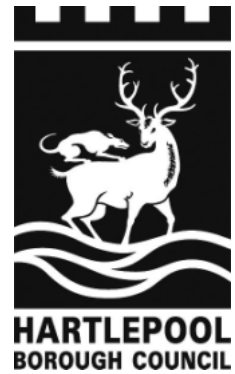


# **SCRUTINY CO-ORDINATING COMMITTEE AGENDA**



**Friday, 15 January 2010**

**at 2.30 p.m.**

**in the Council Chamber, Civic Centre, Hartlepool**

**MEMBERS: SCRUTINY CO-ORDINATING COMMITTEE:**

Councillors C. Akers-Belcher, S Akers-Belcher, Barker, Brash, James, London, A Marshall, J. Marshall, McKenna, Preece, Richardson, Rogan, Shaw, Simmons, Wright and Young

**Resident Representatives:**

Evelyn Leck, Iris Ryder and Linda Shields

- 1. APOLOGIES FOR ABSENCE**
- 2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
- 3. MINUTES**
  - 3.1 To confirm the minutes of the meeting held on 11 December 2009 (*to follow*)
- 4. RESPONSES FROM THE COUNCIL, THE EXECUTIVE OR COMMITTEES OF THE COUNCIL TO REPORTS OF THE SCRUTINY COORDINATING COMMITTEE**

No Items

**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 2010/11 Budget and Policy Framework Proposals – *Scrutiny Manager*

**8. CONSIDERATION OF FINANCIAL MONITORING / CORPORATE REPORTS**

No Items

**9. ITEMS FOR DISCUSSION**

9.1 Local Area Agreement Refresh 2010/11 – *Local Strategic Partnership Manager, Policy and Partnerships*

9.2 Civic Suite Microphone System – *Director of Regeneration and Neighbourhoods*

**10. CALL-IN REQUESTS**

**11. ANY OTHER ITEMS WHICH THE CHAIRMAN CONSIDERS ARE URGENT**

**ITEMS FOR INFORMATION**

i) **Date of Next Meeting: 29 January 2010 commencing at 4.00 pm in the Council Chamber, Civic Centre, Victoria Road, Hartlepool**

# **SCRUTINY CO-ORDINATING COMMITTEE**

## **MINUTES**

11 December 2009

The meeting commenced at 1.00 p.m. at the Civic Centre, Hartlepool

### **Present:**

Councillor: Marjorie James (In the Chair)

Councillors Christopher Akers-Belcher, Stephen Akers-Belcher,  
Caroline Barker, Jonathan Brash, Francis London, John Marshall,  
Arthur Preece, Jane Shaw, Chris Simmons and Edna Wright.

Resident Representatives: Evelyn Leck and Iris Ryder.

Officers: Dave Stubbs, Director of Regeneration and Neighbourhoods  
Adrian Hurst, Principal Environmental Health Officer  
Sylvia Tempest, Environmental Standards Manager  
Peter Turner, Principal Strategy Development Officer  
James Walsh, Scrutiny Support Officer  
David Cosgrove, Democratic Services Team

Also Present: Councillors Geoff Lilley and A Lilley.  
Residents T Jackson, S Latimer, N Wrigley, L J Wrigley, L Rennie,  
S Rennie, H Stewart, D Graham and J Kennedy.

### **117. Apologies for Absence**

Councillors Ann Marshall, C. McKenna, C Richardson and Resident Representative Linda Shields.

### **118. Declarations of interest by Members**

None.

### **119. Minutes of the meetings held on 27 November 2009**

Confirmed.

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

No items.

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

No items.

**122. Forward Plan**

No items.

**123. Consideration of progress reports/budget and policy framework documents**

No items.

**124. Consideration of financial monitoring/corporate reports**

No items.

**125. Final Report – Dust Deposits on The Headland** (*Health Scrutiny Forum*)

The Chair of the Health Scrutiny Forum presented the final report to the Coordinating Committee and moved the recommendations of the forum, as set out below, following its investigation. It was highlighted that there was still work on-going following issues discussed at the forum during the investigation and these included further investigatory work by Dr Kelly, the Executive Director of Public Health.

- (a) That the Health Scrutiny Forum receives results of further investigations into dust deposits on the Headland by the Executive Director of Public Health into cancer rates;
- (b) That the Chair of the Health Scrutiny Forum contacts the Executive Director of Public Health to request that in conjunction to the investigation outlined in recommendation (a), further exploration be undertaken to ascertain any potential link between dust deposits on the Headland and surrounding area and the occurrence of stress related illness;
- (c) That a further scrutiny investigation be carried out into the dust

deposits on the Headland and surrounding areas by an appropriate committee / forum with reference to the following areas:-

- (i) A site visit to the Port area to observe the loading of scrap metal onto a ship and examination into the potential damage to properties, the environment, noise and any possible statutory nuisance of Port activities;
- (ii) Consultation with the Port workforce and exploration of possible options in terms of enforcement, ensuring that any operational deficiencies on the Port site are not repeated; and
- (iii) Exploration into the role of the Environment Agency as the legally responsible body for the regulation of the operating permit of activities in the Port.

A resident representative raised concerns that comments that she had made had not been fairly reflected in the minutes of the Health Scrutiny Forum. The Chair commented that the minutes of the Health Scrutiny Forum were a matter for the forum itself, not the Coordinating Committee.

There was also concern raised by Member that the work of Dr Kelly was still on-going and therefore the investigation was still not finalised. There was also concern expressed at the lack of involvement of local residents in the investigation and that evidence on DVD had not been considered. There was also concern expressed at the contamination caused by the dust deposits from the operation of the port not just to the air but also the water in the dock. The Member also proposed 3 additional recommendations to the report, as follows: -

- 1. That the Scrutiny Coordinating views all the current and any future video evidence.
- 2. That the report be referred back to the Health Scrutiny Forum as the investigation was incomplete and that the remit of the further work being undertaken by Dr Kelly should be widened to include all postcode areas of the town
- 3. That the problems of dust and noise arising from the port activity be referred to the appropriate scrutiny forum for investigation.

The Chair commented that she would have wished to be advised about the additional recommendations in advance of the meeting and commented that she had tried to arrange a meeting with the Member. Councillor Brash indicated that the issues raised in the new recommendations, other than the evidence on DVD, were covered in the conclusions and recommendations in the report. Councillor Brash stated that he was confident that if there was evidence of a health link to the operations of the port, Dr Kelly would find that evidence and report back on it. Councillor Brash also indicated that residents had been given full opportunity to give their evidence at the meeting held in the Borough Hall.

