Police and Crime Commissioner who decided to set the maximum increase allowed by the Government of 10.6%, which for a Band A household is £167.03 for the year, or £3.21 a week. Cleveland Fire Authority approved an increase of 2.9%, which for a Band A household is £51.57 for the year, or 99p a week.

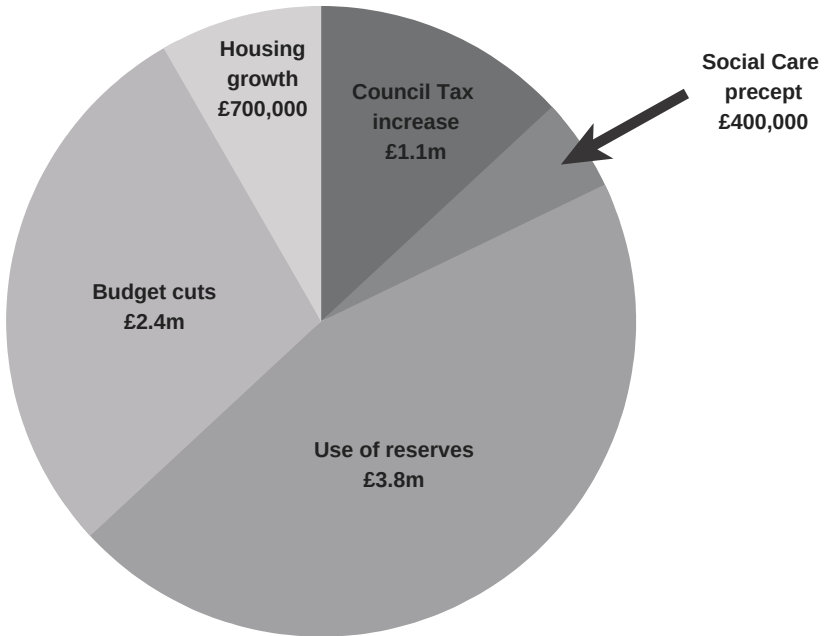
Your Council Tax 2019/20



Since 2010, Council services have been affected by a significant reduction in Government funding. The Government has confirmed that further funding reductions will be made in 2019/20.

Government funding 2013/14 £46.4m → 2019/20 £25.5m = Reduction of almost £500 for every household.

How we have addressed the 2019/20 budget deficit of £8.4m:



Are you paying too much Council Tax?

You may be able to claim Local Council Tax Support if you, or another adult in your home, is on low income, either in or out of work. There are also Council Tax reductions available for special circumstances; for example if a member of your family is disabled or severely mentally impaired, or your partner now lives in a nursing home.

SECTION A

Council 21st February 2019



Report of: Finance and Policy Committee

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2019/20 TO 2021/22

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update of the MTFS to reflect the final 2019/20 Local Government Finance settlement announcement and to enable Members to finalise the 2019/20 technical Council Tax calculations, which incorporate Council Tax levels independently set by precepting bodies.

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. Detailed proposals to balance the 2019/20 budget were considered and approved by Council on 20 December 2018 and this included a Council Tax increase (including the Social Care precept of 1%) of 3.9% for 2019/20.
- 2.2 These proposals reflected the provisional 2019/20 Local Government Finance Settlement, which was issued on 13 December 2018 and subject to a four week consultation ending on 10 January 2019.
- 2.3 Members noted that the final technical budget report and Council Tax calculations would then be considered in February 2019 to reflect the final 2019/20 Local Government Finance Settlement and the statutory 'billing' authorities calculations the Council is required to make. These statutory calculations require the Council to set the overall Council Tax level by incorporating the Council Tax levels approved by 'precepting bodies', i.e. the Police and Crime Commissioner, Cleveland Fire Authority and Parish Councils.
- 2.4 For clarity this is a statutory arithmetic calculation as 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 5.

3. FINAL 2019/20 LOCAL GOVERNMENT FINANCE SETTLEMENT AND IMPACT ON THE COUNCIL

3.1 At the time the Finance and Policy Committee report was considered on 28th January 2019 the final 2019/20 Local Government Finance Settlement had not been issued. These details were issued on 29th January 2019.

3.2 The final settlement confirmed the following issues:



- Government Funding (Revenue Support Grant and Top up grant) for 2019/20 of £18.135m, which is £1,000 less than the provisional settlement figure announced in December 2018.

2019/20 is the final year of the current funding system and the ninth successive year this funding for Councils has been cut. For Hartlepool this means that Government Funding (Revenue Support Grant and Top up grant) in 2019/20 will be approximately **£20.9m** less than 2013/14 which is a reduction of **45%**;

- Confirmed the 2019/20 Council Tax referendum limits, including the Adult Social Care precept arrangements.

3.3 As reported previously the reductions in Government funding and Council Tax referendum limits set by the Government, including the introduction of the Adult Social Care precept, have shifted the burden of funding local authority services from national tax payers on to Council Tax, as summarised in the following table:

Change in National funding 2015/16 to 2019/20

	Council Tax		Govt. funding
2015/16	49.3%		50.7%
2019/20	<u>61.5%</u>		<u>38.5%</u>
Change	+12.2%		-12.2% 

Note - Government funding consists of Revenue Support Grant, Top-up Grant, Business Rates income, Improved Better Care Fund, New Homes Bonus & Rural Services Delivery Grant.

3.4 Confirmation of the Government grant cut for 2019/20 confirms the gross budget deficit for next financial year of £8.163m (including an additional grant cut of £1,000). Therefore, the approved strategy for addressing this

deficit remains appropriate, which includes the use of £3.746m from the Budget Support Fund in 2019/20.

- 3.5 The following table summarises the measure approved by Council in December 2018 to address the 2019/20 deficit.

	£'m
Core Deficit (includes Government funding cut of £2.795m and inflation)	3.892
Add - Pay Award	2.150
Add - Looked After Children costs	3.500
Less - Approved savings & corporate savings	(1.379)
Deficit before Council Tax increase & forecast housing growth	8.162
Less - Forecast Housing Growth	(0.658)
Less - Core Council Tax increase	(0.389)
Less - Social Care Council Tax increase	(1.128)
Less - Budget Savings	(1.040)
Less - Forecast Social Care funding	(1.100)
Less – Distribution of national Business Rates levy and New Homes Bonus changes	(0.102)
Approved use of Budget Support Fund Reserve	3.746

- 3.6 The separate booklet issued with the agenda papers provides the detailed departmental revenue budgets for 2019/20.
- 3.7 As reported previously use of the Budget Support Fund reserves in 2019/20 provides a longer lead time to address the recurring budget deficit, although it does not provide a permanent solution. Therefore, the Council faces a significant budget deficit in 2020/21 and a further deficit in 2021/22, as summarised below:

Impact of using reserves on budget deficits –
based alternative grant scenario in 2020/21 and 2021/22

Grant funding scenario for 2020/21 and 2021/22	2020/21 Forecast Deficit £'m	2021/22 Forecast Deficit £'m	Total £'m
Cash Freeze 20/21 and 21/22	4.830	0.832	5.662
Grant cut 2% 20/21 and 21/22	5.726	1.710	7.436

4.0 CAPITAL BUDGET UPDATE

4.1 On 22 May 2018 Council approved the allocation of £128,000 to support businesses in Church Street / Church Square impacted by the regeneration schemes in these areas by implementing a Business Support Grant scheme. This scheme was open to businesses with a rateable value of less than £20,000 and limited to a maximum grant per property of £1,900. Officers have contacted business in the area to promote the scheme and have followed up with site visits and reminder correspondence. It is anticipated that existing commitments and forecast outstanding grant applications will commit £58,000 of the available budget. This will leave an uncommitted balance of £70,000, which it is proposed is allocated as follows:

- £60,000 to fund urgent structural repairs to 16 Church Street to make the building safe until funding can be secured to undertake a major renovation as part of the regeneration of Church Street.
- £10,000 and any further under spend on the Business Support Grant scheme which may arise is transferred to complement the Townscape Heritage scheme to cover the whole of Church Street / Church Square.

4.2 As requested at Council on 20th December 2018 details of the proposed vehicle replacement programme included in the previous MTFs report were considered by Finance and Policy Committee and confirmed.

4.3 It was also agreed by Finance and Policy Committee that the vehicle replacement programme will be actively managed by officers and if replacement can be delayed to 'sweat' the vehicles this will be done, provided there is a robust business case and any temporary loan repayment savings are not exceeded by potential additional repairs and maintenance costs. This is the approach already adopted and in 2018/19 this has provided a one off saving of £100,000, which is being used to partly mitigate budget overspends in other areas of the Regeneration and Neighbourhoods Services department.

5.0 HOUSE OF COMMONS COMMITTEE OF PUBLIC ACCOUNTS

5.1 On 6th February 2019 the House of Commons Committee of Public Accounts (PAC) published a report titled "Local Government Spending", which is attached at Appendix A. The PAC report provides a useful national view of issues reported to Finance and Policy Committee and Council in previous MTFs reports.

5.2 In summary the PAC report states that:

- local authorities face enormous pressure: their financial position is continuing to deteriorate as demand for vital services increases.
- The rate of looked-after children, for example, is at a 25-year high.

5.3 The PAC report also states “The government has had to inject large amounts of additional funding to ensure that the local authority sector can keep going in the short-term: £1.4 billion in the 2018 budget. Yet disturbingly, there is still no sign that the Department has a clear plan to secure the financial sustainability of local authorities in the long-term”.

5.4 The PAC report sets out a range of conclusions and recommendations for the Government to consider.

6.0 LEGAL CONSIDERATIONS

6.1 The following issues are relevant to the 2019/20 budget and were addressed in previous reports to Finance and Policy Committee (17th December 2018) and Council (20th December 2018):-

- the Local Government Finance Act 1992 requires local authorities to set a balanced budget;
- the Local Government Act 2003 requires local authorities to consider the advice of their Section 151 Chief Finance Officer (the Director of Finance and Policy) when making budget decisions. This advice must include details of the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves;
- The requirements of the Prudential Code in relation to the use of Prudential Borrowing.

6.2 The Local Government Act 1992 and relevant regulations also require the Council to approve the statutory Council Tax calculation incorporating the Council Tax levels set by individual precepting bodies i.e. the Police and Crime Commissioner, Cleveland Fire Authority and individual parish councils.

6.3 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. The following table details the Government Council Tax referendum limits for 2019/20 and Council Tax increases approved by individual precepting bodies:

Type of Authority	Government Council Tax Referendum Limits 2019/20	Band D Council Tax increase approved by individual precepting bodies
Police and Crime Commissioners	Increases of up to £24 in Band D Council Tax in 2019/20	£24 (10.6%)
Fire and Rescue Authorities	Increases of up to 3% in Band D Council Tax in 2019/20	£1.49 (2.9%)

Town and Parish councils	No referendum limits have been set and the Government intends to defer setting limits for three years, subject to town and parish councils exercising Council Tax restraint.	Various depending on Parish
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- 6.4 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 (which was approved on 20th December 2018) and the individual precepting bodies have set their own Council Tax levels.
- 6.5 For Members information, for areas without a parish council, which is 90% of Hartlepool households, the overall Council Tax increase for 2019/20 is 4.6%, which reflects the increases approved by the Council, the Police and Crime Commissioner and Cleveland Fire Authority.
- 6.6 The overall increase reflects the weighting of Council Tax increases set by individual organisations and for a Band A property (53% of Hartlepool households) the following table provides a breakdown of the 2019/20 Council Tax increase

	Council Tax increase	Annual Increase	Notes
Hartlepool Council (includes 1% Social Care Precept)	3.9%	£42.17	
Police and Crime Commissioner	10.6%	£16.00	(a)
Cleveland Fire Authority (CFA)	2.9%	£1.45	(b)
Overall increase	4.6%	£59.62	(c)
Percentage increase (total increase of £59.62 divided by 2018/19 total Council Tax of £1,285.50)		4.6%	

- (a) Police and Crime Commissioner increase is based on a £24 increase for a Band D property, which equates to a 10.6% increase for all property bands.
- (b) This is the increase recommended by the CFA Executive Committee and the final decision will be made by the CFA at the full Authority meeting on 15th February 2019
- (c) Total percentage increase of 4.6% is based on total increase of £59.62 divided by 2018/19 total Council Tax of £1,285.50.

- 6.7 Based on the increases detailed in paragraph 5.4 the following table summarises the Council Tax for 2019/20, for areas without a parish. The Adult Social Care precept is the cumulative amount and includes the 1% increase for 2019/20.

	Council Tax Bands							
	A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Hartlepool Borough Council Basic Amount without parishes or special items	1,043.70	1,217.64	1,391.59	1,565.54	1,913.44	2,261.33	2,609.24	3,131.08
Hartlepool Borough Council Adult Social Care Precept	79.82	93.14	106.44	119.74	146.34	172.96	199.56	239.48
Office of Police and Crime Commissioner	167.03	194.87	222.71	250.54	306.22	361.89	417.58	501.08
Fire Authority	51.57	60.17	68.77	77.36	94.55	111.74	128.93	154.72
Areas without a Parish Council	1,342.12	1,565.82	1,789.51	2,013.18	2,460.55	2,907.92	3,355.31	4,026.36

7. CHILD AND FAMILY POVERTY

- 7.1 As reported previously the approved saving in relation to Children’s Services Committee reduce resources available to support children and families. However, the aim is to refocus resources towards those children and families most vulnerable and ensure they are effectively deployed.

8. STAFF CONSIDERATIONS

- 8.1 As reported previously an assessment of the staffing impact of the 2019/20 savings proposals has been completed and this has identified that 19 (14.13 FTE) posts are proposed to be deleted from 1st April 2019 as part of the recommended savings proposals.
- 8.2 Work completed over the last few months has sought to manage this through a combination of managing vacancies, or approving voluntary redundancies where this can be accommodated within operational requirements. At this stage it is anticipated that this has reduced the number of potential compulsory redundancies to 2.
- 8.3 As was the case in previous years the Corporate Management Team will continue to seek to maximise staffing reductions which can be achieved by managing vacancies and accepting requests for voluntary redundancies, to reduce the number of compulsory redundancies. This approach will also seek to maximise redeployment opportunities.

9. ASSET MANAGEMENT CONSIDERATIONS

- 9.1 As reported previously the approved savings for Children’s Service include the rationalisation of a number of properties which are currently delivery points for Early Help services to reflect the recommended service delivery model.

10. RECOMMENDATION

10.1 Council is requested to approve:

- i) the statutory Council Tax calculations detailed in Appendix B, which includes the Council Tax increases approved by the individual precepting bodies;
- ii) the allocation of the forecast underspend on the Church Street/Church Square Business Support grant scheme of £70,000 as follows:
 - £60,000 to fund urgent structural repairs to 16 Church Street to make the building safe until funding can be secured to undertake a major renovation as part of the regeneration of Church Street.
 - £10,000 and any further under spend on the Business Support Grant scheme which may arise is transferred to complement the Townscape Heritage scheme to cover the whole of Church Street / Church Square.

11. REASON FOR RECOMMENDATIONS

- 11.1 To enable the final 2019/20 budget and technical Council Tax calculations to be completed.

12. CONTACT OFFICER

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Sign Off:-

Chief Executive	<input checked="" type="checkbox"/>
Director of Policy and Finance	<input checked="" type="checkbox"/>
Chief Solicitor	<input checked="" type="checkbox"/>



House of Commons
Committee of Public Accounts

**Local government
spending**

**Seventy-Sixth Report of Session
2017–19**

*Report, together with formal minutes
relating to the report*

*Ordered by the House of Commons
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The Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No. 148).

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Publication

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Evidence relating to this report is published on the [inquiry publications page](#) of the Committee's website.

Committee staff

The current staff of the Committee are Richard Cooke (Clerk), Laura-Jane Tiley, Samir Amar Setti (Second Clerks), Hannah Wentworth (Chair Liaison), Ameet Chudasama (Senior Committee Assistant), Baris Tufekci and Kutumya Kibedi (Committee Assistants), Hajera Begum (Committee Support Assistant), and Tim Bowden (Media Officer).

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Contents

Summary	3
Introduction	4
Conclusions and recommendations	5
1 Financial sustainability	8
Ensuring value for money from short-term funding initiatives	8
The Department's lack of ambition for the financial sustainability of the sector	10
Inability to demonstrate financial sustainability	11
2 Services provided by local authorities	13
Overseeing the range of services that matter to local people	13
Determining what people can expect from local authorities' statutory services	14
Clarity over comparisons with other bodies	14
Formal Minutes	16
Witnesses	17
Published written evidence	17
List of Reports from the Committee during the current Parliament	18

Summary

Local authorities face enormous pressure: their financial position is continuing to deteriorate as demand for vital services increases. Over the last eight years, the government has cut the funding it gives to English local authorities by nearly half, while, at the same time, demand for critical council services has risen: housing is under strain with over a third more people homeless and adult and children social care are confronted with growing demand. The rate of looked-after children, for example, is at a 25-year high. The cost of adult and children's social care has forced many local authorities to reduce spending on services in other areas. Some councils are now in an extremely worrying position: overspending their budgets for social care, reducing key services, falling back on financial reserves and increasingly relying on generating other sources of income, which comes with greater risks.

The Ministry of Housing, Communities and Local Government (the Department) are relying on short-term approach to a long-term problem. Overall spending by local authorities on services fell by 19.2% in real terms between 2010-11 and 2016-17. The government has had to inject large amounts of additional funding to ensure that the local authority sector can keep going in the short-term: £1.4 billion in the 2018 budget. Yet disturbingly, there is still no sign that the Department has a clear plan to secure the financial sustainability of local authorities in the long-term. The Department continues to insist that the sector is sustainable but refuses to provide the evidence that Parliament and the public need to be assured that this is actually the case. The Department has rejected a number of the Committee's previous recommendations on these subjects. We are deeply frustrated to have to repeat the same concerns about the sustainability of the sector and the ability of local authorities to provide the vital services that taxpayers need.

Introduction

Local authorities provide a wide range of services; for example, parks, libraries, waste collection and temporary accommodation for homeless people. English local authorities spent £39.7 billion on providing services in 2016-17. Spending on social care is taking up an increasing proportion of this spend, leaving less for other services. Spending on services other than social care fell by 32.6% between 2010-11 and 2016-17. The overall levels of funding available to local authorities and the methodology for distributing funding is set by government. The Ministry of Housing, Communities and Local Government (the Department) has overall responsibility within central government for local authorities' funding. This includes bringing together information about the impact of funding reductions on financial and service sustainability, assessing the funding requirements of local authorities as part of Spending Reviews and supporting the financial sustainability of the sector by changing the overall funding framework if required. The Department supports HM Treasury on decisions about funding for local government, both long-term decisions at spending reviews and shorter-term decisions in between. We and previous Committees have scrutinised how the Department has fulfilled this role on several occasions since 2010, seeking assurance about service levels, service quality and financial sustainability. While the Department asserts that it has improved its understanding of the sector and its insight into the pressures it is under, it has not been open enough to demonstrate to us that this is the case and has rejected some of our recommendations for improvement.

Conclusions and recommendations

1. **Central government financial support for local government continues to be characterised by one-off, short-term initiatives, which do not provide value for money, rather than a meaningful long-term financial plan for the sector.** As we concluded in our most recent report on local authority financial sustainability in July 2018, the lack of a long-term funding plan for local authorities is a risk to value for taxpayers' money. Since our last report, the government has announced more funding measures, including £1.4 billion of additional funding for councils in 2018-19 and 2019-20. The government intends over £700 million of new funding to be spent in 2018-19, despite only being announced five months before the end of the financial year. The Department is unable to provide a convincing answer as to how it can be confident that funding provided so late in the year will be spent efficiently and on the services it was intended for.

Recommendation: *The Department should work with local authorities to collect and analyse evidence on the impacts on value for money and the implications for service users of providing funding through one-off funding streams announced late in the budgetary cycle rather than through long-term funding arrangements.*

The Department should, within 12 months, write to the Committee detailing the findings from this work and how it will use this evidence base to ensure that both its own funding schemes and those of other departments are structured and announced in a way that delivers maximum value for money.

2. **The Department has an unacceptable lack of ambition for the sector, with no aspiration for improving local finances beyond merely 'coping'.** The Department asserts that, having put additional money into the local authority sector in response to government and local authorities' concerns, that the sector is now stable for 2019-20. However, it admits that there is still a high level of risk inherent in the sector and that it does not expect the overall financial sustainability of local authorities to ever be rated as less than amber. We are concerned that the Department responsible for fighting the corner of local government within central government does not have any ambition to improve the financial sustainability of the sector in order to reach a green rating. Despite the additional funding, the Department's assurance about the sustainability of the local authorities relates solely to the current spending review period. The Department cannot give assurance about the long-term sustainability of the sector and accepts that some local authorities are very worried about what comes after. We have previously said that alternative means of supporting local authorities to remain financially sustainable will be needed to prevent them being solely reliant on the outcome of the next Spending Review. The Department's plans in relation to this point are not ambitious enough to give us confidence that this will be achieved.

