

SCRUTINY CO-ORDINATING COMMITTEE AGENDA



Friday 23 January 2009

at 2.30 pm

in the Council Chamber
Civic Centre, Hartlepool

SCRUTINY CO-ORDINATING COMMITTEE:

Councillors Akers-Belcher, Atkinson, Brash, R W Cook, S Cook, James, Kaiser, London, A Marshall, McKenna, Preece, Richardson, Shaw, Simmons, Wright and Young

Resident Representatives: Christopher Akers-Belcher, Iris Ryder and Linda Shields

1. **APOLOGIES FOR ABSENCE**
2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
3. **MINUTES**
4.
 - 3.1 To confirm the minutes of the meeting held on 9 January 2009 (*To follow*)
5. **RESPONSES FROM THE COUNCIL, THE EXECUTIVE OR COMMITTEES OF THE COUNCIL TO REPORTS OF THE SCRUTINY COORDINATING COMMITTEE**
6.
 - 4.1 Portfolio Holder's Response to the Scrutiny Co-ordinating Committee's Final Report – Kerbside Recycling Scheme Referral -*Joint Report of the Director of Neighbourhood Services and the Portfolio Holder for Neighbourhoods and Communities*
5. **CONSIDERATION OF REQUEST FOR SCRUTINY REVIEWS FROM COUNCIL, EXECUTIVE MEMBERS AND NON EXECUTIVE MEMBERS**

No Items

6. FORWARD PLAN

No Items

7. CONSIDERATION OF PROGRESS REPORTS / BUDGET AND POLICY FRAMEWORK DOCUMENTS

7.1 2009/10 Budget and Policy Framework Proposals: Feedback from the Overview and Scrutiny Committees –*Chairs of the Overview and Scrutiny Committees (to follow)*

8. CONSIDERATION OF FINANCIAL MONITORING / CORPORATE REPORTS

No Items

9. ITEMS FOR DISCUSSION

No Items

10. CALL-IN REQUESTS

11. ANY OTHER ITEMS WHICH THE CHAIRMAN CONSIDERS ARE URGENT

FOR INFORMATION

Date of Next Meeting: Friday, 13 February 2009 at 2.00 pm in the Council Chamber at the Civic Centre, Hartlepool.

SCRUTINY CO-ORDINATING COMMITTEE

MINUTES

9 January 2009

The meeting commenced at 2:00 p.m. at the Civic Centre, Hartlepool

Present:

Councillor Marjorie James (In the Chair)

Officer: David Cosgrove, Democratic Services Team

104. Adjournment of Meeting

In the absence of a quorum and the on-going meeting of the Children's Services Scrutiny Forum, the Chair adjourned the meeting to be re-convened at 3.30 p.m.

Upon being reconvened at 3.30 p.m.

Present:

Councillor Marjorie James (In the Chair)

Councillors Stephen Akers-Belcher, Jonathan Brash, Rob Cook, Shaun Cook, Frances London, Ann Marshall, Chris McKenna, Arthur Preece and Chris Simmons.

Resident Representatives: Christopher Akers-Belcher and Linda Shields.

Officers: Mike Ward, Chief Financial Officer
Chris Little, Assistant Chief Financial Officer
Charlotte Burnham, Scrutiny Manager
David Cosgrove, Democratic Services Team

105. Apologies for Absence

Councillors Atkinson, Kaiser, Richardson, Shaw and Young and Resident Representative Iris Ryder.

106. Declarations of interest by Members

None.

107. Minutes of the meetings held on 28 November 2008

Confirmed.

108. Responses from the Council, the Executive or Committees of the Council to Reports of the Scrutiny Co-ordinating Committee

No items.

109. Consideration of request for scrutiny reviews from Council, Executive Members and Non Executive Members

No items.

110. Forward Plan

No items.

111. 2009/10 Budget and Policy Framework Proposals
(Scrutiny Manager)

The Chief Financial Officer presented the Executive's Budget and Policy Framework proposals for 2009/10. Cabinet had considered the comments of scrutiny from the initial round of consultation held before Christmas. As well as the entire budget and policy framework proposals, the Committee also had its specific role in relation to the Chief Executive's Department budget.

Committee Members raised the following questions / points following the Chief Financial Officer's presentation.

As the H2O Centre scheme had been abandoned and the allocated budget was being redirected to the Mill House Leisure Centre, how much money had the council lost on the H2O proposal? The Chief Financial Officer indicated that other than the initial feasibility study, no money had been lost.

Members queried the £300,000 allocation in the budget for the H2O Centre further as they had understood a fund of money had been set aside. The Chief Financial Officer indicated that the money 'set aside' in the budget had been to fund borrowing payments for the capital required for the scheme. No actual money had been spent as each year that the scheme hadn't proceeded; the borrowing repayment had not been needed.

Members asked if more of this year's budget overspend could be capitalised in order to reduce the over-spend and hence the pressure on the budget.

The Chief Financial Officer stated that he believed as much of the over-spend was being capitalised as was possible and prudent. There needed to be income stream in the budget to pay back the costs of the capital borrowing in future years. It was currently estimated that the repayments would be between 3% and 6% of the original capital sum.

Members queried the £900,000 set aside to fund the outcomes of the Job Evaluation appeals and if this would be sufficient. The Chief Financial Officer indicated that the figure was a reasonable estimate of the costs. It was reported that to date, over 500 appeals had been lodged, though it was not known how many individual employees that related to. The chair requested further information on how this amount had been identified.

Members requested details of how much had been saved during the previous review of the senior management team, specifically the costs associated with the deletion of two director's posts and the subsequent savings.

Further details were requested of the savings that had been accrued through the changes to the postal system.

Members questioned if all potential avenues for new income had been fully investigated.

Members questioned the income received from the retained share of the Middleton Grange Shopping Centre and how this was affected by the current economic climate. The Chief Financial Officer indicated that in this financial year, the income projected had been reached by the end of quarter three. The next financial year was expected to be much more difficult. In response to Members questions, the Chief Financial Officer indicated that the shopping centre management did have various schemes to promote the retention of current businesses and the start up of new businesses.

Members questioned if the Executive had considered a slightly increased rise in council tax to offset some of the pressures being placed upon the budget. The Chief Financial Officer indicated that at this time, the executive wished to maintain the council tax rise at 3.9% as had previously been indicated to Members and the public.

The Chief Financial Officer submitted a detailed treasury management update to the Committee and indicated that it would be incorporated into future budget monitoring arrangements.

Members expressed their great concerns at the additional 1% of budget savings now being reported across the Chief Executive's department in order to bring the departmental budget into line with the pressures now being placed upon it. Members considered that these needed to be looked at further and indicated that they would wish to examine the departmental budget further at the next meeting of the Committee.

Recommended

1. That the report be received and further consideration of the Chief Executive's Department budget take place at the meeting of the Committee to be held on 23 January 2009.
2. That consideration of the relevant departmental budgets be referred to the four scrutiny forums with their comments being fed back to the meeting of the Scrutiny Coordinating Committee on 23 January 2009

112. Consideration of financial monitoring / corporate reports

No items.

113. Final Report – The Condition of Highways in Hartlepool *(Chair of the Neighbourhood Services Scrutiny Forum)*

The Chair of the Neighbourhood Services Scrutiny Forum, Councillor Stephen Akers-Belcher, presented the draft final report of the forum's investigation into the condition of highways in Hartlepool. Councillor Akers-Belcher outlined the conclusions and recommendations of the investigation and thanked all those involved in the investigation, particularly the Portfolio Holder for his input. The visit undertaken by the forum to Barnsley, a beacon authority for highways works, was also drawn to the Committee's attention.

Members commented in relation to winter gritting undertaken by the Council and the potential involvement of voluntary groups in enhancing the gritting undertaken around the town, especially at shopping parades and around elderly peoples homes and residential areas.

Recommended

That the report and recommendations of the Neighbourhood Services Scrutiny Forum's investigation into the condition of highways in Hartlepool, as set out below, be approved and commended to the executive.

"The Neighbourhood Services Scrutiny Forum has taken evidence from a wide range of sources to assist in the formulation of a balanced range of recommendations. The Forum's key recommendations to the Cabinet are as outlined below:

- (a) That the Council develops a strategy to achieve a planned approach to highways maintenance as opposed to a reactive approach;
- (b) That the Council strengthens existing working relations with the Utility Companies and continues to facilitate regular meetings to focus on common objectives aimed at improving standards;
- (c) That the Council develops a formal working arrangement with contactors to involve them at an earlier stage in the design, planning and preparation processes for future highway maintenance and scheme works;
- (d) That the Council explores the possibility of using re-cycled materials in schemes to reduce tender prices and to minimise the environmental

- impact;
- (e) That the Council explores opportunities to further promote / publicise the future maintenance works of both the Council and the Utility Companies to raise public awareness including the distribution of the Planned Maintenance Programme to Public Libraries / Buildings;
 - (f) That Ward Councillors are provided with advance notification of any future maintenance and utility works due to be carried out in their respective Wards;
 - (g) That the Council consults with local support groups and the public at set times of the year to improve the positioning of drop kerbs / tactile pavements;
 - (h) That the income generated from the charges imposed on the Utility Companies be redirected into the highways maintenance budget;
 - (i) That the Council reviews the 2009 / 2010 financial contribution from the Highways Service to the Insurance Fund and any reduction in such contribution be redirected to the highways maintenance budget; and
 - (j) That the Council integrates the highways software system, 'Confirm' with the Customer Relationship Management System in order to improve the accuracy and efficiency of the monitoring and feed back arrangements for customer enquiries relating to highways maintenance."

114. Request for items for discussion – Joint Cabinet / Scrutiny Meeting 21 January 2009 *(Scrutiny Manager)*

The Scrutiny Manager requested that if any Members had any suggested items for discussion for the next joint Cabinet/Scrutiny meeting on 21 January 2009, could they please contact the scrutiny team before the meeting date so the items/issues could be added to the agenda for the meeting.

115. Call-In of Decision: Service Specifications for Children's Centres Outreach Package

The Chair informed the Committee that the Children's Services Scrutiny Forum had not completed its call-in of the decision and therefore, the Forum would submit its report direct to the Portfolio Holder at their next meeting on 29 January 2009.

The meeting concluded at 5:10 p.m.

MARJORIE JAMES

CHAIR

SCRUTINY CO-ORDINATING COMMITTEE

23 January 2009



Report of: Joint Report of Director of Neighbourhood Services and the Portfolio Holder for Neighbourhoods and Communities

Subject: PORTFOLIO HOLDER'S RESPONSE TO THE FINAL REPORT – KERBSIDE RECYCLING SCHEME REFERRAL

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to provide Members of the Scrutiny Co-ordinating Committee with feedback on the recommendations from the Kerbside Recycling Scheme Referral which was reported to the Neighbourhoods and Communities Portfolio Meeting on 18 December 2008.

2. BACKGROUND INFORMATION

2.1 The investigation into the Kerbside Recycling Scheme Referral conducted by this Committee falls under the Executive Delegation Scheme, within the service area covered by the Neighbourhoods and Communities Portfolio Holder.

2.2 On 18 December 2008, the Portfolio Holder for Neighbourhoods and Communities considered the Scrutiny Co-ordinating Committee's Final Report into the Kerbside Recycling Scheme Referral. This report provides feedback from the Portfolio Holder following his consideration of, and decisions in relation to this Committee's recommendations.

2.3 In addition to this report a further progress report will be produced for Member's consideration in July 2009 and January 2010 to enable Members to monitor the implementation of their recommendations.

3. SCRUTINY RECOMMENDATIONS AND EXECUTIVE DECISION

3.1 Following consideration of the Final Report, the Portfolio Holder for Neighbourhoods and Communities approved the recommendations in their entirety. Details of each recommendation and proposed actions to be taken following approval by the Portfolio Holder are provided in the Action Plan attached at **Appendix A**.

4. RECOMMENDATIONS

- 4.1 That Members note the proposed actions detailed within the Action Plan, appended to this report (**Appendix A**) and seek clarification on its content where felt appropriate.

Contact Officer:- Dave Stubbs – Director of Neighbourhood Services
Hartlepool Borough Council
Telephone Number: 01429 523 301
E-mail – dave.stubbs@hartlepool.gov.uk

BACKGROUND PAPERS

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

- (i) The Scrutiny Co-ordinating Committee's Final Report – Kerbside Recycling Scheme Referral considered by the Neighbourhoods and Communities Portfolio Holder on 18 December 2008.
- (ii) Decision Record of the Neighbourhoods and Communities Portfolio Meeting held on 18 December 2008.

OVERVIEW AND SCRUTINY ENQUIRY ACTION PLAN

NAME OF FORUM: Scrutiny Co-ordinating Committee

NAME OF SCRUTINY ENQUIRY: Kerbside Recycling Scheme Referral

DECISION MAKING DATE OF FINAL REPORT: Neighbourhoods & Communities Portfolio Mtg of 18 December 08

	RECOMMENDATION	EXECUTIVE RESPONSE / PROPOSED ACTION	FINANCIAL IMPLICATIONS	LEAD OFFICER	DELIVERY TIMESCALE
(a)	<p>That as part of work to further improve waste disposal and recycling services in Hartlepool, the implementation of the following activities be explored:-</p> <p><u>Bulky Household Waste</u></p> <p>(i) The creation of a reuse facility for the items collected by the Bulky Household Waste Collection Service and the Household Waste Recycling Centre, in Bum Road;</p> <p>(ii) The development of an environmental sustainability facility encompassing the provision of the sale of green items such as compost bins and electrical items be supported, along with the identification of the necessary resources to achieve it;</p> <p>(iii) Preparation of an outline business case examining service delivery options for the collection of the Authority's Bulky Household</p>	<p>Designs are current being drafted and costed to expand the existing HWRC to incorporate a re-use facility. The final designs will be costed and tendered following council procurement guidelines</p> <p>Designs are current being drafted and costed to expand the existing HWRC to incorporate a 'green' shop for the sale of sustainable living items. The final designs will be costed and tendered following council procurement guidelines</p> <p>A business case will be prepared advising on possible options, linking into guidance coming out of the Business Transformation programme.</p>	<p>External grants and LATSi income.</p> <p>External grants and LATSi income.</p> <p>Existing revenue budget</p>	<p>D Ogden</p> <p>D Ogden</p> <p>D Ogden</p>	<p>Summer 2009</p> <p>Summer 2009</p> <p>Summer 2009</p>

OVERVIEW AND SCRUTINY ENQUIRY ACTION PLAN

NAME OF FORUM: Scrutiny Co-ordinating Committee

NAME OF SCRUTINY ENQUIRY: Kerbside Recycling Scheme Referral

DECISION MAKING DATE OF FINAL REPORT: Neighbourhoods & Communities Portfolio Mtg of 18 December 08

RECOMMENDATION	EXECUTIVE RESPONSE / PROPOSED ACTION	FINANCIAL IMPLICATIONS	LEAD OFFICER	DELIVERY TIMESCALE	
(a)	Waste Collection Services;				
	(vi) Exploration of the possible ways to work with the voluntary and community sector for the disposal of bulky waste;	Since delivery options will be explored using the framework to be determined from the Business Transformation programme.	Existing revenue budgets.	D Ogden.	Spring 2010.
	<u>Multi Occupancy Properties</u>				
	(v) The creation of welcome packs for residents outlining the provisions at each facility highlighting how and why the systems should be used;	Meeting to be arranged with Private Sector Housing to agree content of welcome pack.	Existing revenue budgets and Government grants.	C Ogden.	May 2009.
(vi) Close working with the Authority's Private Sector Housing Team to identify the most appropriate method of collection for bedsits and ensure landlords are aware of their responsibilities with respect to providing containers for tenants;	Set of meetings to be scheduled exploring the most appropriate collection method to enable residents to recycle and participate in the Kerbside Collection Service. Information will be incorporated in the welcome packs.	Existing revenue budgets and Government grants.	C Ogden.	May 2009.	
(vii) The implementation of a pilot scheme to ascertain if the provision of smaller containers for single occupancy bedsits / flats is feasible; and	Agree a pilot area with the Private Sector Housing Team. Implement and monitor over minimum of six months.	Existing revenue budgets and Government grants.	C Ogden.	Start May 2009.	

OVERVIEW AND SCRUTINY ENQUIRY ACTION PLAN

NAME OF FORUM: Scrutiny Co-ordinating Committee

NAME OF SCRUTINY ENQUIRY: Kerbside Recycling Scheme Referral

DECISIONMAKING DATE OF FINAL REPORT: Neighbourhoods & Communities Portfolio Mtg of 18 December 08

	RECOMMENDATION	EXECUTIVE RESPONSE / PROPOSED ACTION	FINANCIAL IMPLICATIONS	LEAD OFFICER	DELIVERY TIMESCALE
(a)	(viii) Offer the same facilities to all flats, complexes and apartments and keep the methods in place in respect of multiple occupancy buildings and sheltered accommodation.	Existing services will continue to be provided as they are. Any changes will be dependent upon the outcome of the pilot.	Existing revenue budgets.	D Ogden.	May 2009 and ongoing.
(b)	<p>That as part of the process for the reconfiguration of in-house services, a feasibility study be undertaken incorporating the following areas of provision:</p> <p>(i) The reconfiguration of contracts in line with the service standard;</p> <p>(ii) Partnership – Household waste recycling centre and Bring Centre provision;</p> <p>(iii) Voluntary sector – re use of bulky waste items;</p> <p>(vi) Externalise services – Household waste recycling centre and bring centre servicing; and</p>	Reconfiguration of current services will be carried out as detailed in the recommendation, taking account of business transformation frameworks which are currently being developed.	Existing revenue budgets.	D Ogden.	December 2009.

OVERVIEW AND SCRUTINY ENQUIRY ACTION PLAN

NAME OF FORUM: Scrutiny Co-ordinating Committee

NAME OF SCRUTINY ENQUIRY: Kerbside Recycling Scheme Referral

DECISIONMAKING DATE OF FINAL REPORT: Neighbourhoods & Communities Portfolio Mtg of 18 December 08

RECOMMENDATION	EXECUTIVE RESPONSE / PROPOSED ACTION	FINANCIAL IMPLICATIONS	LEAD OFFICER	DELIVERY TIMESCALE	
	(v) Cessation or reduction of Services – Bring Centre provision.	Unknown at this stage.	D Ogden.	May 2009.	
(c)	That the success of Hartlepool's Waste Disposal Provision, in particular recycling be more actively publicised;	A Communication Strategy will be prepared including timescales of when and how we will communicate with the public.	Circa £15,000.	C Ogden.	April 2009.
(d)	That in response to the successful outcome of the Participation Survey undertaken earlier this year, that the exercise be repeated at two yearly intervals;	To be included within the departments service planning framework.	Existing revenue budgets.	C Ogden.	May 2010.
(e)	That appropriate methods of waste storage and collection at multi-occupancy residences be reviewed in consultation with the Authority's Private Sector Housing Team; and	Existing services will continue to be provided as they are. Any charges will be dependent upon the outcome of the pilot.	Existing revenue budgets.	C Ogden.	May 2009 and ongoing
(f)	That ways of increasing the levels of recycling with small businesses across the town be explored further.	Options to explore how best to increase business recycling without adding additional financial pressures to the waste revenue budgets.	Unknown at this stage.	C Ogden.	September 2009.