The Chair commented that she was accepting the report as factual response to the Health Scrutiny Forum's investigations to date. The Chair did feel that the report should be re-termed an Interim Report, so that further updated

report could be submitted once the further evidence had been obtained. The Chair also proposed that recommendations (a) and (b) should remain with the Health Scrutiny Forum. The Chair requested that recommendation (c) (i) should be referred to the Neighbourhood Services Scrutiny Forum, and the Chair of that forum indicated his support for the proposal. The Chair proposed that the remaining two recommendations, (c) (ii) and (c) (iii) should be referred to the Director of Regeneration and Neighbourhoods for action as these two actions related to licensing matters. If there were any issues of breaches of these licensing matters, it was the executive's responsibility to pursue those matters, not Scrutiny. The Chair's proposals were seconded.

There was further debate on the issue of the evidence contained within the DVD's. The Chair suggested that if Councillor J Marshall wished for all councillors to see the evidence on the DVD's he could circulate copies to them to view at their convenience. It was also indicated that the site visit to be undertaken by the Neighbourhood Services Scrutiny Forum would be open to all elected Members.

### **Decision**

1. That the final report of the Health Scrutiny Forum be accepted as an Interim Report to allow the further evidence referred to in recommendations (a) and (b) to be submitted, considered and to form the final recommendations of the forum.
2. That recommendation (c) (i) be referred to the Neighbourhood Services Scrutiny Forum.
3. That recommendations (c) (ii) and (c) (iii) be referred to the Director of Regeneration and Neighbourhoods for action.
4. That Councillor J Marshall circulates any DVD evidence directly to Members for their consideration.

## **126. Final Report – The Hartlepool Transport Interchange** *(Regeneration and Planning Services Scrutiny Forum)*

The Chair of the Regeneration and Planning Services Scrutiny Forum moved the final report setting out the findings of the Regeneration and Planning Services Scrutiny Forum following its investigation into 'The Hartlepool Transport Interchange'.

It was questioned as to whether there were to be any additional toilets provided within the interchange development. It was clarified that the toilet provision within the railway station would be available to the interchange as part of the operation of the transport interchange. The Chair of the Regeneration and Planning Services Scrutiny Forum indicated that he looked forward to the bus companies operating in the town embracing this new and exciting development.

### **Decision**

That the recommendations of the Regeneration and Planning Services Scrutiny Forum following its investigation into the Hartlepool Transport Interchange, as set out below, be approved and forwarded to the Executive.

“The Regeneration and Planning 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 signage in and around the Transport Interchange is clear and ensures users are fully aware of where amenities are located;
- (b) That the Council sets in place an agreed procedure with Network Rail to ensure that the unused platform is cosmetically enhanced and made aesthetically pleasing;
- (c) That a review is carried out with all transport operators as potential users of the Hartlepool Transport Interchange into the plans for layover areas and loading / unloading bays, with the aim of maximising out of hours usage; and
- (d) That a process is put in place to regularly review and keep Members informed of the development of the Hartlepool Transport Interchange with particular reference to usage and transport operator linkage.”

#### **127. Adult and Community Services Scrutiny Forum – Progress Report** *(Chair of the Adult and Community Services Scrutiny Forum)*

The Chair of the Adult and Community Services Scrutiny Forum updated the Committee on the work of the forum and highlighted the on-going investigation into the Council’s Allotment Strategy.

##### **Decision**

That the report be noted.

#### **128. Children’s Services Scrutiny Forum - Progress Report** *(Chair of the Children’s Services Scrutiny Forum)*

The Chair of the Children’s Services Scrutiny Forum updated the Committee on the work of the forum and requested that as many members as possible undertake the visits scheduled as part of the investigation into Detached Youth Work, which she believed Members’ would find very rewarding. The Chair of the Forum also highlighted that the forum’s final report into the investigation into Accommodation for Homeless Young People was now being used as a best practice case study by other local authorities.

##### **Decision**

That the report be noted.

#### **129. Health Scrutiny Forum – Progress Report** *(Chair of the Health Scrutiny Forum)*

The Chair of the Health Scrutiny Forum updated the Committee on the work of the forum and in doing so made reference to the professionalism shown by

Council officers during recent investigations.

The Director of Neighbourhood Services updated the meeting following the earlier discussion on the dust issue on the Headland. Members had questioned whether the scrap on the dock was to be removed for the Tall Ships event. The Director had commented that no request had been made to the port authority in this regard though it was understood that the scrap may be screened while the Tall Ships event was on. There were on-going discussions with the port owners and if there were any further developments, these would be reported to Members.

Members queried if it would be possible for those not on the Neighbourhood Services Scrutiny Forum to partake in the site visit to the docks site when it was arranged. The Chair commented that she did not see an issue with elected Members undertaking the site visit.

**Decision**

That the report be noted.

**130. Neighbourhood Services Scrutiny Forum – Progress Report** *(Chair of the Neighbourhood Services Scrutiny Forum)*

The Chair of the Neighbourhood Services Scrutiny Forum updated the Committee on the work of the forum.

**Decision**

That the report be noted.

**131. Regeneration And Planning Services Scrutiny Forum - Progress Report** *(Chair of the Regeneration and Planning Services Scrutiny Forum)*

The Chair of the Regeneration and Planning Services Scrutiny Forum submitted a report updating the Committee on the work of the forum.

**Decision**

That the report be noted.

**132. Scrutiny Coordinating Committee – Progress Report** *(Chair of the Scrutiny Co-ordinating Committee)*

The Chair of the Scrutiny Co-ordinating Committee updated the Committee on the work of the Coordinating Committee.

**Decision**

That the report be noted.



### **133. Service Planning Update for 2010/11: Proposed Outcomes** *(Assistant Chief Executive)*

The Principal Strategy Development Officer reported that Council Officers from across all Departments had identified the Outcomes that would form the basis for the Service Planning Process in 2010/11. The list of proposed Outcomes was submitted at Appendix A to the report. The majority of outcomes were shared with the Local Area Agreement and would be reviewed next year upon completion of the current three-year LAA period. There were a small number of additional outcomes that were proposed to complete the Outcome Framework for 2010/11.

Members questioned the prominence of outcomes related to housing in the Local area Agreement. The Director of Neighbourhood Services commented that the strategy in relation to empty properties was being developed and would be presented to Members with realistic but aspirational targets.

#### **Decision**

That the report be noted.

### **134. Call-In Requests**

The Scrutiny Support Officer reported that an appropriately completed call-in notice had been received. The Chair commented that the contents of the call-in would be subject to Access to Information rules and therefore would subsequently be considered in confidential session. The Chair requested that the call-in, which related to the individual remuneration of an individual employee of the authority, be accepted by the committee so that the appropriate arrangements for future meetings to consider the detailed call-in could be commenced.

#### **Decision**

That the Call-in notice reported to the meeting be formally accepted and that additional meetings of the Committee be undertaken early in the new year to complete the process.

The meeting concluded at 2.45 p.m.