Recommendation: *The Department should write to the Committee by May 2019 setting out the steps it will take over the medium-term to move the sector to a stronger financial position. This should reflect its consideration of a full range of options to support the sector financially rather than simply a reliance on the forthcoming Spending Review and a move to greater local retention of business rates.*

3. **It is worrying that the Department does not know what its minimum expectations are of the full range of services that local authorities are expected to provide.** As part of Spending Reviews, the Department helps the government as a whole to decide how much it should cost to deliver the statutory services local authorities are expected to provide. The Department also provides a central point where other government departments can raise concerns about any statutory services they are responsible for. Such concerns have led to decisions to provide additional funding for social care in part to ensure that local authority spending is not diverted from other important services. However, the Department does not have a comprehensive or detailed list of the costs of providing statutory services to a minimum service expectation. Instead, the Department uses existing spend on services to project future spending needs based on anticipated changes in service demand. Overall, the Department does not have a structured, clear set of expectations about statutory services to inform its funding models and has not said what non-social care services the government considered to have sufficient importance to justify additional social care funding to protect them.

Recommendation: *The Department should, by May 2019, publish the minimum service levels it has used to calculate service costs for the statutory services included in its modelling.*

4. **We are deeply dismayed that the Department views the financial sustainability of local authorities solely in terms of a small set of statutory services rather than the full range of services local people need.** The Department determines whether the local government sector as a whole is sustainable if the amount of resources available to it can deliver the statutory services that it is required to deliver. These statutory services primarily relate to adult and children's social care. Demand for these services means that local authorities are spending a greater proportion of their funding on social care services, which limits how much they can spend on other areas. There are a range of other services, such as libraries and youth services, which local people can reasonably expect their council to provide, but which the Department does not consider rigorously when determining whether local authorities are financially sustainable. We are concerned that the Department's narrow view of service provision risks giving a misleading picture of the sustainability of services as a whole.

Recommendation: *The Department should write to the Committee by May 2019 setting out how services where the level of provision can be determined locally feature in its assessment of financial sustainability, how they should be funded, and how it takes account of the fact that the loss of such services may have longer term cost implications for required statutory services.*

5. **It is not acceptable that the Department repeatedly states that the local authority sector as a whole is sustainable but refuses to provide evidence about how it has reached these conclusions.** The Department has repeatedly asserted that the sector is on a sustainable footing for the remainder of this spending review, and that no council is close to the edge. The Department admits that there is a great deal of risk underpinning the financial sustainability of the sector but claims to have stabilised the risks for 2019-20 significantly. The Department is unable to provide a satisfactory explanation for the basis of this conclusion or the evidence underpinning it. It

refused to provide a numerical answer or risks rating to describe what margin of sustainability it believes the sector to possess, and continues to use the complexity of the methodology, Ministerial advice and Ministerial decisions as excuses for its failure to answer our questions.

Recommendation: *The Department should write to the committee by May 2019 setting out a step-by-step model of how it assures itself that the sector is sustainable:*

- ***In relation to the Department's 'top-down' analysis for the remainder of this Spending Review period, this should include a detailed account of how adequate funding need has been defined and calculated including assumptions over service levels (including both statutory and discretionary) and demand projections.***
- ***In relation to the Department's 'bottom-up' analysis looking at the sustainability of individual authorities, it should set out what quantitative and qualitative evidence is used in its analysis, the framework in which this information is used, and the process by which this information is combined to produce a conclusion.***
- ***Where conclusions are reached based on judgements in either the top-down or bottom-up methods, the Department should detail how they are made, what the criteria are and to what extent these judgements are subject to independent scrutiny to ensure quality and consistency.***

We also call on the Department to revisit its refusal to publish a shared definition of financial sustainability.

6. **We are concerned that the Department uses similar data and methods to other stakeholders to assess the financial sustainability of the local authority sector yet reaches different conclusions.** In its written evidence, the Local Government Association estimated that local authorities faced a funding gap of £3.2 billion by 2019-20. The methodology used by the LGA is very similar to that used by the Department and relies on similar datasets. The Department attributes the differences in the conclusions drawn from their respective calculations to a difference in the assumptions used, and different views on expected service levels and differences in the time period covered. We do not consider the Department has given a clear enough justification of why its conclusions and those of the LGA, local authorities and other representative bodies are different.

Recommendation: *The Department should write to the Committee by May 2019 setting out how its estimates for local authorities' funding needs compare to the LGA's forecast of a £3.2 billion funding gap in the sector by 2019-20 and explain any differences.*

1 Financial sustainability

1. On the basis of our previous report on the financial sustainability of local authorities, which followed reports by previous Committees, and Government responses to those reports, we took evidence from the Ministry of Housing, Communities and Local Government (the Department) about local government spending in England.¹

2. Local authorities provide a range of services such as maintaining highways and local transport, culture and leisure, and housing. Some services, such as adult social care and waste collection, are statutory duties set by government. Local authorities can also provide discretionary services in line with local priorities, such as economic development or support for tourism. Different types of local authority have different responsibilities. For instance, London borough councils, metropolitan borough councils, county councils and unitary authorities have responsibility for adult and children's social care, whereas district councils do not.² The Department is responsible for distributing the majority of government funding for local authorities, who received £25.8 billion in government grants in 2016-17. Local authorities also generated £22.2 billion in council tax in 2016-17.³ Departmental ministers set the limits on the extent to which local authorities can increase their council tax rates without holding a local referendum. The Department is also responsible for taking the lead across government in supporting HM Treasury on decisions about local government funding at major fiscal events. The Department maintains a system of local accountability that assures Parliament about how local authorities use their resources, including preventing and responding to financial and service failure.⁴

3. In July 2018, we reported that the financial position of the local authority sector had deteriorated. We found that seven years of funding reductions totalling nearly 50% of local authorities' funding from government, and increasing demand for key services, had led to the breadth of service spending by local authorities narrowing and becoming focused on a core offer centred on social care. We were concerned about the financial future of local government, and the future of the services it provides to local people.⁵

Ensuring value for money from short-term funding initiatives

4. The 2015 Spending Review set revenue funding for the then Department for Communities and Local Government up to the end of March 2020. In 2015-16, the Department similarly offered local authorities a four-year funding settlement to allow them to plan their finances more effectively, so local authorities' funding should be fixed until the end of 2019-20. The Spending Review and the four-year settlement were intended to give funding stability, allow long-term planning and so support value for money in spending on local services. However, the government started announcing

1 Committee of Public Accounts, *Financial sustainability of local authorities*, Fiftieth Report of Session 2017-19, HC 970, July 2018; Committee of Public Accounts, *Financial sustainability of local authorities*, Twenty-Sixth Report of Session 2016-17, HC 708, November 2016; Committee of Public Accounts, *Financial sustainability of local authorities 2014*, Thirty-Fourth Report of Session 2014-15, HC 833, January 2015

2 Comptroller and Auditor General, *Financial sustainability of local authorities 2018*, Session 2017-19, HC 834, March 2018, paras 2, 3.3; figures 10, 17

3 National Audit Office, *Departmental Overview: Local authorities*, October 2018

4 Comptroller and Auditor General, *Financial sustainability of local authorities 2018*, Session 2017-19, HC 834, March 2018, para 3

5 Committee of Public Accounts, *Financial sustainability of local authorities*, Fiftieth Report of Session 2017-19, HC 970, July 2018

additional funding or other financial support for local authority services very early on. Our previous report in July 2018 found that since the start of the Spending Review period, the Department had provided additional grant funding to local authorities to fill gaps in funding for adult social care and enabled councils to raise additional money from local taxpayers through council tax.⁶ For example, the then Secretary of State for Communities and Local Government announced a £240 million Adult Social Care Support Grant in the first year of the four-year settlement.⁷ The pattern of one-off, short-term initiatives has continued. Since our last report, the government has announced over £1.4 billion of additional funding for local authorities, including over £750 million in central government in revenue and capital funding in 2018-19, and almost £700 million for 2019-20. The funding for 2018-19 was announced at the end of November 2018, but it needs to be spent by the end of March 2019, giving local authorities five months to spend the additional funding before the end of the financial year. This includes £240 million for adult social care, £420 million for roads maintenance, and £55 million in Disabled Facilities Grant.⁸

5. We asked the Department about the timing of the additional funding, and the value of local authorities committing to a four-year settlement and producing medium-term financial plans if the Department changes the amount of money they have available at short notice. The Department asserted that the additional funding was in response to increased risks and pressures it had identified within the local authority sector and, although not ideal, it was better to have given this money than not. We reiterated that improvement was needed in order for any multi-year settlement to give local authorities' confidence in the funding levels that are set for them. In our previous report, we were concerned that the current lack of a long-term plan is a risk to value for money. We still await the further certainty about the outcomes of the Fair Funding Review and the design of the 75% local business rates retention that we recommended be given as soon as possible to support financial planning in local authorities. The Department accepted that it needed to do better at the next Spending Review.⁹

6. The Department asserted that it would always be necessary to respond to events as they come along. We accept that it may not be possible to avoid all funding changes within a long-term settlement, but we asked the Department how it could have confidence that the additional funding provided at such short notice would be spent efficiently. The Department accepted that the situation was not ideal but asserted that it was not always possible to give certainty further in advance. It told us that it had heard from local authorities that in previous years adult social care winter pressures funding was difficult to spend. The Department told us that it was responding to this by making the reporting requirements "very light touch".¹⁰

7. We asked how the Department could have confidence that the additional funding would be spent on the services it was intended for, rather than being used to fill existing gaps in funding or avoid service reductions. The Department asserted that this would

6 Public Accounts Committee, *Financial sustainability of local authorities*, Fiftieth Report of Session 2017-19, HC 970, July 2018

7 Comptroller and Auditor General, *Financial sustainability of local authorities 2018*, Session 2017-19, HC 834, March 2018, figure 3; Hansard HC, 15 December 2016, vol. 618

8 HM Treasury, *Budget 2018*, HC 1629, October 2018, paras 4.15 and 5.15 to 5.18, with table 2.1 (subtracting Barnett consequentials)

9 Q 17, Public Accounts Committee, *Financial sustainability of local authorities*, Fiftieth Report of Session 2017-19, HC 970, July 2018

10 Qq 17-20, 23-25 25

always be a balance and that there were examples where it had provided additional funding with targets and with conditions attached. It accepted that in other cases, such as the increasing grant that was provided in the Budget for next year for generalised pressures, the additional funding had “gone in without strings attached.” When we probed further, the Department accepted that ultimately “that money will stop them from diverting money from other services that are also important” rather than necessarily being spent on adult social care.¹¹

The Department’s lack of ambition for the financial sustainability of the sector

8. When we examined the financial sustainability of local authorities in July 2018, we concluded that sustained funding reductions had left an increasing number of local authorities in a worrying financial position and asked the Department to explain its assessment that the sector was financially sustainable.¹² We asked the Department about the financial health of local government, and whether the sustainability of the sector had improved since the last time the Department gave evidence. The Department told us that the sector’s financial health was “pretty similar” and continued to involve a substantial amount of pressure and risk across the system.¹³ It told us that it had identified additional factors that it considered to add more risk to the financial sustainability of the sector, and admitted that “over the summer some of the figures looked more worrying”. It asserted, however, that having provided extra money in the Budget, it had now stabilised the risks to the sector for 2019-20 and that the sector was now balanced. When we asked about risk to individual councils, the Department told us that no council was “close to the edge” in this financial year or 2019-20, and “certainly not one approaching Northamptonshire’s situation.”¹⁴ However, the Department’s assurance is limited to this Spending Review period, running to the end of March 2020.¹⁵

9. We asked the Department about the risk rating it had assigned to the financial sustainability of local authorities. The Department told us that it “would never expect something like this to be less than amber.” It acknowledged that some councils are very worried about what comes after 2019-20. However, it told us that the risk rating for the sector in the future would be dependent on the next Spending Review.¹⁶ In our previous report, we concluded that the Department was overly reliant on the next Spending Review to address the financial challenges being faced by local authorities. We cautioned that if the Department was not able to secure sufficient funding for local authorities from the Spending Review, alternative means of ensuring that local authorities remain financial sustainable would be needed.¹⁷ The Department promised to write to us about the steps it was taking, in addition to those that relate to levels of central funding, to help the sector meet future funding and demand challenges.¹⁸ In its subsequent letter, the Department

11 Qq 20, 38, 42

12 Public Accounts Committee, *Financial sustainability of local authorities*, Fiftieth Report of Session 2017-19, HC 970, July 2018, para 1

13 Qq 1, 79

14 Qq 13-15, 107-108, 150

15 Qq 68, 100, 108, 110

16 Qq 107-109, 111, 121, 135

17 Public Accounts Committee, *Financial sustainability of local authorities*, Fiftieth Report of Session 2017-19, HC 970, July 2018

18 HM Treasury, *Treasury Minutes: Government response to the Committee of Public Accounts on the Forty Third to the Fifty Eight reports from Session 2017-19*, Cm 9702, October 2018, p. 28

outlined three categories of work it was undertaking. Firstly, work on future initiatives (business rates reform and the fair funding review) where we have already criticised the lack of clarity and the Department's lack of a long-term plan for local government finance. Secondly, efficiency initiatives (such as a £7.5m Local Digital Fund) that are potentially worthwhile but not of a scale that matches the challenges facing local government. Thirdly, systematic engagement between the Department and five other departments, initially focused on the Spending Review but to be maintained afterwards. While noting these changes, consideration of more ambitious and fundamental reforms might nonetheless be necessary to ensure the future of local government as a living, breathing organism that serves the public.¹⁹

Inability to demonstrate financial sustainability

10. When we examined the financial sustainability of local authorities in July 2018, we concluded that the Department did not have a consistent and transparent method to assess financial risk in local authorities. We found that the Department used a range of data and information to assess sustainability in the local authority sector, but that it did not share its methodology with the sector or publish the outputs of its work, meaning there was no shared definition of what financial sustainability means in practice in the local authority sector.²⁰ In response to our report, the Department committed to publishing more information about projections for demand and spending six months after the conclusion of the next Spending Review, but it did not agree to work with the sector to reach and publish a shared definition of financial sustainability.²¹ When we questioned the Department about the current position of the sector, it mentioned recent short-term funding increases and told us that the sector is financially sustainable. It made the same point in June 2018, following one set of short-term funding increases but before the most recent set of increases.²²

11. We asked the Department about the basis for its continued assurance that the local authority sector is sustainable despite a repeated need to provide additional funding, and the methodology it used to determine this. The Department's answers were frustratingly vague. When we asked how far above 'sustainable' councils are, the Department told us that it could not give us an answer because its assessment is based on a complicated, "nuanced and broad judgement" that did not give it "a sense of some metric or threshold over which the sector either is or is not" sustainable.²³ When we asked about the methodology, information and analysis underlying the Department's judgement, the Department told us its assessment was based on "a professional judgement rather than an arithmetical one" and provided no further detail to enable us to understand this element of its work. It told us that Ministers had decided to publish less of the information that relates to the Department's judgement than prior to 2010-11, and that internal analysis was produced for

19 Q 70, Letter from Simon Ridley to the Chair of the Committee, 19 December 2018

20 Public Accounts Committee, Financial sustainability of local authorities, Fiftieth Report of Session 2017-19, HC 970, July 2018

21 HM Treasury, Treasury Minutes: Government response to the Committee of Public Accounts on the Forty Third to the Fifty Eight reports from Session 2017-19, Cm 9702, October 2018, pp. 28-29

22 Qq 1-2, 82, 106, Public Accounts Committee, Financial sustainability of local authorities, Fiftieth Report of Session 2017-19, HC 970, July 2018

23 Qq 77-80

Ministers and so could not be published.²⁴ We did not find similar arguments convincing in our last report and we are disappointed that the Department did not fully agree with our previous recommendation.²⁵

24 Qq 61-65, 88-100

25 Public Accounts Committee, *Financial sustainability of local authorities*, Fiftieth Report of Session 2017-19, HC 970, July 2018, conclusion and recommendation 3; HM Treasury, *Treasury Minutes: Government response to the Committee of Public Accounts on the Forty Third to the Fifty Eight reports from Session 2017-19*, Cm 9702, October 2018, pp. 28-29

2 Services provided by local authorities

Overseeing the range of services that matter to local people

12. We asked the Department what it meant by financial sustainability. The Department told us that it believed that the sector as a whole was sustainable if the amount of resources available to it was sufficient to deliver the statutory services that it is required to provide. It explained that, in order to make that judgment, to some extent it has to “cost those services and do that assessment.”²⁶ The Department told us that local authorities prioritised adults and children’s social care in their spending, and the Department in its monitoring, because the requirements are set out in statute and they involve vulnerable individuals.²⁷ We have previously pointed out that increasing demand for these services means that local authorities are spending a greater proportion of their funding on social care services, which is putting pressure on other services. The share of local authorities’ service spend devoted to adult and children’s social care grew from 45.3% in 2010–11 to 54.4% in 2016–17.²⁸ The rate of looked after children, for example, is now at a 25 year high.²⁹

13. There are a range of other services that make up the general responsibility of local government, such as libraries and youth services, which local people can reasonably expect their council to provide. The Department told us that its judgement about overall financial sustainability also covered whether there is flexibility in the system to respond to events, emergencies and to be able to provide the broader local leadership expected by communities in local authorities’ delivery of locally-led non-statutory services. However, the Department was not able to provide us with any firm sense of how sustainable the local authority sector is beyond required statutory services it monitors closely, asserting that it was not possible to quantify this.³⁰ This is not helpful for anyone who is interested in the sustainability and citizens’ experience of services outside the Department’s narrow monitoring and we note that local authority spending on emergency planning fell by 34% between 2010-11 and 2016-17.³¹

14. When we asked about the monitoring of services other than social care, we were disappointed to hear the Department say that it considered the financial sustainability of local authorities and councils being able to set a balanced budget and manage their finances in 2019-20 to be a different thing to “levels of service provision and how far they should provide their services.” While accepting that these two issues are interlinked, the Department told us that it would look at what levels of service provision that would be expected from local authorities next year as part of the Spending Review.³²

26 Qq 2, 65

27 Qq 43, 57, 70, [Letter from Simon Ridley to the Chair of the Committee, 19 December 2018](#)

28 Public Accounts Committee, [Financial sustainability of local authorities](#), Fiftieth Report of Session 2017-19, HC 970, July 2018, conclusion 4

29 Comptroller and Auditor General, [Pressures on children’s social care](#), Session 2017-19, HC 1868, January 2019, Figure 4

30 Qq 66-67, 70, [Letter from Simon Ridley to the Chair of the Committee, 19 December 2018](#)

31 Q 88, Comptroller and Auditor General, [Financial sustainability of local authorities 2018](#), Session 2017-19, HC 834, March 2018, Figure 10

32 Q 82

Determining what people can expect from local authorities' statutory services

15. As part of Spending Reviews, the Department helps the government as a whole to decide how much it should cost to deliver the statutory services local authorities are expected to provide. The same analysis also contributes to the Department's ongoing assessment of financial sustainability. The Department told us that the 'top-down' fiscal analysis that it undertook was based on projections of what the sector may need to deliver its services, and therefore included the cost of those services today and projections as to how those will change in future.³³ We asked the Department about its role in relation to the full range of local authority activities, recognising that other departments have policy responsibility for specific services. The Department told us that it provided a central point where other government departments could raise concerns about any statutory services they are responsible for. It explained that it was the role of other departments to keep an eye on the services they are responsible for, to determine their priorities, and to talk to the Department if they think that services have been "de-prioritised or squeezed too far". This includes where the government wants to protect services at a certain level.³⁴ The Department said it has helped the Government in its decisions to respond to service pressures, and described that part of the reason for additional social care funding was to stop authorities "from diverting money from other services that are also important, particularly to the public". The Department has not identified the services that have this level of importance in its view.³⁵

16. We asked the Department what information it held that underpinned decisions to support other services by providing funding. However, the Department's answers were not reassuring. It told us that it did not hold a list of statutory services which specified the government's minimum expectations of the level of service that should be provided or what it expected these would cost. The Department added that "the Government are certainly not including as part of their approach at the moment some kind of state-of-the-nation oversight or comprehensive performance assessment-style assessment of local government services in the round."³⁶

Clarity over comparisons with other bodies

17. The Local Government Association estimates that the funding gap facing councils in 2019-20 is approximately £3.2 billion. In its analysis, it highlighted that this funding gap meant that there was a continuing threat to "other services our communities rely on, including libraries, cleaning streets and maintaining park spaces."³⁷ We asked the Department what use it made of the LGA's work, whether the Department disagrees with the LGA's assessment, and if not, how that assessment could be reconciled with the Department's claims about the sector's sustainability. The Department told us that it was committed to listening to the views of local government, but the extent to which it would use the work of other organisations would depend on the reasons for any differences

33 Qq 44-56

34 Qq 72-75

35 Qq 38, 42

36 Qq 74, 88

37 [Local Government Association \(LGS0002\)](#)

from the Department's figures. It explained that its understanding was that the LGA's methodology to estimate the funding gap facing local councils was very similar to its own and included analysis of individual service levels and their cost³⁸

18. The Department told us that it did not dispute the LGA's estimate, but that there were a range of reasons why the two estimates were different, including difference in the time periods covered, expected service demand and the data sources used. The Department told us that the LGA's assessments "look much further into the future" than the current spending review period. However we noted that the Department has made, and the LGA has published, assessments that run to 2019-20.³⁹ The Department similarly asserted that the LGA may have used some different assumptions to project changes in service demand and service costs. It told us that it used publicly available data on inflation and productivity when preparing its analysis ahead of the spending review in 2015, and similarly used publicly available data on population. It also told us that it also used departmental data on households, which is now publicly available, as well as data released by different departments. The Department of Health and Social Care releases data on adult social care pressures. DEFRA releases data on waste projections, and DFT does the same for roads.⁴⁰ The LGA's list of its sources for the estimates it produced at the same time include very similar information.⁴¹ The Department has previously explained that where formal projections did not exist, it had used a combination of "population and other projections, policy judgments, and bespoke analysis to develop an understanding of future demand."⁴² Its final explanation regarding the differences in the estimates was that the LGA may have different views about the level of services that local authorities should provide which it considered to be a policy decision.⁴³

38 Qq 3-4, 98, 103-104

39 Qq 100, 103-104, Local Government Association (LGS0002)

40 Qq 88, 100-101

41 Local Government Association, 2015 Funding outlook for councils: methodology, assumptions and data sources, Local Government Association, June 2015

42 Ministry of Housing, Communities and Local Government (FAL0013)

43 Q104

Formal Minutes

Wednesday 23 January 2019

Members present:

Meg Hillier, in the Chair

Sir Geoffrey Clifton-Brown	Layla Moran
Chris Davies	Anne Marie Morris
Chris Evans	Bridget Phillipson
Caroline Flint	Anne-Marie Trevelyan
Shabana Mahmood	

Draft Report (*Local government spending*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 18 read and agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

Resolved, That the Report be the Seventy-Sixth of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Monday 28 January at 3:30pm]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 26 November 2018

Melanie Dawes, Permanent Secretary, **Jo Farrar**, Director General, Local Government and Public Services, and **Alex Skinner**, Director, Local Government Finance, Ministry for Housing, Communities and Local Government

[Q1-183](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

LGS numbers are generated by the evidence processing system and so may not be complete.