SCRUTINY CO-ORDINATING COMMITTEE

23 January 2009



Report of: Chairs of the Overview and Scrutiny Committees

Subject: 2009/10 BUDGET AND POLICY FRAMEWORK PROPOSALS: FEEDBACK FROM THE OVERVIEW AND SCRUTINY COMMITTEES

1. PURPOSE OF THE REPORT

- 1.1 To feedback the collective responses of the Scrutiny Co-ordinating Committee and the four standing Scrutiny Forums following their recent consideration of the Executive's Budget and Policy Framework Proposals for 2009/10.

2. BACKGROUND INFORMATION

- 2.1 At a meeting of the Scrutiny Co-ordinating Committee held on 31 October 2008, consideration was given to the Executive's Initial Budget and Policy Framework Consultation Proposals for 2009/10.
- 2.2 At this meeting it was agreed that the initial consultation proposals were to be considered on a departmental basis by the appropriate Scrutiny Forum. With any comments/observations being fed back to the meeting of the Scrutiny Co-ordinating Committee held on 28 November 2008 to assist in the formulation of this Committee's formal response, presented to the meeting of the Cabinet held on 15 December 2008.
- 2.3 Following the Cabinet's determination of their finalised 2009/10 Budget and Policy Framework Proposals at their meeting on 22 December 2008, further consideration was given to the finalised proposals by the Scrutiny Co-ordinating Committee at their meeting on 9 January 2009.
- 2.4 The Scrutiny Co-ordinating Committee and the four standing Scrutiny Forums then repeated the same process followed during the consideration of the initial budget consultation consultations during 12 January 2009 to 16 January 2009, with collective feedback being considered at this meeting to enable a formal response to be determined and presented to the Cabinet on 9 February 2009.

2.5 During the consideration of the Executive's initial and finalised Budget and Policy Framework Proposals for 2009/10, the appropriate Cabinet Members were in attendance subject to their availability.

3. FEEDBACK FROM THE OVERVIEW AND SCRUTINY COMMITTEES TO THE EXECUTIVE'S FINALISED BUDGET AND POLICY FRAMEWORK PROPOSALS FOR 2009/10

3.1 As part of the Budget and Policy Framework consultation for 2009/10, Members of the Scrutiny Co-ordinating Committee and the four standing Scrutiny Forums considered the departmental pressures, contingencies, terminating grants, priorities and efficiencies for their respective departments and their comments are as outlined below:-

3.3 Adult and Community Services Scrutiny Forum: Relating to the proposed 1% additional budget reductions, Members felt that it was not equitable to apply the same percentage of reductions across all departments when the reductions to be made in this department were in areas that would place people in need at risk.

3.4 Members suggested that the capacity for savings be looked at on a department by department basis so that those departments with a greater capacity for creating savings without exposing vulnerable groups to unnecessary risks making a bigger contribution to the overall saving required.

3.5 In addition, Members wished it to be noted that they had reservations about all of the additional budget reductions suggested but reluctantly agreed to support the following as the least damaging options:-

(a) Switching locker operation: The Forum did, however, suggest that pricing structures be reviewed across the department to try and generate further income;

(b) Keeping the community pool at a standstill position;

(c) Reduction of one registered manager within the homecare service; and

(d) Reduction in management capacity to reduce by 2 band 13 posts.

3.6 In relation to (c) and (d), the Forum did, however, raise serious concerns relating to the loss of highly trained and qualified staff and the increased workload and pressure placed on the remaining staff.

3.7 However, Members were not willing to support the following reductions, as they felt that these reductions impacted significantly on front line services offered to the community (a) and placed vulnerable people and those in need at risk (b) and (c):-

(a) Closure of library or other community service / building;

- (b) A social work team to be disbanded; and
 - (c) A variety of measures leading to a reduction in social work expenditure.
- 3.8 Chief Executive's Department – Members of the Scrutiny Co-ordinating Committee agreed at its meeting on 9 January 2009, to determine its comments / observations in relation to the Chief Executive's Department's budget proposals for 2009/10 at today's meeting.
- 3.9 Children's Services Department – Members supported the Children's Services departmental Budget for 2009/10. The Forum did, however, like it to be noted that they had some concerns relating to the proposed 1% additional budget reduction for a reduction in the Department's training budget. Members were concerned that such a reduction in training should be kept to as minimal a reduction as possible, so that the effects did not have an impact on improving the skills and enabling staff to react to changing governmental demands.
- 3.10 Neighbourhood Services Department – Relating to the 3% savings, the Forum noted with interest the Neighbourhood Services Department's pressures and efficiencies. Members also noted:-
- (a) An additional pressure in relation to concessionary fares of £110k;
 - (b) An increase in proposed efficiencies of 10% (additional income through increased burial and cremation charges); and
 - (c) The requirement, in order to achieve the 3% savings rate, for 10 compulsory redundancies.
- 3.11 In considering the implications of a further 1% saving, should it be required, Members noted with concern that 5 additional redundancies would be required. Whilst the Forum welcomed indications that the Council's redeployment policy would be utilised where possible, Members were very concerned at the distress to employees that would be caused by the proposed redundancies.
- 3.12 In addition to this, Members were disappointed to find that the proposed additional 1% savings included a suggestion for the discontinuation of the Dial-a-Ride service. The Forum was clear in its view that it did not support this proposal and expressed concern at the isolation this would create for many disabled / vulnerable people who rely on the service.
- 3.13 In response to these concerns, the Director of Neighbourhood Services confirmed that should the Dial-a-Ride service continue the additional redundancies would need to be made from other service areas. Indications of which service areas would be affected by the additional 5 redundancies was not available for release at the time of the meeting.

3.14 Regeneration and Planning Services Department – Members supported the Regeneration and Planning Services departmental Budget for 2009/10. The Forum did, however, like it to be noted that:-

- (a) Members were very disappointed that a previous priority, relating to financial assistance for residents in conservation areas to replace windows with high quality UPVC windows, was now not being considered. Members expressed a desire for money to be found in the 2009/10 Budget to support this initiative; and
- (b) Members highlighted under the area based grant that there was money allocated for Neighbourhood Policing. Members felt that any publicity relating to the Neighbourhood Policing / PCSOs, should mention that Hartlepool Borough Council makes a financial contribution towards the funding of these posts.

4. RECOMMENDATIONS

4.1 It is recommended that the Scrutiny Co-ordinating Committee:-

- (a) considers the feedback from the Authority's Overview and Scrutiny Committees' in conjunction with the Executive's Budget and Policy Framework proposals for 2008/09 attached as **Appendix 1**;
- (b) determines its formal response in relation to the Executive's Budget and Policy Framework proposals for 2009/10 to be presented to the Cabinet on 9 February 2009; and
- (c) grants delegated authority to the Chair of this Committee to approve the content of the formal response to enable its submission to the Cabinet on 9 February 2009 in accordance with the agreed timetable.

January 2009

Contact:- Charlotte Burnham – Scrutiny Manager
Chief Executive's Department – Corporate Strategy
Hartlepool Borough Council
Tel: 01429 523 087
Email: charlotte.burnham@hartlepool.gov.uk

BACKGROUND PAPERS

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

- (i) Report of the Scrutiny Manager entitled '2009/10 Budget and Policy Framework Proposals' presented to the Scrutiny Co-ordinating Committee held on 9 January 2009;
- (ii) Minutes of the Scrutiny Co-ordinating Committee held on 9 January 2009;
- (iii) Minutes of the Neighbourhood Services Scrutiny Forum held on 12 January 2009;
- (iv) Minutes of the Children's Services Scrutiny Forum held on 13 January 2009;
- (v) Minutes of the Adult and Community Services and Health Scrutiny Forum held on 14 January 2009; and
- (vi) Minutes of the Regeneration and Planning Services Scrutiny Forum held on 16 January 2009.

CABINET REPORT

22nd December, 2008



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY - BUDGET
& POLICY FRAMEWORK 2009/2010 TO 2011/2012

SUMMARY

1. PURPOSE OF REPORT

1.1 The purpose of the report is to enable Cabinet to determine the Budget and Policy Framework proposals it wishes to put forward for formal scrutiny.

2. SUMMARY OF CONTENTS

2.1 The report provides a detailed overview of the financial issues affecting the Council in relation to:

- the development of the 2008/2009 Outturn Strategy;
- Capital programme 2009/2010 to 2011/2012;
- General Fund and Council Tax 2009/2010 to 2011/2012.

2.2 The report advises Members that the budget position for 2009/2010 is more challenging than previously reported. Detailed proposals for addressing this position are detailed in the report.

3. RELEVANCE TO CABINET

3.1 The report enables Cabinet to determine the initial Budget and Policy Framework proposals it wishes to put forward for formal scrutiny.

4. TYPE OF DECISION

4.1 Key.

5. DECISION MAKING ROUTE

5.1 Cabinet, Scrutiny Co-ordinating Committee, Scrutiny Forums, Council.

6. DECISION(S) REQUIRED

6.1 Cabinet is required to determine its proposals.

Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY -
BUDGET & POLICY FRAMEWORK 2009/2010
TO 2011/2012

1. PURPOSE OF REPORT

- 1.1 To enable Cabinet to determine the Budget and Policy Framework proposals it wishes to put forward for formal scrutiny.

2. BACKGROUND

- 2.1 At your meeting on 13th October, 2008, Members considered the initial budget issues and determined the initial consultation proposals. These issues have now been considered by the relevant Scrutiny Committee and a detailed report from Scrutiny Co-ordinating Committee was considered at your meeting on 15th December, 2008. Consultation has also taken place with the Trade Unions and representatives of Hartlepool's Business Sector. Further details are provided later in the report.
- 2.2 This report provides an update on the Council's financial position and enables Cabinet to determine the Budget and Policy Framework proposals it wishes to put forward for formal scrutiny.
- 2.3 As Members will be aware from previous years this stage of the budget process is extremely challenging as a number of key decisions need to be made in a very short timescale:
- December, 2008 – determine budget proposals to be put forward for formal scrutiny;
 - January, 2009 – formal scrutiny of budget proposals;
 - 9th February, 2009 – Cabinet finalises 2009/2010 Budget and Policy Framework proposals;
 - 12th February, 2009 – Council considers Cabinet's 2009/2010 Budget and Policy Framework proposals;
 - 26th February, 2009 – Council approves the overall Council Tax level, incorporating Police, Fire and Parish Council precepts;

- Council Tax bills produced and issued by 17th March, 2009;
- 1st April, 2009 – first monthly Council Tax direct debits collected.

3. POLICY DRIVERS

3.1 Previous budget reports have advised Members that the development of the Medium Term Financial Strategy (MTFS) reflects various national and local service priorities, which are underpinned by a range of service expenditure and corporate policy drivers. These issues are detailed in various strategy documents prepared by the Council, which set out the Council's key objectives. The documents include:

- The Corporate (Best Value Performance) Plan;
- The Efficiency and Business Transformation Strategy;
- The IT Strategy;
- Departmental Service Plans.

3.2 The MTFS details the financial implications of the various strategies and the issues affecting financial sustainability of services. This latter issue is driven by the Council's policy for uplifting base budgets to reflect the impact of inflation with additional top ups for specific policy driven service priorities. This policy reflects Members' views and feedback during the 2005/2006 budget consultation process that the overall balance of the budget is "about right" and should be maintained if resources were available. Clearly in the current financial climate this will not be possible. Therefore, the MTFS enables Members to determine those areas it wishes to prioritise.

3.3 Another important policy driver is the level of Council Tax, which funds 42% of the Council's net budget. This factor will become increasingly important in a period of reducing grant increases and continued upward pressure on demand lead services for Children and Older People, together with the affordability of the tax given the impact of a recession.

4. OUTTURN STRATEGY

4.1 Assessments of the current year's financial position have previously been reported. The key issues identified in these reports are detailed in the following paragraphs.

4.2 Stock of Council Funds

4.3 As reported previously the stock of the Council's funds has increased owing to two one-off factors. Firstly, the receipt of the final years Local Authority Business Growth Incentive (LABGI) grant and secondly the contribution to General Fund Balances in 2007/2008. These factors cannot be repeated. The Government are consulting

on a new LABGI scheme which will come into force in 2009/2010, with the first grants expected to be paid in 2010/2011. The total amount distributed will be £150m, compared to £1 billion distributed under the existing methodology - this is an 85% reduction. Hartlepool's share of the new grant is anticipated to be £0.12m.

- 4.4 Cabinet has previously indicated that they wish to allocate part of the increased stock of resources to manage the following budget risks. It is assumed that Cabinet will wish to include these proposals in the draft budget package to be put forward for formal scrutiny.

	<u>Value Of Risk £'000</u>
<u>Timing of RTB Receipts from Housing Hartlepool</u>	400
<p>The existing Medium Term Financial Strategy is based on using £7m of reserves over the period 2008/2009 to 2011/2012. These resources will come from the Budget Support Fund and the remaining RTB income which the Council is due to receive from Housing Hartlepool over the period 2008/2009 to 2011/2012.</p> <p>However, owing to the credit crunch and the impact this is now having on consumer confidence, the reduction in the availability and affordability of mortgages and house price reductions, there is a greater risk that the RTB income will not be received by 2011/2012 and will be received over a longer period.</p> <p>For planning purposes it assumed that receipts over this period will be £1.0m, which equates to £0.25m per annum for the four years 2008/2009 to 2011/2012. This would leave a temporary shortfall of £0.4m. Given the level of change in the market at the moment this may prove to be optimistic and there may be a higher shortfall which needs to be managed. This position will be kept under review.</p>	
<u>Funding Initial Budget Deficits 2009/2010 and 2010/2011</u>	639
<p>The existing MTFS approved in February, 2008 anticipated budget deficits in 2009/2010 of £0.402m and £0.237m in 2010/2011.</p>	
Total Budget Risk 2009/2010 and 2010/2011	<u>1,039</u>

- 4.5 The Council should also benefit financially from the achievement of Local Public Service Agreement 2 (LPSA) Reward Grant. The level of reward grant depends on the achievement of various service

outcomes. Half of the reward grant is paid as a capital grant and half as a revenue grant. The grant will be paid in two equal instalments in 2010/2011 and 2011/2012.

4.6 It was previously reported that assuming the minimum reward grant is earned the Council will receive a total grant of £1.8m. However, this amount includes the Partner's share of the reward grant. The Council's share of the minimum grant is approximately £0.96m. The following strategy is therefore suggested for using the Council's share of the LPSA 2 reward grant:

- Revenue Reward Grant – earmark to increase stock of funds and review usage as part of 2010/2011 budget strategy as at that stage the amount will be more certain.
- Capital Reward Grant – as part of the current years approved budget Cabinet and Council determined to earmark £0.45m of the anticipated Capital Reward Grant of £0.48m for Building Schools for the Future costs. It is suggested that the remaining amount is earmarked to support capital projects, but not committed until 2010/2011 when the amount will be more certain.

4.7 In summary the uncommitted stock of resources is £2.217m, which is slightly lower than forecast reported in October of £2.3m.

	<u>Adverse/ (Favourable) Variance £'000</u>
Timing of RTB Receipts from Housing Hartlepool	400*
Funding Initial Budget Deficits 2009/2010 to 2010/2011	639
Uncommitted General Fund Reserves	(790)
Earmarked for Bus Service	93
LABGI Year 3 Grant Allocation	(2,100)
LPSA 2 Reward Grant	(482)
Legal Services Restructure	<u>23 #</u>
	<u>2,217</u>

* Risk that this will increase thereby reducing one-off funds.

Cabinet has previously indicated support for a revised Legal Services structure. Part of these costs are one-off. It is therefore suggested to fund these costs from the available one-off resources.

4.8 2008/2009 Budget Position Forecast Outturn

4.9 A detailed Corporate Plan and Revenue Financial Management report was submitted to Cabinet in November, 2008, which included forecast outturns. This report indicated that there will be an

7.1 APPENDIX 1

overspend on departmental budgets of £2.6m at the year-end. This position reflects the following key issues:

- Increased expenditure on demand lead services for Looked After Children. Pressure on this area is increasing as a result of the “Baby P” case, which has resulted in an increase in the number of referrals to Children’s Services.;
- Increased demand lead pressure on Learning Disabilities and Services for Older People;
- Inflationary pressure – fuel costs;
- Reduction in income – owing to the impact of the credit crunch on a range of income streams, including land charges, car parks and shopping centre income. The latter will be affected by Woolworth’s decision to call in the administrators;
- Delays in the achievement of efficiencies.

4.10 Details of departmental forecast outturns are summarised below: -

Forecast Departmental Outturn 2008/2009

Department	Forecast Overspends/(Underspends)		
	Non Pay Budget (details Appendix A) £’000	Pay Budget £’000	Net Position £’000
Adult & Community Services	2,015	(600)	1,415
Chief Executive	465	(465)	0
Children’s Service	1,098	(357)	741
Neighbourhood Services	598	(157)	441
Regeneration & Planning	230	(230)	0
Total	4,406	(1,809)	2,597

4.11 Cabinet previously determined to consult on the proposal to carry forward these amounts as Managed Overspends against Department’s three-year budgets, pending a report back from CMT on the implications of implementing this strategy.

4.12 CMT have now considered the implications of carrying forward Managed Overspends against Departmental three-year budgets and

would suggest that this strategy is not adopted for a number of reasons:

- A significant proportion of the overspend relates to demand lead Children's and Adult Social Services. These trends will continue in 2009/2010 and additional resources will be required for these areas. Therefore, it will not be possible to reduce expenditure in these areas to repay 2008/2009 overspends without having an adverse impact on services;
- Assuming the overspends were repaid over either a two or three year period then additional annual efficiencies and/or service cuts of between £0.8m and £1.3m would need to be made. This equates to a reduction of 1% to 1.6%, in addition to the existing efficiency targets;
- The Chancellor in his recent Pre-Budget Report announced a 50% increase in the efficiency target for Local Government. This announcement is likely to be followed by lower grant increases for Council's in 2011/2012 and beyond and increased pressure for lower Council Tax increase. Against this background the repayment of overspends will be extremely challenging;
- A significant deterioration in the financial position for 2009/2010 and increased budget risks for this year. Further details are provided later in the report.