CHAIR

# SCRUTINY CO-ORDINATING COMMITTEE

15 January 2009



**Report of:** Scrutiny Manager

**Subject:** 2010/11 BUDGET AND POLICY FRAMEWORK PROPOSALS

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## 1. PURPOSE OF REPORT

- 1.1 To receive the Executive's Budget and Policy Framework proposals, which are attached as **Appendix 1** and to consider in particular the proposals for the Chief Executive's Department, attached as **Appendices A, B and C**.

## 2. BACKGROUND INFORMATION

- 2.1 In accordance with the requirements of the Council's Constitution the Executive is required to consult on the draft Budget and Policy Framework for the coming year.
- 2.2 The initial consultation was successfully achieved through consideration of the initial budget proposals on a departmental basis across each of the Scrutiny Forums. These comments were fed back into Scrutiny Co-ordinating Committee on 27 November 2009. Following detailed discussions of these, Scrutiny Co-ordinating Committee agreed Scrutiny's response to Cabinet, which was fed back to Cabinet on 14 December 2009.
- 2.3 Following consideration of Scrutiny's response to the initial budget proposals the Executive finalised / agreed its budget proposals at the meeting of Cabinet on 22 December 2009. The budget proposals are attached as **Appendix 1**.
- 2.4 Whilst this Committee will receive the entire Budget and Policy Framework proposals, the main purpose of today's meeting is for this Committee to consider the budget proposals for the Chief Executive's Department, attached for ease as **Appendices A, B and C**.
- 2.5 Appended to this report, for consideration as part of the Budget and Policy Framework initial consultation proposals for 2010/2011, are details of the pressures, priorities and contingencies relating to the Chief Executive's Department:-

**Appendix A** - Schedule of Budget Pressures 2010/2011.

**Appendix B** – Schedule of Budget Priorities 2010/2011.

**Appendix C** – Corporate Efficiencies 2010/2011.

2.6 In addition, each of the Scrutiny Forums will again have the opportunity to comment on each of the Authority's Departments budget proposals. The Forums will meet on the following dates to consider these proposals:

- (a) Neighbourhood Services Scrutiny Forum - 26 January 2010;
- (b) Children's Services Scrutiny Forum - 20 January 2010;
- (c) Adult & Community Services & Health Scrutiny Forum - 25 January 2010; and
- (d) Regeneration and Planning Services Scrutiny Forum - 21 January 2010.

2.7 Following the Forums' consideration of the Executive's Finalised Budget and Policy Framework proposals for 2010/11, the Scrutiny Co-ordinating Committee at its meeting on 29 January 2010 will determine its formal response (based on the written comments of the Scrutiny Forums considered earlier in that meeting) to presented to the Cabinet on 9 February 2010.

### **3. RECOMMENDATION**

3.1 That the Scrutiny Co-ordinating Committee receives this report, and focuses particular attention on the Chief Executive Department's Budget and Policy Framework proposals as outlined in **Appendices A, B and C**.

### **4. BACKGROUND PAPERS**

No background papers were used in production of this report.

### **5. CONTACT OFFICER**

Joan Wilkins – Scrutiny Manager  
Chief Executive's Department – Corporate Strategy  
Hartlepool Borough Council  
Tel: 01429 284142  
Email: joan.wilkins@hartlepool.gov.uk

# CABINET REPORT

22 December 2009



**Report of:** Corporate Management Team

**Subject:** MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2010/2011 TO 2013/2014 – FORMAL SCRUTINY  
PROPOSALS

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## SUMMARY

### 1. PURPOSE OF REPORT

- 1.1 To enable Cabinet to reconsider the MTFS in the light of the latest position, consider feedback on its initial proposal and to determine the 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 background for the initial consultation proposals
- Changes since those initial proposals and the implications for
  - The development of the 2009/2010 Outturn Strategy;
  - Capital Programme 2010/2011 to 2013/2014;
  - General Fund and Council Tax 2010/2011 to 2013/2014.

### 3. RELEVANCE TO CABINET

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

### 4. TYPE OF DECISION

- 4.1 Budget and Policy Framework.

### 5. DECISION MAKING ROUTE

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

### 6. DECISION(S) REQUIRED

- 6.1 Cabinet is required to determine its proposals.

**Report of:** Corporate Management Team

**Subject:** MEDIUM TERM FINANCIAL STRATEGY  
(MTFS) 2010/2011 TO 2013/2014 – FORMAL  
SCRUTINY PROPOSALS

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**1. PURPOSE OF REPORT**

- 1.1 To enable Cabinet to reconsider the MTFS in the light of the latest position, consider feedback on its initial proposal and to determine the proposals it wishes to put forward for formal Scrutiny.

**2. BACKGROUND**

- 2.1 The proposed MTFS was approved by Cabinet in September 2009 and covers the years 2010/2011 to 2013/2014.
- 2.2 This report considers those changes necessary since that report was initially considered, the implications of those changes and the feedback from consultation to date. The initial proposals are included at **Appendix A** for information.

**3. CHANGES SINCE LAST REPORT**

3.1 National Background

The economy nationally continues in technical recession and no certain trend out of recession towards sustained growth has yet emerged. There continues to be both optimism for consumer driven growth in the economy and fears of a double dip recession. Increased uncertainty in recent weeks over Dubai also complicates the position.

Public Sector Borrowing continues to increase and may exceed the Chancellors forecast of £175bn for 2009/10.

Against this background the Chancellors pre budget statement is awaited at the time of writing this report although the government has confirmed the third and final year of the three year settlement for Local Government. This has removed a significant risk from the Council's initial Budget proposals, as this had been assumed in the Council's forecasts and is very much welcomed. Cabinet might consider responding to the Minister thanking the Government for this stability whilst emphasising the continued need to unwind and reduce

Floor Damping. This is particularly important for 2011/12 onwards and also emphasising the continued need for resource equalisation for Hartlepool.

The Government have also announced that they expect the average level of Council Tax increases to be below 3%. The Council's current proposals of 2.5% are within this limit and as such should avoid capping.

Uncertainty over the next Comprehensive Spending Review remains and the planning assumption of a 5% per annum cut in grant for 2011/12 and on wards continues to be an appropriate balance between the need to balance the Government's structural deficit without further destabilising the fragile economic recovery.

### 3.2 Local Position

The initial budget proposals were based upon a gross budget deficit before action to mitigate this of £7.2m. It was expected that this would be bridged by: using one off funding from reserves of £1.937m (coming from the Budget Support Fund). The initial tranche of savings from the Business Transformation programme of £2.514m; other corporate efficiencies and savings of £1.75m and some £0.911 m from a 2.5% increase in Council Tax. In total this achieves ongoing efficiencies in excess of 5% of the budget and reduced the deficit to £64,000.

It is necessary to update this position for changes since your September meeting. The net deficit has increased to £300,000 as detailed in the table below.