- 1 Action for Children ([LGS0004](#))
- 2 Alzheimer's Society ([LGS0003](#))
- 3 The Health Foundation ([LGS0007](#))
- 4 Institute of Revenues Rating and Valuation ([LGS0005](#))
- 5 Local Government Association ([LGS0002](#))
- 6 SIGOMA ([LGS0001](#))
- 7 UNISON ([LGS0006](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2017–19

First Report	Tackling online VAT fraud and error	HC 312 (Cm 9549)
Second Report	Brexit and the future of Customs	HC 401 (Cm 9565)
Third Report	Hinkley Point C	HC 393 (Cm 9565)
Fourth Report	Clinical correspondence handling at NHS Shared Business Services	HC 396 (Cm 9575)
Fifth Report	Managing the costs of clinical negligence in hospital trusts	HC 397 (Cm 9575)
Sixth Report	The growing threat of online fraud	HC 399 (Cm 9575)
Seventh Report	Brexit and the UK border	HC 558 (Cm 9575)
Eighth Report	Mental health in prisons	HC 400 (Cm 9575) (Cm 9596)
Ninth Report	Sheffield to Rotherham tram-trains	HC 453 (Cm 9575)
Tenth Report	High Speed 2 Annual Report and Accounts	HC 454 (Cm 9575)
Eleventh Report	Homeless households	HC 462 (Cm 9575) (Cm 9618)
Twelfth Report	HMRC's Performance in 2016–17	HC 456 (Cm 9596)
Thirteenth Report	NHS continuing healthcare funding	HC 455 (Cm 9596)
Fourteenth Report	Delivering Carrier Strike	HC 394 (Cm 9596)
Fifteenth Report	Offender-monitoring tags	HC 458 (Cm 9596)
Sixteenth Report	Government borrowing and the Whole of Government Accounts	HC 463 (Cm 9596)
Seventeenth Report	Retaining and developing the teaching workforce	HC 460 (Cm 9596)

Eighteenth Report	Exiting the European Union	HC 467 (Cm 9596)
Nineteenth Report	Excess Votes 2016–17	HC 806 (Cm 9596)
Twentieth Report	Update on the Thameslink Programme	HC 466 (Cm 9618)
Twenty-First Report	The Nuclear Decommissioning Authority's Magnox	HC 461 (Cm 9618)
Twenty-Second Report	The monitoring, inspection and funding of Learndirect Ltd.	HC 875 (Cm 9618)
Twenty-Third Report	Alternative Higher Education Providers	HC 736 (Cm 9618)
Twenty-Fourth Report	Care Quality Commission: regulating health and social care	HC 468 (Cm 9618)
Twenty-Fifth Report	The sale of the Green Investment Bank	HC 468 (Cm 9618)
Twenty-Sixth Report	Governance and departmental oversight of the Greater Cambridge Greater Peterborough Local Enterprise Partnership	HC 896 (Cm 9618)
Twenty-Seventh Report	Government contracts for Community Rehabilitation Companies	HC 897 (Cm 9618)
Twenty-Eighth Report	Ministry of Defence: Acquisition and support of defence equipment	HC 724 (Cm 9618)
Twenty-Ninth Report	Sustainability and transformation in the NHS	HC 793 (Cm 9618)
Thirtieth Report	Academy schools' finances	HC 760 (Cm 9618)
Thirty-First Report	The future of the National Lottery	HC 898 (Cm 9643)
Thirty-Second Report	Cyber-attack on the NHS	HC 787 (Cm 9643)
Thirty-Third Report	Research and Development funding across government	HC 668 (Cm 9643)
Thirty-Fourth Report	Exiting the European Union: The Department for Business, Energy and Industrial Strategy	HC 687 (Cm 9643)
Thirty-Fifth Report	Rail franchising in the UK	HC 689 (Cm 9643)
Thirty-Sixth Report	Reducing modern slavery	HC 886 (Cm 9643)
Thirty-Seventh Report	Exiting the European Union: The Department for Environment, Food & Rural Affairs and the Department for International Trade	HC 699 (Cm 9643)
Thirty-Eighth Report	The adult social care workforce in England	HC 690 (Cm 9667)
Thirty-Ninth Report	The Defence Equipment Plan 2017–2027	HC 880 (Cm 9667)

Fortieth Report	Renewable Heat Incentive in Great Britain	HC 696 (Cm 9667)
Forty-First Report	Government risk assessments relating to Carillion	HC 1045 (Cm 9667)
Forty-Second Report	Modernising the Disclosure and Barring Service	HC 695 (Cm 9667)
Forty-Third Report	Clinical correspondence handling in the NHS	HC 929 (Cm 9702)
Forty-Fourth Report	Reducing emergency admissions	HC 795 (Cm 9702)
Forty-Fifth Report	The higher education market	HC 693 (Cm 9702)
Forty-Sixth Report	Private Finance Initiatives	HC 894 (Cm 9702)
Forty-Seventh Report	Delivering STEM skills for the economy	HC 691 (Cm 9702)
Forty-Eighth Report	Exiting the EU: The financial settlement	HC 973 (Cm 9702)
Forty-Ninth Report	Progress in tackling online VAT fraud	HC 1304 (Cm 9702)
Fiftieth Report	Financial sustainability of local authorities	HC 970 (Cm 9702)
Fifty-First Report	BBC commercial activities	HC 670 (Cm 9702)
Fifty-Second Report	Converting schools to academies	HC 697 (Cm 9702)
Fifty-Third Report	Ministry of Defence's contract with Annington Property Limited	HC 974 (Cm 9702)
Fifty-Fourth Report	Visit to Washington DC	HC 1404 (Cm 9702)
Fifty-Fifth Report	Employment and Support Allowance	HC 975 (Cm 9702)
Fifty-Sixth Report	Transforming courts and tribunals	HC 976 (Cm 9702)
Fifty-Seventh Report	Supporting Primary Care Services: NHS England's contract with Capita	HC 698 (Cm 9702)
Fifty-Eighth Report	Strategic Suppliers	HC 1031 (Cm 9702)
Fifty-Ninth Report	Skill shortages in the Armed Forces	HC 1027 (Cm 9740)
Sixtieth Report	Ofsted's inspection of schools	HC 1029 (Cm 9740)
Sixty-First Report	Ministry of Defence nuclear programme	HC 1028 (Cm 9740)

Sixty-Second Report	Price increases for generic medications	HC 1184 (Cm 9740)
Sixty-Third Report	Interface between health and social care	HC 1376 (Cm 9740)
Sixty-Fourth Report	Universal Credit	HC 1375
Sixty-Fifth Report	Nuclear Decommissioning Authority	HC 1375
Sixty-Sixth Report	HMRC's performance in 2017–18	HC 1526
Sixty-Seventh Report	Financial Sustainability of police forces in England and Wales	HC 1513
Sixty-Eighth Report	Defra's progress towards Brexit	HC 1514
Sixty-Ninth Report	Sale of student loans	HC 1527
Seventieth Report	Department for Transport's implementation of Brexit	HC 1657
Seventy-First Report	Department for Health and Social Care accounts	HC 1515
Seventy-Second Report	Mental health services for children and young people	HC 1593
Seventy-Third Report	Academy accounts and performance	HC 1597
Seventy-Fourth Report	Whole of Government accounts	HC 464
Seventy-Fifth Report	Pre-appointment hearing: preferred candidate for Comptroller and Auditor General	HC 1883
Seventy-Seventh Report	Defence Equipment Plan 2018-28	HC 1519
First Special Report	Chair of the Public Accounts Committee's Second Annual Report	HC 347
Second Special Report	Third Annual Report of the Chair of the Committee of Public Accounts	HC 1399

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 2019/2020 in accordance with the Local Government Finance Act 1992 and relevant regulations:
- i) To note that on 17th December 2018 the Finance and Policy Committee approved the 2018/19 Council Tax Base for:
- The whole Council area as 24,411 Band D equivalents in accordance with Section 31B of the Local Government Finance Act 1992, as amended; and
 - For dwellings in those parts of its area to which a Parish precept relates as follows:

Parish Council Tax bases (Band D Equivalents)

Dalton Piercy	103.6	Greatham	576.2
Elwick	637.5	Hart	323.7
Headland	724.4	Newton Bewley	35.0

- 2 That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) is £41,139,370.
- 3 That the following amounts be calculated by the Council for in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and relevant regulations:-
- (a) £74,312,133 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Local Government Finance Act 1992 and relevant regulations.
- (b) £33,138,483 Being the aggregate of the sums which the Council estimate will be payable to it in respect of Revenue Support Grant £7,777,797, Business Rates Baseline Funding of £15,230,839, Top up Funding of £10,356,631 and the estimate to be paid into the Collection Fund of £226,784 as at 31st March 2019, in accordance with Section 97 (3) of the Local Government Finance Act 1988 and the Local Government Charges for England (Collection Fund Surpluses and Deficits) Regulations 1995 amended.
- (c) £41,173,650 Being the amount by which the aggregate at 3 (a) above exceeds the aggregate at 3 (b) above, calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year (including Parish precepts).

- (d) £1,686.68 Being the amount calculated by the Council in accordance with Section 31B of the Local Government Finance Act 1992, as the basic amount of Council Tax for the year (including Parish precepts).
- (e) £34,280 Parish Precepts Being the aggregate amount of all special items referred to in Section 34 (1) of the Local Government Finance Act 1992.
- £14,723 Concurrent Services - as detailed in Table 1.
Concurrent Services
- (f) £1,685.28 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 2019/20 (excluding Parish precepts), which has the effect of increasing the Council's element of Council Tax by 3.9%.
- 4** The Basic Council Tax for 2019/20 calculated in accordance with Section 34 (3) for dwellings in those areas that have a Parish precept as set out in Table 2.
- 5** 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 2019/20 for each part of the Council's area and each of the categories of dwellings.
- 6** Approve that the Council's basic amount of Council Tax for 2019/20 of £1,685.28, detailed in 3 (f) above is not excessive in accordance with the principles approved under section 52ZB of the Local Government Finance Act 1992 and that no local referendum will be carried out in relation to Chapter 4ZA of the Local Government Finance Act 1992.
- 7** Approve the amount of Council Tax including the Cleveland Fire Authority and the Office of the Police and Crime Commissioner precepts, in accordance with Section 40 of the Local Government Finance Act 1992 and the relevant inclusion of amounts of Council Tax for each category of dwelling in accordance with Sections 43 to 47 of the Act as set out in Table 3.

TABLE 1 - Council Tax For Parish Councils 2019/2020

	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	7,191	103.6	69.41	1,685.28	1,754.69	309	2,573	10,073
Elwick	12,550	637.5	19.69	1,685.28	1,704.97	355	7,160	20,065
Greatham	2,754	576.2	4.78	1,685.28	1,690.06	446	1,408	4,608
Hart	6,097	323.7	18.84	1,685.28	1,704.12	218	3,582	9,897
Headland	5,574	724.4	7.69	1,685.28	1,692.97	2,426	0	8,000
Newton Bewley	114	35.0	3.26	1,685.28	1,688.54	6	0	120
	34,280					3,760	14,723	52,763

**TABLE 2 - Council Taxes For Each Property Band 2019/2020
(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	1,169.79	1,364.76	1,559.72	1,754.69	2,144.62	2,534.55	2,924.48	3,509.38
Elwick	1,136.65	1,326.09	1,515.53	1,704.97	2,083.85	2,462.73	2,841.62	3,409.94
Greatham	1,126.71	1,314.49	1,502.28	1,690.06	2,065.63	2,441.20	2,816.77	3,380.12
Hart	1,136.08	1,325.43	1,514.77	1,704.12	2,082.81	2,461.51	2,840.20	3,408.24
Headland	1,128.65	1,316.75	1,504.86	1,692.97	2,069.19	2,445.40	2,821.62	3,385.94
Newton Bewley	1,125.69	1,313.31	1,500.92	1,688.54	2,063.77	2,439.00	2,814.23	3,377.08
Areas without a Parish Council	1,123.52	1,310.77	1,498.03	1,685.28	2,059.79	2,434.29	2,808.80	3,370.56

**TABLE 3 - Council Taxes For Each Property Band 2019/2020
(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	1,388.39	1,619.79	1,851.19	2,082.59	2,545.39	3,008.19	3,470.98	4,165.18
Elwick	1,355.25	1,581.12	1,807.00	2,032.87	2,484.62	2,936.37	3,388.12	4,065.74
Greatham	1,345.31	1,569.52	1,793.74	2,017.96	2,466.40	2,914.83	3,363.27	4,035.92
Hart	1,354.68	1,580.46	1,806.24	2,032.02	2,483.58	2,935.14	3,386.70	4,064.04
Headland	1,347.25	1,571.79	1,796.33	2,020.87	2,469.95	2,919.03	3,368.12	4,041.74
Newton Bewley	1,344.29	1,568.34	1,792.39	2,016.44	2,464.54	2,912.64	3,360.73	4,032.88
Areas without a Parish Council	1,342.12	1,565.81	1,789.49	2,013.18	2,460.55	2,907.93	3,355.30	4,026.36

COUNCIL
MINUTES OF PROCEEDINGS
21 February 2019

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

PRESENT:-

The Ceremonial Mayor (Councillor Barclay) presiding:

COUNCILLORS:

C Akers-Belcher	S Akers-Belcher	Black
Brewer	Brown	Buchan
Cassidy	Cook	Cranney
Hall	Hamilton	Hunter
James	Lauderdale	Lindridge
Little	Loynes	Marshall
Moore	Dr Morris	A Richardson
C Richardson	Smith	Tennant
Thomas	Trueman	Young

Officers: Gill Alexander, Chief Executive
Chris Little, Director of Finance and Policy
Hayley Martin, Chief Solicitor
Denise Ogden, Director of Regeneration and Neighbourhoods
Ed Turner, Communications and Marketing Manager
Angela Armstrong and Amanda Whitaker, Democratic Services Team

89. APOLOGIES FOR ABSENT MEMBERS

Councillors Belcher, Fleming, Harrison and McLaughlin

90. DECLARATIONS OF INTEREST FROM MEMBERS

None

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

None

92. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 20 December 2018, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

The minutes were thereupon signed by the Chairman.

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

None

94. BUSINESS REQUIRED BY STATUTE

None

95. ANNOUNCEMENTS

None

96. 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

97. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES

None

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

None

99. REPORT FROM THE POLICY COMMITTEES

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

(i) Medium Term Financial Strategy (MTFS) 2019/20 to 2021/22 (Report of Finance and Policy Committee)

The report, presented by the Chair of the Finance and Policy Committee, provided an update on the MTFs to reflect the final 2019/20 Local Government Finance settlement announcement. The report enabled Members to finalise the 2019/20 technical Council Tax calculations, which incorporated Council Tax levels independently set by Cleveland Fire Authority, the Police and Crime Commissioner and individual Parish Councils.

Members were reminded that the Council had set its own budget and Council Tax for 2019/20 at the Council meeting on 20th December 2018. The final 2019/20 Government grant figures had been issued on 29th January 2019 and this had confirmed figures issued in December – although there had been a further cut in Hartlepool’s final grant of £1,000. It was highlighted that the figures had confirmed that over the last 9 years funding had been cut by 45% - a reduction of £20.9m.

The report provided an update of the capital programme. Appended to the report was details of the findings of a Public Accounts Committee report. It was highlighted that the report had commented that “there is still no sign that the Department has a clear plan to secure the financial sustainability of local authorities in the long term”.

The report addressed also the legal requirements in relation to setting the Council Tax and showed that Cleveland Fire Authority, the Police and Crime Commissioner and individual Parish Councils had all set Council Tax levels for 2019/20 within the referendum limits set by the Government. The Government Council Tax referendum limits continued to shift the burden of funding these services on to Council Pay payers – and in the case of the Police Service were a significant shift from the limit in 2018/19 of £12 for a Band D property.

The recommendations in the report covered the statutory technical Council Tax calculations and amendments to the Council’s capital programme and were moved by Councillor C Akers-Belcher and seconded by Councillor Cranney.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the Committee’s recommendations:-

Those in favour:

Councillors C Akers-Belcher, S Akers-Belcher, Barclay, Black, Brewer, Brown, Buchan, Cook, Cranney, Hall, Hamilton, Hunter, James, Lauderdale, Lindridge, Little, Loynes, Marshall, Morris, C Richardson, Thomas, Trueman and Young.

Those against:

Councillor Smith

Those abstaining:

Councillors Cassidy, Moore, A Richardson and Tennant.

The vote on the recommendations of the Finance and Policy Committee was carried.

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

None

100. MOTIONS ON NOTICE

None

CHIEF EXECUTIVE'S REPORT

101. TREASURY MANAGEMENT STRATEGY

Council was requested to approve the recommended Treasury Management Strategy for 2019/2020. 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 required the Council, therefore, 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.

Members were advised that the Council was required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to Council. This responsibility had been allocated to the Audit and Governance Committee. The recommended Treasury Management Strategy had been considered by the Audit and Governance Committee on the 13 December 2018 and the report to that Committee had been circulated. The Audit and Governance Committee had scrutinised the proposed Treasury Management strategy and had approved that the recommended strategy be referred to full Council.

RESOLVED – That Council adopt the recommendation from the Audit and Governance Committee to approve the following detailed recommendations for the 2019/20 Treasury Management Strategy and related issues;

Borrowing Strategy 2019/20

- (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 borrowing for 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 Director of Finance and Policy to externally borrow for these schemes if an interest rates rise is expected.

Investment Strategy 2019/20

- (iv) Approve the Counterparty limits as set out in paragraph 8.7 of Appendix 1.

Minimum Revenue Provision (MRP) Statement

- (v) Approve the MRP statement outlined in paragraph 9.3 of Appendix 1.

Prudential Indicators 2019/20

- (xi) Approve the prudential indicators outlined in Appendix 2.

102. SPECIAL URGENCY

In accordance with the requirements of the Access to Information Procedure Rule 22 of the Council's Constitution, Council was informed that there had been one special urgency decision taken in the period November 2018 to January 2019 which was summarised as follows:-

Decision

To refer a disapplication request to the Secretary of State for the transfer of £1.03m from the Schools Block to the High Needs Block.

Decision Route

Children's Services Committee – 29 November 2018

Reason for Urgency

The issue could not be considered until after the Schools Forum meeting on the 26th November and the decision by the Council had to be made before the statutory deadline of 30th November 2018.

RESOLVED – That the report be noted.