4.13 CMT have therefore considered an alternative strategy for funding the 2008/2009 overspends as it is recognised that the Council cannot simply write this amount off against General Fund Balances.

4.14 This alternative strategy would involve capitalising various one-off projects which it was planned to fund from the current years revenue budget from Revenue Contributions to Capital Outlay (RCCOs) or the Capital Funding Reserve. The Capital Funding Reserve is a Revenue Reserve carried forward from last year to fund capital expenditure commitments which were carried forward from last year. This proposal would release revenue resources to offset departmental overspends. On the downside the existing capital expenditure commitments still need to be funded and the only alternative funding source is Prudential Borrowing.

4.15 The revenue cost of using Prudential Borrowings in 2008/2009 will be an additional budget pressure in 2009/2010. This pressure could be avoided in 2009/2010 by earmarking part of the 2008/2009 RCCOs to meet the first years repayment costs. In 2010/2011 the repayment costs will need to be a first call on the £1.5m headroom included in the 2010/2011 budget forecast.

4.16 The above strategy will enable the 2008/2009 overspends to be addressed and avoid starting the new financial year with a significant

outstanding financial liability. As detailed later in the report the Council's financial position will become increasingly challenging. Significant action will need to be taken in 2009/2010 and 2010/2011 to protect the Council's financial position on a sustainable basis. This position could be unmanageable if departments are also required to repay 2008/2009 overspends over the same period.

- 4.17 It is recognised that this strategy cannot be repeated and overall expenditure in 2009/2010 and futures years will need to be managed within the overall budget. This may mean that demand lead overspends, which are unavoidable, need to be funded by in-year reductions in other areas.
- 4.18 **Centralised Estimates, Building Schools for the Future (BSF) and Tall Ships**
- 4.19 It has previously been reported that the credit crunch is paradoxically having a positive impact on investment income, which for the first six months of the year is better than anticipated. This is a complex area and the net increase is driven by favourable cash balances in the early part of the year, abnormally high short term interest rates driven by the credit crunch, offset by a restriction in counter parties to protect the Council's investments. The downside to this security is a lower interest rate on the investment. However, as reported in the Treasury Management Strategy the primary principle governing the Council's investment criteria is the security of its investment and then the return on the investment. In the current climate a more risk averse approach is appropriate. It was reported that it is anticipated investment income will exceed the budget by around £2m. This is net of a temporary shortfall on corporate efficiencies which are being achieved later than anticipated. However, there is an increasing risk that the final figure could be lower as the Bank of England have now reduced interest rates more quickly and to a lower level than anticipated. This action reflects further deterioration in the economic position.
- 4.20 A detailed assessment of the latest 1% Base Rate reduction announced by the Bank of England on the 4th December needs to be undertaken. This assessment will need to consider the impact of this change on LIBOR (London Inter-Bank Offered Rate), which influences investment rates on the Council's investments as the normal links between the Base Rate and LIBOR have not yet been re-established. At this stage a planning figure of £2m is still appropriate, although subject to a greater downside risk.
- 4.21 Members have previously approved the principle of allocating the Council's investment income to firstly offset losses of income, the additional costs in relation to BSF and Tall Ships. This proposal will substantially fund these additional one-off costs. Any shortfall will need to be funded over the next two years.

- 4.22 For planning purposes it is suggested that £1.5m is set aside for BSF and £0.5m for Tall Ships when resources are available. Hopefully, these amounts can be set aside from the current years investment income. However, it must be recognised that there may need to be additional provision made during 2009/2010 for BSF. A clearer idea will be available late in January, 2009, when the Council has had the next review by 4P's (the organisation which manages the BSF Programme) on its readiness to proceed to procurement.
- 4.23 The Tall Ships budget is dependent upon the level of Park and Ride income. As expenditure will be committed before this income is received it would be appropriate to provide a risk contingency to protect the Council's financial position if income is less than anticipated owing to adverse weather when the Tall Ships visit. In the event that this risk contingency is not needed this money can be returned to the General Fund in 2010/2011.
- 4.24 The feasibility of insuring this potential loss of income has been explored and in principle it is possible to insure for the cancellation or abandonment of an event. This insurance is available for events where income is known in advance where tickets are sold, as insurance underwriters can assess risk and therefore determine an insurance premium. In the case of the Tall Ships Event the Park and Ride income cannot, in insurance terms, be adequately assessed in advance as the number of potential visitors is unknown. Therefore, insurance underwriters cannot assess this risk. They will not use the policy holders estimated income as there is no basis for verifying these figures as is the case for events where tickets are sold. Consequently, insurance underwriters are either unwilling to quote, or where they do the rates are prohibitively expensive when compared to the potential risk. Insurance may be more appropriate to cover costs incurred in the unlikely scenario the event is cancelled owing to adverse weather delaying or preventing the arrival of the Tall Ships. This issue is currently being examined in more detail.
- 4.25 **Ongoing Service and Financial Issues**
- 4.26 A number of issues which have arisen in 2008/2009 will continue in 2009/2010 and future years. As these issues predominately relate to services for vulnerable people it is assumed that Members will, in accordance with their existing priorities wish to reflect these issues in the budget proposals for 2009/2010 detailed later in the report.

5. CAPITAL PROGRAMME 2009/2010 TO 2011/2012

5.1 Government Capital Allocations

- 5.2 The availability of resources for the Capital Programme will continue to be affected by the level of supported capital allocations provided by the Government. These allocations take the form of specific capital

grants, or supported prudential borrowing allocations, which must be repaid from the Council's revenue budget. These allocations cover key Government priorities, which are closely aligned to the Council's own priorities and objectives. These areas account for the majority of available capital resources. As part of the current MTFS Members reaffirmed their commitment to using these allocations for the three years up to 2010/2011. Cabinet needs to confirm that they will continue this strategy to cover 2011/2012.

5.3 Local Initiatives

- 5.4 The Capital Strategy and Asset Management Plan approved by Cabinet on 31st March, 2008, indicated that Government capital allocations will not fund all capital expenditure priorities, particularly areas with a high local priority which do not fall within the areas which attract Government funding. Therefore, as part of the current MTFS Members determined to use Unsupported Prudential Borrowing to fund local priorities. As the cost of using unsupported Prudential Borrowing needs to be met from the revenue budget annual revenue provisions of £0.1m were included in the budget forecasts for 2007/2008 to 2009/2010. This supports annual capital expenditure of £1.2m. Detailed proposals for using this amount in 2009/2010 are set out in Appendix A. These proposals include an allowance for over-programming which will be a first call on the 2010/2011 allocation.
- 5.5 Cabinet previously determined that they wish to continue with this strategy for 2010/2011 and 2011/2012. The revenue forecasts detailed later in the report reflect the continuation of this strategy.
- 5.6 The detailed preparation of the 2009/2010 revenue budget has identified a range of health and safety and property improvements issues which need to be undertaken as soon as practical. It was initially suggested that a revenue pressure of £0.5m was needed for the next three years. However, owing to the nature of these works and the revenue position it would be appropriate to fund these works from capital resources. It is therefore proposed that a revenue pressure of £0.1m is included in the 2009/10 budget proposals, which will provide a capital sum for these items of £1.2m. Detailed proposals for using these resources will be included in the January, 2009 budget report.
- 5.7 As part of the existing MTFS it was also determined to use unsupported borrowing to provide annual allocations for the three years up to 2010/2011 for a number of small initiatives, detailed in the following table. Members need to determine if they wish to continue to support these initiatives up to 2011/2012.

**Annual
Allocations
£'000**

Community Safety Initiatives	150
Disabled Adaptations	50
Neighbourhood Forum Minor Works	156

- 5.8 The revenue budget forecast for 2009/2010 includes a provision of £0.3m to support a capital contribution towards the development of the H₂O Centre of £3m. As reported recently the development of the H₂O Centre is not likely to occur in the medium term. Therefore, in October Cabinet determined to re-allocate the existing H₂O revenue provision of £0.3m to support investment in the Mill House Leisure Centre. As this is likely to take some time to develop and then implement it is unlikely that the £0.3m revenue provision will be needed in 2009/2010. The options for using this provision are considered later in the report.

6. GENERAL FUND AND COUNCIL TAX

6.1 Background

- 6.2 An initial assessment of the national and local factors affecting the Council's financial position for 2009/2010 and beyond was reported on 13th October, 2008. Since that time there have been significant and unprecedented international and national developments which will shape the world economy for the foreseeable future.

- 6.3 These changes include actions by Governments across the world to stimulate economic activity. It is hoped these actions will reduce the severity of the recession and avoid the downturn becoming a depression.

- 6.4 The actions taken by Governments have also been supported by Central Banks reducing interest rates. In the UK the Bank of England has reduced interest rates from 5% in October to 3% on 6th November, 2008 and then 2% on 4th December, 2008. Put in an historical context, this equals the lowest official rate since the Bank of England was established in 1694. The scale and speed of these reductions is unprecedented and underline the severity of the economic position. It is anticipated that the Bank of England will reduce interest rates further early in 2009.

- 6.5 In the very short term the Council is isolated and largely protected from turmoil in the world economy. In the Medium Term these events will impact on the Council as outlined in the following paragraphs.

6.6 The Chancellor's Pre-Budget Report

- 6.7 Details of the Pre-Budget Report were presented to Parliament by the Chancellor on 24th November, 2008. Key issues include:
- An increase of £5billion in Public Sector efficiencies for the three years to 2010/2011. This is on top of the £30billion already planned;
 - For the three years from 2011/2012 (i.e. the period covered by the next Comprehensive Spending Review) the growth in public expenditure will fall from 1.9% announced in the 2008 Budget to only 1.1%. This is the increase for the whole of the public sector.
 - A “fiscal stimulus” package of £20billion aimed at shoring up the economy.
 - Forecast increase in Government borrowing from 40% of national income to 57% by 2014/2015.
 - An increase in employer’s National Insurance contributions from April, 2011. This will have an adverse impact on the Council and a detailed assessment will be made when detailed regulations implementing on this change are available.
- 6.8 The current three-year settlement for Local Government is generally regarded as the tightest for a decade. At a local level the Council has benefited from changes to the grant formula, although these benefits have been diluted as a result of the continuation of the floor damping arrangements. The key message from the Pre-Budget Report is that the position in 2011/2012 and beyond will be much more challenging and Local Government as a whole will see much lower grant increases or even reductions in existing grant levels.
- 6.9 **Provisional Local Government Grant Settlement 2009/2010 and 2010/2011**
- 6.10 Details of individual authorities grant allocations for 2009/2010 and provisional allocations for 2010/2011 were announced on 26th November, 2008. As expected there have been no changes to the figures announced in February, 2008.
- 6.11 At the same time the Local Government Minister announced an increase in Local Government efficiency target, which reflects the Chancellor’s Pre-Budget Report announcement to increase the overall Public Sector efficiency targets. For local authorities the overall target has been increased from £1billion per year to £1.5billion - a 50% increase. This compares to an increase in the overall Public Sector efficiency target of approximately 17%.

6.12 Consultation on the Provisional 2009/2010 grant settlement closes on 7th January, 2009. It is suggested that the following issues are included in the Council's response:

- Thank the Minister, in these challenging financial times, for maintaining the previously announced grant allocations for 2009/2010 and 2010/2011;
- Express concern that local authority efficiencies targets have been increased by 50%, compared to a total increase for the Public Sector of 17%;
- Express concern at the impact of the proposed increase in employer's national increases contributions from April, 2011, which is contrary to the Government "new burdens" principle. It is therefore suggested the Minister seeks additional grant funding from the Treasury to make this change cost neutral for local authorities.

6.13 **Impact of Pre-Budget Report and Provisional 2009/2010 Grant Settlement on the Council**

6.14 As indicated earlier in the report the Council is isolated in the short-term from the impact of the economic down turn and the issues announced in the pre-budget report. The confirmation of previously announced grant allocations for 2009/2010 and 2010/2011 also provides a period of financial stability for the Council.

6.15 In the Medium Term local authorities will face a significantly more challenging financial position as the Pre-Budget Report and the 2009/2010 Local Government Grant Settlement have stated that for the three years from 2011/2012 growth in public expenditure will fall to only 1.1%.

6.16 Given the Government's priority to Education and Health this means other service areas, including local authorities will receive lower increases or even reductions over this period.

6.17 In practice, lower levels of public spending growth will continue for a much longer period, probably for two or three Comprehensive Spending Review periods, as it will take a long time for Government finances to recover from the current recession. This assumption reflects the Chancellor's statement that Government borrowing is forecast to increase for the next six years and it will not be until 2015/2016 that the Government will only be borrowing to invest.

6.18 Once the recession is over it is extremely unlikely that the economy will benefit from the same economic factors which had driven the economy for the last ten years i.e. rising house prices and banks/building societies ability and willingness to provide cheap

7.1 APPENDIX 1

credit. It is clear that one of the major consequences of the “credit crunch” will be a return to more prudent levels of borrowing and risk assessment by banks. This will mean growth in the Private Sector will be lower than in previous years and consequently so will the Government’s tax revenues.

6.19 Against the above background it is becoming clearer that from 2011/2012 the Council will face a much more challenging financial position. As indicated later in the report action will need to be taken in 2009/2010 and 2010/2011 to ensure the Council is prepared for a period of lower growth in Government grants, increased efficiency targets and continued downward pressure on Council Tax.

6.20 Local Budget Issues 2009/2010

6.21 An initial examination of the local issues facing the Council for 2009/2010 was reported in October, 2008, as summarised below. These forecasts reflected the following assumptions:

- Annual Council Tax increases of 3.9%;
- The achievement of 3% efficiencies in 2009/2010 to 2010/2011;
- Provision for 2010/2011 pressures, etc. of £1.5m;
- 2011/2012 pressures, etc. to be funded from efficiencies;
- Phased use of the Budget Support Fund and LABGI grant.

Feb. 08 Forecast 2009/10 £'000		October Forecasts			
		2009/10 £'000	2010/11 £'000	2011/12 £'000	Cumulative £'000
5,536	Gross Budget Gap (includes £1.5m headroom 09/10 & 10/11)	5,536	3,759	614	
(2,460)	3% Efficiency Target	(2,460)	(2,522)	0	
3,076		3,076	1,237	614	
(2,674)	Planned Use of Reserves	(2,674)	(1,000)	(500)	
	<u>Changes since February 2008 forecasts</u>				
0	Continuation of SCRAPT capital allocation				
0	2009/10 Pressures, contingency and terminating grants	0	100	200	
0	Additional pressures identified since 13.10.08	2,824	2,895	2,967	
0	Provision for 2009/10 Pressures etc.	(1,500)	(1,538)	(1,576)	
0	Use of 2008/09 LABGI grant	(402)	(237)		
402	REVISED BUDGET DEFICIT	1,324	1,457	1,705	4,486

6.22 Detailed proposals for achieving the 3% efficiency target in 2009/2010 were reported to Cabinet in October and these proposals are reproduced at Appendix B. At this stage a detailed assessment of the one-off costs of achieving these efficiencies has not yet been completed. This work is ongoing and will enable costs to be quantified and a funding strategy to be developed. These details will be reported in January, 2009.

6.23 A comprehensive review of the initial planning assumptions has been completed. These issues fall into a number of categories and are covered in detail in the following paragraphs:

- Additional Pressures identified since October, 2008;
- 2009/2010 Pressures Review;
- 2009/2010 Contingency Review;
- 2009/2010 Terminating Grants Review;
- Area Based Grant Review;
- Review of Corporate Planning assumptions;
- Review of 2008/2009 Pressures, contingency, Terminating Grants and Priorities;
- Review of 2007/2008 Pressures, contingency, Terminating Grants and Priorities;
- Temporary Benefits 2009/2010.

6.24 **Additional Pressures Identified Since October, 2008 - £2.785m permanent plus £0.45m temporary**

6.25 As indicated in October an initial assessment of the issues facing the Council had been completed by the Corporate Management Team over the previous two/three months. This assessment is carried out much earlier than in other authorities owing to Hartlepool's constitutional arrangements and is based on information available at that time. More detailed work on these issues has now been completed to reflect the latest available information and trends for the first six months of the year. This work indicates that additional unbudgeted pressures need to be included in the 2009/2010 budget forecast in relation to the following items: -

- i) Job Evaluation – additional pressure of £0.9m (includes employer's National Insurance and Pension costs)

Provision for the estimated costs of implementing Job Evaluation has previously been made within the budget forecasts for the period up to 2010/2011. These forecasts were based on the completion of 90% of Job Evaluations, an assessment for the net impact of changes in various allowances, the potential costs of appeals and the annual pay award for 2008/2009 not exceeding 2.5%. This assessment was completed in February, 2008. Implementation of the new pay and grading system took place over the period April to September, 2008 and resources were dedicated to paying staff new salaries and arrears of pay. Once this exercise was complete a detailed costing exercise was commenced to establish the actual costs of the new pay and grading system. This exercise has identified an additional increase in basic pay of £0.72m - £0.9m when account is taken of employer's National Insurance and Pension costs. The additional cost reflects a reduction in the number of employees in protection, which

increases ongoing costs, changes in job matchings and allowances from the initial planning assumptions. This is an early estimate. Whilst, costs may alter, Cabinet need to recognise the significant volume of appeals lodged and therefore the risk that the cost of successful appeals will exceed the available provision for appeals. Work is being done to refine the estimate of cost and the anticipated cost of appeals. It is hoped that the overall Job Evaluation costs can be pegged at this level.

ii) Looked After Children – additional pressures £0.67m

As indicated earlier in the report the Council is currently incurring additional expenditure in the current year owing to higher numbers of Looked After Children and more complex cases. These trends are forecast to continue in 2009/2010. In addition, following the outcome of the “baby P” court case there has been an increase in the number of referrals to Children’s Social Services. Therefore some provision has been made in the above figure for increased costs of such cases. As this position is extremely complex and affected by referrals from various partner agencies e.g. Police, Medical Staff, etc., this position will need to be monitored closely.

iii) Older People, Learning Disabilities, Agency and Mental Health Agency – additional pressure of £0.8m

The Council is also incurring additional expenditure in the current year on the above services owing to demographic pressure, higher client numbers and more complex cases. These trends are forecast to continue in 2009/2010. An assessment of new cases and changes in service levels for 2009/2010 has also been made. This is a complex area as service requirements are assessed on an individual basis which impacts on the costs of providing services.

iv) Adult Services Care Package and Transport Efficiencies – additional pressure of £0.45m (temporary)

The existing base budget anticipated making an efficiency on a specific care package of £0.2m. This efficiency has been delayed owing to a legal challenge to the proposed change. It is anticipated that these issues will be resolved during 2009/2010. As it is not certain when these issues will be addressed it would be prudent to make provision for these costs on a temporary basis.

Similarly the anticipated transport saving from the establishment of the Integrated Transport Unit is taking longer to achieve. It would also be prudent to make a temporary provision for this item being delayed.