	£'000	
Deficit reported to Cabinet 21.09.09	64	
<b>Add</b>		
- Shortfall in £0.3m income target	76	Permanent
- Increase in contingency - Safeguarding Children's Pressure	80	Permanent
- Shortfall Car Allowances saving (implementation delayed until 01.10.10)	200	Temporary
- Fire Safety Risk Management	30	Temporary
Revised Gross Deficit	450	
<b>Less</b>		
- April 2009 pay award saving	(150)	Permanent
Net Deficit	300	

Members attention is drawn to the increase in the contingency reflecting the increase in Social Workers as a result of the surprise inspection and anticipated phased implementation of the changes to the Car Allowance scheme, which will only impact on 2010/11. Cabinet allocated a target for additional income of £300,000, proposals that achieve £224,000 have been attached at **Appendix B** for members consideration.

Thus although there has been an increase in the deficit it is not expected to continue through into later years. This is an important point as in these circumstances the use of temporary monies is a reasonable solution without jeopardising future years positions. How this might be funded is considered further in the report.

### 3.3 Budget Risks

The Council continues to monitor the risks it faces and make appropriate plans to mitigate those risks so that services are not unnecessarily and adversely affected. In your initial proposals risks to income budgets from the recession, Job Evaluation appeals, delays in the Business Transformation programme and Building Schools for the Future were identified. Further work has been and continues to be done to refine these and other risks. In this regard it is now necessary to consider a number of other risks.

- **Equal Pay**  
The Council continues to receive various equal pay claims a separate detailed report on these is being prepared for Cabinet early in the new year. However for the purpose of the budget proposals a significance additional provision is necessary to attempt to safeguard services and the Council's position.
- **Salary Turnover Target**  
The Council for many years now has included a 3% reduction in staffing cost to reflect the normal delays in filling vacancies and the normal holding of vacancies to meet service requirements. This target is currently some £1m and has generally been achieved. It has become apparent as the work on the management structures has progressed that the achievement of this in future years will be much less likely as vacant posts are deleted permanently from the structure and the overall number of vacancies in Local Government reduces because of local governments financial position.
- **LPSA Reward Grant.** Although the main grants have been broadly confirmed for 2010/11 the LPSA reward grant is potentially at risk as it may not be honoured by a new government. As part of the current year's approved budget the revenue element of this grant is already committed to support future years budget and the

capital element allocated towards one-off Building Schools for the Future costs.

The risks currently anticipated for the Budget Proposals are set out in the following table using the normal traffic lights.

Risk Issue	Risk Assessment	Year	Estimated Value £'000
Income shortfalls	Red	09/10 & 10/11	500
Equal pay and equal value claims	Red	10/11 onwards(?)	2,000+
JE appeal costs exceed £0.4m;	Amber	10/11 onwards plus back-dated to 06/07	?
Business Transformation savings delayed;	Amber	10/11 onwards	?
Achievement of salary turnover targets	Amber	10/11 onwards	500
Receipt LPSA Reward grant	Green	10/11 onwards	?
Additional BSF one-off costs.	Green	12/13	1,800
Estimated value of risks			4,800+

### 3.4 Risk Mitigation

The Council's previous strategy for mitigating risks has been to allocate monies to individual risks and carry earmarked reserves either in their own right or as part of the general fund reserve. This is dependant upon there being sufficient financial flexibility to do this. It has previously been reported that there are uncommitted resources owing to the corporate underspend for 2009/10 (£1.0m) and the monies no longer specifically needed for grant repayment within the supporting people reserve (£0.5m).

In addition to these there is now the likely saving of £0.5m of the monies set aside for the strategic land acquisition which is now unlikely to proceed either as early or as expected. This takes the total flexibility to £2.0m which is insufficient to meet all the risks currently assessed but is likely to be sufficient in total to meet those cash requirements expected to become payable in 2010/11.

The Council has received notification of some £0.44m additional Working Neighbourhood funds grant on a one off basis for 2010/11. Work is currently underway to examine to what extent this can be used to fund existing general fund commitments that would free up further general fund resources to facilitate the overall financial position. At this stage no account has been taken of this.

Accordingly it is suggested that a single risk reserve be created, funded as identified above to meet these risks. It will also be necessary for the



Council to consider topping up this risk reserve in future years depending on the changes in the underlying risk factors or in the availability of any further flexibility. Should the amounts payable in any year exceed the risk reserve, then this will need to be met from the General Fund Balance as a last resort.

### 3.5 Residual Deficit for 2010/11

There remains a residual deficit for 2010/11 of £270,000 arising largely from a temporary factor. Within the base budget projections for 2010/11 remains the £300,000 provision for prudential borrowing for the Mill House Replacement. This is very unlikely to be required in 2010/11 and it is suggested that this be used to bridge the gap.

### 3.6 Outturn Strategy for 2009/10

It follows from the above that the outturn strategy for 2009/10 needs to compliment and reflect the risk mitigations set out above. The current year continues largely in accordance with expectations. First and second quarter management reports have been considered by Cabinet and Scrutiny. An overall net underspend is expected. Accordingly the resources and flexibilities identified in 3.4 above should be transferred into the new risk reserve. The only factor not currently reflected is an anticipated underspend in relation to the looked after Children contingency of some £0.3m. Equally this continues to be a volatile area and members will note that this was not included in the risk factors mentioned above. This is because this is a risk that is best addressed departmentally and it is suggested that this anticipated underspend be carried forward ring fenced within departmental reserves.

### 3.7 Budget Proposal 2010/11

The Council has consulted on its initial proposals as follows:  
Scrutiny Committees – reported to Cabinet 14 December 2009  
Trade Unions – notes attached at **Appendix C**  
Business Representatives – notes attached **Appendix D**  
Equality and Diversity Group - notes attached **Appendix E**

Responses to the proposals have in general been favourable in the circumstances and Cabinet needs to determine whether it wishes to amend its previous decisions in relation to the funding of pressures, declining the funding of priorities, determining the details of the income generation attached at appendix B and confirming a formal proposal for a 2.5% increase in Council Tax.

**4. CAPITAL PROGRAMME 2010/2011 TO 2013/2014****4.1 Government Capital Allocations**

Detailed capital allocations from Government have not yet been announced. A severe tightening of capital expenditure is expected as a result of the national economic position and this may begin in 2010/11. Further details are expected late December /early January.

**4.2 Local Allocations**

In February 2009 Members confirmed their commitment to Unsupported Prudential Borrowing for a range of local priorities which do not attract Government funding and to provide the following annual allocation until 2011/2012.

This is the area that members can most readily exercise policy choices, albeit at a cost to the revenue budget, unless schemes can generate sufficient income in their own right.

Budget provision to fund the revenue consequences of the following prudential borrowing have been built into the budget process.