103. ELECTORAL REVIEW OF HARTLEPOOL BOROUGH COUNCIL

Further to minute 130 of the Council meeting held on 15 March 2018, Members were advised that the Local Government Boundary Commission for England had now completed their review of Hartlepool Borough Council. The recommendations had not changed from the draft recommendations that had been previously issued by the Commission and recommended twelve, three member wards (36 Councillors)

The changes proposed would now be implemented by Order subject to Parliamentary scrutiny. A draft Order, which brings into force the recommendations would be laid in Parliament and would provide for new electoral arrangements for Hartlepool to be implemented at the local elections in 2020.

RESOLVED – That the report be noted.

104. NOTIFICATION OF CHANGE IN POLITICAL GROUPS

The Chief Executive advised Members that she had received notification, on 18 February 2018, that the political Group 'Putting Hartlepool First' had ceased to be constituted. Councillors Black, Little, Smith and Richardson would now be recorded as Independent Councillors.

RESOLVED – That the report be noted.

105. HIGH NEEDS BLOCK – SUPPORT FOR CHILDREN WITH SPECIAL EDUCATIONAL NEEDS

The Chief Executive reminded Members that at the Council meeting in December, Members unanimously approved a motion in relation to concerns that the National Funding Formula for Schools did not provide sufficient funding for Hartlepool schools (minute 81 refers). Concerns had been particularly raised regarding that the funding within the High Needs Block of the national funding system for our most vulnerable pupils is inadequate.

The funding shortfall for Hartlepool had reduced from £1.030m to £0.621m following the late provision of additional funding by the Government. However, to address the remaining funding shortfall and to ensure services continued to be provided to the most vulnerable children, the Council was required by national regulations to seek approval from the Secretary of State to transfer this funding from the Schools Block within the Dedicated Schools Grant.

Members were advised that the necessary disapplication for 2019/20 had been submitted and a phone call had been received to advise that the application had been approved and written confirmation would follow. The Secretary of State's decision had demonstrated that a very clear case had been set out for Hartlepool. It was understood that many other Councils had submitted

disapplication requests, but not all had been approved by the Secretary of State.

Tribute was paid to the Chair of Children's Services Committee and to the joint working of officers from the Children's and Joint Commissioning Services Department along with the Finance Division for their hard work and commitment which had resulted in the approval of the application.

RESOLVED – That the report be noted.

106. PUBLIC QUESTION

None

107. 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

Council noted the minutes of the meetings held by the Cleveland Fire Authority on the 27 July 2018 and the Police and Crime Panel on 13 November 2018.

The meeting concluded at 7.15 p.m.

CEREMONIAL MAYOR

SECTION B

Detailed Revenue Budgets by Department 2019/20

ADULT & COMMUNITY BASED SERVICES
DETAILED REVENUE BUDGETS 2019/2020

2019/2020 BUDGET - ADULT AND COMMUNITY BASED SERVICES SUMMARY

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2019/2020 (2+3+4+5+6 +7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Adult and Community Based Services</u>							
0	Carers Support	0	0	0	0	0	0	0
2,456	Commissioning - Adults	2,553	(15)	0	0	0	0	2,538
1,694	Packages of Care - Mental Health	1,773	(65)	0	0	0	0	1,708
10,923	Packages of Care - Older People	10,976	(60)	0	0	0	0	10,916
8,468	Packages of Care - Working Age Adults	8,751	0	0	0	0	0	8,751
882	Community Hubs	903	76	0	0	57	(57)	979
199	Departmental Running Costs	194	(3)	0	0	0	0	191
716	Direct Care & Support Team	756	(1)	0	0	0	0	755
457	Learning Disability & Transition Social Work Teams	653	0	0	0	0	0	653
3,134	Locality & Safeguarding Social Work Teams	3,114	(2)	0	0	0	0	3,112
756	Mental Health Services	794	(1)	0	0	0	0	793
502	Special Needs and Occupational Therapy Services	509	(39)	0	0	0	0	470
0	Substance Misuse Operational	21	0	0	0	100	(100)	21
526	Sports, Leisure & Rec Facilities	577	(50)	0	0	77	(77)	527
1,247	Working Age Adults Day Services	1,284	(2)	0	0	0	0	1,282
(200)	Departmental Salary Abatement Target	(200)	(50)	0	0	0	0	(250)
31,760	Net Budget Requirement	32,658	(212)	0	0	234	(234)	32,446

2019/2020 BUDGET - SERVICE UNIT: CARERS SUPPORT

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Carers Support						
0	Direct costs - Employees	0	0	0	0	0	0
240	- Other	240	0	0	0	0	240
240	Total Direct Cost	240	0	0	0	0	240
0	Support Recharges	0	0	0	0	0	0
(240)	Income	(240)	0	0	0	0	(240)
0	Gross Budget Requirement	0	0	0	0	0	0
0	Use Of Departmental Reserves						0
0	Net Budget Requirement	0	0	0	0	0	0

2019/2020 BUDGET - SERVICE UNIT: COMMISSIONING - ADULTS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Commissioning - Adults						
1,017	Direct costs - Employees	1,054	0	0	0	0	1,054
3,517	- Other	3,557	(15)	0	0	0	3,542
4,534	Total Direct Cost	4,611	(15)	0	0	0	4,596
0	Support Recharges	0	0	0	0	0	0
(2,078)	Income	(2,058)	0	0	0	0	(2,058)
2,456	Gross Budget Requirement	2,553	(15)	0	0	0	2,538
0	Use Of Departmental Reserves						0
2,456	Net Budget Requirement	2,553	(15)	0	0	0	2,538

Corporate Budget Reductions

This saving reflects an inflation freeze and a review of all non-contractual supplies and service budgets.

2019/2020 BUDGET - SERVICE UNIT: PACKAGES OF CARE - MENTAL HEALTH

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Packages of Care - Mental Health						
0	Direct costs - Employees	0	0	0	0	0	0
3,114	- Other	3,399	0	0	0	0	3,399
3,114	Total Direct Cost	3,399	0	0	0	0	3,399
0	Support Recharges	0	0	0	0	0	0
(1,420)	Income	(1,626)	(65)	0	0	0	(1,691)
1,694	Gross Budget Requirement	1,773	(65)	0	0	0	1,708
0	Use Of Departmental Reserves						0
1,694	Net Budget Requirement	1,773	(65)	0	0	0	1,708

Corporate Budget Reductions

This saving relates to a forecast increase in recovery of direct payment contingency funding.

2019/2020 BUDGET - SERVICE UNIT: PACKAGES OF CARE - OLDER PEOPLE

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Package of Care - Older People						
0	Direct costs - Employees	0	0	0	0	0	0
24,160	- Other	25,120	0	0	0	0	25,120
24,160	Total Direct Cost	25,120	0	0	0	0	25,120
0	Support Recharges	0	0	0	0	0	0
(13,237)	Income	(14,144)	(60)	0	0	0	(14,204)
10,923	Gross Budget Requirement	10,976	(60)	0	0	0	10,916
0	Use Of Departmental Reserves						0
10,923	Net Budget Requirement	10,976	(60)	0	0	0	10,916

Corporate Budget Reductions

This saving relates to receipt of a grant linked to financial assessment and implementation of new duties that were already being undertaken and managed within existing resources.

2019/2020 BUDGET - SERVICE UNIT: PACKAGES OF CARE - WORKING AGE ADULTS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Package of Care - Working Age Adults						
0	Direct costs - Employees	0	0	0	0	0	0
13,134	- Other	14,344	0	0	0	0	14,344
13,134	Total Direct Cost	14,344	0	0	0	0	14,344
0	Support Recharges	0	0	0	0	0	0
(4,666)	Income	(5,593)	0	0	0	0	(5,593)
8,468	Gross Budget Requirement	8,751	0	0	0	0	8,751
0	Use Of Departmental Reserves						0
8,468	Net Budget Requirement	8,751	0	0	0	0	8,751

2019/2020 BUDGET - SERVICE UNIT: COMMUNITY HUBS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Community Hubs						
968	Direct costs - Employees	1,017	(34)	0	0	57	1,040
138	- Other	132	110	0	0	0	242
1,106	Total Direct Cost	1,149	76	0	0	57	1,282
23	Support Recharges	23	0	0	0	0	23
(247)	Income	(269)	0	0	0	0	(269)
882	Gross Budget Requirement	903	76	0	0	57	1,036
	Use Of Departmental Reserves					(57)	(57)
882	Net Budget Requirement	903	76	0	0	0	979

The 2019/20 budget reflects operational and budget changes to fully create a separate budget for the Community Hubs which now incorporates the former library budgets.

Corporate Budget Reductions

This reflects base budget funding for the Advice and Guidance service that was previously funded from reserves.

One off costs Funded from Department Reserves

This reflects the funding of Lifestyle Intervention Officer posts supporting the Employee Wellbeing strategy.

2019/2020 BUDGET - SERVICE UNIT: DEPARTMENTAL RUNNING COSTS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Departmental Running Costs						
119	Direct costs - Employees	122	0	0	0	0	122
80	- Other	72	(3)	0	0	0	69
199	Total Direct Cost	194	(3)	0	0	0	191
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
199	Gross Budget Requirement	194	(3)	0	0	0	191
	Use Of Departmental Reserves						0
199	Net Budget Requirement	194	(3)	0	0	0	191

Corporate Budget Reductions

The reduction relates to non pay budgets.

2019/2020 BUDGET - SERVICE UNIT: DIRECT CARE & SUPPORT TEAM

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Direct Care & Support Team						
1,466	Direct costs - Employees	1,525	0	0	0	0	1,525
148	- Other	150	(1)	0	0	0	149
1,614	Total Direct Cost	1,675	(1)	0	0	0	1,674
2	Support Recharges	2	0	0	0	0	2
(900)	Income	(921)	0	0	0	0	(921)
716	Gross Budget Requirement	756	(1)	0	0	0	755
	Use Of Departmental Reserves						0
716	Net Budget Requirement	756	(1)	0	0	0	755

Corporate Budget Reductions

The reduction relates to non pay budgets.

The 2019/20 budget reflects the transfer of staff following the reorganisation of the SEND Team as approved by Finance & Policy Committee on 17th December 2018.

2019/2020 BUDGET - SERVICE UNIT: LEARNING DISABILITY & TRANSITIONS SOCIAL WORK TEAMS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Learning Disability & Transitions Social Work Teams						
498	Direct costs - Employees	734	0	0	0	0	734
8	- Other	14	0	0	0	0	14
506	Total Direct Cost	748	0	0	0	0	748
0	Support Recharges	0	0	0	0	0	0
(49)	Income	(95)	0	0	0	0	(95)
457	Gross Budget Requirement	653	0	0	0	0	653
0	Use Of Departmental Reserves						0
457	Net Budget Requirement	653	0	0	0	0	653

The 2019/20 budget reflects the transfer of staff following the reorganisation of the SEND Team as approved by Finance & Policy Committee on 17th December 2018.

2019/2020 BUDGET - SERVICE UNIT: LOCALITY & SAFEGUARDING SOCIAL WORK TEAMS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Locality & Safeguarding Social Work Teams						
4,255	Direct costs - Employees	4,416	0	0	0	0	4,416
300	- Other	198	(2)	0	0	0	196
4,555	Total Direct Cost	4,614	(2)	0	0	0	4,612
0	Support Recharges	0	0	0	0	0	0
(1,421)	Income	(1,500)	0	0	0	0	(1,500)
3,134	Gross Budget Requirement	3,114	(2)	0	0	0	3,112
0	Use Of Departmental Reserves						0
3,134	Net Budget Requirement	3,114	(2)	0	0	0	3,112

Corporate Budget Reductions

The reduction relates to non pay budgets.

2019/2020 BUDGET - SERVICE UNIT: MENTAL HEALTH SERVICES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Mental Health Services						
676	Direct costs - Employees	691	0	0	0	0	691
101	- Other	125	(1)	0	0	0	124
777	Total Direct Cost	816	(1)	0	0	0	815
0	Support Recharges	0	0	0	0	0	0
(21)	Income	(22)	0	0	0	0	(22)
756	Gross Budget Requirement	794	(1)	0	0	0	793
0	Use Of Departmental Reserves						0
756	Net Budget Requirement	794	(1)	0	0	0	793

Corporate Budget Reductions

The reduction relates to non pay budgets.

2019/2020 BUDGET - SERVICE UNIT: SPECIAL NEEDS & OCCUPATIONAL THERAPY

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Occupational Therapy Equipment						
120	Direct costs - Employees	123	0	0	0	0	123
608	- Other	615	(1)	0	0	0	614
728	Total Direct Cost	738	(1)	0	0	0	737
7	Support Recharges	7	0	0	0	0	7
(233)	Income	(236)	(38)	0	0	0	(274)
502	Gross Budget Requirement	509	(39)	0	0	0	470
0	Use Of Departmental Reserves						0
502	Net Budget Requirement	509	(39)	0	0	0	470

Corporate Budget Reductions

This saving relates to an increase in the fee charged for administrating and managing the Disabled Facilities Grant process.

2019/2020 BUDGET - SERVICE UNIT: SUBSTANCE MISUSE OPERATIONAL

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Substance Misuse Operational</u>						
701	Direct costs - Employees	722	0	0	0	0	722
177	- Other	177	0	0	0	100	277
878	Total Direct Cost	899	0	0	0	100	999
0	Support Recharges	0	0	0	0	0	0
(837)	Grant Income Recharge	(878)	0	0	0	0	(878)
0	Gross Budget Requirement	21	0	0	0	100	121
0	Use Of Departmental Reserves					(100)	(100)
0	Net Budget Requirement	21	0	0	0	0	21

One off costs Funded from Department Reserves

Funding supports the budget for specialist 'Tier 4' treatment services.

2019/2020 BUDGET - SERVICE UNIT: SPORTS, LEISURE & RECREATION FACILITIES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Sports & Leisure</u>						
1,888	Direct costs - Employees	1,970	(50)	0	0	80	2,000
471	- Other	415	0	0	0	6	421
2,359	Total Direct Cost	2,385	(50)	0	0	86	2,421
8	Support Recharges	8	0	0	0	0	8
1,841	Income	(1,816)	0	0	0	(9)	(1,825)
526	Gross Budget Requirement	577	(50)	0	0	77	604
	Use Of Departmental Reserves					(77)	(77)
526	Net Budget Requirement	577	(50)	0	0	0	527

Corporate Budget Reductions

Savings relate to the deletion of a vacant post.

One off costs Funded from Department Reserves

Reserves are earmarked to fund specific projects - GP Referral and Diabetes schemes - which are designed to achieve public health outcomes.

2019/2020 BUDGET - SERVICE UNIT: WORKING AGE ADULTS DAY SERVICES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Working Age Adults Day Services</u>						
737	Direct costs - Employees	765	0	0	0	0	765
611	- Other	623	(2)	0	0	0	621
1,348	Total Direct Cost	1,388	(2)	0	0	0	1,386
6	Support Recharges	6	0	0	0	0	6
(107)	Income	(110)	0	0	0	0	(110)
1,247	Gross Budget Requirement	1,284	(2)	0	0	0	1,282
	Use Of Departmental Reserves						0
1,247	Net Budget Requirement	1,284	(2)	0	0	0	1,282

CHIEF EXECUTIVES DEPARTMENT
DETAILED REVENUE BUDGETS 2019/2020

2019/2020 BUDGET - CHIEF EXECUTIVES DEPARTMENT SUMMARY

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2019/2020 (2+3+4+5+6 +7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
(134)	Benefits	(139)	0	52	(52)	150	(150)	(139)
(924)	Central Administration Recharges	(948)	0	0	0	0	0	(948)
36	Civic Attendants	37	0	0	0	0	0	37
53	Communications and Marketing	132	(1)	0	0	0	0	131
975	Corporate Finance	1,030	(42)	0	0	0	0	988
655	Corporate Strategy & Public Consultation	671	(54)	0	0	14	(14)	617
(143)	Council Tax & Housing Benefits	(143)	0	0	0	0	0	(143)
916	Customer and Support Services	940	0	0	0	18	(18)	940
199	Democratic Services	200	0	0	0	0	0	200
432	Human Resources & Health and Safety	438	(1)	0	0	40	(40)	437
235	Internal Audit	237	0	0	0	0	0	237
437	Legal Services	533	0	0	0	0	0	533
166	Municipal Elections and Registration of Electors	163	0	0	0	25	(25)	163
(7)	Other Office Services	(7)	0	0	0	0	0	(7)
94	Procurement	94	(47)	0	0	0	0	47
(113)	Registration Services	(118)	0	0	0	5	(5)	(118)
(46)	Reprographics	(48)	0	0	0	0	0	(48)
928	Revenues	946	0	0	0	0	0	946
(525)	Revenue & Benefits Central	(540)	0	0	0	0	0	(540)
66	Scrutiny Function	61	0	0	0	22	(22)	61
615	Shared Services	618	(90)	0	0	0	0	528
130	Support to Members	132	0	0	0	0	0	132
10	Training & Equality	10	0	0	0	0	0	10
408	Corporate Management Running Expenses	426	0	0	0	0	0	426
4,463	Net Budget Requirement	4,725	(235)	52	(52)	274	(274)	4,490

2019/2020 BUDGET - SERVICE UNIT: BENEFITS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Benefits						
677	Direct costs - Employees	689	0	0	(52)	0	637
37	- Other	41	0	0	0	0	41
714	Total Direct Cost	730	0	0	(52)	0	678
0	Support Recharges	0	0	0	0	0	0
(848)	Income	(869)	0	52	0	150	(667)
(134)	Gross Budget Requirement	(139)	0	52	(52)	150	11
	Use Of Departmental Reserves					(150)	(150)
(134)	Net Budget Requirement	(139)	0	52	(52)	0	(139)

Departmental Budget Pressures

Budget pressures relate to a reduction in the DWP Housing Benefit Administration Grant.

Departmental Budget Reductions to Fund Pressures

Relates to 2 vacant posts within the Housing Benefit Section.

One off costs Funded from Department Reserves

Funding earmarked to address reduction in DWP Housing Benefit Administration Grant.

2019/2020 BUDGET - SERVICE UNIT: CENTRAL ADMINISTRATION RECHARGES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Central Administration Recharges						
0	Direct costs - Employees	0	0	0	0	0	0
0	- Other	0	0	0	0	0	0
0	Total Direct Cost	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0
(924)	Income	(948)	0	0	0	0	(948)
(924)	Gross Budget Requirement	(948)	0	0	0	0	(948)
	Use Of Departmental Reserves						0
(924)	Net Budget Requirement	(948)	0	0	0	0	(948)

2019/2020 BUDGET - SERVICE UNIT: CIVIC ATTENDANTS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Civic Attendants						
47	Direct costs - Employees	48	0	0	0	0	48
0	- Other	0	0	0	0	0	0
47	Total Direct Cost	48	0	0	0	0	48
0	Support Recharges	0	0	0	0	0	0
(11)	Income	(11)	0	0	0	0	(11)
36	Gross Budget Requirement	37	0	0	0	0	37
	Use Of Departmental Reserves						0
36	Net Budget Requirement	37	0	0	0	0	37

2019/2020 BUDGET - SERVICE UNIT: COMMUNICATIONS AND MARKETING

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Communications and Marketing						
139	Direct costs - Employees	206	0	0	0	0	206
71	- Other	71	(1)	0	0	0	70
210	Total Direct Cost	277	(1)	0	0	0	276
0	Support Recharges	0	0	0	0	0	0
(157)	Income	(145)	0	0	0	0	(145)
53	Gross Budget Requirement	132	(1)	0	0	0	131
	Use Of Departmental Reserves						0
53	Net Budget Requirement	132	(1)	0	0	0	131

Corporate Budget Reductions

The reduction relates to non pay budgets.

2019/2020 BUDGET - SERVICE UNIT: CORPORATE FINANCE

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Corporate Finance						
1,553	Direct costs - Employees	1,578	0	0	0	0	1,578
113	- Other	105	0	0	0	0	105
1,666	Total Direct Cost	1,683	0	0	0	0	1,683
0	Support Recharges	54	(42)	0	0	0	12
(691)	Income	(707)	0	0	0	0	(707)
975	Gross Budget Requirement	1,030	(42)	0	0	0	988
	Use Of Departmental Reserves						0
975	Net Budget Requirement	1,030	(42)	0	0	0	988

Corporate Budget Reductions

Introduction of abatement target.

2019/2020 BUDGET - SERVICE UNIT: CORPORATE STRATEGY & PUBLIC CONSULTATION

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Corporate Strategy & Public Consultation						
674	Direct costs - Employees	690	(53)	0	0	0	637
17	- Other	17	(1)	0	0	14	30
691	Total Direct Cost	707	(54)	0	0	14	667
0	Support Recharges	0	0	0	0	0	0
(36)	Income	(36)	0	0	0	0	(36)
655	Gross Budget Requirement	671	(54)	0	0	14	631
	Use Of Departmental Reserves					(14)	(14)
655	Net Budget Requirement	671	(54)	0	0	0	617

Corporate Budget Reductions

The reduction relates to 1 vacant post and savings made on non pay budgets across the Corporate Strategy Section.

One off costs Funded from Department Reserves

Funding earmarked for an annual maintenance contract.