- v) Energy Costs – additional pressure of £0.23m

The Council has previously benefited from lower energy costs from long term contracts negotiated via NEPO (North East Purchasing Organisation). These contracts have now ended and market prices are at considerably higher levels and expected to continue at these levels.

- vi) Concessionary Fare – additional pressure of £0.105m

Contract negotiations have recently commenced across the Tees Valley with bus operators. It is expected that costs will increase owing to higher costs being incurred by operators.

6.26 The additional pressures identified increase the budget deficit to £4.559m (inclusive of £0.45m of temporary costs). This clearly has significant implications for 2009/2010 and the sustainability of the budget and current service levels. In view of this position the Corporate Management Team have completed a comprehensive review of the overall budget position and have identified permanent budget reductions of £1.482m, as detailed in paragraph 6.27 to 6.47.

6.27 **2009/2010 Pressures Review – Reduction £0.046m**

6.28 The initial schedule of pressures totalled £1.679m. This included an initial assessment of the Adult Social Services and Children's Services pressures totalling £1.02m. As indicated in paragraphs 6.24 (ii) and (iv) additional funding is needed for these areas. Therefore, scope for reducing the remaining pressures is limited. A review of the remaining items has identified reductions totalling £0.046m covering a number of issues as detailed in the final page of Appendix C.

6.29 **2009/2010 Contingency Review – Reduction £0.437m (net)**

6.30 The initial budget report suggested a total contingency provision of £0.885m. A detailed review and risk assessment of these items has been completed and a number of items can be reduced or eliminated from the contingency. One of the main reductions is the deletion of the £0.17m vehicle fuel price increase in the anticipation that falls in crude oil prices arising from lower demand will feed through into lower petrol and diesel prices before the start of 2009/2010. There is a small risk that this does not occur. However, given the economic down turn it is not anticipated this risk will materialise. The other major reduction relates to the Children's Fund item of £0.155m, which will continue to be grant funded for 2009/2010.

6.31 The requirements in relation to Service Level Agreement with Housing Hartlepool for Richard Court and Housing waiting list

management have also been quantified and reflected in the revised contingency. Details of the contingency are provided in Appendix D.

6.32 **2009/2010 Terminating Grants – Reduction £0.062m**

6.33 The initial budget report identified Terminating Grants totalling £0.26m. A review of these items has identified reductions totalling £62,000. Details of Terminating grants are provided in Appendix E.

6.34 **Area Based Grant – Review £0.287m**

6.35 The Area Based Grant (ABG) was introduced as a late change to the 2008/2009 Local Government Grant Settlement. As there was insufficient time to assess this change for 2008/2009 the ABG was allocated on the basis of the indicative allocation used by the Government for determining the overall level of the ABG.

6.36 The Government is sending mixed messages on the future use of the ABG. On the one hand the Government have indicated that the ABG is “a Single Area Based Grant with no strings attached”, which infers the Council has complete discretion on the use of this grant. On the other hand specific Government departments expect authorities to ring-fence individual elements of the ABG.

6.37 In practise, flexibility is limited because many services previously funded from specific grants have now been incorporated in the ABG and these services are high priority areas for the Council, or cover services of a statutory nature, for example, Connexions, Teenage Pregnancy funding, Road Safety, etc.

6.38 Against this background the Council only has limited flexibility for using the ABG. Notwithstanding these constraints a detailed review of the Area Based Grant has been undertaken and this has identified £0.287m to support services/projects currently funded from the Council's core budgets. At this stage the detailed services/projects have not yet been identified and this work will be complete before the final budget proposals are considered in January, 2009. This amount has been identified by capping increase in some ABG allocations to a 2.5% increase and from taking some of the uncommitted element of the Working Neighbourhood Fund element of the ABG. Detailed proposals for using the Area Based Grant are set out in Appendix F, which reflects the latest information provided by the Government. The proposals for the Working Neighbourhood Fund element of the ABG provide funding for a range of training and business support projects which are particularly relevant in the current economic downturn.

6.39 From a practical perspective the final decision on ABG grant allocations will not be made until February, 2009, when Council considers the overall 2009/2010 Budget and Policy Framework

proposals. In the meantime the Council needs to notify Partners of their allocation for 2009/2010.

- 6.40 It is also suggested that the Council provides indicative ABG allocations for 2010/2011 and advises Partners that these allocations will be confirmed next year provided the Government does not reduce the overall ABG allocation and projects continue to deliver agreed outcomes.
- 6.41 **Preview of Corporate Planning Assumptions – Reduction £0.5m**
- 6.42 The initial budget forecast included a pay award planning assumption of 2.5%. It is anticipated that during 2009/2010 there will be downward pressures on Public Sector pay awards as inflation falls, the recession reduces pay awards in the private sector and unemployment increases. Therefore, for 2009/2010 it is suggested that the planning assumption for pay increases is reduced to 2%. This will reduce the budget requirement by £0.2m.
- 6.43 It is also proposed that the salary turnover target is increased by 0.5% to reflect the higher turnover of staff in the current year. This will also reduce the budget requirement by £0.2m. It is also suggested that a further £0.1m increase is made to the salary turnover target to reflect the impact of Job Evaluation. Together these two proposals increase the efficiency savings to be achieved from vacancies to £1.1m. If Members approve these proposals the total salary turnover target will be challenging and achievement will need careful management by the Corporate Management Team. The implementation of the Business Transformation Programme will make this task more challenging during the implementation phase. It is suggested that the achievement of the turnover targets is delegated to the Corporate Management Team and the existing Monitoring of Vacancy Panel replaced by quarterly progress reports to Cabinet and Scrutiny Co-ordinating Committee.
- 6.44 **Review of 2008/2009 Pressures, Contingency, Terminating Grants and Priorities – Reduction £0.05m**
- 6.45 A detailed review of these items has been completed. It is proposed that the “Corporate IT Priority” of £50,000 can be reduced by £35,000 following the extension of the Northgate contract and the establishment of an investment fund. Similarly, savings on the “Members IT” provision of £15,000 can be made as costs have been less than anticipated.
- 6.46 **Review of 2007/2008 Pressures, Contingency, Terminating Grants and Priorities – Reduction £0.1m**
- 6.47 Similarly, a detailed review of these items has been completed. A saving of £0.1m can be taken on the Learning Disability budget which

included a provision for dual running costs for an eighteen/twenty four month period which ends on 31st March, 2009.

6.48 Temporary Benefits 2009/2010 – Total Value £0.4m

6.49 As indicated earlier the ongoing costs of Job Evaluation are higher than anticipated. Consequently there is a reduction in temporary protection costs for 2009/2010 of £0.2m.

6.50 The Council should also benefit from additional benefit subsidy income of £0.2m in 2009/2010. The sustainability of this income will depend on the level of benefit claimants and more importantly the grant rates paid by the Government. In previous years grant rates have been reduced as part of the Department for Work and Pensions efficiency programme. The recently announced increase in efficiency targets highlights the risk that grant rates may not be maintained. Therefore, it would not be prudent to anticipate this benefit continuing at this stage.

6.51 Revised Budget Gap

6.52 After reflecting the permanent and temporary factors detailed above the net budget deficit for 2009/2010 is £2.677m (including £0.45m of temporary costs).

6.53 This deficit is after reflecting the following previously approved issues for reducing the budget deficit.

Previously approved issues for reducing budget deficit

	<u>£'000</u>
Basic Council Tax increase	1,433
3% Efficiency Target	2,460
Planned Use of Budget Support Fund	2,674
Planned Use of 2008/2009 LABLI Grant	<u>402</u>
	<u>6,969</u>

6.54 The following table summarises the latest budget position for 2009/2010, 2010/2011 and 2011/2012. The table also includes the 2009/2010 forecast reported in February, 2008.

6.55 The table indicates that the Council has a structural budget deficit as costs are forecast to increase faster than income. These deficits are net of planned annual efficiencies of 3% in each of the next three years. A strategy needs to be developed to address this position on a permanent basis to ensure the Council has a sound financial base.

Feb. 08 Forecast 2009/10 £'000		Latest Forecasts			
		2009/10 £'000	2010/11 £'000	2011/12 £'000	Cumulative £'000
5,536	Gross Budget Gap (includes £1.5m headroom 09/10 & 10/11)	5,536	3,759	614	
(2,460)	3% Efficiency Target	(2,460)	(2,522)	(2,585)	
3,076	(a)	3,076	1,237	(1,971)	
	<u>Changes since February 2008 forecasts</u>				
0	Additional pressures identified above headroom 13.10.08	1,324	1,457	1,705	
0	Additional pressures identified since 13.10.08	2,785	2,855	2,926	
0	Additional pressures identified since 13.10.08 Temp items	450	0	0	
0	Review 2009/10 Proposed Pressures etc.	(545)	(536)	(549)	
0	Area Based Grant Review	(287)	(414)	(424)	
0	Pay inflation reduction and turnover increase	(500)	(513)	(525)	
0	2008/09 Pressures etc, Review	(50)	(51)	(53)	
0	2007/08 Pressures etc, Review	(100)	(103)	(105)	
0	Headroom for 2011/12 Pressures etc.	0	0	2,000	
0	(b) Total Changes since February 2008 forecasts	3,077	2,695	4,974	
3,076	(a+b) GROSS BUDGET DEFICIT	6,153	3,932	3,003	
(2,674)	Less - Planned use Reserves February 2008 (temporary)	(2,674)	(1,000)	(500)	
	<u>Less - Changes since February 2008 forecasts</u>				
0	Use of 2008/09 LABGI grant (temporary)	(402)	(237)	0	
0	Benefit Subsidy income (temporary)	(200)	0	0	
0	Lower Protection costs and funding reallocation (temporary)	(200)	0	0	
402	REVISED BUDGET DEFICIT	2,677	2,695	2,503	7,876

7. STRATEGY FOR BRIDGING NET 2009/2010 DEFICIT

- 7.1 As Members will appreciate there have been significant developments since the initial forecasts were submitted to Cabinet in October. The Corporate Management Team have over the last three weeks completed a detailed view of the budget position to identify areas where reductions can be made. These actions have reduced the budget deficit for 2009/2010 to £2.677m.
- 7.2 At this stage of the budget process it will be extremely challenging to identify specific proposals which can be implemented from 1st April, 2009, to address the whole of the 2009/2010 budget deficit. Such a strategy would be extremely risky in terms of timescale and implementing measures which are workable and sustainable.
- 7.3 In addition, implementing emergency measures could potentially jeopardise the achievement of the Business Transformation efficiencies as management capacity would need to be realigned to achieving emergency measures. Work is progressing to develop a proposed timetable for implementing the Business Transformation Programme. It is envisaged that this will enable efficiencies to be achieved in 2010/2011. In relation to 2009/2010 some efficiencies may be achieved towards the end of the financial year. It would not be prudent at this stage to build this into the 2009/2010 budget. This position can be reviewed in January, 2009 before the budget proposals for 2009/2010 are finalised.
- 7.4 It is therefore suggested that a strategy is developed to address the underlying structural deficit over the next eighteen months, to ensure

efficiencies and other measures can be implemented from 1st April, 2010.

- 7.5 As part of this strategy and the statutory requirement for the Council to set a balanced budget for the forthcoming financial year. Cabinet will need to determine how the 2009/2010 budget is balanced. The following measures are available for Cabinet's consideration:

	<u>Potential Value £'000</u>
i) Mill House – Prudential Borrowing Repayment budget (temporary)	309
<p>This amount is included to meet the repayment costs of using Prudential Borrowing. In practice this amount will not be needed in 2009/2010. This amount could therefore be earmarked as a one-off contribution towards the Mill House replacement, or taken as a temporary saving in 2009/2010. There may be a similar benefit in 2010/2011.</p>	
ii) Additional 1% efficiencies/savings target (permanent)	820
<p>Detailed proposals are set out at Appendix F. The achievement of these proposals will be challenging.</p>	
iii) Uncommitted one-off resources (temporary)	1,735
<p>It was previously suggested that this amount be used over a three-year period to support the revenue budget. Given the size of the 2009/2010 budget deficit, consideration needs to be given to using a greater proportion of this amount to support the 2009/2010 budget. It should be noted that these resources total £2.217m, although only £1.735m will have been received by 31st March, 2008. This is therefore the maximum available to support the 2009/2010 budget.</p>	
iv) Additional 1% Council Tax increase (permanent)	370
<p>Cabinet have previously approved an indicative 2009/2010 Council Tax increase of 3.9% and indicated that they do not wish to implement a higher increase. In view of the revised budget deficit Cabinet may wish to consider the impact of a</p>	

4.9% increase. An increase at this level should not be capped, although this cannot be guaranteed.

- 7.6 The measures identified above potentially provide £3.2m to offset the revised budget gap. For planning purposes it is assumed that Cabinet will wish to maintain the Council Tax increase at 3.9%, this reduces the amount available to £2.9m. This lower amount still exceeds the revised budget gap. For Members information the impact of alternative Council Tax increases is illustrated in the following table.

	2009/10 £'000	2010/11 £'000	2011/12 £'000	Cumulative £'000
<u>Option 1 - Current Position</u>				
Council Tax increase	3.9%	3.9%	3.9%	
Budget Deficit	2,677	2,695	2,503	7,875
<u>Option 2</u>				
Council Tax increase	3.9%	4.9%	4.9%	
Budget Deficit	2,677	2,325	1,763	6,765
<u>Option 3</u>				
Council Tax increase	4.9%	4.9%	4.9%	
Budget Deficit	2,307	1,955	1,393	5,655

- 7.7 It is therefore suggested that the gap is bridged firstly by taking the temporary Mill House savings, then by implementing additional permanent 1% efficiencies/savings and finally additional one-off resources. This strategy will help reduce the underlying structural deficit. It will also enable uncommitted one-off resources to be carried forward to support future year's budgets. If Members approve this strategy the 2009/2010 budget deficit of £2.677m can be bridged as follows

	<u>£'000</u>
• Allocate the Mill House Loan Repayment budget	300
• Implement additional 1% efficiency savings	820
• Using part of the uncommitted one-off resources (the unused amount can be allocated to support the 2010/2011 budget)	1,557

- 7.8 Part of the Mill House Repayment budget may need to be allocated for design and project management costs in 2009/2010 if Members wish to pursue this proposal quickly. This would reduce the support available to support the 2009/2010 budget.
- 7.9 Detailed proposals for achieving the additional 1% efficiencies/savings are provided in Appendix G. These issues are

7.1 APPENDIX 1

more challenging to achieve than the 3% efficiencies detailed in Appendix B.

- 7.10 Assuming Members approve the above proposals the impact on the budget forecast for the next three years is as follows:

Feb. 08 Forecast 2009/10 £'000		Latest Forecasts			
		2009/10 £'000	2010/11 £'000	2011/12 £'000	Cumulative £'000
402	REVISED BUDGET DEFICIT (as detailed in paragraph 6.54)	2,677	2,695	2,503	7,876
0	Mill House Loan Repayment budget (temporary)	(300)	0	0	
0	1% Additional 2008/09 savings (permanent)	(820)	(841)	(862)	
0	One off uncommitted resources (temporary)	(1,557)	(330)	(330)	(2,217)
402	NET FORECAST DEFICIT	0	1,525	1,312	

- 7.11 The above table indicates that the measures to balance the 2009/2010 budget do not address the underlying structural deficit. They do, however, provide more time to address this position. However, in 2010/2011 this strategy will require the identification of total efficiencies of £4m, as detailed below. This figure assumes that new pressures in 2010/2011 can be contained with the available headroom of £1.5m. If this is not the case additional efficiencies or service reductions will need to be identified.

2010/2011 Total Efficiency Target

	£'000
Existing 3% Target	2,522
Existing Net 2010/2011 Budget Deficit	<u>1,525</u>
	<u>4,047</u>

8. INITIAL CONSULTATION MEETING

- 8.1 Detailed consultation meetings have been held with the Trade Unions and representatives from the Business Sector. Minutes of these meetings are attached at Appendix H.

9. CONCLUSION

- 9.1 As reported previously there will be an overspend on departmental budgets in the current year of £2.6m. The Corporate Management Team have considered the implications of carrying this amount forward and repaying over the next three years. It is suggested that this option is not adopted owing to the more challenging financial position for 2009/2010 and beyond. An alternative strategy for funding this overspend is suggested which avoids departments starting 2009/2010 in debt. This strategy also avoids the use of General Fund Balances, which are forecast to be 3% at the end of the current financial year, which is the minimum prudent level. The overriding objective of the outturn strategy is to maximise resources

carried forward to support future years risks. The proposals in the report enable this to be achieved and £2.217m is available to assist future budgets from the 2008/2009 outturn.

- 9.2 In February, 2008 it was reported that the sustainability of the budget position in 2009/2010 and beyond depended on the achievement of efficiency savings and cost increases not exceeding the available budgeted headroom. On this basis small deficits were forecast for these years.
- 9.3 The financial position for 2009/2010 and beyond is significantly more challenging than previously anticipated. At a local level this is owing to increased pressures in relation to Children's and Adult Social Services and Job Evaluation. The local position will also be affected by the impact of the recession. The most visible initial sign of this locally will be a significant reduction in investment income owing to interest rates falling to levels not seen for over 50 years. Other income streams will come under increasing pressure in 2009/2010.
- 9.4 The 2009/2010 and 2010/2011 position has been assisted by the Government's confirmation of previously announced grant allocations for these years. Beyond 2010/2011 Government grant allocation will be less favourable owing to the impact of the recession on the Government's own financial position. However, despite the grant stability for the next two years the Council still faces an increased structural budget deficit for 2009/2010 and beyond.
- 9.5 This is not a new problem and the Council has been funding a structural deficit for a number of years from the use of reserves. The previous strategy reflected the planning assumption that the budget could be brought back into balance over a number of years through a combination of increasing grant allocations, Council Tax increases, the achievement of efficiencies and the control of costs. The latter factor is the most difficult to achieve owing to the demand lead nature of many services, particularly Children's and Adult Social Services.
- 9.6 In 2009/2010 the position can be managed by increasing the level of temporary support to £5.3m, compared to £2.7m planned in February, 2008. This position is not sustainable beyond 2009/2010. Therefore, a strategy will need to be developed during 2009/2010 to address the structural deficit, which arises because expenditure is increasing at a faster rate than income.
- 9.7 The Business Transformation programme will make a significant contribution to reducing the structural budget deficit and achieving the 2010/2011 efficiency targets included in the budget forecasts. However, the Business Transformation programme will not fund the whole of the budget deficit and other measures will need to be identified during 2009/2010 to put the budget onto a sustainable basis from 1st April, 2010.