	<b><u>£'000</u></b>
SCRAPT Priorities	1,200
Community Safety Initiatives	150
Disabled Adaptations	50
Neighbourhood Forum Minor Works	156

Detailed proposal are currently being developed for the SCRAPT priorities. In previous years these details have not been included in the detail budget proposals submitted to Scrutiny prior to consideration at Council. Following on from comments at Scrutiny, when the second quarter financial monitoring report was considered and bearing in mind that they are an intrinsic part of the budget and policy framework it is suggested that they be submitted separately for Scrutiny so that their views can be incorporated into the Cabinet's final budget recommendations to Council in February as detail allocations will not be available until early January and Cabinet will also need to consider the details.

**5. SCRUTINY PROPOSALS**

5.1 Cabinet needs to determine the specific scrutiny proposals it wishes to refer for consultation in relation to the following issues. These are based on the original proposals considered by Cabinet in September modified were necessary for changing circumstances.

5.2 2009/2010 Proposed Outturn Strategy

5.3 Do Cabinet wish to propose the creation of a risk reserve of initially £2m as set out in 3.6 together with a Looked After Children's reserve?

5.4 Do Cabinet wish to allocate the 2009/2010 and 2010/2011 total LABGI allocation of £80,000 to support the 2011/2012 budgets?

5.5 Capital Programme 2010/2012 to 2013/2014

Do Cabinet wish to confirm their commitment to use Unsupported Prudential Borrowing for the following local priorities in 2010/2011:

**£'000**

SCRAPT Priorities	1,200
Community Safety Initiatives	150
Disabled Adaptations	50
Neighbourhood Forum Minor Works	156

5.6 Do Cabinet wish to review the continuation of the above priorities in 2011/2012 and beyond as part of the comprehensive review of budget priorities in 2010?

5.7 Do Cabinet wish to confirm their commitment to use £3m of Unsupported Prudential Borrowing for the replacement of Mill House but in 2010/2011 take temporary revenue saving of £0.3m?

5.8 Do Cabinet wish to support the proposal to use Prudential Borrowing to replace the cremators during 2010/2011 and to repay this loan from 2011/2012 by increasing the cost of an adult cremation by £90, in addition to the normal inflationary increases?

5.9 2010/2011 Budget

5.10 Do Cabinet support the proposed corporate efficiencies and savings of £1.75m?

5.11 Do Cabinet support a proposed Council Tax increase of 2.5% for 2010/11?

5.12 Do Cabinet support the proposals for allocating the £1.5m headroom to fund budget pressures and the budget contingency as detailed in the previous report?

5.13 Do Cabinet wish to confirm that no Budget Priorities are funded?

5.14 Do Cabinet support the income proposals at Appendix B?

- 5.15 Do Cabinet wish to respond to Central Government on the Settlement?
- 5.16 2011/12 to 2013/14
- 5.17 Do Cabinet support indicative Council Tax increases of 2.5% for 2011/12 and 2012/13 and 3.9% for 2013/14?

# **CABINET REPORT**

**21<sup>st</sup> September, 2009**



**Report of:** Corporate Management Team

**Subject:** MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2010/2011 TO 2013/2014 – INITIAL CONSULTATION  
PROPOSALS

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## **SUMMARY**

### **1. PURPOSE OF REPORT**

- 1.1 To enable Cabinet to review the MTFS and to determine the initial proposals it wishes to put forward for consultation.

### **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 2009/2010 Outturn Strategy;
  - Capital Programme 2010/2011 to 2013/2014;
  - General Fund and Council Tax 2010/2011 to 2013/2014.

### **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 consultation.

### **4. TYPE OF DECISION**

- 4.1 Budget and Policy Framework.

### **5. DECISION MAKING ROUTE**

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

### **6. DECISION(S) REQUIRED**

- 6.1 Cabinet is required to determine its proposals.

**Report of:** Corporate Management Team

**Subject:** MEDIUM TERM FINANCIAL STRATEGY  
(MTFS) 2010/2011 TO 2013/2014 – INITIAL  
CONSULTATION PROPOSALS

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**1. PURPOSE OF REPORT**

- 1.1 To enable Cabinet to review the MTFS and to determine the initial proposals it wishes to put forward for consultation.

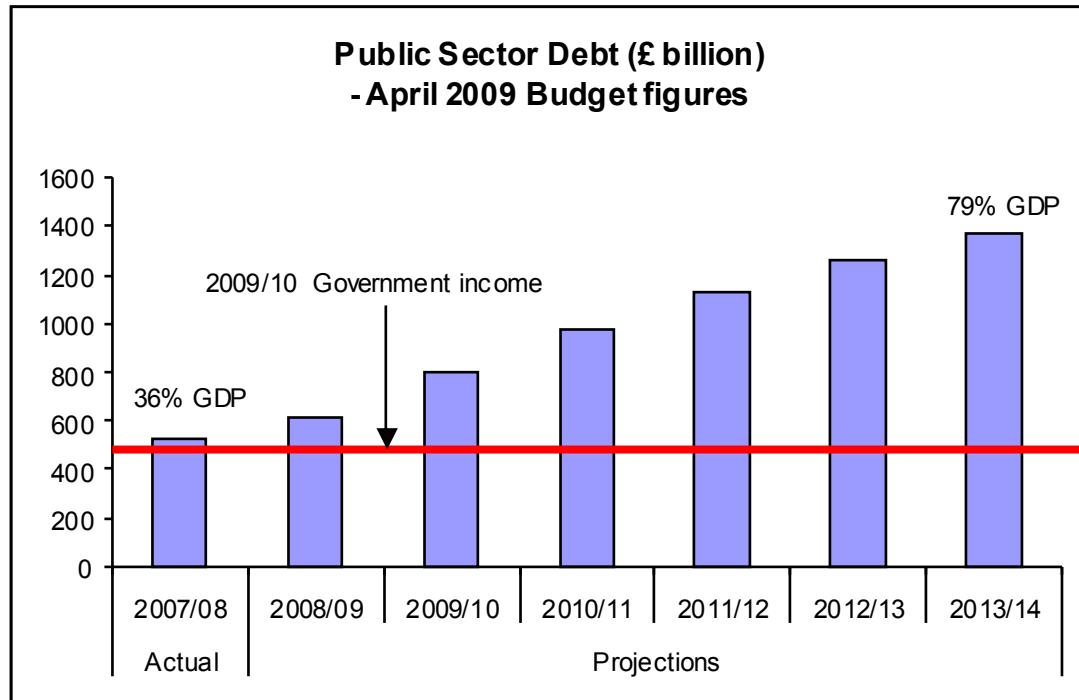
**2. BACKGROUND**

- 2.1 The current MTFS was approved in February, 2009 and covers the three years 2009/2010 to 2011/2012. As reported in February the final year of the current Comprehensive Spending Review (CSR) is 2010/2011. The MTFS assumes that the Government will confirm the previously announced grant allocations for 2010/2011, although this cannot be guaranteed owing to the deterioration of the national finances.
- 2.2 The MTFS needs to be rolled forward to cover the three years 2011/2012 to 2013/2014, which is expected to be the period covered by the next CSR. Details of the next CSR will not be known until after the General Election. The credit crunch and recession have had a deeper and longer impact on the public sector finances than previously anticipated. It is becoming clearer that the public sector is facing a prolonged period of austerity. For Local Government this is expected to result in grant reductions and this issue is covered in more detail later in the report.