2019/2020 BUDGET - SERVICE UNIT: COUNCIL TAX & HOUSING BENEFITS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Council Tax & Housing Benefits						
0	Direct costs - Employees	0	0	0	0	0	0
38,500	- Other	32,500	0	0	0	0	32,500
38,500	Total Direct Cost	32,500	0	0	0	0	32,500
0	Support Recharges	0	0	0	0	0	0
(38,643)	Income	(32,643)	0	0	0	0	(32,643)
(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)

2019/2020 BUDGET - SERVICE UNIT: CUSTOMER/SUPPORT SERVICES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Customer/Support Services						
887	Direct costs - Employees	912	0	0	0	0	912
29	- Other	28	0	0	0	18	46
916	Total Direct Cost	940	0	0	0	18	958
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
916	Gross Budget Requirement	940	0	0	0	18	958
	Use Of Departmental Reserves					(18)	(18)
916	Net Budget Requirement	940	0	0	0	0	940

One off costs Funded from Department Reserves

Funding earmarked for development of the Firmstep System.

2019/2020 BUDGET - SERVICE UNIT: DEMOCRATIC SERVICES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Democratic Services						
179	Direct costs - Employees	180	0	0	0	0	180
21	- Other	21	0	0	0	0	21
200	Total Direct Cost	201	0	0	0	0	201
0	Support Recharges	0	0	0	0	0	0
(1)	Income	(1)	0	0	0	0	(1)
199	Gross Budget Requirement	200	0	0	0	0	200
	Use Of Departmental Reserves						0
199	Net Budget Requirement	200	0	0	0	0	200

2019/2020 BUDGET - SERVICE UNIT: HUMAN RESOURCES & HEALTH AND SAFETY

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Human Resources & Health and Safety						
651	Direct costs - Employees	662	0	0	0	0	662
8	- Other	8	(1)	0	0	40	47
659	Total Direct Cost	670	(1)	0	0	40	709
0	Support Recharges	0	0	0	0	0	0
(227)	Income	(232)	0	0	0	0	(232)
432	Gross Budget Requirement	438	(1)	0	0	40	477
	Use Of Departmental Reserves					(40)	(40)
432	Net Budget Requirement	438	(1)	0	0	0	437

Corporate Budget Reductions

The reduction relates to non pay budgets.

One off costs Funded from Department Reserves

Funding earmarked to address the loss of income from Schools and Academies.

2019/2020 BUDGET - SERVICE UNIT: INTERNAL AUDIT

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Internal Audit						
259	Direct costs - Employees	261	0	0	0	0	261
6	- Other	6	0	0	0	0	6
265	Total Direct Cost	267	0	0	0	0	267
0	Support Recharges	0	0	0	0	0	0
(30)	Income	(30)	0	0	0	0	(30)
235	Gross Budget Requirement	237	0	0	0	0	237
	Use Of Departmental Reserves						0
235	Net Budget Requirement	237	0	0	0	0	237

2019/2020 BUDGET - SERVICE UNIT: LEGAL SERVICES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Legal Services						
582	Direct costs - Employees	643	0	0	0	0	643
38	- Other	39	0	0	0	0	39
620	Total Direct Cost	682	0	0	0	0	682
0	Support Recharges	0	0	0	0	0	0
(183)	Income	(149)	0	0	0	0	(149)
437	Gross Budget Requirement	533	0	0	0	0	533
	Use Of Departmental Reserves						0
437	Net Budget Requirement	533	0	0	0	0	533

2019/2020 BUDGET - SERVICE UNIT: MUNICIPAL ELECTIONS AND REGISTRATION OF ELECTORS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Municipal Elections and Registration of Electors						
100	Direct costs - Employees	95	0	0	0	25	120
68	- Other	70	0	0	0	0	70
168	Total Direct Cost	165	0	0	0	25	190
0	Support Recharges	0	0	0	0	0	0
(2)	Income	(2)	0	0	0	0	(2)
166	Gross Budget Requirement	163	0	0	0	25	188
	Use Of Departmental Reserves					(25)	(25)
166	Net Budget Requirement	163	0	0	0	0	163

One off costs Funded from Department Reserves

Earmarked funds to manage the Municipal Elections budget.

2019/2020 BUDGET - SERVICE UNIT: OTHER OFFICE SERVICES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Other Office Services						
62	Direct costs - Employees	62	0	0	0	0	62
0	- Other	0	0	0	0	0	0
62	Total Direct Cost	62	0	0	0	0	62
8	Support Recharges	8	0	0	0	0	8
(77)	Income	(77)	0	0	0	0	(77)
(7)	Gross Budget Requirement	(7)	0	0	0	0	(7)
	Use Of Departmental Reserves						0
(7)	Net Budget Requirement	(7)	0	0	0	0	(7)

2019/2020 BUDGET - SERVICE UNIT: PROCUREMENT

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Procurement						
183	Direct costs - Employees	185	(47)	0	0	0	138
1	- Other	1	0	0	0	0	1
184	Total Direct Cost	186	(47)	0	0	0	139
0	Support Recharges	0	0	0	0	0	0
(90)	Income	(92)	0	0	0	0	(92)
94	Gross Budget Requirement	94	(47)	0	0	0	47
	Use Of Departmental Reserves						0
94	Net Budget Requirement	94	(47)	0	0	0	47

Corporate Budget Reductions

The reduction relates to a vacant post.

2019/2020 BUDGET - SERVICE UNIT: REGISTRATION SERVICES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Registration Services						
16	Direct costs - Employees	11	0	0	0	0	11
9	- Other	9	0	0	0	5	14
25	Total Direct Cost	20	0	0	0	5	25
0	Support Recharges	0	0	0	0	0	0
(138)	Income	(138)	0	0	0	0	(138)
(113)	Gross Budget Requirement	(118)	0	0	0	5	(113)
	Use Of Departmental Reserves					(5)	(5)
(113)	Net Budget Requirement	(118)	0	0	0	0	(118)

One off costs Funded from Department Reserves

Funding earmarked for maintenance of ceremony rooms.

2019/2020 BUDGET - SERVICE UNIT: REPROGRAPHICS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Reprographics						
85	Direct costs - Employees	87	0	0	0	0	87
254	- Other	260	0	0	0	0	260
339	Total Direct Cost	347	0	0	0	0	347
0	Support Recharges	0	0	0	0	0	0
(385)	Income	(395)	0	0	0	0	(395)
(46)	Gross Budget Requirement	(48)	0	0	0	0	(48)
	Use Of Departmental Reserves						0
(46)	Net Budget Requirement	(48)	0	0	0	0	(48)

2019/2020 BUDGET - SERVICE UNIT: REVENUES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Revenues						
766	Direct costs - Employees	780	0	0	0	0	780
188	- Other	197	0	0	0	1	198
954	Total Direct Cost	977	0	0	0	1	978
9	Support Recharges	5	0	0	0	0	5
(35)	Income	(36)	0	0	0	0	(36)
928	Gross Budget Requirement	946	0	0	0	1	947
	Use Of Departmental Reserves					(1)	(1)
928	Net Budget Requirement	946	0	0	0	0	946

One off costs Funded from Department Reserves

Funding earmarked for an annual maintenance contract.

2019/2020 BUDGET - SERVICE UNIT: REVENUE & BENEFITS CENTRAL

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Revenue & Benefits Central						
272	Direct costs - Employees	269	0	0	0	0	269
115	- Other	123	0	0	0	0	123
387	Total Direct Cost	392	0	0	0	0	392
0	Support Recharges	0	0	0	0	0	0
(912)	Income	(932)	0	0	0	0	(932)
(525)	Gross Budget Requirement	(540)	0	0	0	0	(540)
	Use Of Departmental Reserves						0
(525)	Net Budget Requirement	(540)	0	0	0	0	(540)

2019/2020 BUDGET - SERVICE UNIT: SCRUTINY FUNCTION

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Scrutiny Function						
65	Direct costs - Employees	60	0	0	0	22	82
1	- Other	1	0	0	0	0	1
66	Total Direct Cost	61	0	0	0	22	83
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
66	Gross Budget Requirement	61	0	0	0	22	83
	Use Of Departmental Reserves					(22)	(22)
66	Net Budget Requirement	61	0	0	0	0	61

One off costs Funded from Department Reserves

Earmarked Public Health funds to support the Scrutiny Function.

2019/2020 BUDGET - SERVICE UNIT: SHARED SERVICES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Shared Services						
904	Direct costs - Employees	917	0	0	0	24	941
172	- Other	173	0	0	0	0	173
1,076	Total Direct Cost	1,090	0	0	0	24	1,114
0	Support Recharges	0	0	0	0	0	0
(461)	Income	(472)	(90)	0	0	0	(562)
615	Gross Budget Requirement	618	(90)	0	0	24	552
	Use Of Departmental Reserves					(24)	(24)
615	Net Budget Requirement	618	(90)	0	0	0	528

Corporate Budget Reductions

Increased income from insurance fund.

One off costs Funded from Department Reserves

Earmarked funds for a fixed term contract.

2019/2020 BUDGET - SERVICE UNIT: SUPPORT TO MEMBERS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Support to Members						
75	Direct costs - Employees	77	0	0	0	0	77
55	- Other	55	0	0	0	0	55
130	Total Direct Cost	132	0	0	0	0	132
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
130	Gross Budget Requirement	132	0	0	0	0	132
	Use Of Departmental Reserves						0
130	Net Budget Requirement	132	0	0	0	0	132

2019/2020 BUDGET - SERVICE UNIT: TRAINING & EQUALITY

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Training & Equality						
0	Direct costs - Employees	0	0	0	0	0	0
10	- Other	10	0	0	0	0	10
10	Total Direct Cost	10	0	0	0	0	10
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
10	Gross Budget Requirement	10	0	0	0	0	10
	Use Of Departmental Reserves						0
10	Net Budget Requirement	10	0	0	0	0	10

2019/2020 BUDGET - SERVICE UNIT: CORPORATE MANAGEMENT RUNNING EXPENSES

These are 4 budgets, lettered from (A) to (D), which either do not fall within a specific Service unit.

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2019/2020 (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>						
276	Direct costs - Employees	291	0	0	0	0	291
6	- Other	6	0	0	0	0	6
282	Total Direct Cost	297	0	0	0	0	297
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
282	Gross Budget Requirement B	297	0	0	0	0	297
	<u>Trade Union Representative</u>						
39	Direct costs - Employees	40	0	0	0	0	40
0	- Other	0	0	0	0	0	0
39	Total Direct Cost	40	0	0	0	0	40
24	Support Recharges	24	0	0	0	0	24
0	Income	0	0	0	0	0	0
63	Gross Budget Requirement C	64	0	0	0	0	64
	<u>Central Council Expenses</u>						
0	Direct costs - Employees	0	0	0	0	0	0
81	- Other	83	0	0	0	0	83
81	Total Direct Cost	83	0	0	0	0	83
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
81	Gross Budget Requirement D	83	0	0	0	0	83
408	Gross Budget Requirement of (A) to (E)	426	0	0	0	0	426
	Use Of Departmental Reserves						
408	Net Budget Requirement	426	0	0	0	0	426

CHILDREN'S AND JOINT COMMISSIONING SERVICES

DETAILED REVENUE BUDGETS 2019/2020

2019/2020 BUDGET - CHILDREN'S AND JOINT COMMISSIONING SERVICES SUMMARY

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2019/2020 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Children's and Joint Commissioning Services</u>							
167	Central Support Services	167	0	0	0	0	0	167
15,148	Children & Families	16,498	973	0	0	75	(75)	17,471
2,361	Early Intervention Services	2,337	(230)	0	0	45	(45)	2,107
512	Other School Related Expenditure	512	0	0	0	0	0	512
3	Play & Care	5	0	0	0	0	0	5
333	Raising Educational Achievement	345	0	0	0	26	(26)	345
247	Special Educational Needs	258	0	0	0	41	(41)	258
1,182	Strategic Commissioning	1,223	0	0	0	0	0	1,223
277	Strategic Management	316	(95)	0	0	0	0	221
410	Standards, Engagement & Development Team	424	0	0	0	66	(66)	424
301	Youth Justice Service	307	(33)	0	0	0	0	274
337	Youth Service	347	0	0	0	0	0	347
0	Dedicated Schools Grant - Early Years Block	0	0	0	0	0	0	0
(594)	Dedicated Schools Grant - Schools Block	(551)	0	0	0	0	0	(551)
0	Dedicated Schools Grant - High Needs Block	0	0	0	0	0	0	0
653	Dedicated Schools Grant - Central School Services Block	605	0	0	0	0	0	605
(200)	Departmental Salary Abatement Target	(200)	0	0	0	0	0	(200)
21,137	Net Budget Requirement	22,593	615	0	0	253	(253)	23,208

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2019/2020 (2+3+4+5+6+7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	<u>Children's and Joint Commissioning - Public Health</u>							
3,576	Public Health - Children's	3,576	130	0	0	0	0	3,706
1,241	Public Health - General	1,253	0	0	0	0	0	1,253
2,306	Public Health - Substance Misuse	2,306	(24)	0	0	0	0	2,282
94	Public Health - Obesity	94	0	0	0	0	0	94
119	Public Health - Health Check Programme	107	0	0	0	0	0	107
161	Public Health - Mental Health	161	0	0	0	0	0	161
623	Public Health - Sexual Health	623	0	0	0	0	0	623
20	Public Health - Public Health Advice	20	0	0	0	0	0	20
278	Public Health - Physical Activity	278	0	0	0	0	0	278
396	Public Health - Smoking Cessation	396	(334)	0	0	0	0	62
(8,764)	Public Health - Grant	(8,764)	228	0	0	0	0	(8,536)
50	Net Budget Requirement	50	0	0	0	0	0	50
21,187	Total Net Budget Requirement	22,643	615	0	0	253	(253)	23,258

2019/2020 BUDGET - SERVICE UNIT: CENTRAL SUPPORT SERVICES

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2019/2020 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
0	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
490	Support Recharges	490	0	0	0	0	490
(323)	Income	(323)	0	0	0	0	(323)
167	Gross Budget Requirement	167	0	0	0	0	167
0	Use Of Departmental Reserves						0
167	Net Budget Requirement	167	0	0	0	0	167

2019/2020 BUDGET - SERVICE UNIT: CHILDREN & FAMILIES

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2019/2020 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Children & Families						
6,454	Direct costs - Employees	6,678	973	0	0	75	7,726
10,640	- Other	11,888	0	0	0	0	11,888
17,094	Total Direct Cost	18,566	973	0	0	75	19,614
99	Support Recharges	100	0	0	0	0	100
(2,045)	Income	(2,168)	0	0	0	0	(2,168)
15,148	Gross Budget Requirement	16,498	973	0	0	75	17,546
	Use Of Departmental Reserves					(75)	(75)
15,148	Net Budget Requirement	16,498	973	0	0	0	17,471

As identified in the MTFS Report to Finance & Policy Committee 17/12/18, an additional £1m is being funded in 2019/20 to contribute towards an increase in the number of looked after children and associated costs.

Corporate Budget Reductions

This saving reflects a reduction in Family Support Worker posts within the review of Children's Social Care family support arrangements.

One off costs Funded from Department Reserves

Use of specific reserves to fund additional posts relating to Signs of Safety and Fostering Teams

2019/2020 BUDGET - SERVICE UNIT: EARLY INTERVENTION SERVICES

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2019/2020 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Early Intervention Services						
5,638	Direct costs - Employees	5,661	(367)	0	0	45	5,339
2,316	- Other	2,524	(79)	0	0	0	2,445
7,954	Total Direct Cost	8,185	(446)	0	0	45	7,784
71	Support Recharges	54	0	0	0	0	54
(5,316)	Income	(5,554)	(132)	0	0	0	(5,686)
2,709	Gross Budget Requirement	2,685	(578)	0	0	45	2,152
(348)	Use Of Departmental Reserves	(348)	348			(45)	(45)
2,361	Net Budget Requirement	2,337	(230)	0	0	0	2,107

Corporate Budget Reductions

Savings mainly relate to the reshaping of the Early Help service including a realignment of Public Health grant to support the changes in children's health and early help services.

One off costs Funded from Department Reserves

This relates to the creation of a temporary post with Housing Advice.

2019/2020 BUDGET - SERVICE UNIT: OTHER SCHOOL RELATED EXPENDITURE

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Other School Related Expenditure</u>						
321	Direct costs - Employees	321	0	0	0	0	321
191	- Other	191	0	0	0	0	191
512	Total Direct Cost	512	0	0	0	0	512
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
512	Gross Budget Requirement	512	0	0	0	0	512
	Use Of Departmental Reserves						0
512	Net Budget Requirement	512	0	0	0	0	512

2019/2020 BUDGET - SERVICE UNIT: PLAY & CARE

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Play & Care</u>						
130	Direct costs - Employees	135	0	0	0	0	135
25	- Other	26	0	0	0	0	26
155	Total Direct Cost	161	0	0	0	0	161
0	Support Recharges	0	0	0	0	0	0
(152)	Income	(156)	0	0	0	0	(156)
3	Gross Budget Requirement	5	0	0	0	0	5
	Use Of Departmental Reserves						0
3	Net Budget Requirement	5	0	0	0	0	5

2019/2020 BUDGET - SERVICE UNIT: RAISING EDUCATIONAL ACHIEVEMENT

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Raising Educational Achievement</u>						
985	Direct costs - Employees	1,062	0	0	0	26	1,088
280	- Other	295	0	0	0	0	295
1,265	Total Direct Cost	1,357	0	0	0	26	1,383
51	Support Recharges	46	0	0	0	0	46
(983)	Grant Income Recharge	(1,058)	0	0	0	0	(1,058)
333	Gross Budget Requirement	345	0	0	0	26	371
0	Use Of Departmental Reserves					(26)	(26)
333	Net Budget Requirement	345	0	0	0	0	345

One off costs Funded from Department Reserves

Use of specific reserves to contribute towards employee costs within the School Improvement Team.

2019/2020 BUDGET - SERVICE UNIT: SPECIAL EDUCATIONAL NEEDS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Special Educational Needs						
1,216	Direct costs - Employees	1,095	0	0	0	41	1,136
328	- Other	46	0	0	0	0	46
1,544	Total Direct Cost	1,141	0	0	0	41	1,182
18	Support Recharges	18	0	0	0	0	18
(1,156)	Income	(901)	0	0	0	0	(901)
406	Gross Budget Requirement	258	0	0	0	41	299
406	Total Gross Budget Requirement	258	0	0	0	41	299
(159)	Use Of Departmental Reserves					(41)	(41)
247	Net Budget Requirement	258	0	0	0	0	258

One off costs Funded from Department Reserves

This relates to specific grant funding for the implementation of SEND reform

2019/2020 BUDGET - SERVICE UNIT: STRATEGIC COMMISSIONING

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Strategic Commissioning						
1,108	Direct costs - Employees	1,158	0	0	0	0	1,158
384	- Other	378	0	0	0	0	378
1,492	Total Direct Cost	1,536	0	0	0	0	1,536
0	Support Recharges	0	0	0	0	0	0
(310)	Income	(313)	0	0	0	0	(313)
1,182	Gross Budget Requirement	1,223	0	0	0	0	1,223
0	Use Of Departmental Reserves						0
1,182	Net Budget Requirement	1,223	0	0	0	0	1,223

2019/2020 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Strategic Management						
435	Direct costs - Employees	398	(41)	0	0	0	357
349	- Other	237	(54)	0	0	0	183
784	Total Direct Cost	635	(95)	0	0	0	540
2	Support Recharges	2	0	0	0	0	2
(367)	Income	(321)	0	0	0	0	(321)
419	Gross Budget Requirement	316	(95)	0	0	0	221
(142)	Use Of Departmental Reserves						0
277	Net Budget Requirement	316	(95)	0	0	0	221

Corporate Budget Reductions

Posts held vacant and inflationary pressures absorbed within existing budget allocations

2019/2020 BUDGET - SERVICE UNIT: STANDARDS, ENGAGEMENT & DEVELOPMENT

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Standards, Engagement & Development						
401	Direct costs - Employees	427	0	0	0	66	493
175	- Other	166	0	0	0	0	166
576	Total Direct Cost	593	0	0	0	66	659
0	Support Recharges	0	0	0	0	0	0
(166)	Income	(169)	0	0	0	0	(169)
410	Gross Budget Requirement	424	0	0	0	66	490
0	Use Of Departmental Reserves					(66)	(66)
410	Net Budget Requirement	424	0	0	0	0	424

One off costs Funded from Department Reserves

Use of specific reserves to contribute towards posts within the Development Team.

2019/2020 BUDGET - SERVICE UNIT: YOUTH JUSTICE SERVICE

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Youth Justice Service						
515	Direct costs - Employees	525	(33)	0	0	0	492
207	- Other	201	0	0	0	0	201
722	Total Direct Cost	726	(33)	0	0	0	693
0	Support Recharges	0	0	0	0	0	0
(421)	Income	(419)	0	0	0	0	(419)
301	Gross Budget Requirement	307	(33)	0	0	0	274
	Use Of Departmental Reserves						0
301	Net Budget Requirement	307	(33)	0	0	0	274

Corporate Budget Reductions

This saving reflects a reduction in Family Support Worker posts within the review of Children's Social Care family support arrangements.