- 9.8 Detailed proposals for achieving the 3% efficiency target in 2009/2010 are set out in the report. At this stage a detailed assessment of the one-off costs of achieving these efficiencies has not yet been completed. This work is ongoing and will enable costs to be quantified and a funding strategy to be developed.
- 9.9 The current 2009/2010 forecast assume no investment income, although in practice this is likely to be pessimistic. There is some potential scope for investment income in 2009/2010 but this will be at a much lower level owing to interest rate reductions and changes in cashflows (paying local suppliers early and more challenging collection of amounts payable to the Council). Other income streams will come under increasing pressure in 2009/2010 and this will need to be a first call on investment income. These issues are currently being assessed and an update will be provided in January, 2009.
- 9.10 The future budget position will not be helped by the impact of the current recession which will result in lower growth in public sector expenditure in the next Comprehensive Spending Review, covering the three years 2011/2012 to 2012/2013. The Chancellor recently stated that public sector growth will be only 1.1% over this period. As Education and Health are likely to be given priority, whatever the outcome of the next election, other areas of the public sector, including local authorities are likely to be given a lower priority. At best this will mean lower increases in grants than in recent years. At worst even cuts in funding. At the same time demographic pressures will continue.

10. RECOMMENDATIONS

- 10.1 It is recommended that the following proposals be put forward for formal scrutiny:
- 10.2 2008/2009 Outturn Strategy
- 10.3 Approve the proposal to earmark the increase in the stock of funds as follows:
- £400,000 to manage RTB timing risk;
 - £639,000 to fund initial budget deficits for 2009/2010 and 2010/2011;
 - £93,000 for Bus Services (approved by Council November, 2008);
 - £23,000 for one-off costs associated with the revised Legal Services restructure;
 - £2,217,000 to support the 2009/2010 to 2010/2011 budgets.
- 10.4 Approve the proposals that capital expenditure up to the value of £2.6m which it was planned to fund from revenue budgets (RCCO's) and the Capital Funding Reserves should be funded from Prudential Borrowing. The resulting repayment costs in 2009/2010 will be

funded by earmarking part of the 2008/2009 RCCO's and from 2010/2011 these costs will be a first call of the £1.5m budget headroom.

- 10.5 Approve the proposal to earmark the revenue resources released from recommendation 10.4 to fund the 2008/2009 departmental overspends.
- 10.6 Approve the proposal to earmark the 2008/2009 additional investment income firstly to offset 2008/2009 income shortfalls, then £1.5m for Building Schools for the Future costs and £0.5m as a risk contingency for potential income shortfalls on the Tall Ships budget which may arise from adverse weather when the ships visit. In the event that the Tall Ships amount is not needed these resources should be returned to the General Fund in 2010/2011.
- 10.7 Capital
- 10.8 Approve the proposals that Government capital allocations should be passported.
- 10.9 Approve the proposal to continue Capital investment of £1.2m in local priorities for the three years 2009/2010 to 2011/2012, which will be funded from supported borrowing. Details proposals for 2009/2010 are set in Appendix A.
- 10.10 Approve the proposal to provide Capital investment of £1.2m in 2009/2010 to fund a range of health and safety and property improvements. Detailed proposals will be reported in January, 2009.
- 10.11 2009/2010 Revenue Budget
- 10.12 Approve the proposed 3% efficiencies detailed in Appendix B.
- 10.13 Approve the revised net pressures etc., as detailed in the following Appendices:
 - Appendix C - Pressures
 - Appendix D – Contingency
 - Appendix E – Terminating Grants
- 10.14 Approve the proposed 2009/2010 allocations and 2010/2011 indicative allocations of the Area Based Grant detailed in Appendix F. Note that in the event that Council in February, 2009, do not approve individual ABG allocations the Council will need to underwrite such schemes for a three month period to enable Partners to comply with statutory redundancy timescales.

7.1 APPENDIX 1

- 10.15 Approve the revised corporate planning assumptions for reducing the provision for pay awards by 0.5%, saving £0.2m (paragraph 6.42) and increase in the salary turnover target of £0.3m (paragraph 6.43).
- 10.16 Approve the reduction in 2008/2009 pressures etc. of £50,000 (paragraph 6.44).
- 10.17 Approve the reduction in 2009/2010 pressures etc. of £100,000 (paragraph 6.46).
- 10.18 Approve the temporary measures for reducing the budget gap from reduced job evaluation protection costs £0.2m (paragraph 6.49) and additional benefit subsidy income £0.2m (paragraph 6.50).
- 10.19 Approve the proposal to bridge the net budget gap for 2009/2010 of £2.677m as follows and to note that this does not address the underlying structural budget deficit which will need addressing during 2009/2010:

	<u>£'000</u>
• Allocate the Mill House Loan Repayment budget	300
• Implement additional 1% savings	820*
• Using part of the uncommitted one-off resources	1,557

*Details provided at Appendix G.

- 10.20 Delegate authority to the Chief Financial Officer to respond to the provisional grant settlement as suggested in paragraph 6.12.

7.1 APPENDIX 1 (A)

SCHEDULE OF LOCAL CAPITAL PROPOSALS

Project	2009/10 Allocation £'000	2010/11 Allocation £'000
<u>Schemes approved as part of 2008/09 Budget Process</u>		
Civic Centre Ramp Access	151.0	(a)
Highways Maintenance Schemes	40.0	(a)
Coast Protection (North Pier)	100.0	(a)
Economic Development - Industrial and Commercial	100.0	(a)
Regeneration Match Funding	100.0	(a)
<u>Proposal to be allocated as part of 2009/10 Budget Process</u>		
Grayfields Mini soccer pitches	74.0	(b)
Energy Efficiency schemes	20.0	(b)
Non-adopted highway areas	100.0	(b)
Wharton Terrace Area (Removal of planters)	50.0	(b)
Municipal Buildings Fire system	12.5	(b)
Disabled facilities grants	100.0	(b)
Central library	100.0	(b)
Regeneration match funding	75.0	(b)
Economic Development - Industrial and Commercial	75.0	(b)
Shopping parade improvements	50.0	(b)
Mill House Leisure	350.0	(b)
Less 2009/10 over programming	(297.5)	(b)
<u>Proposal to be allocated as part of 2010/11 Budget Process</u>		
Less 2009/10 over programming		297.5 (b)
Proposal to be allocated as part of 2010/11 Budget Process		902.5
	1,200.0	1,200.0

Notes

a) These schemes are to be funded over two years commencing 2008/09 and committed £0.491m of the 2009/10 allocation. Council approved these schemes on 14th February 2008

b) The 2009/10 total shows an over programming in expectation of scheme costs coming in under budget estimates as in previous years and/or timing delays implanting projects. The Programme will be managed to ensure 2009/10 expenditure does not exceed resources, which may mean costs are to be rolled forward into 2010/11 if necessary.

ADULT AND COMMUNITY SERVICES - PROPOSED EFFICIENCIES

CLT Portfolio	A&CSD CS Dept/ Div	Budget heading / Cost Centre	7. C&L Corp Strategy theme	Description	Type of budget proposal	Efficiency Classification	Budget Value			Cost of efficiency saving £000	Risk impact	1. Unlikely/Risk probability .	Risk score	Risk status	Rate the Diversity impact	All Diversity strand's)	No Treat as contingency item	Staffing Impact	Other Comments
							09/10 £000	10/11 £000	11/12 £000										
CLT	A&CSD CS	Community Forest	7. C&L	Membership of North East Community Forest ended following merger of NECF with Groundwork Trust . In future work to be bid for on a project by project basis.	Efficiency		28	0	0	0	1. Low	1	Green	Neutral	All	No	No		
CLT	A&CSD CS	Grounds Maint Contract 1 and 2	7. C&L	Reconfigure attendant provision at Grayfields and Summerhill at a lower cost than the current contractual Arrangements	Efficiency		13	4	0	0	1. Low	1	Green	Neutral	All	No	0		
CLT	A&CSD CS	Art Gallery Tourist Information	7. C&L	Streamlining of site management rosters and <u>minor</u> adjustments to service opening times, including streamlined private view arrangements.	Efficiency		18	0	0	0	1. Low	1	Green	Neutral	All	No	0.4		
CLT	A&CSD CS	Art Gallery Maritime Experience Museum of Hartlepool	7. C&L	To get better value from suppliers by reviewing contracts and replacing them with more efficient ways of working.	Efficiency		22	0	0	0	1. Low	3	Green	Neutral	All	No	0.5		
CLT	A&CSD CS	Libraries General Reference Library	7. C&L	Reduce expenditure on library stock; using internal and external data to enable better and more informed purchasing choices to be made. Stock and community profiling in 2009/10 to help identify local usage and key areas of stock. Benefits; improved stock turn [stock attracts more issues], stock better reflects user requirements	Efficiency		15	0	0	0	1. Low	3	Green	Neutral	All	No	No		
CLT	A&CSD CS	Central Library Relief Register	7. C&L	Introduction of RFID ie. self issue & receipt of library books, at the Central Library. RFID agreed by Cabinet and approved by IT Partnership Board subject to further clarification of cost analysis. Benefit: staff released from repetitive and manual tasks to improve customer services.	Efficiency		21	0	0	0	1. Low	3	Green	Neutral	All	No	1.0		
CLT	A&CSD CS	Community Centres	7. C&L	Restructure of cleaning and caretaking staff within Community Centres to deliver service at lower cost than current arrangements.	Efficiency		20	15	0	0	1. Low	2	Green	Neutral	All	No	0.0		

ADULT AND COMMUNITY SERVICES - PROPOSED EFFICIENCIES

CLT Portfolio	A&CSD CS Dept/ Div	Budget heading / Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Efficiency Classification	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	All Diversity strand's)	No Treat as contingency item	Staffing Impact	Other Comments
							09/10 £000	10/11 £000	11/12 £000										
CLT	A&CSD CS	Community Development	7. C&L	Reduction in printing, training and project development fund budgets whilst maintaining service level.	Efficiency		12	0	0	0	1. Low	2	Green	Negative	All	No	0.0		
CLT	A&CSD CS	Borough Building	7. C&L	Redine the working arrangements within the Borough Hall and Sports Centre to maximise targeted activity and use.	Efficiency		20	0	0	0	1. Low	2	Green	Neutral	All	No	2.0		
CLT	A&CSD CS	Arts Development	7. C&L	Redirect investment in professional artist fees. This includes reduction of budget from Tees Valley investment Fund to allow direct spend in Hartlepool.	Efficiency		10	0	0	0	1. Low	2	Green	Neutral	All	No	2.0		
APHS	A&CSD ASC	Support, Time & Recovery Team	3. H&C	Current Support Time and Recovery service over staffed by 2 posts (currently vacant). Reducing this service by these 2 posts will not affect provision and retains the number of staff needed to deliver the service.	Efficiency		39	0	0	0	1. Low	1	Green	Neutral	All	No	2.0		
APHS	A&CSD ASC	Brooklyn Day Centre	3. H&C	Access ing people to mainstream provision rather than building based statutory provision thereby promoting choice and social inclusion.	Efficiency		5	0	0	0	1. Low	1	Green	Neutral	Disability	No	Nil		
APHS	A&CSD ASC	Warren Road Day Centre	3. H&C	Reduction in the number of senior link workers to allow a flatter management structure and more flexible working to promote a more modernised and efficient service and release cash for Individual Budgets.	Efficiency		60	0	0	0	1. Low	1	Green	Neutral	All	No	3.5		
APHS	A&CSD ASC	Learning Disabilities SWAT Team	3. H&C	Co-location of LA and NHS Learning Disability teams at Warren Road, enabling efficiencies across rent and utilities.	Efficiency		30	0	0	0	1. Low	1	Green	Neutral	Disability	No	Nil		
APHS	A&CSD ASC	Sensory Loss Team	3. H&C	Physical Disabilities team to be relocated within loclity teams to promote integrated and seamless service provision. Team Manager post, currently vacant, to be disestablished.	Efficiency		45	0	0	0	1. Low	1	Green	Neutral	Disability	No	1.0		

ADULT AND COMMUNITY SERVICES - PROPOSED EFFICIENCIES

Portfolio	Dept/ Div	Budget heading / Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Efficiency Classification	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability	Risk score	Risk status	Rate the Diversity impact	Diversity strand's	Treat as contingency item	Staffing Impact	Other Comments
							09/10 £000	10/11 £000	11/12 £000										
APHS	A&CSD ASC	Sensory Loss Team	3. H&C	Physical Disabilities team to be relocated within locality teams to promote integrated and seamless service provision. Team clerk post, currently filled by temporary postholder, to be disestablished.	Efficiency		20	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	Disability	No	1.0	
APHS	A&CSD ASC	Warren Road Day Centre	3. H&C	Relocation to share accommodation and thereby reduce costs of rent and utilities by sharing the costs across the LA and NHS.	Efficiency		3	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	Disability	No	Nil	
APHS	A&CSD ASC	Learning Disabilities Agency	3. H&C	Use of the fair price tool kit across the Tees region to allow efficient and equitable pricing by reviewing contracts.	Efficiency		30	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	Disability	No	Nil	
APHS	A&CSD ASC	Learning Disabilities Agency	3. H&C	End block contract for respite care beds service and develop alternative, smaller unit with other respite care alternatives in line with personalised services.	Efficiency		50	0	0	0	2. Medium	1. Unlikely	2	Green	Neutral	Disability	No	Nil	
APHS	A&CSD ASC	Adults Management	9. OrgD	Review of planning function to link to wider reorganisation of Adult Social care to ensure more efficient processes.	Efficiency		44	0	0	0	1. Low	3. Likely	3	Green	Neutral	All	No	1.0	
APHS	A&CSD ASC	Care Management Team 2	9. OrgD	Integration of management structures with PCT.	Efficiency		45	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	1.0	
APHS	A&CSD ASC	Duty Team	9. OrgD	Re-alignment of skill mix within Duty team - capacity at first point of contact unaffected.	Efficiency		10	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0.0	

ADULT AND COMMUNITY SERVICES - PROPOSED EFFICIENCIES

APHS Portfolio	A&CSD SS Dept/ Div	Budget heading / Cost Centre	9. OrgD Corp Strategy theme	Description	Type of budget proposal	Efficiency Classification	09/10	10/11	11/12	Cost of efficiency saving £000	1. Low Risk impact	3. Likely/Risk probability .	Risk score	Risk status	Rate the Diversity impact	All	No	
							£000	£000	£000									
APHS	A&CSD SS	Support Services	9. OrgD	Review of divisional admin staff planned for late 2008. Links to wider Business Transformation programme.	Efficiency		37	0	0	0	1. Low	3. Likely	3	Green	Neutral	All	No	2.0
APHS	A&CSD SS	Workforce Planning & Development	9. OrgD	Changes to deployment of training resources, including possible procurement and partnership gains.	Efficiency		15	0	0	0	1. Low	3. Likely	3	Green	Neutral	All	No	No
APHS	A&CSD SS	Finance Section	9. OrgD	Finance Section receive and manage benefits on behalf of many service users. Departmental Review planned for late 2008, including processes and numbers of referrals.	Efficiency		25	0	0	0	2. Medium	2. Possible	4	Amber	Neutral	All	No	1.0
APHS	A&CSD ASC	Older People Purchasing	9. OrgD	Hartfields Extra Care Village to be utilised rather than residential care for older people who require substantial levels of support to remain safe. Improve quality of live. Manage financial resources more effectively.	Efficiency		125	0	0	0	2. Medium	3. Likely	6	Amber	Neutral	All	No	No
CLT	A&CSD CS	Leisure Centres	7. C&L	Review of Mill House Leisure Centre staffing and rostering arrangements to maximise efficient working.	Efficiency		20	10	5	0	2. Medium	2. Possible	4	Amber	Neutral	All	No	3.0
APHS	A&CSD ASC	Integrated Care Team 1 and 3	9. OrgD	Integration of internal Homecare service and Intensive Support team to create new Direct Care & Support Service. Integration with PCT will support the introduction of Telehealth and offer a more efficient service around rapid response cases. Focussing on early intervention and using specialist workforce to deliver outcomes and transfer less complex work to independant sector.	Efficiency		193	0	0	0	2. Medium	4. Almost certain	8	Red	Neutral	All	No	6.7

ADULT AND COMMUNITY SERVICES - PROPOSED EFFICIENCIES

APHS Portfolio	A&CSD ASC Dept/ Div	Budget heading / Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Efficiency Classification	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	All Diversity strand's)	No Treat as contingency item	Staffing Impact	Other Comments	
							09/10 £000	10/11 £000	11/12 £000											
APHS	A&CSD ASC	Occupational Therapy	9. OrgD	Redesign of business processes in Occupational Therapy, building on work completed with Care Services Efficiency Delivery programme, and embracing electronic and home working. Improvements in technology and review of skill mix will lead to more robust scheduling at first point of contact.	Efficiency		35	0	0	0	2. Medium	4. Almost certain	∞	Red	Neutral	All	No	2.0		
							1,010	29	5											

CHIEF EXECUTIVES DEPARTMENT - PROPOSED EFFICIENCIES

Perf	Portfolio	CED CS	Dept/ Div	Budget heading/ Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Efficiency Classification	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments
									09/10 £000	10/11 £000	11/12 £000										
Perf		CED CS			9. OrgD	A reduction in a variety of operating expenses within Corporate Strategy division including, as a result of reviews of paper circulation, reductions in printing costs	Efficiency		9.1	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
Perf		CED CS			9. OrgD	Reviews of consultation activity and changes in practise have resulted in a reduced need for fieldwork activities to undertake scheduled consultation	Efficiency		7.0				1. Low	1. Unlikely	1	Green	Neutral	All	No	0	The reduction in fieldwork activities will have no direct impact on staffing as these workers are employed only for specific consultation exercises on short term contracts
Perf		CED CS			9. OrgD	Minor reductions in operating expenses	Efficiency		2.5				1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
Perf		CED CS			9. OrgD	Reduction in printing costs for Corporate Plan as take up of hard copies has reduced significantly in recent years	Efficiency		1.0				1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
Fin		CED F		Accountancy	9. OrgD	Following the implementation of new Financial Management System and review of working practices a vacant Accounting Technician post can be deleted. Whilst, this proposal will not impact on current operational requirements, it reduces capacity to support non core activities, such as new corporate initiatives, support for departmental finance teams when they have vacancies, or support of new grant regimes.	Efficiency		22.0				1. Low	2. Possible	2	Green	Neutral	All	No	-1.0	Staffing reduction already achieved as post vacant.