**3. NATIONAL FINANCIAL POSITION**

- 3.1 In April, 2009, the Chancellor presented the 2009 Budget to Parliament and at the same time published the detailed budget report – “Economic and Financial Strategy Report and Financial Statement and Budget Report”, which runs to 268 pages.
- 3.2 The Budget Report highlights the impact of the financial crisis on the world economy, which is experiencing a severe recession. In the current year world Gross Domestic Product (GDP) is forecast to fall by 1 ½%, which is the first full year contraction in the post-war period.

- 3.3 The contraction in advanced economies (the G7 group) is forecast to be 4%. The Chancellor forecasts the world economy will begin to recover towards the end of 2009, with growth picking up through 2010 and 2011. In some countries there is some evidence that economic activity is beginning to pick up slightly, but it is not yet clear if this is sustainable, or will transfer to other countries.
- 3.4 In relation to the UK economy the Chancellor forecasts a sharp recession in 2009, with growth progressively picking up through 2010 and 2011.
- 3.5 The global recession will have a profound and long lasting effect on the financial position of Governments across the world as public sector debt is likely to rise significantly in all advanced economies.
- 3.6 In the UK this position initially arises from a reduction in tax revenues, particularly in relation to the banking and financial sectors. These reductions reflect London's position as a major international financial centre and the greater proportion of Government revenue which came from this sector than in other advanced economies.
- 3.7 On an ongoing basis Government expenditure on unemployment and related benefits will increase and continue at a higher level until the economy recovers on a sustainable basis. The recession will also have an ongoing impact on Government revenues as higher unemployment means less people will be paying income tax. In addition, company profits will be lower and consequently there will be a reduction in corporation tax and other business taxes.
- 3.8 The recovery in the UK economy (when it comes) is likely to be protracted as the factors driving the economy in recent years, i.e. rising house prices, the availability of relatively cheap consumer credit and foreign investment in the UK, will not be available.
- 3.9 In the current financial year the Chancellor has forecast a budget deficit of £175m, or put another way for every £1 of public spending the Government is only raising 75p.
- 3.10 This is not a one-off deficit but a structural problem caused by a reduction in Government income and increased Government expenditure driven by the recession. The Chancellor has indicated that this position will not improve until 2013/2014. By this date, the Chancellor is forecasting a cumulative shortfall of £700 billion, which means that Public Sector Debt is forecast to double by 2013/2014, as shown in the following table.



3.11 The increase in Public Sector Debt will result in higher debt interest payments for the Government which will be an additional pressure on the public finances. In the medium term the increase in debt may lead to higher interest rates as investors seek a higher return for continuing to support Government debt.

### 3.12 Impact of the recession on Public Sector Spending

3.13 In April the Chancellor made a number of specific announcements relating to public sector spending:

- Public Sector spending growth from 2011/2012 onwards was revised down to only 0.7% in real terms. This is the increase in total public sector spending. Details of increases for individual areas will not be known until the next CSR is published. In practise, whichever party forms the next Government, this increase will not cover increased social protection costs (unemployment benefits, etc.) and political commitments in relation to Health, Education and defence. The Government will also need to increase the amount it spends on debt interest. Together these items account for nearly 70% of Government spending so it is clear other areas, including local government, will face real term reductions to protect these areas and to begin to address the shortfall in the public finance.
- Increase in the efficiency target for 2010/2011 from £30 billion to £35 billion – which increases the efficiency target from 3% to 4%.



- Public sector net investment reducing to 1½% of GDP by 2013/2014 (2009/2010 3.1%).

#### **4. 2009/10 FINANCIAL POSITION AND PROPOSED OUTTURN STRATEGY**

- 4.1 A detailed budget management report for the first six months will be submitted to Cabinet in early November. The report will include the first detailed outturn forecasts for the current year.
- 4.2 A number of adverse trends have been identified in relation to income streams. These trends commenced in the previous financial year and, as part of the 2008/09 outturn strategy, specific reserves were created to manage these risks - £150,000 in respect of Shopping Centre income, and £120,000 for general income risks.
- 4.3 Based on the first quarter's income from the Shopping Centre, it is anticipated that £80,000 of the available Shopping Centre Income Reserve will be needed in the current year. As these trends are expected to continue in the medium term, it is hoped that the balance on this reserve will be sufficient to cover the potential shortfall in 2010/2011 and that income will recover to the budgeted level in 2011/2012, provided the economy recovers.
- 4.4 In relation to other areas, the adverse trends on Car Parking and Land Charges income are continuing and it is anticipated that there may be shortfalls of £200,000 and £120,000 respectively, at the year end. Therefore, there is a potential income shortfall of £320,000 compared to the General Income Risk Reserve of £120,000. The resulting shortfall will either need to be funded from the underspend on the Centralised Estimates budget (identified in paragraph 4.5), or from General Fund Balances if this underspend is allocated for other purposes. As these trends are expected to continue in 2010/2011 it would be prudent to set aside say £0.3m to address this risk from the 2009/2010 centralised estimate underspend.
- 4.5 The position in relation to corporate budgets is favourable owing to an anticipated underspend on the Centralised Estimates budget. As reported to Council in April the interest rate structures have been volatile. This provided a number of opportunities that allowed the council to repay what are now relatively expensive debt and net down cash balances which were expected to earn little interest in the medium term as base rates are expected to remain extremely low. The impact of this is that, in a full year, the Council's borrowing costs are expected to fall by £0.6m compared to the budgeted level. It was suggested that part of this benefit be allocated towards supporting strategic land acquisitions via prudential borrowing. It is now becoming unlikely that these resources will be needed in the current year as the strategic land acquisitions are not expected to be completed in the current financial year.