2019/20 BUDGET - SERVICE UNIT: YOUTH SERVICE

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Youth Service						
355	Direct costs - Employees	355	0	0	0	0	355
85	- Other	55	0	0	0	0	55
440	Total Direct Cost	410	0	0	0	0	410
0	Support Recharges	0	0	0	0	0	0
(103)	Income	(63)	0	0	0	0	(63)
337	Gross Budget Requirement	347	0	0	0	0	347
	Use Of Departmental Reserves						0
337	Net Budget Requirement	347	0	0	0	0	347

2019/20 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - EARLY YEARS BLOCK

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Dedicated Schools Grant - Early Years Block						
62	Direct costs - Employees	81	0	0	0	0	81
5,842	- Other	5,874	0	0	0	0	5,874
5,904	Total Direct Cost	5,955	0	0	0	0	5,955
25	Support Recharges	50	0	0	0	0	50
(5,929)	Income	(6,005)	0	0	0	0	(6,005)
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

2019/2020 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - SCHOOLS BLOCK

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Dedicated Schools Grant - Schools Block						
35	Direct costs - Employees	37		0	0	0	37
32,285	- Other	33,732		0	0	0	33,732
32,320	Total Direct Cost	33,769	0	0	0	0	33,769
14	Support Recharges	42		0	0	0	42
(32,928)	Income	(34,362)		0	0	0	(34,362)
(594)	Gross Budget Requirement	(551)	0	0	0	0	(551)
	Use Of Departmental Reserves						0
(594)	Net Budget Requirement	(551)	0	0	0	0	(551)

2019/2020 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - HIGH NEEDS BLOCK

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Dedicated Schools Grant - High Needs Block						
0	Direct costs - Employees	0	0	0	0	0	0
8,857	- Other	10,219	0	0	0	0	10,219
8,857	Total Direct Cost	10,219	0	0	0	0	10,219
	Support Recharges	0	0	0	0	0	0
(8,772)	Income	(10,219)	0	0	0	0	(10,219)
85	Gross Budget Requirement	0	0	0	0	0	0
(85)	Use Of Departmental Reserves						0
0	Net Budget Requirement	0	0	0	0	0	0

2019/2020 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - CENTRAL SCHOOL SERVICES BLOCK

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2019/2020 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Dedicated Schools Grant - Central School Services</u>						
215	Direct costs - Employees	185	0	0	0	0	185
424	- Other	406	0	0	0	0	406
639	Total Direct Cost	591	0	0	0	0	591
32	Support Recharges	31	0	0	0	0	31
(18)	Income	(17)	0	0	0	0	(17)
653	Gross Budget Requirement	605	0	0	0	0	605
	Use Of Departmental Reserves						0
653	Net Budget Requirement	605	0	0	0	0	605

2019/2020 BUDGET - SERVICE UNIT: CHILDREN'S PUBLIC HEALTH

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
0	Public Health - Children's						
3,576	Direct costs - Employees	0	0	0	0	0	0
	- Other	3,576	130	0	0	0	3,706
3,576	Total Direct Cost	3,576	130	0	0	0	3,706
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
3,576	Gross Budget Requirement	3,576	130	0	0	0	3,706
	Use Of Departmental Reserves						0
3,576	Net Budget Requirement	3,576	130	0	0	0	3,706

Corporate Budget Pressures

In recognition of the wider financial pressures faced by the Council and the significant budget deficit, Public Health generated an additional £0.130m saving more than the reduction in the Public Health grant. This additional funding is being used by the MTFS to support the changes in children's health and early help services, which will help deliver better public health. The actual saving is reflected in the 'Early Intervention Services' saving elsewhere within Children's and Joint Commissioning Services.

2019/2020 BUDGET - SERVICE UNIT: GENERAL PUBLIC HEALTH

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Public Health - General						
618	Direct costs - Employees	604	0	0	0	0	604
623	- Other	651	0	0	0	0	651
1,241	Total Direct Cost	1,255	0	0	0	0	1,255
0	Support Recharges	0	0	0	0	0	0
0	Income	(2)	0	0	0	0	(2)
1,241	Gross Budget Requirement	1,253	0	0	0	0	1,253
	Use Of Departmental Reserves						0
1,241	Net Budget Requirement	1,253	0	0	0	0	1,253

2019/2020 BUDGET - SERVICE UNIT: PUBLIC HEALTH - SUBSTANCE MISUSE

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
0	Public Health - Substance Misuse						
2,306	Direct costs - Employees	0	0	0	0	0	0
	- Other	2,306	(24)	0	0	0	2,282
2,306	Total Direct Cost	2,306	(24)	0	0	0	2,282
0	Support Recharges						0
0	Income	0	0	0	0	0	0
2,306	Gross Budget Requirement	2,306	(24)	0	0	0	2,282
	Use Of Departmental Reserves						0
2,306	Net Budget Requirement	2,306	(24)	0	0	0	2,282

Corporate Budget Reductions

This relates to the cessation of the 'Balance North East' contract to fund the cut in Public Health grant.

2019/2020 BUDGET - SERVICE UNIT: PUBLIC HEALTH - OBESITY

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Public Health - Obesity						
0	Direct costs - Employees	0	0	0	0	0	0
94	- Other	94	0	0	0	0	94
94	Total Direct Cost	94	0	0	0	0	94
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
94	Gross Budget Requirement	94	0	0	0	0	94
0	Use Of Departmental Reserves						0
94	Net Budget Requirement	94	0	0	0	0	94

2019/2020 BUDGET - SERVICE UNIT: HEALTH CHECK PROGRAMME

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Public Health - Health Check Programme						
0	Direct costs - Employees						0
119	- Other	107	0	0	0	0	107
119	Total Direct Cost	107	0	0	0	0	107
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
119	Gross Budget Requirement	107	0	0	0	0	107
	Use Of Departmental Reserves						0
119	Net Budget Requirement	107	0	0	0	0	107

2019/2020 BUDGET - SERVICE UNIT: PUBLIC HEALTH - MENTAL HEALTH

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Public Health - Mental Health						
0	Direct costs - Employees	0	0	0	0	0	0
161	- Other	161	0	0	0	0	161
161	Total Direct Cost	161	0	0	0	0	161
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
161	Gross Budget Requirement	161	0	0	0	0	161
0	Use Of Departmental Reserves						0
161	Net Budget Requirement	161	0	0	0	0	161

2019/2020 BUDGET - SERVICE UNIT: PUBLIC HEALTH - SEXUAL HEALTH

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2019/2020 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Public Health - Sexual Health</u>						
0	Direct costs - Employees	0	0	0	0	0	0
623	- Other	623	0	0	0	0	623
623	Total Direct Cost	623	0	0	0	0	623
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
623	Gross Budget Requirement	623	0	0	0	0	623
0	Use Of Departmental Reserves						0
623	Net Budget Requirement	623	0	0	0	0	623

2019/2020 BUDGET - SERVICE UNIT: PUBLIC HEALTH - PUBLIC HEALTH ADVICE

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2019/2020 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Public Health - Advice</u>						
0	Direct costs - Employees	0	0	0	0	0	0
20	- Other	20	0	0	0	0	20
20	Total Direct Cost	20	0	0	0	0	20
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
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

2019/2020 BUDGET - SERVICE UNIT: PUBLIC HEALTH - PHYSICAL ACTIVITY

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2019/2020 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	<u>Public Health - Physical Activity</u>						
0	Direct costs - Employees	0	0	0	0	0	0
278	- Other	278	0	0	0	0	278
278	Total Direct Cost	278	0	0	0	0	278
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
278	Gross Budget Requirement	278	0	0	0	0	278
0	Use Of Departmental Reserves						0
278	Net Budget Requirement	278	0	0	0	0	278

2019/2020 BUDGET - SERVICE UNIT:PUBLIC HEALTH - SMOKING CESSATION

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Public Health -Smoking Cessation						
0	Direct costs - Employees	0	0	0	0	0	0
396	- Other	396	(334)	0	0	0	62
396	Total Direct Cost	396	(334)	0	0	0	62
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
396	Gross Budget Requirement	396	(334)	0	0	0	62
0	Use Of Departmental Reserves						0
396	Net Budget Requirement	396	(334)	0	0	0	62

Corporate Budget Reductions

This relates to the reduction in funding for the Smoking Cessation Service following the cut in the Public Health grant. In addition, in recognition of the wider financial pressures faced by the Council and the significant budget deficit, Public Health generated an additional £0.130m saving more than the reduction in the Public Health grant. This additional funding is being used by the MTFs to support the changes in children's health and early help services, which will help deliver better public health. The actual saving is reflected in the 'Early Intervention Services' saving elsewhere within Children's and Joint Commissioning Services.

2019/2020 BUDGET - SERVICE UNIT: PUBLIC HEALTH - GRANT

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (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
(8,764)	Income	(8,764)	228	0	0	0	(8,536)
(8,764)	Gross Budget Requirement	(8,764)	228	0	0	0	(8,536)
0	Use Of Departmental Reserves						0
(8,764)	Net Budget Requirement	(8,764)	228	0	0	0	(8,536)

Corporate Budget Pressures

This reflects the cut in Public Health grant. Since local authorities assumed responsibility for public health from the NHS in April 2013 the specific grant allocated to Hartlepool will have been cut in cash terms by £1.2m (a reduction of over 12%) by April 2019.

REGENERATION & NEIGHBOURHOODS
DETAILED REVENUE BUDGETS 2019/2020

2019/2020 BUDGET - REGENERATION AND NEIGHBOURHOODS SUMMARY

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2019/2020 (2+3+4+5+6 +7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
56	Adult Education	45	0	0	0	0	0	45
20	Archaeology	22	0	0	0	0	0	22
(325)	Building Design Team	(305)	0	0	0	0	0	(305)
(925)	Car Parking	(785)	0	0	0	0	0	(785)
(67)	Coast, Countryside & Heritage	(111)	0	0	0	0	0	(111)
1,216	Community Safety & Engagement	1,120	0	0	0	22	(22)	1,120
(139)	Construction Support Service	(133)	0	0	0	0	0	(133)
89	Construction Team	112	0	0	0	0	0	112
645	Cultural Services	754	0	0	0	180	(180)	754
468	Economic Regeneration	479	(50)	0	0	58	(58)	429
(8)	Employment & Skills	(8)	0	0	0	0	0	(8)
367	Engineering & Design	315	0	0	0	0	0	315
2,715	Environmental Services	2,938	0	0	0	0	0	2,938
1,005	Facilities Management	1,121	0	0	0	0	0	1,121
24	General Allotments	24	0	0	0	50	(50)	24
2,647	Highways & Transportation	2,641	0	0	0	0	0	2,641
(340)	Highways Trading	(324)	0	0	0	0	0	(324)
1,360	Passenger Transport	1,403	0	0	0	0	0	1,403
314	Planning & Development	317	0	0	0	0	0	317
859	Public Protection	899	(61)	0	0	33	(33)	838
129	Road Safety	133	0	0	0	0	0	133
(79)	Strategic Asset Management	(76)	0	0	0	0	0	(76)
500	Strategic Management & Admin	636	0	0	0	0	0	636
994	Street Lighting	1,010	(120)	0	0	0	0	890
2,410	Sustainable Transport (Inc Con Fares)	2,368	0	0	0	0	0	2,368
(37)	Vehicle Fleet	(119)	0	0	0	0	0	(119)
4,930	Waste & Environmental Services	5,276	0	0	0	0	0	5,276
18,828	Net Budget Requirement	19,752	(231)	0	0	343	(343)	19,521

2019/2020 BUDGET - SERVICE UNIT: ADULT EDUCATION

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Adult Education</u>						
731	Direct costs - Employees	1,067	0	0	0	0	1,067
287	- Other	455	0	0	0	0	455
1,018	Total Direct Cost	1,522	0	0	0	0	1,522
270	Support Recharges	231	0	0	0	0	231
(1,232)	Income	(1,708)	0	0	0	0	(1,708)
56	Gross Budget Requirement	45	0	0	0	0	45
0	Use Of Departmental Reserves						0
56	Net Budget Requirement	45	0	0	0	0	45

2019/2020 BUDGET - SERVICE UNIT: ARCHAEOLOGY

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Archaeology</u>						
86	Direct costs - Employees	88	0	0	0	0	88
8	- Other	10	0	0	0	0	10
94	Total Direct Cost	98	0	0	0	0	98
12	Support Recharges	12	0	0	0	0	12
(86)	Income	(88)	0	0	0	0	(88)
20	Gross Budget Requirement	22	0	0	0	0	22
0	Use Of Departmental Reserves						0
20	Net Budget Requirement	22	0	0	0	0	22

2019/2020 BUDGET - SERVICE UNIT: BUILDING DESIGN TEAM

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Building Design Team</u>						
930	Direct costs - Employees	994	0	0	0	0	994
85	- Other	115	0	0	0	0	115
1,015	Total Direct Cost	1,109	0	0	0	0	1,109
478	Support Recharges	490	0	0	0	0	490
(1,818)	Income	(1,904)	0	0	0	0	(1,904)
(325)	Gross Budget Requirement	(305)	0	0	0	0	(305)
0	Use Of Departmental Reserves						0
(325)	Net Budget Requirement	(305)	0	0	0	0	(305)

2019/2020 BUDGET - SERVICE UNIT: CAR PARKING

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Car Parking						
42	Direct costs - Employees	208	0	0	0	0	208
665	- Other	687	0	0	0	0	687
707	Total Direct Cost	895	0	0	0	0	895
19	Support Recharges	19	0	0	0	0	19
(1,651)	Income	(1,699)	0	0	0	0	(1,699)
(925)	Gross Budget Requirement	(785)	0	0	0	0	(785)
0	Use Of Departmental Reserves						0
(925)	Net Budget Requirement	(785)	0	0	0	0	(785)

2019/2020 BUDGET - SERVICE UNIT: COAST, COUNTRYSIDE & HERITAGE

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Coast, Countryside & Heritage						
470	Direct costs - Employees	476	0	0	0	0	476
797	- Other	800	0	0	0	0	800
1,267	Total Direct Cost	1,276	0	0	0	0	1,276
14	Support Recharges	15	0	0	0	0	15
(1,348)	Income	(1,402)	0	0	0	0	(1,402)
(67)	Gross Budget Requirement	(111)	0	0	0	0	(111)
0	Use Of Departmental Reserves						0
(67)	Net Budget Requirement	(111)	0	0	0	0	(111)

2019/2020 BUDGET - SERVICE UNIT: COMMUNITY SAFETY & ENGAGEMENT

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Community Safety & Engagement						
1,018	Direct costs - Employees	922	0	0	0	0	922
275	- Other	276	0	0	0	22	298
1,293	Total Direct Cost	1,198	0	0	0	22	1,220
0	Support Recharges	0	0	0	0	0	0
(77)	Income	(78)	0	0	0	0	(78)
1,216	Gross Budget Requirement	1,120	0	0	0	22	1,142
0	Use Of Departmental Reserves					(22)	(22)
1,216	Net Budget Requirement	1,120	0	0	0	0	1,120

One Off Costs Funded from Department Reserves

Use of the 'Community Safety Reserve' to fund contribution to the 'Targetted Outreach Project' which is also funded by the Police and Crime Commissioner.

2019/2020 BUDGET - SERVICE UNIT: CONSTRUCTION TEAM

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Construction Team						
2,631	Direct costs - Employees	2,684	0	0	0	0	2,684
2,832	- Other	2,648	0	0	0	0	2,648
5,463	Total Direct Cost	5,332	0	0	0	0	5,332
481	Support Recharges	426	0	0	0	0	426
(5,855)	Income	(5,646)	0	0	0	0	(5,646)
89	Gross Budget Requirement	112	0	0	0	0	112
	Use Of Departmental Reserves						0
89	Net Budget Requirement	112	0	0	0	0	112

2019/2020 BUDGET - SERVICE UNIT: CONSTRUCTION SUPPORT SERVICES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Construction Support Services						
445	Direct costs - Employees	400	0	0	0	0	400
701	- Other	698	0	0	0	0	698
1,146	Total Direct Cost	1,098	0	0	0	0	1,098
42	Support Recharges	42	0	0	0	0	42
(1,327)	Income	(1,273)	0	0	0	0	(1,273)
(139)	Gross Budget Requirement	(133)	0	0	0	0	(133)
0	Use Of Departmental Reserves						0
(139)	Net Budget Requirement	(133)	0	0	0	0	(133)

2019/2020 BUDGET - SERVICE UNIT: CULTURAL SERVICES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Cultural & Visitor Services						
473	Direct costs - Employees	545	0	0	0	18	563
551	- Other	700	0	0	0	162	862
1,024	Total Direct Cost	1,245	0	0	0	180	1,425
0	Support Recharges	0	0	0	0	0	0
(379)	Income	(491)	0	0	0	0	(491)
645	Gross Budget Requirement	754	0	0	0	180	934
0	Use Of Departmental Reserves	0	0	0	0	(180)	(180)
645	Net Budget Requirement	754	0	0	0	0	754

One Off Costs Funded from Department Reserves

Consists of £103,000 from the Maritime Experience subsidy reserve as part of the agreement with the National Museum of the Royal Navy (NMRM) and £77,000 from the Civic Lottery Fund reserve to fund the Events Programme as part of the 'Stimulating the Visitor Economy 5 year strategy'.

2019/2020 BUDGET - SERVICE UNIT: ECONOMIC REGENERATION

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Economic Regeneration						
545	Direct costs - Employees	565	0	0	0	1	566
426	- Other	428	(50)	0	0	0	378
971	Total Direct Cost	993	(50)	0	0	1	944
35	Support Recharges	36	0	0	0	0	36
(538)	Income	(550)	0	0	0	57	(493)
468	Gross Budget Requirement	479	(50)	0	0	58	487
	Use Of Departmental Reserves					(58)	(58)
468	Net Budget Requirement	479	(50)	0	0	0	429

Corporate Budget Reductions

The contribution to the Tees Valley Authority is no longer required.

One Off Costs Funded from Department Reserves

Use of the BIS Managed Workspace Reserve to meet the income shortfall in the early years of operating owing to lower initial 'incubation' rents and expected profile of lettings.

2019/2020 BUDGET - SERVICE UNIT: EMPLOYMENT & SKILLS

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Employment & Skills						
467	Direct costs - Employees	349	0	0	0	0	349
0	- Other	2,661	0	0	0	0	2,661
467	Total Direct Cost	3,010	0	0	0	0	3,010
0	Support Recharges	111	0	0	0	0	111
(475)	Income	(3,129)	0	0	0	0	(3,129)
(8)	Gross Budget Requirement	(8)	0	0	0	0	(8)
	Use Of Departmental Reserves						0
(8)	Net Budget Requirement	(8)	0	0	0	0	(8)

2019/2020 BUDGET - SERVICE UNIT: ENGINEERING & DESIGN

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Engineering & Design						
407	Direct costs - Employees	417	0	0	0	0	417
538	- Other	373	0	0	0	0	373
945	Total Direct Cost	790	0	0	0	0	790
14	Support Recharges	142	0	0	0	0	142
(592)	Income	(617)	0	0	0	0	(617)
367	Gross Budget Requirement	315	0	0	0	0	315
0	Use Of Departmental Reserves						0
367	Net Budget Requirement	315	0	0	0	0	315

2019/2020 BUDGET - SERVICE UNIT: ENVIRONMENTAL SERVICES

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2019/2020 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Environmental Services						
1,704	Direct costs - Employees	1,906	0	0	0	0	1,906
639	- Other	634	0	0	0	0	634
2,343	Total Direct Cost	2,540	0	0	0	0	2,540
898	Support Recharges	933	0	0	0	0	933
(526)	Income	(535)	0	0	0	0	(535)
2,715	Gross Budget Requirement	2,938	0	0	0	0	2,938
0	Use Of Departmental Reserves						0
2,715	Net Budget Requirement	2,938	0	0	0	0	2,938

2019/2020 BUDGET - SERVICE UNIT: FACILITIES MANAGEMENT

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2019/2020 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	Facilities Management						
4,024	Direct costs - Employees	4,234	0	0	0	0	4,234
2,489	- Other	2,458	0	0	0	0	2,458
6,513	Total Direct Cost	6,692	0	0	0	0	6,692
347	Support Recharges	329	0	0	0	0	329
(5,855)	Income	(5,900)	0	0	0	0	(5,900)
1,005	Gross Budget Requirement	1,121	0	0	0	0	1,121
0	Use Of Departmental Reserves						0
1,005	Net Budget Requirement	1,121	0	0	0	0	1,121

2019/2020 BUDGET - SERVICE UNIT: GENERAL ALLOTMENTS

Approved Budget 2018/2019	Service Unit	Budget Projection 2019/2020	Corporate Budget Pressures/ (Reductions)	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	Total Budget 2019/2020 (2+3+4+5 +6)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
	General Allotments						
67	Direct costs - Employees	70	0	0	0	0	70
85	- Other	84	0	0	0	0	84
152	Total Direct Cost	154	0	0	0	0	154
0	Support Recharges	0	0	0	0	0	0
(78)	Income	(130)	0	0	0	50	(80)
74	Gross Budget Requirement	24	0	0	0	50	74
(50)	Use Of Departmental Reserves					(50)	(50)
24	Net Budget Requirement	24	0	0	0	0	24

One Off Costs Funded from Department Reserves

Use of Public Health grant reserve for three years ending in March 2021.