CHILDREN'S SERVICES - PROPOSED EFFICIENCIES

7.1 APPENDIX 1 (B)

CS Portfolio	Dept/ Div	Budget heading/ Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Efficiency Classification	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments
							09/10 £000	10/11 £000	11/12 £000										
CS	CSD R&SS	Admin	2. LLL	In setting the 2008/09 budget the department had to incorporate £100k for the back scanning of social care records to comply with legislation. This exercise involves temporary staffing and equipment costs and the exercise should be completed by 31st March 2009.	Efficiency		100	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	-4	Temporary contracts will not be extended for 4 staff.
CS	CSD R&SS	Premature Retirement Costs	2. LLL	The department is continuing to experience reduced costs on its PRC (Premature Retirement Costs) budget as former employees and their dependents die. Based on current commitments, savings of £30,000 are projected in 2009/10.	Efficiency		30	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
CS	CSD P&SI	Youth	8.5TC	A mini restructure as part of integrated working between Connexions and the Youth Service will result in a managerial post being saved. This will release a vacant post yielding a net saving of £40k. There would be no adverse impact on provision for young people.	Efficiency		40	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0	This will involve the transfer of a mainstream funded post to PAYP grant funding with longer term risk if grant is discontinued. Currently secure until 2010/2011.
CS	CSD S&SS	Exmoor Grove	3. H&C	Staffing and premises savings have been identified resulting from changes to the shift patterns and opening hours at Exmoor Grove with no adverse impact on service delivery or children accessing service.	Efficiency		90	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
CS	CSD S&SS	Resource Centres	4. Csa	Efficiencies from maintenance and building costs associated with family resource centres.	Efficiency		20	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
CS	CSD R&SS	Admin Support	2. LLL	Reduction in admin support posts across the Children's Services Department through rationalisation of service and maximising potential benefits of current vacancies.	Efficiency		54	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0	These savings can be made without redundancy
CS		School Improvement Partners	2. LLL	Review arrangements in relation to School Improvement Partners and OfSTED inspections to maximise income and reduce costs.	Efficiency		12	6	0	0	1. Low	2. Possible	2	Green	Neutral	All	No	0	Some minimal impact on services to schools.

CHILDREN'S SERVICES - PROPOSED EFFICIENCIES

7.1 APPENDIX 1 (B)

CS Portfolio	Dept/ Div	Budget heading/ Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Efficiency Classification	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments
							09/10 £000	10/11 £000	11/12 £000										
CS			Co-ordinators 2. LLL	Deletion of Outdoor Education Co-ordinator post.	Efficiency		40	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0	Currently a vacant post.
CS		School Development & Curriculum	2. LLL	This budget is used to support "one-off" initiatives and to help those schools in challenging circumstances. Deletion of this funding may increase the risk of schools moving into Ofsted or cause for concern category and/or pupil performance declining.	Efficiency		40	0	0	0	2. Medium	2. Possible	4	Amber	Neutral	All	No	0	Possible adverse impact on schools
CS	CSD R&SS		Pupil Support 2. LLL	Further reduce the subsidy paid to support attendance at Lanehead and Carlton Outdoor Centres by pupils from low income families. Hartlepool currently provides higher subsidies than Middlesbrough and Redcar and Cleveland Councils although the gap narrowed as a result of the 2008/09 budget.	Efficiency		5	0	0	0	2. Medium	2. Possible	4	Amber	Neutral	All	No	0	
CS	CSD R&SS		Admin Support 2. LLL	Reduction of admin support posts across the Children's Services Department through rationalisation of service.	Efficiency		126	0	0	0	2. Medium	2. Possible	4	Amber	Neutral	All	No	5	These savings can be made whilst maintaining appropriate service levels but could lead to up to 5 redundancies.
CS	CSD R&SS		Primary Swimming 2. LLL	Savings could be made from the use of swimming pools and rationalisation of staff employed to deliver the primary swimming programme. This could involve redundancy costs and/or one off costs to buy out existing contracts.	Efficiency		10	0	0	0	2. Medium	3. Likely	6	Amber	Neutral	All	No	1	
CS	CSD S&SS		Commissioning 4. Csa	Efficiencies could be realised via improved commissioning and procurement practice with external suppliers of daycare.	Efficiency		26	0	0	0	2. Medium	2. Possible	4	Amber	Neutral	All	No	0	
							593	6	0										

NEIGHBOURHOOD SERVICES - PROPOSED EFFICIENCIES

nc	NSD NM	Env	Budget heading/ Cost Centre	Cost Centre Code	Corp Strategy theme	Description	Type of budget proposal	Efficiency Classification	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments
									09/10 £000	10/1 1 £000	11/1 2 £000										
NC	NSD PP	Pride in Hartlepool			5. Env	External Sponsorship for Pride in Hartlepool	Efficiency		5	0	0	0	1. Low	1. Unlikely	-1	Green	Neutral	All	No	0	
NC	NSD F&BD	Admin			9. OrgD	Revised reception arrangements at Church Street Offices releasing 0.5 FTE	Efficiency		10	10	10	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	1	
APHS	NSD PP	Consumer Services		36741	3. H&C	Savings in licensing operations based on income predictions / operational needs.	Efficiency		20	0	0	0	2. Medium	2. Possible	4	amber	Neutral	All	no	0	There may be a risk if there are changes in these needs.
APHS	NSD PP	Cems and Crems (36743)			3. H&C	Additional income by increasing burial and cremation charges by 10%.	Efficiency		44	29	13	0	2. Medium	2. Possible	4	amber	Neutral	All	No	no	
Fin		FM ex Property Services			5. Env	Restructure building maintenance and management section	Efficiency		35	0	0	0	2. Medium	2. Possible	4	amber	Neutral	All	No	1	
Fin	NSD PS	Asset and Property Management			5. Env	Reconfigure property management service with retirement of staff member	Efficiency		40	0	0	0	2. Medium	2. Possible	4	amber	Neutral	all	no	1	
NC	NSD TS	Road Safety		36711	5. Env	Advertising and marketing within road safety section	Efficiency		5	0	0	0	2. Medium	2. Possible	4	Amber	Neutral	all	No	0	e.g. marketing of driver training scheme
nc	NSD NM	Env			5. Env	Rationalisation of supervision of weekend working	Efficiency		10	2	0	0	2. Medium	2. Possible	4	amber	Neutral	all	no	0	A review of weekend operations to be carried out to identify areas of efficiency and duplication

NC Portfolio	Budget heading/ Cost Centre	Cost Centre Code	Description	Type of budget proposal	Efficiency Classification	09/10 £000	10/11 £000	11/12 £000	Cost of efficiency saving £000	Risk impact	Risk probability	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments	
NC	NSD NM	Waste Disposal	5. Env	Reduction of end market costs for the recycling of plastic and cardboard	Efficiency	20	0	0	0	1. Low	1. Unlikely	1	green	Neutral	all	no	0		
NC	NSD NM	FM	5. Env	Restructure of Facilities Management Services	Efficiency	30	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	all	no	1		
nc	NSD NM	Grounds	5. Env	Reconfigure schools grounds maintenance service releasing 0.5 FTE	Efficiency	10	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	all	No	1		
NC	NSD NM	Env Enforcement	5. Env	Fine income generation through the introduction of dog control orders	Efficiency	10	2	2	0	1. Low	1. Unlikely	1	Green	Neutral	all	no	0		
nc	NSD NM	Neighbourhood Management	5. Env	Restructure savings within Neighbourhood Management	Efficiency	92	0	0	0	2. Medium	2. Possible	4	amber	Neutral	all	no	0		
nc	NSD All	overall budgets	9. OrgD	Cash freeze a range of budget headings at 2008/09 level.	Efficiency	25	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	all	No	0		
Fin	NSD PS	N/S facilities management	36278	Reduction of one further member of FM team dealing with schools. Minimal risk.	Efficiency	Dept.	32	0	0	56	2. Medium	2. Possible	4	Amber	Neutral	All	No	1	

Portfolio	Dept/ Div	Budget heading/ Cost Centre	Cost Centre Code	Corp Strategy theme	Description	Type of budget proposal	Efficiency Classification	09/10 £000	10/11 £000	11/12 £000	Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments
APHS	NSD PP	Admin Civic	36730		Reduction in administrative IT support, saving in one post.	Efficiency	Dept.	20	0	0	10	1. Low	2. Possible	2	Green	Neutral	All	No	1	
NC	NSD TS	Engineering consu	36702		Removal of Principal Engineer post as part of the exercise to combine Building and engineering consultancy divisions.	Efficiency	Dept.	45	0	0	0	2. Medium	2. Possible	4	Amber	Neutral	All	No	1	
NC	NSD NM	Grounds maint	36632		Rationalisation of supervisory arrangements resulting in a reduction of two posts.	Efficiency	Dept.	24	0	0	60	2. Medium	2. Possible	4	Amber	Neutral	All	No	1	
APHS	NSD PP	consumer services	36741		Reduction in one technical officers post, Low impact work can be absorbed by current team.	Efficiency	Dept.	15	0	0	8	1. Low	2. Possible	2	Green	Neutral	All	No	1	
APHS	NSD PP	Markets	36745		Markets supervision function to be transferred to neighbourhood management. Saving one part time post.	Efficiency	Dept.	10	0	0	2	1. Low	2. Possible	2	Green	Neutral	All	No	1	
NC	NSD NM	Street cleansing	36291		Modernisation of Cleansing and grounds maint function resulting in savings on vehicle usage.	Efficiency	Dept.	19	0	0	0	2. Medium	2. Possible	4	Amber	Neutral	All	No	0	
								521	43	25										

REGENERATION AND PLANNING - PROPOSED EFFICIENCIES

Portfolio	Dept/ Div	Budget heading/Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability	Risk score	Risk status	Rate the Diversity impact	All Diversity strand(s)	Treat as contingency item	Staffing impact	Other Comments
						09/10 £000	10/11 £000	11/12 £000										
RS	R&PD P&ED	Economic Development: Contribution to Sub Regional Partnerships	1. Jobs	Reduction in the HBC contribution to the Joint Strategy Unit. It is expected that the JSU will once again reduce their budget to reflect the national cashable efficiency target. The final saving will depend on the inflation factor used and population statistics applied by the JSU but a reduction in the region of £5,000 could be possible with no effect on the council's services	Efficiency	5	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
NC	R&PD Ho	Housing Advice / Private Sector Housing	6. Ho	Reduction of a number of supplies and services headings within the Housing Division's budget. A number of minor budgets can be reduced or removed which would together generate a small scale efficiency without a major effect on the service.	Efficiency	15	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
RS	R&PD CStr	Community Strategy	8.SIC	Reduction in several supplies and services headings within the Community Strategy Division's budget. A number of small budgets can be reduced which would generate a small scale efficiency with a limited negative impact on services.	Efficiency	3	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
RS	R&PD SS	Admin	9. OrgD	Reduction in several supplies and services headings within the Support Services Division's budget. Several budgets can be reduced which would generate a small scale efficiency with only a minimal affect on the service.	Efficiency	5	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
RS	R&PD Reg	Planning Policy and Regeneration Management	5. Env	A mini restructure within the Planning Policy and Information Team and reduction in budget for supporting the production of Local Development Framework (LDF) related documents by the team and any associated research / consultancy support. This does carry some risk to the delivery of a statutory process but nevertheless is deemed manageable within overall budget resources.	Efficiency	10	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
RS		Inflation Freeze		An inflation freeze imposed on various non contractual budget headings. It is proposed to manage a number of headings without implementing a 2.5% inflation allowance. It is felt that such a freeze could be implemented without a major negative affect on departmental services.	Efficiency	9	0	0	0	1. Low	2. Possible	2	Green	Neutral	All	No	0	

REGENERATION AND PLANNING - PROPOSED EFFICIENCIES

7.1 APPENDIX 1 (B)

Portfolio	Dept/ Div	Budget heading/Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments
						09/10 £000	10/11 £000	11/12 £000										
RS	R&PD CSaf	Youth Offending	4. Csa	YOS Commissioning: Youth Offending Service (YOS) provides a comprehensive service to young offenders, and also works with their family and victims. Several services are provided by the voluntary sector, and the Service Level Agreements have been re-negotiated on an annual basis. A programme to re-commission these services will be developed for 2008-2010. Specifications will be reviewed following consultation with service users	Efficiency	4	0	0	0	1. Low	2. Possible	2	Green	Neutral	All	No	0	
RS	R&PD CSaf	Youth Offending	4. Csa	YOS Sessional Workers: The Youth Offending Service requires a pool of sessional workers, with different skills, knowledge and experience to support the full-time staff with their supervision of young offenders. Sessional workers have a contract with HBC which allows them to work flexibly, to suit the requirements for each individual young offender. They are not contracted to work fixed hours per week and are paid by the hour. This proposal will change the funding for sessional workers from HBC mainstream budget, to a grant budget. All other arrangements will remain the same	Efficiency	10	0	0	0	1. Low	2. Possible	2	Green	Neutral	All	No	0	
RS	R&PD CSaf	Community Safety	4. Csa	Cost of Accommodation. HBC currently supports the Police occupation at 6 of the 7 local offices by funding (or contributing to) the rates, repairs and maintenance and rent (where appropriate) of these buildings. One of these buildings (9 Church Street) is however shortly to be vacated by the Police and it is proposed to accommodate the Partnership's Reducing Re-offending Team within this office. Contributions from the Drug Interventions Programme and Probation towards the running costs of the building will result and consequently reduce the cost to the authority.	Efficiency	10	0	0	0	1. Low	2. Possible	2	Green	Neutral	All	No	0.0	
RS	R&PD CSaf	Youth Offending	4. Csa	YOS Admin Post: Due to a full-time vacancy arising with the YOS, a review of the admin capacity has been undertaken and an efficiency saving of 0.5 Fte can be achieved.	Efficiency	10	0	0	0	1. Low	2. Possible	2	Green	Neutral	All	No	0.5	Some additional risk of not being able to make this saving exists due to lack of clarity in respect of actual staffing budgets available as a result of the Job Evaluation exercise

REGENERATION AND PLANNING - PROPOSED EFFICIENCIES

Portfolio	Dept/ Div	Budget heading/Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments
						09/10 £000	10/11 £000	11/12 £000										
RS	R&PD SS	Admin	9. OrgD	Reduction in staffing resources within the Support Services Division. Further work would be required to identify the most appropriate course of action to achieve this efficiency although there appears to be an opportunity (albeit fairly limited) to do this without negatively impacting on existing permanent employees. This would however increase the pressure on team members who at the start of 2007/08 began to support the newly transferred Housing Division with no additional resource.	Efficiency	7	0	0	0	2. Medium	2. Possible	4	Amber	Neutral	All	No	0.3	Some additional risk of not being able to make this saving exists due to lack of clarity in respect of actual staffing budgets available as a result of the Job Evaluation exercise
NC	R&PD Ho	Strategic Housing	6. Ho	Reduction in the budget for research activities and specialist studies on Housing. Ongoing specialist work is required to statutorily assess housing needs for the council's housing and planning strategies and to support bids for funding. This proposed reduction does carry risk of the authority failing to adequately identify or respond to local need in statutory services. Some mitigating measures exist through the continuing work with other authorities at the sub regional and regional level and the introduction of Choice Based Lettings will contribute to our understanding of current and emerging housing issues.	Efficiency	10	0	0	0	2. Medium	2. Possible	4	Amber	Neutral	All	No	0	
RS	R&PD P&ED	Development Control	5. Env	Development Control fee income: projected fee income increase reflects increased fee rates, widened scope of charging for applications (including related to discharging of conditions) and projected level of future applications, based on patterns over 2007-8, 2008-9 to date and assumptions based on known schemes in the pipeline. Such increase would reduce the net cost of the DC service, whilst allowing the maintenance of existing level of service and performance (which contributes towards level of Housing and Planning Delivery Grant received). Fee income level is monitored throughout the year and overall service budget will be managed to take account of any variance from projected fee income level. There is however RISK attached to this proposed efficiency in view of the reliance on external factors and in particular the current uncertainties in relation to the economic climate.	Efficiency	20	0	0	0	2. Medium	2. Possible	4	Amber	Neutral	All	No	0	
RS	R&PD Reg	Major Regeneration Projects	5. Env	Major Regeneration Projects: A reduction on this budget heading would be necessary to meet a 3% efficiency saving target. The budget is used primarily to support the Victoria Harbour programme and as such is a high priority. There is a risk of not securing grant funding as a result of this reduction and the lower resource level may slow the momentum of preparation of related schemes.	Efficiency	20	0	0	0	2. Medium	2. Possible	4	Amber	Neutral	All	No	0	Reduction in this budget may not be well-timed given the overall Victoria Harbour position

Perff Portfolio	Perff Dept/ Div	Budget heading/Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments
						09/10 £000	10/11 £000	11/12 £000										
	CED HR		9. OrgD	<p>Safer workforce - HR Operational support increased to ensure compliance by Depts in respect of safer workforce practices. Major areas include recruitment, structure/checking of personal files etc. Additional and on-going training of managers in departments required. Risk to the Authority in respect of non compliance in respect of procedures will be increased. Potential effect on Councils rating. Independent Safeguarding Authority - increased work in relation to registration/clearance of employees. Failure to support could result in the employment of individuals who pose a risk to children / vulnerable adults.</p>	Pressure	53	0	0		3. High	3. Likely	9	Red	Neutral	All	No	0	
Perff	CED HR		9. OrgD	<p>Tees Valley and Durham Communications service - (BSL interpretation). Previously funded from Human Resources managed revenue underspend. The Council has extended the contract for another three years. This service provision is essential so as not to discriminate the deaf people from using our services. The benefits are that we will be complying with the Equality legislation and promoting equal opportunities to all our customers. Diversity consultations with ethnic minorities, Lesbian, Gay, Bi-sexual and Transgender (LGBT) community, people with disabilities and to start a religious forum. Previously funded by Corporate Strategy as new initiative. Equality Act 2006 looks for compliance in providing services to all the diversity strands. The benefits are immense as this would lead to providing services to all sections within our communities free from discrimination.</p>	Pressure	13	0	0	0	3. High	3. Likely	9	Red	Positive	Disability	No	0	<p>This payment is to cover the admin costs as the usage is re-charged to the relevant departments. Corporate strategy funded these as they were initiatives. Now with their budget pressures, they cannot continue to fund these existing consultations.</p>