- 4.6 With respect to the outlook for interest rates it is now expected that following the Bank of England decisions to undertake 'Quantative Easing' that there will be no further reductions in interest rates and the next movement is likely to be upwards, although this will not occur for sometime yet. Against this background it is now expected that the Council should be able to earn slightly higher interest rates on its investment than expected when the budget was set. In addition, the Council's cashflow, particularly the receipt of Council Tax payments, are holding up much better than feared and this will also have a positive impact on investment income. Taken together it is anticipated that these changes could have a positive benefit by the year end of £0.4m. A firmer estimate will be reported in the next financial management report based on the first six months activity.
- 4.7 On the downside it is expected that the Council will need to set aside additional resources for Equal Pay costs arising from Equal Pay tribunal decisions against a neighbouring authority at the end of July in relation to male employee claims. Locally the Council has received over 100 such claims covering the pre 1<sup>st</sup> April 2007 period on the basis that they were related to male bonus earners and also for the post 1<sup>st</sup> April 2007 period on the basis of protection given to male employees. At this stage it is not possible to quantify these potential costs as the detailed legal issues in relation to Hartlepool employees have not yet been considered by the Tribunal Judge. If these claims are successful the cost could be significant owing to the backdating of claims. It is hoped that an initial estimate will be available for the next financial management report. Once these potential costs have been estimated a funding strategy will need to be developed. It would be prudent to begin to earmark some resources for these liabilities from the underspend on corporate budgets.
- 4.8 On a slightly more positive note, on the 29<sup>th</sup> July, 2009, the Government announced details of the LABGI (Local Authority Business Growth Incentive) scheme for 2009/2010 and 2010/2011. As reported previously, the amount distributed over these two years will be £100m, which is approximately ten per cent of the amount distributed under the previous scheme. Half of this amount will be distributed in 2009/2010 and half in 2010/2011. The Government have also changed the methodology for distributing the LABGI Reward Grant. Under the previous system these monies were allocated on the basis of the increase in an individual authority's business rates tax base. Under the new system all authorities are allocated to a sub-regional group and the reward grant is initially allocated to the sub-regional group on the basis of the overall change in the business rate tax base. The sub-regional allocation is then distributed to individual authorities on the basis of population. Locally the sub-regional group consists of the five Tees Valley authorities. For 2009/2010 the sub-regional allocation is £317,000 and Hartlepool's share is £40,641. The Government have indicated that

details of the 2010/11 allocations will be made later this year and before authorities set their 2010/2011 budgets. It is expected that the 2010/2011 allocation will be broadly in line with the current years' allocation. It is suggested that these amounts are allocated to assist balance the 2011/2012 budget.

- 4.9 In summary it is anticipated that there will be a net underspend on corporate budgets of £80,000 as detailed in the table below. It is suggested that this amount is earmarked to support the budget in 2011/2012.

	<b><u>Adverse/ (Favourable) Variance £'000</u></b>
Centralised Estimates	1,000
LABGI Reward Grant	80
Provision for current year income shortfalls	( 200)
Provision for continuing income shortfalls 2010/2011	( 300)
Provision for Equal Pay Tribunal Costs	<u>( 500)</u>
Allocated to Support 2011/2012 Budget	<u>80</u>

## **5. CAPITAL PROGRAMME 2010/2011 TO 2013/2014**

### **5.1 Government Capital Allocations**

- 5.2 In April's Budget Statement the Chancellor indicated that by 2013/2014 net public sector investment will reduce to 1½% of GDP, compared to 3.1% in 2009/2010. Details of where this reduction will fall will not be known until the next CSR is published. Given the existing national commitments for health and Building Schools for the Future it is anticipated that local authority capital allocation will be reduced as the Government directs resources to national priorities. The Council will need to review this position when detailed allocations for future years are known.

### **5.3 Local Allocations**

- 5.4 In February, 2009 Members confirmed their commitment to continue to use Unsupported Prudential Borrowing for a range of local priorities which do not attract Government funding and to provide the following annual allocation until 2011/2012.

	<b><u>£'000</u></b>
SCRAPT Priorities	1,200
Community Safety Initiatives	150
Disabled Adaptations	50
Neighbourhood Forum Minor Works	156

- 5.5 The annual repayment costs of using Unsupported Prudential Borrowing for the above schemes are reflected in the budget forecasts for future years. At this stage it is assumed Cabinet will wish to continue with this investment until 2011/2012. Given the challenging financial position from 2011/2012 Cabinet may wish to reconsider this position as part of the prioritisation of services which will need to be undertaken during 2010. At this stage the revenue forecasts do not include provision to continue these priorities after 2011/12. If Members wish to continue these priorities the borrowing costs will need to be funded from the revenue budget headroom.
- 5.6 The revenue budget forecast for 2010/2011 has reinstated the £0.3m provision to support a capital contribution towards the redevelopment of the Mill House Leisure Centre. This issue will also need to be reassessed as part of the prioritisation of services during 2010.
- 5.7 **Replacement of Cremators**
- 5.8 To comply with emissions regulations the Council will need to replace the existing Cremators by 31<sup>st</sup> December 2012. As there is finite capacity of cremator manufacturers it is suggested that to meet this deadline the Council replaces the cremators during 2010/11.
- 5.9 A detailed report was considered by the Adult and Public Health Services Portfolio holder on 3<sup>rd</sup> August 2009 which indicated this scheme will cost in the order of £1m. This cost will need to be funded from Prudential borrowing and the estimated annual repayments costs will be £90,000. The report indicated that the cost of a cremation equates to approximately 19% of the total fees charged by funeral directors for the average funeral.
- 5.10 The Portfolio holder considered two options for funding the annual repayment costs:
- Option 1 – an additional increase to the normal inflation increase in the adult cremation fee of £90 from 1<sup>st</sup> April 2011;
  - Option 2 – the introduction of an environmental surcharge on every adult cremation beginning in 2009/10, with an additional fee increase in 2011/12.
- 5.11 The Portfolio holder recommendation that Cabinet consider the adoption of Option 1 as part of the MTFs process for 2010/11 to ensure a funding strategy is in place for this scheme.

**6. 2010/2011 BUDGET AND COUNCIL TAX**

6.1 The current three year settlement for local authorities covers the period up to 2010/2011. In February, 2009 the Government announced the Council's provisional grant allocation for 2010/2011 of £51.5m, which is a 3.4% (£1.7m) increase on the current years' allocation. This amount should be confirmed just before Christmas, although there is potentially a greater risk that allocations for 2010/2011 will change owing to the deterioration of the public finances. However, the Government have previously emphasised the benefits of providing local authorities with three-year settlement so it is hoped the provisional allocations will be confirmed later in the year. The figures in the remainder of the report assume the provisional grant allocation is confirmed. There is however a risk that if there is a change in Government at the General Election that the new Government will implement an emergency in-year budget and may claw-back all, or part, of the 2010/11 grant increase.