2019/2020 BUDGET - SERVICE UNIT: HIGHWAYS & TRANSPORTATION

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Highways & Transportation</u>						
406	Direct costs - Employees	440	0	0	0	0	440
2,327	- Other	2,302	0	0	0	0	2,302
2,733	Total Direct Cost	2,742	0	0	0	0	2,742
18	Support Recharges	21	0	0	0	0	21
(104)	Income	(122)	0	0	0	0	(122)
2,647	Gross Budget Requirement	2,641	0	0	0	0	2,641
0	Use Of Departmental Reserves						0
2,647	Net Budget Requirement	2,641	0	0	0	0	2,641

2019/2020 BUDGET - SERVICE UNIT: HIGHWAYS TRADING

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Highways Trading</u>						
1,294	Direct costs - Employees	1,388	0	0	0	0	1,388
653	- Other	617	0	0	0	0	617
1,947	Total Direct Cost	2,005	0	0	0	0	2,005
602	Support Recharges	606	0	0	0	0	606
(2,889)	Income	(2,935)	0	0	0	0	(2,935)
(340)	Gross Budget Requirement	(324)	0	0	0	0	(324)
0	Use Of Departmental Reserves						0
(340)	Net Budget Requirement	(324)	0	0	0	0	(324)

2019/2020 BUDGET - SERVICE UNIT: PASSENGER TRANSPORT

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Passenger Transport</u>						
981	Direct costs - Employees	1,020	0	0	0	0	1,020
1,225	- Other	1,234	0	0	0	0	1,234
2,206	Total Direct Cost	2,254	0	0	0	0	2,254
418	Support Recharges	418	0	0	0	0	418
(1,264)	Income	(1,269)	0	0	0	0	(1,269)
1,360	Gross Budget Requirement	1,403	0	0	0	0	1,403
0	Use Of Departmental Reserves						0
1,360	Net Budget Requirement	1,403	0	0	0	0	1,403

2019/2020 BUDGET - SERVICE UNIT: PLANNING & DEVELOPMENT

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Planning Services</u>						
970	Direct costs - Employees	1,003	0	0	0	0	1,003
78	- Other	67	0	0	0	0	67
1,048	Total Direct Cost	1,070	0	0	0	0	1,070
12	Support Recharges	12	0	0	0	0	12
(746)	Income	(765)	0	0	0	0	(765)
314	Gross Budget Requirement	317	0	0	0	0	317
	Use Of Departmental Reserves						0
314	Net Budget Requirement	317	0	0	0	0	317

2019/2020 BUDGET - PUBLIC PROTECTION

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Public Protection</u>						
1,151	Direct costs - Employees	1,199	(53)	0	0	33	1,179
127	- Other	131	(3)	0	0	0	128
1,278	Total Direct Cost	1,330	(56)	0	0	33	1,307
37	Support Recharges	39	0	0	0	0	39
(456)	Income	(470)	(5)	0	0	0	(475)
859	Gross Budget Requirement	899	(61)	0	0	33	871
	Use Of Departmental Reserves					(33)	(33)
859	Net Budget Requirement	899	(61)	0	0	0	838

Corporate Budget Reductions

Relates to a staff restructure and an increase in fees.

One Off Costs Funded from Department Reserves

Use of the Public Health grant reserve to fund a post.

2019/2020 BUDGET - SERVICE UNIT: ROAD SAFETY

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Road Safety</u>						
245	Direct costs - Employees	251	0	0	0	0	251
3	- Other	3	0	0	0	0	3
248	Total Direct Cost	254	0	0	0	0	254
0	Support Recharges	0	0	0	0	0	0
(119)	Income	(121)	0	0	0	0	(121)
129	Gross Budget Requirement	133	0	0	0	0	133
0	Use Of Departmental Reserves						0
129	Net Budget Requirement	133	0	0	0	0	133

2019/2020 BUDGET - SERVICE UNIT: STRATEGIC ASSET MANAGEMENT

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Strategic Asset Management</u>						
419	Direct costs - Employees	417	0	0	0	0	417
161	- Other	144	0	0	0	0	144
580	Total Direct Cost	561	0	0	0	0	561
41	Support Recharges	67	0	0	0	0	67
(700)	Income	(704)	0	0	0	0	(704)
(79)	Gross Budget Requirement	(76)	0	0	0	0	(76)
0	Use Of Departmental Reserves						0
(79)	Net Budget Requirement	(76)	0	0	0	0	(76)

2019/2020 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT & ADMIN

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Strategic Management & Admin</u>						
572	Direct costs - Employees	557	0	0	0	0	557
40	- Other	177	0	0	0	0	177
612	Total Direct Cost	734	0	0	0	0	734
866	Support Recharges	887	0	0	0	0	887
(978)	Income	(985)	0	0	0	0	(985)
500	Gross Budget Requirement	636	0	0	0	0	636
0	Use Of Departmental Reserves						0
500	Net Budget Requirement	636	0	0	0	0	636

2019/2020 BUDGET - SERVICE UNIT: STREET LIGHTING

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	<u>Street Lighting</u>						
0	Direct costs - Employees	0	0	0	0	0	0
994	- Other	1,010	(120)	0	0	0	890
994	Total Direct Cost	1,010	(120)	0	0	0	890
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
994	Gross Budget Requirement	1,010	(120)	0	0	0	890
0	Use Of Departmental Reserves						0
994	Net Budget Requirement	1,010	(120)	0	0	0	890

2019/2020 BUDGET - SERVICE UNIT: SUSTAINABLE TRANSPORT (Inc Concessionary Fares)

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Sustainable Transport (Inc Concessionary Fares)						
0	Direct costs - Employees	0	0	0	0	0	0
2,410	- Other	2,370	0	0	0	0	2,370
2,410	Total Direct Cost	2,370	0	0	0	0	2,370
0	Support Recharges	0	0	0	0	0	0
0	Income	(2)	0	0	0	0	(2)
2,410	Gross Budget Requirement	2,368	0	0	0	0	2,368
0	Use Of Departmental Reserves						0
2,410	Net Budget Requirement	2,368	0	0	0	0	2,368

2019/2020 BUDGET - SERVICE UNIT: VEHICLE FLEET

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Vehicle Fleet						
498	Direct costs - Employees	507	0	0	0	0	507
2,971	- Other	2,929	0	0	0	0	2,929
3,469	Total Direct Cost	3,436	0	0	0	0	3,436
318	Support Recharges	243	0	0	0	0	243
(3,824)	Income	(3,798)	0	0	0	0	(3,798)
(37)	Gross Budget Requirement	(119)	0	0	0	0	(119)
0	Use Of Departmental Reserves						0
(37)	Net Budget Requirement	(119)	0	0	0	0	(119)

2019/2020 BUDGET - SERVICE UNIT: WASTE & ENVIRONMENTAL SERVICES

Approved Budget 2018/2019 (1) £'000	Service Unit	Budget Projection 2019/2020 (2) £'000	Corporate Budget Pressures/ (Reductions) (3) £'000	Dept Budget Pressures (4) £'000	Dept Budget Reductions to Fund Pressures (5) £'000	One Off Costs (6) £'000	Total Budget 2019/2020 (2+3+4+5 +6) (7) £'000
	Waste & Environmental Services						
1,867	Direct costs - Employees	1,874	0	0	0	0	1,874
2,911	- Other	3,247	0	0	0	0	3,247
4,778	Total Direct Cost	5,121	0	0	0	0	5,121
997	Support Recharges	1,021	0	0	0	0	1,021
(845)	Income	(866)	0	0	0	0	(866)
4,930	Gross Budget Requirement	5,276	0	0	0	0	5,276
0	Use Of Departmental Reserves						0
4,930	Net Budget Requirement	5,276	0	0	0	0	5,276

HOUSING REVENUE ACCOUNT
DETAILED REVENUE BUDGETS 2019/2020

HOUSING REVENUE ACCOUNT (HRA) 2019/20

This is a ringfenced account relating to the Council's rented housing. It was reopened on 1st April, 2016 as a result of the number of houses exceeding the Governments 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'.

	2019/2020 BUDGET
	£000
INCOME	
Dwelling Rents (Note 1)	(1,202)
Charges for services and facilities	(21)
Other Income	(6)
Income sub total	(1,229)
EXPENDITURE	
Major Repairs Allowance (Note 2)	308
Supervision and management (Note 3)	313
Repairs and maintenance	226
Rents, rates, taxes and other charges	31
Increase in provision for doubtful debts	45
Discretionary Housing Payments	10
Debt Management	16
Expenditure sub total	949
NET COST OF SERVICES	(280)
Interest payable	355
HRA investment income	(22)
DEFICIT/(SURPLUS) FOR THE YEAR	53
HRA RESERVE BROUGHT FORWARD (Note 4)	(374)
HRA PROJECTED HRA RESERVE AS AT 31.03.19	(321)

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 support services.

Note 4 - as per forecasted 2018/19 closing balance

SECTION C

Treasury Management Strategy 2019/20



Report of: Chief Executive

Subject: BUSINESS REPORT

1. TREASURY MANAGEMENT STRATEGY

This item enables the Council to approve the recommended Treasury Management Strategy for 2019/2020. 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 requires the Council, therefore, 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 13 December 2018 and this report is attached as Appendix 1. The Audit and Governance Committee scrutinised the proposed Treasury Management strategy and approved that the recommended strategy be referred to full Council.

RECOMMENDATIONS

It is recommended that Council notes the report and the recommendation from the Audit and Governance Committee to approve the following detailed recommendations for the 2019/20 Treasury Management Strategy and related issues;

Borrowing Strategy 2019/20

- (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 borrowing for 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 Director of Finance and Policy to externally borrow for these schemes if an interest rates rise is expected.

Investment Strategy 2019/20

- (iv) Approve the Counterparty limits as set out in paragraph 8.7 of Appendix 1.

Minimum Revenue Provision (MRP) Statement

- (v) Approve the MRP statement outlined in paragraph 9.3 of Appendix 1.

Prudential Indicators 2019/20

- (xi) Approve the prudential indicators outlined in Appendix 2.

AUDIT AND GOVERNANCE COMMITTEE

13th December 2018



Report of: Director of Finance and Policy

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 2017/18 including the 2017/18 outturn Prudential Indicators;
- ii. Provide a mid-year update of the 2018/19 Treasury Management activity; and
- iii. Enable the Audit and Governance Committee to scrutinise the recommended 2019/20 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 in relation to its historic capital expenditure (including Prudential Borrowing);
- the borrowing strategy for the use of Prudential Borrowing for capital investment approved as part of the Medium Term Financial Strategy; 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, most recently in 2017.
- 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 2017/18
 - Treasury Management Strategy 2018/19 mid-year review
 - Treasury Management Strategy 2019/20
 - Minimum Revenue Provision and Interest Cost and Other Regulatory Information 2019/20

3. ECONOMIC ENVIRONMENT AND OUTLOOK FOR INTEREST RATES

- 3.1 **UK** – The first half of 2018/19 has seen modest UK economic growth which has enabled the Monetary Policy Committee (MPC) to increase the base rate to 0.75% from 0.5%, the first time interest rates have risen above 0.5% since March 2009. Growth is expected to be modest at around 1.5% for the current year and potentially pick up to 1.8% in 2019, depending on the arrangements in relation to withdrawal from the European Union in March 2019.
- 3.2 Some MPC members have expressed concerns about a build-up of inflationary pressures, particularly with the pound falling in value against both the US Dollar and the Euro. The Consumer Price Index (CPI) measure of inflation is currently 2.5% but is expected to fall back towards the Bank of England's 2% inflation target over the next two years which assumes minimal increases in Base Rate. The MPC has indicated the Base Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Base Rate for the second half of 2019. The Office for Budget Responsibility's revised growth forecast up to 2022 are set out in the following table:

Year	March 2018 Growth Forecast	November 2018 Growth Forecast
2018	1.5%	1.3%
2019	1.3%	1.6%
2020	1.3%	1.4%
2021	1.4%	1.4%
2022	1.5%	1.5%

3.3 Other economic factors to note are:

- Unemployment is now at a 43 year low of 4% based on the Independent Labour Organisation measure but wage inflation has been weak and neutral in the context of inflation, which makes the UK sensitive to weakened consumer spending and lower economic growth. This indicator has more recently begun to pick up.
- The housing market is currently weak, with price increases averaging 2-3% with reductions in London.

3.4 **EU** – Growth has been in the region of 2% and lower than expected, potentially because of the US tariffs on manufacturing exports such as cars.

3.5 **USA** – Easing of the fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the Federal Reserve Interest Rate but also an upturn in inflationary pressures. With inflation moving towards 3%, the Federal Reserve has already increased its interest rate to 2% and further increases to between 2.25% - 2.5% are expected before the end of 2018, with the prospect of more increases in 2019.

3.6 **Other Economies** – In China economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus and medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property. Japan is still struggling to stimulate economic growth and keep inflation within its 2% target.

3.7 Interest Rate Forecasts

3.8 The recent increase in the Base Rate to 0.75% is only the second rise since the financial crash and the MPC has emphasised that future Base Rate increases would be gradual and around 2.5% in ten years' time.

3.9 Link Asset Services (the Council'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 anticipates the next increase in the Base Rate to be after Brexit in August 2019, with further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on an orderly withdrawal from the EU.

3.10 Link Asset Services believe that the balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Base Rate and shorter term PWLB rates are probably also even and are broadly dependent on the strength of GDP growth, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively. Other downside risks include the potential for a resurgence of the Eurozone debt crisis, protectionist trade policies and the impact on struggling economies exposure of banks to loans to such affected countries.

3.11 Interest Rate Forecast up to Feb 2022



3.12 Since the late 1990s Base Rate averaged 5% until 2009 when the Bank of England reduced it to the historically low 0.5% in response to the financial crisis and again to 0.25% in 2016 following the EU referendum. Over the same period PWLB rates have been significantly higher than they are at present. In August 2018 the Bank of England raised the interest rate for only the second time in a decade. The rate has risen by a quarter of a percentage point, from 0.5% to 0.75% - the highest level since March 2009. 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 a low historic level.

4. TREASURY MANAGEMENT OUTTURN POSITION 2017/18

4.1 Capital Expenditure and Financing 2017/18

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, previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then to optimise performance.

- 4.4 Actual capital expenditure forms one of the required prudential indicators. As shown at Addendum A, the total amount of capital expenditure for the year was £14.434m, of which £2.998m 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 yet to be expensed or paid for through revenue or capital resources. Each year the Council is required to apply revenue resources to reduce this outstanding balance (termed Minimum Revenue Provision).
- 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 £101.992m as shown at Addendum A comprising £70.983m relating to the core CFR, £21.196m relating to business cases and £9.814m relating to the Housing Revenue Account (HRA). This is lower than the approved estimate of £102.998m owing to re-phasing of capital expenditure into 2018/19.
- 4.8 The Council's total long term external borrowing as at 31st March, 2017 was £85.7m and reduced to £84.3m at 31st March 2018. This decrease was in line with the approved strategy and reflected the partial repayment of annuity loans taken out in previous financial years.
- 4.9 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 2017/18**
- 4.11 Details of each Prudential Indicator are shown at Addendum 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. Addendum A demonstrates that during 2017/18 the Council has maintained gross borrowing within its Authorised Limit.

4.13 **Gross Borrowing and the CFR** - In order to ensure that borrowing levels are prudent, over the medium term the Council's external borrowing, must only be for a capital purpose. Gross borrowing should not exceed the CFR for 2017/18 plus the expected changes to the CFR over 2018/19 and 2019/20. The Council has complied with this Prudential Indicator.

4.14 **The treasury position 31st March 2018**

4.15 The table below shows the treasury position for the Council as at the 31st March, 2018 compared with the previous year:

Treasury position	31st March 2017		31st March 2018	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Rate Debt				
- Tees Valley Unlimited Loan	£2.2m	0.00%	£2.2m	0.00%
- PWLB	£38.5m	3.04%	£37.1m	3.08%
- Market Loans (Maturities)	£25.0m	3.92%	£25.0m	3.92%
- Market Loans (LOBOs)	£20.00	4.12%	£20.0m	4.12%
Total Long Term Debt	£85.7m	3.47%	£84.3m	3.50%
Total Investments	£46.5m	0.40%	£37.1m	0.48%
Net borrowing Position	£39.2m		£47.2m	

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 0.13% and 0.43% compared to prevailing PWLB loans.

4.17 A key performance indicator shown in the above table is the very low average rate of external debt of 3.50% for debt held as at 31st March, 2018. 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 Ministry of Housing, Communities and Local Government (MHCLG) guidance, which has been implemented in the annual investment strategy approved by Council.

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 2017/18 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.

4.21 Regulatory Framework, Risk and Performance 2017/18

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 MHCLG 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 2018/19 MID YEAR REVIEW

5.1 The Treasury Management Strategy for 2018/19 was approved by Council on 22nd February 2018. The Council's borrowing and investment position as at 30th September 2018 is summarised as follows:

	£m	Average Rate
Tees Valley Unlimited Loan	2.2	0.00%
PWLB Loans	35.7	3.12%
Market Loans (Maturities)	25.0	3.92%
Market Loans (LOBOs)	20.0	4.12%
Gross Debt	82.9	3.52%
Investments	39.0	0.70%
Net Debt as at 30-09-18	43.9	

5.3 Net Debt has decreased since 31st March 2018 owing to positive cash flows. It is anticipated that the net debt will increase towards the end of the year in line with previous years as a result of reducing cash flows.

5.4 As part of the Treasury Strategy for 2018/19 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 2019/20

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 2018/19 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 2019/20

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 Owing to the continued low Base Rate the Treasury Management Strategy has been to net down investments and borrowings resulting in annual savings reflected in the MTFs. 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 2019/20 to 2021/22 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 low long term interest rates, meeting the objective of funding the borrowing requirement at historically low long term interest rates. This action secured the Treasury Management savings built into the budget since 2015/16 of £1.270m, which reduced the recurring budget by 21%.

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 Director of Finance and Policy 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 Director of Finance and Policy may do this under delegated power where, for instance, an increase 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; including the Western Growth Corridor Scheme 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 2019/20**

8.1 The Ministry for Housing, Communities and Local Government (MHCLG) issued investment guidance in 2010, updated in 2017, 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 Director of Finance and Policy 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 Director of Finance and Policy 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 There are no proposed changes to existing counter parties and the table below shows the proposed limits in 2019/20 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)

*including Constant NAV (CNAV), Low Volatility NAV (LVNAV) and Variable NAV (VNAV) funds

8.8 Specified and Non-Specified Investments

8.9 MHCLG regulations classify investments as either Specified or Non-Specified. Specified Investment is any investment not meeting the Specified definition.

8.10 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.

8.11 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.

8.12 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 2019/20

- 9.1 There are two elements to the Council's 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 MHCLG 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 The budget strategy is based on the following MRP statement and Council is recommended to formally approve this statement:
- For capital expenditure incurred before 1st April, 2008 the Council's MRP policy is to calculate MRP based on a 50 year annuity repayment.
 - i. Where MRP has been overcharged in previous years, the recovery of the overcharge will be implemented by reducing the MRP in relation to this capital expenditure by reducing future MRP charges that would otherwise have been made. It should be noted that this will ensure the debt will be paid off by 2056/57 whereas the previous 4% reducing balance MRP charge would have left debt of £9.4m at this date.
 - ii. The total MRP after applying the adjustment will not be less than zero in relation to this capital expenditure.
 - iii. The cumulative amount adjusted for will never exceed the amount overpayment.
 - 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.
 - The MHCLG revised its MRP guidance in 2017, which would impact on any future changes to the Council's MRP policy, however the guidance

is not retrospective. The approved MRP policy implemented prior to the MHCLG changes is therefore compliant with the recent MHCLG revisions and will be carried forward in the future years, until such time as a prudent approach is considered to be appropriate.

- MRP in relation to the Hartlepool Western Growth Corridor (HWGC) will be applied using a 40 year straight line basis, with additional annual VRP applied to reflect S106 income to achieve repayment over a 7 to 10 year period. Where additional VRP is made any 'overpayment' may be used to reduce future MRP charges if S106 receipts are delayed.

9.4 **CIPFA Treasury Management Code of Practice**

9.5 The Council has adopted CIPFA Treasury Management Code of Practice. Confirmation of this is the first prudential indicator.

9.6 **Treasury Management Advisors**

9.7 The Council uses Link Asset Services – Treasury as its external treasury management advisors.

9.8 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.

9.9 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.