Perf Portfolio	CED All Dept/ Div	Budget heading/ Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing impact	Other Comments
						09/10 £000	10/11 £000	11/12 £000										
Fin	CED F	Accountancy	9. OrgD	<p>From 2010/11 Local Authorities will need to comply with International Financial Reporting Standards (IFRS) when preparing the Annual Statement of Accounts. Work on complying with these requirements will need to be undertaken during 2009/10 to ensure compliance with IFRS from 2010/11 as these changes are extensive. Compliance with IFRS will be extremely challenging and experience from the private sector, which has already adopted IFRS, indicates that there is a significant increase in the work required to produce statutory accounts and a 20% increase in external audit fees. It is envisaged that an additional accountant will be required to comply with IFRS. Non compliance with IFRS would result in the External Auditor qualifying the Accounts, which in turn impacts on the Use of Resources and CPA/CAA (Comprehensive Performance Assessment/Comprehensive Area Assessments) scores.</p>	Pressure	42	1	2		3. High	3. Likely	9	Red	Neutral	All	No	1	Pressures reduced by £21,000 for 2009/10 as part of cost can be funded from departmental resources in 2009/10.
			9. OrgD	<p>The Government have been developing, for some considerable period of time, a mechanism to allow the secure sharing of data between public sector organisations. Whilst this development has been ongoing for a period of time the Government, through a variety of government departments are now mandating the use of this mechanism, called Government Connects, for the sharing of key elements of information. The first, though not likely to be last, government department to mandate it's use for information is Department for Work and Pensions (DWP). Government Connects, from April of next year, will be the only place that the authority can access DWP data which is essential for the ongoing operation of the Benefits function in the authority. Although this is the only government department to do this to date there are likely to be other departments taking such a stance in the near future. Not enabling the connection to Government Connects will mean that there are mandatory parts of the benefits service which the authority will be unable to provide with a subsequent impact on a high performing and important service.</p> <p>Government connects is currently partially funded from central resources but this funding will cease in 2011 hence the increased revenue costs of 24K</p>	Pressure	9	0	24		3. High	4. Almost certain	12	Red	Negative	All	No	0	There are two elements to the pressure. A capital cost to enable connect £ 43 K and an ongoing revenue impact of £ 9K

CS Portfolio	Budget heading/ Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing impact	Other Comments	
					09/10 £000	10/11 £000	11/12 £000											
CS	CSD S&SS	Looked After Children	4. Csa	The increased costs of care proceedings resulting from the Public Law Outline are expected to continue at an annual cost of at least £100,000 per year. This was highlighted when the 2008/09 budget was set and is being funded from contingencies in the current year.	Pressure	100	0	0	0	3. High	4. Almost certain	12	Red	Neutral	All	No	0	
CS	CSD S&SS	Agency Residential	4. Csa	Anticipated commitments for the provision of residential care to children looked after exceed base budget. Commitments based on current children remaining in placement (which is anticipated) and no new placements being made. Budget volatile and subject to change based on presenting needs of children, costs may increase further.	Pressure	100	0	0	0	3. High	3. Likely	9	Red	Neutral	All	Yes	0	
CS	CSD S&SS	Fostering Agency	4. Csa	Anticipated commitments for independent foster placements for children looked after, based on current numbers in 08/09 financial year. Numbers unlikely to reduce.	Pressure	275	0	0	0	3. High	3. Likely	9	Red	Neutral	All	Yes	0	
CS	CSD P&SI	Integrated Working	4. Csa	Revenue implications of implementing electronic assessment and social care records. Implementation of these systems is required by DCSF and failure to do so would lead to significant adverse inspection outcome. These systems underpin the development of integrated working to secure better outcomes for children	Pressure	20	0	0	0	3. High	4. Almost certain	12	Red	Neutral	All	No	0	Grants from government only covered capital investment not ongoing revenue costs.
CS	CSD P&SI	Parent Partnership	3. H&C	Funding to increase the capacity of the Acorn Therapeutic Team to deliver Parent Partnership Services as required by Special Educational Needs regulation. New national exemplar standards have been issued by DCSF in 2007 and further capacity is needed if the service is to reach these standards.	Pressure	5	0	0	0	3. High	3. Likely	9	Red	Neutral	Disability	No	0	This will allow a 'top up' of funding available in the budget to recruit additional staffing to provide additional hours.

Portfolio	Dept/ Div	Budget heading/Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability	Risk score	Risk status	Rate the Diversity impact	All Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments
						09/10 £000	10/11 £000	11/12 £000										
Fin	NSD PS	Asset and Property Management		The latest property condition surveys indicate that there is £2.5M of Essential works required within the next two years to prevent serious deterioration of fabric two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of occupants and/or remedy a less serious breach of legislation and a further £2.2M work required within three to five years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of occupants and/or remedy a minor breach of legislation. At current funding levels this will leave a shortfall which will result in an increase of urgent work that will be required to prevent immediate closure of premises and/or address an immediate high risk to the health and safety of occupants and/or remedy a serious breach of legislation. Pressure will support £1.2m of prudential borrowing to begin to address this issue.	Pressure	100	0	0		3. High	4. Almost certain	12	red	Neutral	All	No		Needed to deliver Use of Resources requirement in Asset Management i.e. having a plan to reduce backlog of maintenance
	NSD PS			Emergency Planning / Callout arrangements at Richard Court - change after March 2009	Pressure	10	0	0	0	4. Extreme	4. Almost certain	16	red					Pressure deleted as covered by contingency item.
		No Budget		There is a legislative requirement to maintain additional closed churchyards that come on stream e.g we have now to take responsibility for Holy Trinity at Seaton Carew. This includes general grounds maintenance, boundary walls etc.	Pressure	10	0	0		3. High	3. Likely	9	red					Pressure deleted, will fund from existing budgets.
	NSD NM		5. Env	Waste Disposal - includes increase in landfill tax of £8 / per tonne	Pressure	115	?	?		4. Extreme	4. Almost certain	16	red					Actual figure to be determined once gatefee for 09/10 confirmed
	NSD NM			Weed Control - European legislation has banned the use of diuron, the Authority can only use contact treatment which will involve 3 treatments a year. The use of bikes to spray chemicals have been banned which will result in an improved but more expensive targeted manual treatment	Pressure	40	0	0		4. Extreme	4. Almost certain	16	red					Pressures reduced following tendering exercise for provision of service.

Regeneration and Planning - Contingency

Portfolio	Dept/ Div	Budget heading/ Cost Centre	Cost Centre Code	Corp Strategy theme	Description	Type of budget proposal	Gross Value 09/10 £000	Risk Probability	Value included in contingency (based on risk probability)	Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments	
RS	R&PD CSaif	Straightline Project	12107	4. Csa	Straightline Project. This is an alcohol awareness project for young people either found in possession of alcohol by the Police or who are identified by other agencies. This successful and well regarded project is funded from LAA Reward Grant. Continued funding will depend on the public's perception of two elements of anti social behaviour (i) teenager hanging around (ii) rowdy and drunken behaviour. This reliance on public perception for future project funding poses some risk and it is proposed a contingency arrangement is considered.		35	Medium	21		2. Medium	2. Possible	4	Amber	Positive	Age	Yes	1	This funding is likely to have a positive impact in terms of diversity as young people are direct recipients of this support service	
		Community Safety			Monitoring of CCTV cameras is currently undertaken by Housing Hartlepool, under a Service Level Agreement (SLA), which comes to an end in March 2009. Costs associated with the SLA are historical, dating back to the mid 1990s, when the council took over the responsibility for CCTV from the Police. The current arrangement with Housing Hartlepool is inextricably linked to the services they provide for Telecare and community alarm monitoring, as part of the Supporting People programme. The monitoring centre staff also provide the Council's emergency and out-of-hours contact point. CCTV monitoring costs paid by the Council do not currently cover Housing Hartlepool's overheads costs for the monitoring centre. The budget increase would cover these overhead costs and ensure continued arrangements for all Council services currently provided from the centre. The increase for 2009/10 has been based on a tendering exercise for CCTV monitoring at Longhill industrial estate, conducted during 2007/08, when Housing Hartlepool won the contract, as the tenderer with lowest price. Increases in subsequent years will be based on RPI.	Pressure	38	High	38	0	4. Extreme	4. Almost certain	12	red	Neutral	All	Yes	0		
NC		SLA Waiting List management			Management and operation of the housing waiting list to ensure proper allocation of housing on the basis of need. This is a statutory service of Hartlepool Council as the Housing Authority. The service is provided through an SLA by Housing Hartlepool, which is the main social housing provider enabling integration with landlord functions, at a nominal cost. Through a required review a realistic cost has been negotiated for the provision of this service and Housing Hartlepool have agreed to provide 50% of the cost subject to Board approval. This provision covers the estimated non budgeted cost to the Council.	Pressure	71	High	60		4. Extreme	4. Almost certain	16	Red	Positive	All	Yes	0		
Total Contingency							144		119											

Total all departments	1,034	448 (A)
------------------------------	--------------	----------------

Total contingency identified in October		885 (B)
--	--	----------------

Reduction in contingency		437 (B less A)
---------------------------------	--	-----------------------

Neighbourhood Services - Terminating Grants

Portfolio	Dept/ Div	Budget heading/ Cost Centre	Cost Centre Code	Corp Strategy theme	Description	Type of budget proposal	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments
							09/10 £000	10/11 £000	11/12 £000										
	NSD NM				NDC (New Deal for Communities) Environmental Task Force. Funding is reducing on a phased basis commencing 2008/09 and funding for this year 1 reduction was provided in current year budget. Funding is now needed to year 2 reduction.	Term. Grant	45	23		0	2. Medium	4. Almost certain	∞	Red	Neutral	All	No		Agreed last year as rolling programme
Total Neighbourhood Services							45	23	0										

Regeneration and Planning - Terminating Grants

Portfolio	Dept/ Div	Budget heading/ Cost Centre	Cost Centre Code	Corp Strategy theme	Description	Type of budget proposal	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments	
							09/10 £000	10/11 £000	11/12 £000											
RS	R&PD CSaf	Anti Social Behaviour	12109	4. Csa	Family Intervention Programme (FIP). Grant to support this programme (originally £100k) is tapering and reducing to zero by 2011/12. The FIP was established by Government as part of the Respect Action Plan published in January 2006 and is intended to provide support and challenge in order to change the behaviour of anti-social families with school age children alongside rolling out parenting advice budget. A budget to continue this programme in Hartlepool is proposed.	Term. Grant	56	19	33		2. Medium	3. Likely	6	Amber	Positive	Age	No	3	This funding is likely to have a positive impact in terms of diversity as young people are principal recipients of this service	
Total Regeneration & Planning							56	19	33											

Total all departments	198 (A)
------------------------------	----------------

Total Terminating Grants identified in October	260 (B)
---	----------------

Reduction in Total Terminating Grants	62 (A less B)
--	----------------------

PROPOSED AREA BASED GRANT ALLOCATIONS (NON WORKING NEIGHBOURHOOD FUND PROJECTS)

7.1 APPENDIX 1 (F)

Grant stream	Lead Dept	2008/09 Base	2009/10		2010/11		Comments
			2009/10 Indicative Government Allocation	Revised allocation proposal	2010/11 Indicative Government Allocation	Revised allocation proposal	
		£'000	£'000	£'000	£'000	£'000	
Supporting People Administration	A&CS	145	134	149	115	153	Note 1
Preserved Rights	A&CS	314	289	322	270	330	Note 1
Supporting People Projects	A&CS	0	0	30	0	60	Note 3
Local Involvement Networks	A&CS	99	99	99	99	99	Note 2
Learning & Disability Development Fund (via PCT in 2007/8)	A&CS	105	106	106	106	106	Note 2
Adult Social Care Workforce (formerly HRDS and NTS)	A&CS	281	289	289	297	297	Note 1
Carers - 80% Adult	A&CS	384	410	394	436	403	Note 4
Mental Capacity Act and Independent Mental Capacity Advocate Service	A&CS	52	66	54	63	56	Note 4
Mental Health	A&CS	336	355	344	373	352	Note 4
Sustainable Travel General Duty	CS	7	7	7	7	7	Note 2
Teenage Pregnancy	CS	144	144	144	144	144	Note 2
14-19 Flexible Funding Pot	CS	31	31	31	31	31	Note 2
Child Death Review Processes	CS	17	17	17	18	18	Note 2
Children's Social Care Workforce (formerly HRDS and NTS)	CS	42	42	42	41	41	Note 2
Children's Fund	CS	395	395	395	395	395	Note 2
Choice Advisers	CS	25	25	25	25	25	Note 2
Education Health Partnerships	CS	52	43	43	43	43	Note 2
Secondary National Strategy - Behaviour and Attendance	CS	68	68	68	68	68	Note 2
Secondary National Strategy - Central Co-ordination	CS	108	108	108	108	108	Note 2
School Development Grant (Local Authority Element)	CS	287	287	287	287	287	Note 2
School Improvement Partners	CS	42	42	42	42	42	Note 2
School Intervention Grant	CS	26	26	26	26	26	Note 2

PROPOSED AREA BASED GRANT ALLOCATIONS (NON WORKING NEIGHBOURHOOD FUND PROJECTS)

7.1 APPENDIX 1 (F)

Grant stream	Lead Dept	2008/09 Base	2009/10		2010/11		Comments
			2009/10 Indicative Government Allocation	Revised allocation proposal	2010/11 Indicative Government Allocation	Revised allocation proposal	
Primary National Strategy - Central Co-ordination	CS	75	72	72	72	72	Note 2
Carers - 20% Children	CS	96	102	99	109	102	Note 4
Care Matters White Paper	CS	69	99	90	116	92	Note 5
Connexions	CS	1,114	1,169	1,142	1,285	1,171	Note 4
Extended Rights to Free Transport	CS	18	40	18	62	19	Note 4
Extended Schools Start Up Costs	CS	265	477	477	196	196	Note 6
Positive Activities for Young People & Neighbourhood Support Fund	CS	332	434	404	507	474	Note 5
Child and Adolescent Mental Health Services	CS	214	224	223	234	229	Note 4
Child Trust Fund	CS	1	2	2	2	2	Note 6

PROPOSED AREA BASED GRANT ALLOCATIONS (NON WORKING NEIGHBOURHOOD FUND PROJECTS)

7.1 APPENDIX 1 (F)

Grant stream	Lead Dept	2008/09 Base	2009/10		2010/11		Comments
			2009/10 Indicative Government Allocation	Revised allocation proposal	2010/11 Indicative Government Allocation	Revised allocation proposal	
Road Safety Grant	NS	188	175	175	169	169	Note 2
School Travel Advisers	NS	35	35	35	35	35	Note 2
Rural Bus Subsidy	NS	29	30	30	31	31	Note 2
Climate Change (Planning Policy Statement)	??	23	23	23	23	23	Note 6
Stronger Safer Communities Fund - BSC, ASB & DPSG elements	R&P	182	182	182	182	182	Note 2
Young People Substance Misuse Partnership	R&P	41	41	41	41	41	Note 2
Cohesion	R&P	26	49	47	75	49	Note 5
Stronger Safer Communities Fund - Neighbourhood Element	R&P	413	258	258	0	0	Note 6
Resources allocated to support existing projects currently funded from Council's core budget which can now be funded from the Area Based Grant.		0	0	57	0	156	
		6,081	6,395	6,395	6,133	6,133	

Notes

1) The indicative Government allocations will not enable services to be maintained at existing levels. Therefore, it is proposed to provide additional resources for these schemes to maintain services by maintaining the existing budget provision uplifted for inflation.

2) The indicative Government allocations are sufficient to continue these schemes.

3) Last year the Government indicated the Supporting People Grant would be included within the Area Based Grant. On 26th November 2008 the Government announced that this grant will not be included in the Area Based Grant. However, the 2009/10 Supporting People Grant will be frozen at the 2008/09 level of £3.985m. It is therefore proposed to provide a small addition to this grant to provide for increased costs of maintaining a small number of schemes.

4) Budget allocation increased by 2.5% to reflect the Council's policy for increasing base budgets. This produces a slightly lower allocation than suggested by the indicative Government allocation, which reflects the realignment of ABG resources in line with Council's priorities and flexibility for using grant.

4) 2009/10 Budget allocations increased by more than 2.5% to reflect the Council's policy decision to largely passport the indicative Government allocations. For 2010/11 a 2.5% inflationary increase has been applied which is consistent with the Council's policy for increasing base budgets.

5) Indicative allocations front load this project as funding is needed for one off set-up costs. Therefore, these allocations been passported.

PROPOSED WORKING NEIGHBOURHOOD FUND ALLOCATIONS (AREA BASED GRANT)

Project	Lead Dept	2008/09 Base ('000)	2009/10 Proposed Allocation ('000)	2010/11 Proposed Allocation ('000)
Skills to work - HBC	A&CS	50	51	52
Economic impact evaluation of the Tall Ships	A&CS	0	15	15
Belle Vue Sports	A&CS	43	44	45
Exercise Referral - HBC	A&CS	27	28	28
Connected Care - Manor Residents	A&CS	24	25	25
Mobile Maintenance - HBC	A&CS	21	46	47
Mental Health Dev. & NRF Support Network - Hartlepool MIND	A&CS	89	91	93
Integrated Care Teams - PCT	A&CS	40	20	0
Primary/Secondary Schools Direct Funding - HBC	CS	400	410	420
Education Business Links - HBC	CS	50	51	53
New Initiatives - HBC	CS	40	41	42
Project Coordination - HBC	CS	5	5	5
Hartlepool "On Track" Project - HBC	CS	50	51	53
14-19 Reform Support	CS	0	60	65
Environmental Enforcement Wardens	NS	155	158	162
Environmental Action Team	NS	100	103	105
Schools Environmental Action Officer	NS	25	63	65
Women's Opportunities - HBC	R&P	72	74	76
Enhancing Employability - HBC	R&P	3	8	8

7.1 APPENDIX 1 (F)

Project	Lead Dept	2008/09 Base ('000)	2009/10 Proposed Allocation ('000)	2010/11 Proposed Allocation ('000)
Homelessness Project - DISC	R&P	91	159	163
Carers into Training and Employment - Hartlepool Carers	R&P	45	46	48
Targeted Training - HBC	R&P	107	119	122
Jobs Build - HBC	R&P	29	80	82
Workroute ILM - HBC	R&P	204	239	245
Progression to Work - Assisting local people into work - HBC	R&P	249	276	283
Volunteering into Employment - HVDA	R&P	81	100	102
Community Employment Outreach - OFCA	R&P	92	109	112
Community Employment Outreach - Wharton Annex	R&P	50	51	52
Community Employment Outreach - West View Employment Action Centre	R&P	12	51	52
Job Club - Owton Manor West Neighbourhood Watch & Resident's Association	R&P	40	41	42
West View Project	R&P	36	37	38
Hartlepool Worksmart - Improving the Employment Offer - HBC	R&P	17	28	29
Incubation Systems and Business Skills Training - HBC/OFCA	R&P	233	274	281
Business & Tourism Marketing - HBC	R&P	10	20	21
Financial Inclusion - HBC	R&P	0	40	40
Local Employment Assistance - OFCA	R&P	46	47	48
Jobsmart - HBC	R&P	35	36	37
Youth into employment - Wharton Trust	R&P	39	39	40
Introduction to construction - Community Campus	R&P	16	16	17

7.1 APPENDIX 1 (F)

Project	Lead Dept	2008/09 Base ('000)	2009/10 Proposed Allocation ('000)	2010/11 Proposed Allocation ('000)
Adventure traineeship - West View Project	R&P	39	40	41
Employment support - Hartlepool MIND	R&P	50	51	52
Support for existing businesses to expand (new projects to be sought)	R&P	0	57	120
Active Skills - West View Project	R&P	26	26	27
Career Coaching - HVDA	R&P	36	37	38
Level 3 Progression - HCFE	R&P	81	83	85
Administration of LLP	R&P	4	4	4
Support for adults into Skills for Life and NVQ Level 2 courses including Citizenship Learning (new projects to be sought)	R&P	0	62	130
Safer Streets & Homes, Target Hardening	R&P	200	170	170
Dordrecht Prolific Offenders Scheme	R&P	125	128	131
NRF Project Assistant	R&P	24	25	25
ASB Officer & Analyst	R&P	70	71	73
COOL Project	R&P	65	67	68
FAST	R&P	190	194	199
Landlord Accreditation Scheme	R&P	10	10	10
LIFE - Fire Brigade	R&P	33	34	35
Neighbourhood Policing	R&P	0	200	200
HMR- Support for Scheme Delivery	R&P	120	123	126
Community Empowerment Network Core Costs	R&P	137	140	144
Community Chest	R&P	90	90	90
NAP Residents Priorities	R&P	221	221	221

7.1 APPENDIX 1 (F)

Project	Lead Dept	2008/09 Base ('000)	2009/10 Proposed Allocation ('000)	2010/11 Proposed Allocation ('000)
NAP Development	R&P	40	40	40
Neighbourhood Renewal/Hartlepool Partnership	R&P	90	90	90
NR & Strategy Officer (including Skills & Knowledge)	R&P	50	51	53
Resources allocated to support existing projects currently funded from Council's core budget which can now be funded from the Area Based Grant.	R&P	0	230	258
TOTAL		4,327	5,396	5,643

Adult and Community Services Department - Proposed 1% Additional Budget Reductions

Portfolio	Dept/ Div	Budget heading/ Cost Centre	Cost Centre Code	Corp Strategy theme	1. A description of the service pressure/ priority/ efficiency/ terminating grant/reduction 2. The risks if proposal not approved and any mitigating measures already taken or planned. 3.The benefit or outcome to be gained from the proposal.	Type of budget proposal	Efficiency Classification	Budget Value			Cost of achieving 1% reduction £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Staffing Impact	Other Comments
								09/10 £000	10/11 £000	11/12 £000									
	A&CSD CS			7. C&L	Switching locker operation at the Leisure Centres to a coin retain system (20p) rather than coin return.		Saving	14.0				2. Medium	2. Possible	4	Amber				Scheme to attempt securing increased income generation, the cost of conversion to coin retention is subject to staff time only. Staff are currently reviewing regional comparators for access to Swimming and leisure facilities – this is confirming that Hartlepool is a low charging authority and to reach regional average charging we could potentially increase all prices by as much as 33%. From April 2009 over 65's and under 16's are able to access free swims. May lead to non-use of lockers and risk of property theft, vandalism to lockers and amount of lost property.

Portfolio	A&CSD CS/ Dept/ Div	Budget heading/ Cost Centre	Cost Centre Code	7. C&L Corp Strategy theme	1. A description of the service pressure/ priority/ efficiency/ terminating grant/reduction 2. The risks if proposal not approved and any mitigating measures already taken or planned. 3.The benefit or outcome to be gained from the proposal.	Type of budget proposal	Efficiency Classification	Budget Value			Cost of achieving 1% reduction £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Staffing impact	Other Comments
								09/10 £000	10/11 £000	11/12 £000									
	A&CSD CS			7. C&L	Closure of Community Service/Building ie. Branch library or community Centre		Saving	45.0				3. High	3. Likely	9	Red			2.5	No short term easy options. Library service has achieved reductions and has shown via the planned review of 'delivered vehicle service' in 7/08 that savings targets can be achieved. This is supported by the measured reduction in staffing referred to above. Determination of any service closure late in the financial year would only result in a part year saving. The saving identified of £45K excludes the £17K referred to previously for lunchtime closure. Quick closure would take no account of the asset management of the site. The site contains a very popular and active Bowling green and the multi-use games area which are not part of this proposal. Emerging forward plan discussions indicate there may be a case for a review of Foggy Furze Library. Specific implications for an early closure are: 2.5 fte redundancies - Withdrawal of heavily used library service - Impact on the library performance indicators - Impact on user groups
	A&CSD CS			7. C&L	Keep Community Pool at a standstill position		Saving	15.0				3. High	3. Likely	9	Red				Community Sector are currently undergoing a funding crisis in certain areas leading to increased pressure on the Fund.
	A&CSD ASC			3. H&C	A social work team to be disbanded, cases to be spread across the other social work teams to achieve savings. Loss of Team Manager Band 14 and Principal Practitioner Band 13.		Saving	100.0				3. High	3. Likely	9	Red			2	Some 600 cases are currently serviced by this team so there will be additional pressure placed on other teams - Redundancy costs likely

Regeneration and Planning - Proposed 1% Additional Budget Reductions

Portfolio	Dept/ Div	Budget heading/ Cost Centre	Cost Centre Code	Corp Strategy theme	1. A description of the service pressure/ priority/ efficiency/ terminating grant/reduction 2. The risks if proposal not approved and any mitigating measures already taken or planned. 3.The benefit or outcome to be gained from the proposal.	Type of budget proposal	Efficiency Classification	Budget Value			Cost of achieving 1% reduction £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	All Diversity strand(s)	Staffing impact	Other Comments	
								09/10 £000	10/11 £000	11/12 £000										
RS	R&PD P&ED	Economic Development: Contribution to Sub Regional Partnerships	19302	1. Jobs	Contribution to Joint Strategy Unit: It is understood that the JSU has recently been requested to reduce their budget to reflect the difficult budget situation which exists for all of the Tees Valley Local Authorities. This saving is based on an assumption that a 10% reduction could be achieved in total, ie a further 7% on top of the 3% efficiency already reported. Some adverse effect on the service provided is likely on a reduction at this level.	Efficiency	Dept.	15	0	0	0	2. Medium	3. Likely	6	Amber	Neutral	All	0	Probable affect on staff levels at JSU	
RS	R & PD	Departmental Structures	n/a	9. OrgD	An additional 1% reduction would likely necessitate a reduction in staffing. A full assessment would need to be carried out to identify the post(s) and areas of work where such a reduction could be made with least impact on the overall service. Some redundancy cost may be incurred.	Efficiency	Dept.	44	0	0	n/a	2. Medium	4. Almost certain	8	Red	Neutral	All	1.0		
								59	0	0	0									

Total all departments	846
-----------------------	-----

Target for 1%'s	820
-----------------	-----

Adult and Community Services £10,000 above target and Neighbourhood Services £15,000

BUDGET CONSULTATION MEETING WITH TRADE UNIONS

**Minutes of Meeting held on 4 November 2008
at 1.00pm in the Mayor's Office, Level 2, Civic Centre**

Present: ***Hartlepool Borough Council Officers***
Andrew Atkin, Assistant Chief Executive
Chris Little, Assistant Chief Financial Officer
Joanne Machers, Chief Personnel Officer
Dave Stubbs, Director of Neighbourhood Services
Nicola Bailey, Director of Adult & Community Services
Peter Scott, Director of Regeneration & Planning

Councillors
Mayor S Drummond, Cllr Cath Hill

Trade Union Representatives
Edwin Jeffries (Sec, HJTUC)
Malcolm Sullivan (GMB)
Stephen Williams (UNISON)
Tony Watson (UNISON)
Ann Sharp (UNISON)
Hans Ruysenaars (Regional Officer - ATL)

Carly Lupton, CEMT Support Officer (Minutes)

1.	Presentation	
CL provided a detailed overview of the issues affecting the budget and policy framework proposal for 2009/10 to 2011/12 and sought views from the Trade Unions.		
Comments Made		Response
EJ enquired about provisions in future years.		CL explained that next year will be manageable but each year after will become more challenging.
EJ commented that a number of assumptions had been made and asked if the estimated council tax collection rate was realistic considering the economic climate.		CL informed that there is a small risk that this may drop due to the economic situation but there are no major concerns as present.
EJ explained that another assumption had been made on the expected pay award for next year and informed that the trade unions are expecting an award of nearer 4% for next year.		AA explained that reasonable assumptions have been made and CL explained that with these assumptions there are risks that will be managed and changes made where necessary.

7.1 APPENDIX 1 (H)

<p>EJ asked if the cost of Job Evaluation Appeals and Workforce Development Costs been factored in to the budget.</p>	<p>CL informed that work is currently being undertaken to re-asses the cost of Job Evaluation to council and this information will be taken to Cabinet. JM informed that Workforce Development is an ongoing service and therefore budget provisions have already been made.</p>
<p>SW asked if the Business Transformation Programme would “free up” any money in future years.</p>	<p>AA explained that in 2008/9, 3% savings have had to be found and significant savings have been made in previous years. This is becoming increasingly difficult for all departments as it comes to a point where the Council will be as efficient as it can be and savings cannot be made without affecting services. If business transformation is a success savings will be made which hopefully will reduce the need for such large savings to be found every year and it is therefore unlikely that there will be any “spare money”. AA is planning to deliver the programme in a managed way and manage the risks involved.</p>

BUDGET CONSULTATION MEETING WITH BUSINESS REPRESENTATIVES

**Minutes of Meeting held on 6 November 2008
at 8.30am in the Mayor's Office, Level 2, Civic Centre**

Present: ***Hartlepool Borough Council Officers***
Mike Ward, Chief Financial Officer
Chris Little, Assistant Chief Financial Officer
Peter Scott, Director of Regeneration & Planning

Councillors
Mayor S Drummond
Cllr Peter Jackson
Cllr Ged Hall
Cllr Pamela Hargreaves

Business Representatives
John Megson
Adrian Liddle
Peter Olsen
Brian Beaumont

Emma Armstrong, CEMT Support Officer (Minutes)

1.	Presentation	
MW provided a detailed overview of the issues affecting the budget and policy framework proposal for 2009/10 to 2011/12 and sought views from the Business Sector. Economic Outlook, Capital programme – Overview of the report.		
Comments Made		Response
The balances were £8/9m, are there any risks to these monies?		HBC took a defensive stance last Autumn following the Northern Rock position. Credit ratings are used as a guide for organisation which the Council will include on its approved lending list. We also consider other factors before including an organisation on the Council's lending list. We have no Icelandic Banks on our lending lists.

7.1 APPENDIX 1 (H)

<p>A query was raised in relation to the funding for the college.</p> <p>A further BSF query was raised.</p>	<p>Clarification was given that the college funding comes from Learning Skills Council.</p> <p>The upfront funding for BSF of £2m will be from HBC resources and will not be repaid from future BSF monies.</p>
<p>Why is the 08/09 outturn overspent?</p>	<p>This is partly due to demographics in Hartlepool, however the overspend is not as all a result of demographics. Increased spending on these services is also due to the assessed need being greater and more complex cases. Further detailed works on this is currently underway.</p>
<p>Is it proposed for 3.9 % increase in Council Tax?</p> <p>Is capping of Council Tax increases likely to be 5%?</p> <p>Is there pressure felt to keep the increase low considering the current climate.</p>	<p>Yes, this is the indicative strategy, however the final decision will be made in February 2009 so this may change.</p> <p>Yes, this is the best estimate which we can give.</p> <p>Yes.</p>
<p>Cash Balances have improved – how ?</p>	<p>HBC have reduced the number of debtors, this however will not be repeated next year, we hope to maintain the current level however the Government is urging councils to speed up payment cycles.</p>
<p>Are you comfortable with the Tall Ships project?</p>	<p>It was discussed that it would be better to project for the worst case scenario and therefore no adverse impact on the budget.</p>

7.1 APPENDIX 1 (H)

<p>Would like not to see any reduction from the Council's investment within the business development areas, as this has an adverse affect on employment specifically in the current financial climate.</p> <p>It was also highlighted that businesses also need to also promote themselves, not just take up the funding – as a partnership.</p>	<p>Government provided the Neighbourhood renewal fund to assist with this. Some efficiencies are proposed in relation to Business sector investment – this is currently up for discussion / consultation.</p>
<p>If the interest rates are cut, would it improve the right to buy position?</p>	<p>This may not be the case as many people are struggling to obtain a mortgage.</p>
<p>A request was made to include Business Transformation information in the next Budget Consultation meeting.</p>	<p>Noted.</p>

CHIEF EXECUTIVES DEPARTMENT - PROPOSED EFFICIENCIES

Perf	Portfolio	Budget heading/ Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Efficiency Classification	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments
							09/10 £000	10/11 £000	11/12 £000										
Perf	CED CS		9. OrgD	A reduction in a variety of operating expenses within Corporate Strategy division including, as a result of reviews of paper circulation, reductions in printing costs	Efficiency		9.1	0	0	0	1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
Perf	CED CS		9. OrgD	Reviews of consultation activity and changes in practise have resulted in a reduced need for fieldwork activities to undertake scheduled consultation	Efficiency		7.0				1. Low	1. Unlikely	1	Green	Neutral	All	No	0	The reduction in fieldwork activities will have no direct impact on staffing as these workers are employed only for specific consultation exercises on short term contracts
Perf	CED CS		9. OrgD	Minor reductions in operating expenses	Efficiency		2.5				1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
Perf	CED CS		9. OrgD	Reduction in printing costs for Corporate Plan as take up of hard copies has reduced significantly in recent years	Efficiency		1.0				1. Low	1. Unlikely	1	Green	Neutral	All	No	0	
Fin	CED F	Accountancy	9. OrgD	Following the implementation of new Financial Management System and review of working practices a vacant Accounting Technician post can be deleted. Whilst, this proposal will not impact on current operational requirements, it reduces capacity to support non core activities, such as new corporate initiatives, support for departmental finance teams when they have vacancies, or support of new grant regimes.	Efficiency		22.0				1. Low	2. Possible	2	Green	Neutral	All	No	-1.0	Staffing reduction already achieved as post vacant.
Fin	CED F	Internal Audit	9. OrgD	Internal Audit are implementing new audit management software (Teammate) and associated changes to operational practices during 2008/09. These changes will enable a reduction in staffing of 0.3 fte.	Efficiency		7.0				1. Low	2. Possible	2	Green	Neutral	All	No	-0.3	Staffing reduction agreed with specific employee who wishes to reduce working hours.
Fin	CED F	Recovery and Insp	9. OrgD	Increased net income from extension of Internal Bailiff pilot within HBC to cover 3 officers, with bailiff charges accruing to the Council.	Efficiency		41.0				1. Low	1. Unlikely	1	Green	Neutral	All	No	0	

Chief Executive's Department - Pressures

7.1 APPENDIX B

Perf Portfolio	Dept/ Div	Budget heading/Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing Impact	Other Comments
						09/10 £000	10/11 £000	11/12 £000										
Perf	CED HR		9. OrgD	<p>Safer workforce - HR Operational support increased to ensure compliance by Depts in respect of safer workforce practices. Major areas include recruitment, structure/checking of personal files etc. Additional and on-going training of managers in departments required. Risk to the Authority in respect of non compliance in respect of procedures will be increased. Potential effect on Councils rating. Independent Safeguarding Authority - increased work in relation to registration/clearance of employees. Failure to support could result in the employment of individuals who pose a risk to children / vulnerable adults.</p>	Pressure	53	0	0		3. High	3. Likely	9	Red	Neutral	All	No	0	
Perf	CED HR		9. OrgD	<p>Tees Valley and Durham Communications service - (BSL interpretation). Previously funded from Human Resources managed revenue underspend. The Council has extended the contract for another three years. This service provision is essential so as not to discriminate the deaf people from using our services. The benefits are that we will be complying with the Equality legislation and promoting equal opportunities to all our customers. Diversity consultations with ethnic minorities, Lesbian, Gay, Bi-sexual and Transgender (LGBT) community, people with disabilities and to start a religious forum. Previously funded by Corporate Strategy as new initiative. Equality Act 2006 looks for compliance in providing services to all the diversity strands. The benefits are immense as this would lead to providing services to all sections within our communities free from discrimination.</p>	Pressure	13	0	0	0	3. High	3. Likely	9	Red	Positive	Disability	No	0	<p>This payment is to cover the admin costs as the usage is re-charged to the relevant departments. Corporate strategy funded these as they were initiatives. Now with their budget pressures, they cannot continue to fund these existing consultations.</p>

Perf Portfolio	CED All Dept/ Div	Budget heading/ Cost Centre	Corp Strategy theme	Description	Type of budget proposal	Budget Value			Cost of efficiency saving £000	Risk impact	Risk probability .	Risk score	Risk status	Rate the Diversity impact	Diversity strand(s)	Treat as contingency item	Staffing impact	Other Comments
						09/10 £000	10/11 £000	11/12 £000										
Fin	CED F	Accountancy	9. OrgD	<p>From 2010/11 Local Authorities will need to comply with International Financial Reporting Standards (IFRS) when preparing the Annual Statement of Accounts. Work on complying with these requirements will need to be undertaken during 2009/10 to ensure compliance with IFRS from 2010/11 as these changes are extensive. Compliance with IFRS will be extremely challenging and experience from the private sector, which has already adopted IFRS, indicates that there is a significant increase in the work required to produce statutory accounts and a 20% increase in external audit fees. It is envisaged that an additional accountant will be required to comply with IFRS. Non compliance with IFRS would result in the External Auditor qualifying the Accounts, which in turn impacts on the Use of Resources and CPA/CAA (Comprehensive Performance Assessment/Comprehensive Area Assessments) scores.</p>	Pressure	42	1	2		3. High	3. Likely	9	Red	Neutral	All	No	1	Pressures reduced by £21,000 for 2009/10 as part of cost can be funded from departmental resources in 2009/10.
			9. OrgD	<p>The Government have been developing, for some considerable period of time, a mechanism to allow the secure sharing of data between public sector organisations. Whilst this development has been ongoing for a period of time the Government, through a variety of government departments are now mandating the use of this mechanism, called Government Connects, for the sharing of key elements of information. The first, though not likely to be last, government department to mandate it's use for information is Department for Work and Pensions (DWP). Government Connects, from April of next year, will be the only place that the authority can access DWP data which is essential for the ongoing operation of the Benefits function in the authority. Although this is the only government department to do this to date there are likely to be other departments taking such a stance in the near future. Not enabling the connection to Government Connects will mean that there are mandatory parts of the benefits service which the authority will be unable to provide with a subsequent impact on a high performing and important service.</p> <p>Government connects is currently partially funded from central resources but this funding will cease in 2011 hence the increased revenue costs of 24K</p>	Pressure	9	0	24		3. High	4. Almost certain	12	Red	Negative	All	No	0	There are two elements to the pressure. A capital cost to enable connect £ 43 K and an ongoing revenue impact of £ 9K