9.10 **Markets in Financial Instruments Directive (MIFID II)**

9.11 On 3rd January 2018 an updated version of the European Union's Markets in Financial Instruments Directive (known as MIFID II) comes into effect. It is designed to offer greater protection for investors and inject more transparency into financial markets. Under MIFID II all local authorities will be classified as "retail" counterparties and will have to consider whether to opt up to "professional" status and for which type of investments

9.12 Local authorities that choose not to opt up or do not meet the minimum criteria for opting up (i.e. minimum investment balances of £10m) may face a reduction in the financial products available to them, a reduction in number of brokers and asset managers that will be able to engage with and may face increased fees.

9.13 Local authorities that choose to opt up must be able to satisfy some quantitative tests, and each Financial Institution will independently determine whether the Authority meet the qualitative test of being appropriately

knowledgeable, expert and experienced. Financial Institutions also need to satisfy themselves that the Authority can make its own investment decisions and understands the risks involved.

- 9.14 The Council choose to opt up in order to maintain the Council's ability to operate effectively under the new regime.

10. FINANCIAL CONSIDERATIONS

- 10.1 As detailed in preceding paragraphs.

11. RISK IMPLICATIONS

- 11.1 None.

12. LEGAL CONSIDERATIONS

- 12.1 None.

13. CHILD AND FAMILY POVERTY

- 13.1 None.

14. EQUALITY AND DIVERSITY CONSIDERATIONS

- 14.1 None.

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 The report sets out the borrowing strategy for the core CFR of netting down the remaining under borrowing against investments but highlights the continued economic uncertainty and the possibility that if circumstances change further borrowing may be required. The report also outlines a

strategy of temporarily internally funding business cases 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.

- 18.3 In relation to the investment strategy the Council has adopted an extremely prudent approach over the last few years and continues to do so. It is recommended that the Council approves the existing counterparty criteria as set out in paragraphs 8.7.

19. RECOMMENDATIONS

- 19.1 It is recommended that Members approve the following proposals:

19.2 **Treasury Management Outturn Position 2017/18**

- i) Note the 2017/18 Treasury Management Outturn detailed in section 4 and Addendum A.

19.3 **Treasury Management Strategy 2018/19 Mid-Year Review**

- ii) Note the 2018/19 Treasury Management Mid-year Position detailed in section 5.

19.4 **Treasury Management Strategy 2019/20 (Prudential Indicators)**

- iii) Note that detailed prudential indicators will be reported to full Council in February 2019.

19.5 **Borrowing Strategy 2019/20**

- 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 Director of Finance and Policy 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 borrowing for 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 Director of Finance and Policy to externally borrow for these schemes if an interest rates rise is expected.

19.6 **Investment Strategy 2019/20**

- vii) Approve the Counterparty limits as set out in paragraph 8.7.

19.7 **Minimum Revenue Provision (MRP) Statement**

viii) Approve the MRP statement outlined in paragraph 9.3 above.

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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Addendum A

Prudential Indicators 2017/18 Outturn1. Ratio of Financing Costs to Net Revenue Stream

This indicator shows the proportion of the total annual revenue budget that is funded by the local tax payer and Central Government, which is spent on servicing debt.

2017/18 Estimate		2017/18 Outturn
4.01%	Ratio of Financing costs to net revenue stream	3.62%

2. Capital Expenditure

This indicator shows the total capital expenditure for the year.

2017/18 Estimate £'000		2017/18 Outturn £'000
15,077	Capital Expenditure	14,434

The actual is lower than estimated owing to the phasing of capital 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.

2017/18 Estimate £'000		2017/18 Outturn £'000
500	Core Capital Expenditure Financed by Borrowing	379
2,904	Business Case Capital Expenditure Financed by Borrowing	1,877
1,146	HRA Capital Expenditure Financed by Borrowing	742
4,550	Total Capital Expenditure Financed by Borrowing	2,998

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.

2017/18 Estimate £'000		2017/18 Outturn £'000
70,914	Core Capital Financing Requirement	70,983
21,658	Business Case Capital Financing Requirement	21,196
10,426	HRA Capital Financing Requirement	9,814
102,998	Total Capital Financing Requirement	101,993

The capital financing requirement is lower than estimated owing to the phasing of capital expenditure.

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.

2017/18 Limit £'000		2017/18 Peak £'000
125,000	Authorised limit for external debt	86,831

The above Authorised Limit was not exceeded during the year. The level of debt as at 31st March 2018, excluding accrued interest was £84.308m. The peak level during the year was £86.831m.

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.

2017/18 Limit £'000		2017/18 Peak £'000
115,000	Operational boundary for external debt	86,831

The operational limit was not exceeded in the year. The peak level of debt was £86.831m.

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.

2017/18 Limit £'000	Upper limits on fixed and variable interest rate exposure	2017/18 Peak £'000
115,000	Fixed Rates	66,831
85,000	Variable Rates	20,000

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	111,000	0	4,764	9,764
Between one and five years	121,000	0	10,069	25,069
Between five and ten years	121,000	0	3,755	3,755
Between ten and fifteen years	121,000	0	3,831	3,831
Between fifteen and twenty years	121,000	0	2,984	2,984
Between twenty and twenty-five years	121,000	0	1,993	1,993
Between twenty-five and thirty years	121,000	0	2,251	2,251
Between thirty and thirty-five years	121,000	0	2,691	2,691
Between thirty-five and forty years	121,000	0	6,533	6,533
Between forty and forty-five years	121,000	0	947	947
More than forty-five years	121,000	0	45,066	25,066

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	20,000	0	0
Actual	0	0	0

TREASURY MANAGEMENT STRATEGY 2019/20 REGULATORY INFORMATION AND PRUDENTIAL INDICATORS

1. INTRODUCTION

- 1.1 The regulatory information and prudential indicators for the 2019/20 Treasury Management Strategy are set out below.

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	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
CFR at 1st April	101,992	105,594	109,673	118,343
Capital Expenditure Financed by New Borrowing	5,048	11,914	1,032	10,781
Approved Borrowing Rephased from 2017/18 and Borrowing Profiled for Future Years	5,274	0	0	0
Less Borrowing to be Rephased to Future Years	(4,470)	(5,530)	10,000	0
Less Repayment of CFR	(2,250)	(2,305)	(2,362)	(2,584)
CFR at 31st March	105,594	109,673	118,343	126,540
Less assets held under Finance Lease	(276)	(265)	(254)	(243)
Borrowing Requirement	105,318	109,408	118,089	126,297
Corporate Borrowing Requirement	72,311	71,355	70,264	69,242
Business Case Borrowing Requirement	21,378	35,425	35,197	34,265
Housing Revenue Account Borrowing Requirement	11,629	12,629	13,604	14,104
Borrowing Requirement	105,318	119,408	119,064	117,611

- 3.6 As part of the Medium Term Financial Strategy the Council is required to approve the 2019/20 capital programme summarised as follows:

Capital Expenditure	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
New Approved Capital Expenditure	13,480	24,426	4,755	4,176
Rephased Capital Expenditure from 2017/18 and Expenditure Profiled for Future Years	26,515	0	0	0
2018/19 Capital Expenditure to be Rephased	(15,017)	15,017	0	0
Capital Expenditure for the Year	24,978	39,443	4,755	4,176
Financed by:				
Capital grants and contributions	7,692	12,512	3,723	3,556
Other Capital Funding	740	0	0	0
Capital Expenditure to be funded from New Prudential Borrowing	5,048	11,914	1,032	10,781
Capital Resources Rephased from 2017/18 and Capital Resources Profiled for Future Years	26,515	0	0	0
Rephased Expenditure between years.	(15,017)	5,017	10,000	0
Total Funding	24,978	29,443	14,755	14,337
Non-HRA Capital Expenditure	23,163	38,443	3,780	3,676
HRA Capital Expenditure	1,815	1,000	975	500
Total Capital Expenditure	24,978	39,443	4,755	4,176

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 Housing Rent Levels

4.3 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
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Weekly Housing Rent Levels	£0.00	£0.00	£0.00	£0.00

4.4 Ratio of Financing Costs to Net Revenue Stream

4.5 This shows the net cost of capital borrowing as a percentage of the net budget. The decrease reflects significant savings from locking into historically low interest rates and re-profiling of MRP as outlined in the report.

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Non-HRA financing cost to General Fund Net Revenue Stream	6.40%	4.07%	4.14%	4.07%

4.6 Ratio of Finance Costs to HRA Net Revenue Stream

4.7 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.

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
HRA financing cost to HRA Net Revenue Stream	34.24%	34.36%	33.70%	33.40%

5. **BORROWING PRUDENTIAL INDICATORS**5.1 Debt Projections 2018/19 – 2021/22

5.2 The following table sets out the Council's projected Capital Financing Requirement (CFR) and level of debt:

Debt and Investment Projections	2018/19 Revised £'000	2019/20 Estimated £'000	2020/21 Estimated £'000	2021/22 Estimated £'000
Long Term Borrowing 1 April	84,308	84,308	84,308	96,308
Expected change in Long Term Debt	0	0	12,000	10,000
Debt at 31 March	84,308	84,308	96,308	106,308
Borrowing Requirement	105,318	109,408	118,089	126,297
Under Borrowing	(21,010)	(25,100)	(21,781)	(19,989)
Non-HRA Debt	72,679	71,679	82,704	92,204
HRA Debt	11,629	12,629	13,604	14,104
Total Debt	84,308	84,308	96,308	106,308

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 2019/2020 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	2018/19 Revised £'000	2019/20 Estimated £'000	2020/21 Estimated £'000	2021/22 Estimated £'000
Gross Borrowing	84,308	84,308	96,308	106,308
Other Long Term Liabilities	276	265	254	243
Total Gross Borrowing	84,584	84,573	96,562	106,551
Borrowing Requirement	105,318	109,408	118,089	126,297

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	2018/19 £'000	2019/20 Estimated £'000	2020/21 Estimated £'000	2021/22 Estimated £'000
Operational Limit	122,000*	132,000*	131,000	140,000
Authorised limit	132,000*	142,000*	141,000	150,000

6. INVESTMENT PRUDENTIAL INDICATORS AND OTHER LIMITS ON TREASURY ACTIVITY

6.1 Investment Projections 2018/19 – 2021/22

6.2 The following table sets out the estimates for the expected level of resource for investment or use to defer long term borrowing.

2017/18 Outturn £'000	Year End Resources	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
47,623	Balances and Reserves	31,619	18,131	11,655	10,710
(949)	Collection Fund Adjustment Account*	0	0	0	0
4,048	Provisions	4,048	4,048	4,048	4,048
50,722	Total Core Funds	35,667	22,179	15,703	14,758
(7,075)	Working Capital**	6,800	6,800	6,800	6,800
43,647	Resources Available for Investment	42,467	28,979	22,503	21,558
(17,684)	(Under)/over borrowing	(21,010)	(25,100)	(21,781)	(19,989)
25,963	Expected Investments	21,457	3,879	722	1,569

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	2019/20 Estimated 1% £'000	2019/20 Estimated -1% £'000
Interest on Borrowing	251	(251)
Investment income	(39)	39
Net General Fund Borrowing Cost	212	(212)

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	2019/20 Upper £'000	2020/21 Upper £'000	2021/22 Upper £'000
Borrowing	75%	75%	75%
Investments	100%	100%	100%

- 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	2019/20 Upper £'000	2020/21 Upper £'000	2021/22 Upper £'000
Borrowing	100%	100%	100%
Investments	100%	100%	100%

- 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 2019/20				
	2018/19 £000	2018/19 £000	2019/20 £000	2019/20 £000
	Lower Limit	Upper Limit	Lower Limit	Upper Limit
Under 12 months	0	90%	0	90%
12 months to 2 years	0	100%	0	100%
2 years to 5 years	0	100%	0	100%
5 years to 10 years	0	100%	0	100%
10 years to 20 years	0	100%	0	100%
20 years to 30 years	0	100%	0	100%
30 years to 40 years	0	100%	0	100%
40 years to 50 years	0	100%	0	100%
50 years to 60 years	0	100%	0	100%
60 years to 70 years	0	100%	0	100%

- 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 2019/20 to 2021/22

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2019/20 TO 2021/22

TABLE 1 - FORECAST CAPITAL RESOURCES

	Additional Schemes 2018/2019				Forecast Resources 2019/2020 (Provisional)				Forecast Resources 2020/2021 (Provisional)				Forecast Resources 2021/2022 (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	Prudential Borrowing	Other Capital Funding	Capital Grants	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Specific Capital Grants																
Devolved Formula Capital (Schools) - Note 1					0	0	130	130	0	0	130	130	0	0	130	130
Disabled Facilities Grant (Better Care Fund) - Note 2					0	0	998	998	0	0	998	998	0	0	998	998
Local Transport Plan - Structural Highways Maintenance - Note 3					0	0	1,054	1,054	0	0	1,054	1,054	0	0	1,054	1,054
Local Transport Plan - Integrated Transport Block - Note 3					0	0	719	719	0	0	719	719	0	0	719	719
Schools Capital Programme - Note 4					0	0	1,099	1,099	0	0	655	655	0	0	655	655
					0	0	4,000	4,000	0	0	3,556	3,556	0	0	3,556	3,556
Departmental Prudential Borrowing - Funded from Specific Business Cases																
Replacement Wheelie Bins					90	0	0	90	90	0	0	90	90	0	0	90
Special Provisions Fund - Note 5					0	0	167	167	0	0	167	167	0	0	0	0
Vehicle Procurement (Tables 2 - 4)					1,663	0	0	1,663	942	0	0	942	530	0	0	530
Western Growth Corridor - Note 6					10,161	0	8,345	18,506	0	0	0	0	0	0	0	0
Student Accommodation (Church Street) - Note 7	39	421	0	460	0	0	0	0	0	0	0	0	0	0	0	0
Headland Town Wall and Block Sands Scheme - Note 8	756	244	0	1,000	0	0	0	0	0	0	0	0	0	0	0	0
	795	665	0	1,460	11,914	0	8,512	20,426	1,032	0	167	1,199	620	0	0	620
Corporately Funded Schemes																
ICT Licensing - Note 9	648	0	0	648	0	0	0	0	0	0	0	0	0	0	0	0
	648	0	0	648	0	0	0	0	0	0	0	0	0	0	0	0
Total Forecast Resources	1,443	665	0	2,108	11,914	0	12,512	24,426	1,032	0	3,723	4,755	620	0	3,556	4,176

Note 1 - Devolved Formula Capital allocation for Schools is an estimate based on the 2018/19 allocation. Government has stated that the 2018/19 allocations could be used as an indication of future allocations.

Note 2 - Better Care Fund is continuing in 2019/20, however detailed DFG allocations have yet to be announced by the Government. Estimates are based on 2018/19 allocations and an assumption that the Better Care Fund will continue in 2020/21 and 2021/22.

Note 3 - Local Transport Plan allocation for 2019/20 is based on an indicative allocation and future years' allocations are based on this estimate.

Note 4 - Schools Capital Programme includes an estimate of £0.655m Schools Condition Grant for 2019/20 and future years as actual allocations have yet to be announced by the Government. This is based on the 2018/19 allocation which the Government has stated is indicative of future allocations. In addition the Council has received a Basic Need funding allocation of £0.444m for 2019/20, this is reflected in the above figures.

Note 5 - A grant of £0.500m was awarded to the Council in 2018/19. However, as the funding was used to provide additional capacity at our Special School, Children's Services Committee approved full use of the grant in 2018/19. The above Table reflects the receipt of the grant.

Note 6 - This scheme is likely to be phased over a number of years however it is currently shown in 2019/20 as detailed phasing is not yet known.

Note 7 - The Council acquired a block of 12 apartments known as Avondene at 59-64 Church Street with the initial intention of managing this property as part of the Housing Revenue Account. However, since acquiring this property it has been determined that there is demand for Student Accommodation and the location of this property fits well with The Northern School of Art. It is therefore recommended that this property is move out of the Housing Revenue Account (HRA). This proposal requires a change in funding arrangements as section 106 housing contributions cannot be used outside the HRA. Therefore, to replace this funding it is recommended that former Right to Buy resources of £421,000 are used, as these monies can either be used for HRA purposes, or other housing purposes, including Student Accommodation. The project requires £39,000 of Prudential Borrowing which will be repaid from rental income.

Note 8 - This scheme has suffered delays as a result of an objection raised in August 2016 as part of the planning process and license to carry out works. This resulted in work to a particular section of the sea wall being rephased until March 2018. Other ongoing work had continued, albeit with restricted access and additional plant hire leading to increased costs. The delay also meant that the work was exposed to the exceptional weather conditions in March 2018, as well as some of worst storm surges in recent years which caused numerous damages to the wall requiring repair. Additional costs have now been quantified of £1m. To manage the complexities and risks of delivering this project revenue contributions of £0.244m had been set aside. In addition, headroom within the revenue budget for potential additional prudential borrowing has not been committed. Therefore, the remaining £0.756m can be funded using prudential borrowing. The repayment costs can be funded from the existing revenue budget which now fully commits the loan repayment element of the budget.

Note 9 - A change in the contracting arrangements for computer licenses is required following recent changes in the Microsoft licensing policy and the removal of discounts available to Government bodies. This change reflects Microsoft's policy of encouraging organisations to migrate to a Cloud based solution. These changes would increase annual IT license costs by 115% unless a new contracting approach is adopted. These licenses cover all Microsoft products from server operating systems to desktop Office products, including Exchange e-mail and the Lync telephony system. Without these licenses the Council cannot operate the current IT systems. The use of prudential borrowing to buy licenses outright provides the lowest cost to the Council.

TABLE 2 - 2019/20 VEHICLE REPLACEMENT PROGRAMME

Type	Service Area	Total £'000
Telehandler 550-80 Wastemaster	Waste Management	88.0
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
Replace NX59 AKP with 16T Backstreet RCV	Waste Management	135.0
Iveco 68 Seat Irisbus C Class 15000Kg Yellow Scolabus	Passenger Transport	160.0
Iveco 68 Seat Irisbus C Class 15000Kg Yellow Scolabus	Passenger Transport	160.0
Iveco 68 Seat Irisbus C Class 15000Kg Yellow Scolabus	Passenger Transport	160.0
17 seater low floor accessible welfare bus	Passenger Transport	80.0
17 seater low floor accessible welfare bus	Passenger Transport	80.0
16 Seat Minibus	Passenger Transport	36.0
16 Seat Minibus	Passenger Transport	36.0
Triple flail ride-on-mower	Horticulture	18.0
Triple flail ride-on-mower	Horticulture	18.0
Triple flail ride-on-mower	Horticulture	18.0
Triple flail ride-on-mower	Horticulture	18.0
Ford Transit 350 LWB Double Cab Chassis/Tipper	Horticulture	23.0
Tractor mounted narrow area rotary mower	Horticulture	23.0
Ford Transit 350 LWB Double Cab Chassis/Tipper	Horticulture	23.0
Beach Rake tractor towed	Cleansing	50.0
Iveco 6.5T 65C18 Encl. Tipper c/w side mount bin lift - see below	Cleansing	50.0
16T Backstreet RCV - Possibly replace asset 3036 requirement	Cleansing	135.0
Medium Panel Van	M&E	15.0
Medium Panel Van	M&E	15.0
Crewcab tipper	M&E	23.0
Crewcab tipper	M&E	23.0
IVECO35C12D Crew cab tipper	M&E	23.0
Small Panel van	Community Services	12.5
Medium Panel Van	Fleet Workshop	15.0
Medium Panel Van	Parks & Countryside	15.0
Small Panel van	M&E	12.5
4x4 Quad bike c/w chemical spraying equipment	Transfer to Cleansing	10.0
4x4 Quad bike c/w chemical spraying equipment	Transfer to Cleansing	10.0
Lifeguard service Jet ski	Beach safety	9.5
Price contingency *		130.0
		1,663.0

TABLE 3 - 2020/21 VEHICLE REPLACEMENT PROGRAMME

Type	Service Area	Total £'000
26T RCV 6x2 rear steer	Waste Management	185.0
26T RCV 6x2 rear steer	Waste Management	185.0
26T RCV 6x2 rear steer	Waste Management	185.0
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
17 seater low floor accessible welfare bus	Passenger Transport	80.0
Courier van Peugeot Partner S L1 Hdi 92	Passenger Transport	12.5
Iveco 6.5T Crew Cab Tipper	Horticulture	45.0
Timberwolf TW S426TDKB green waste shredder	Horticulture	35.0
Iveco 6.5T Tipper	Horticulture	42.0
Kubota L3830 42 hp tractor West View Cemetery	Horticulture	40.0
Kubota L3830 42 hp tractor Stranton Cemetery	Horticulture	40.0
Price contingency *		75.0
		942.0

TABLE 4 - 2020/21 VEHICLE REPLACEMENT PROGRAMME

Type	Service Area	Total £'000
26T RCV 6x2 rear steer extra capacity Growth of Town	Waste Management	185.0
Large mechanical sweeper	Cleansing	150.0
Large mechanical sweeper	Cleansing	150.0
Price contingency *		45.0
		530.0

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