6.2 After reflecting the provisional grant increase for 2010/2011 the Council still faces a very challenging financial position next year, which is driven by a number of factors:

- the impact of inflation. Whilst, inflation levels are currently low it is still expected that inflationary cost pressures will be in the order of £2.2m, which is greater than the provisional grant increase. The resulting shortfall equates to a Council Tax increase of 1.3% before any other cost pressures are taken into account;
- In the current year the Council is using temporary funding of £4.9m to support the revenue budget (£4.7m from the Budget Support Fund and £0.2m Area Based Grant). This is not sustainable and the available temporary funding will fall to £1.9m in 2010/2011. There will be further reductions from 2011/2012;
- The inclusion of £1.5m headroom for budget pressures. Detailed proposals which will need to be funded from this provision are covered in paragraph 6.3;
- The current budget includes a temporary investment income benefit of £0.7m which reflects the impact of longer term investments placed before the Bank of England reduced interest rates significantly. These investments had interest rates of up to 5.5% and matured during the earlier part of the current year. Interest rates on replacement investments are typically 0.5% to 0.75%, therefore this benefit will not continue. It is not expected that interest rates will begin to increase until late 2010 or early 2011 and will then only increase very slightly, unless inflationary pressures begin to pick up.

- Mill House Leisure Centre Prudential Borrowing repayment budget of £0.3m. This was taken as a temporary benefit in 2009/2010.
- The current years' budget included a contribution of £0.5m towards one-off Building Schools for the Future costs, which is not needed on an ongoing basis.

**6.3 Headroom**

**6.4** An initial review of commitments which may need to be funded from the available £1.5m budget headroom has been undertaken and this has identified a range of issues which fall into the following broad categories, which reflect the definitions used in previous years:

- Budget Pressures – total value £1.159m

Budget pressures are defined as unavoidable additional costs arising from either legislative changes, new government requirements or unavoidable increases in demand or an unavoidable additional cost of continuing to provide existing services.

Details of budget pressures for 2010/11 are provided in **Appendix 1**.

- Budget Contingency – total value £0.341m

Budget contingencies are similar to budget pressures and relate to issues which are either not certain or subject to ongoing negotiations and explicit disclosure at this early stage would not be in the Council's financial interest. As these items are not certain it is suggested that a global provision is made for these items.

For 2010/11 there are three items which fall into this category. Firstly, the repayment of 2008/09 severance costs over a period of up to five years. Secondly, potential increases in energy costs from April 2010, which NEPO (North East Purchasing Organisation) have indicated could be in the order of 10% for both gas and electric. Thirdly, potential increases in discretionary Business Rates relief costs during the recession. These items could exceed £0.5m in total, although it is hoped that they will not exceed the proposed value of the contingency.

Further detailed work is needed to assess these issues and these details will be reported to Cabinet in December to enable Members to determine the detailed proposals they wish to put forward for formal scrutiny.

- Budget Priorities – total value £0.343m

These items relate to proposals to improve existing services, or introduce new services, and the Council can therefore choose if it wishes to fund these issues.

These items are detailed in **Appendix 2**. At this stage it is not suggested that these items are funded as this would over commitment the available headroom. If Members wish to support these issues they will need to determine those areas where compensating savings are made.

- 6.5 The review of pressures has identified an additional requirement of £180,000 for Disabled Facility Grants. It is suggested that this issue is considered as a priority for capital funding from the uncommitted 2010/11 SCRAPT allocation.

- 6.6 After reflecting the above factors there is a gross budget deficit of approximately £7.2m, as summarised below

	<u>£'000</u>
Continuing Expenditure from previous year not funded from sustainable resources (funded Budget Support Fund)	4,630
Add	
- Inflation	2,225
- Loss 2009/10 Temporary Investment income	700
- Mill House - Prudential Borrowing repayment budget	309
- Headroom for pressures	1,500
<u>Less</u>	
- Contribution to BSF one-off costs (included in 2009/10 base)	(500)
- Grant Reduction/(increase)	<u>(1,688)</u>
Gross Budget Deficit	<u>7,176</u>

- 6.7 A strategy needs to be developed for funding this deficit and a series of proposals are detailed in the following paragraphs for Cabinet's consideration.

6.8 **Business Transformation Programme – Benefit £2.514m Gross**

- 6.9 Cabinet has previously approved the overall Business Transformation Programme and noted that these efficiencies will take four or five years to delivery, owing to the longer timescale for service delivery options and asset management.

- 6.10 In terms of integrating the Business Transformation Programme and the MTFS specific efficiency figures have been included in the budget forecasts from 2010/2011. These targets were based on funding

one-off severance costs on a loan basis repayable over five years. On this basis the annual Business Transformation efficiencies which can be taken to help balance the budget are as follows:

	<b><u>Annual Efficiencies £'000</u></b>	<b><u>Ongoing Efficiencies £'000</u></b>
2010/2011	2,088	2,088
2011/2012	1,105	3,193
2012/2013	2,020	5,213
2013/2014	0	5,213
2014/2015	0	5,213
2015/2016	477	5,690
2016/2017	320	6,010

- 6.11 If Council approve Cabinet's revised proposal to fund part of these costs from one-off resources this enables the Business Transformation efficiencies to be taken to the revenue budget earlier. Under this option the full Business Transformation efficiencies can be taken by 2013/2014. The benefit in 2010/2011 will increase from £2.088m to £2.514m, as detailed below:

	<b><u>Annual Efficiencies £'000</u></b>	<b><u>Ongoing Efficiencies £'000</u></b>
2010/2011	2,514	2,514
2011/2012	1,310	3,824
2012/2013	2,102	5,926
2013/2014	84	6,010

**6.12 Temporary Funding – Benefit £1.937m**

- 6.13 A Budget Support Fund has previously been established to support the revenue budget over the period 2009/2010 to 2011/2012. At 1<sup>st</sup> April, 2009, the balance on this reserve was £6.755m. Commitments against this reserve total £7m, as summarised below. It is anticipated the shortfall will be bridged from future RTB receipts from Housing Hartlepool.

**Phased Use of Budget Support Fund**

	<b><u>£'000</u></b>
2009/2010	4,630
2010/2011	1,523
2011/2012	847
	<u>7,000</u>



6.14 In addition to the Budget Support Fund the Council has previously undertaken a detailed review of the Area Based Grant (ABG) to identify flexibility for using the ABG to support services/projects currently funded from the Council's core budget. This review released resources by capping increases in some ABG allocations to 2.5% and from taking some of the uncommitted element of the Working Neighbourhood Fund part of the ABG. In the current year this review released £0.287m and £0.414m in 2010/2011. The figure for 2010/11 assumes there is no reduction in the previously announced ABG allocation for 2010/2011.

6.15 **Corporate Efficiencies and Savings – Benefit £1.75m**

6.16 There are a range of corporate efficiencies and savings which if implemented could benefit the budget for 2010/2011 and the following three years covering the following issues:

i) <u>Benefit Subsidy Income</u>	<u>£'000</u> 300
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A temporary saving for additional benefit subsidy income of £0.2m was included in the 2009/2010 budget. It is anticipated that this benefit is likely to be sustainable at £0.3m on an ongoing basis assuming current subsidy regulations remain in place. There is a risk that less beneficial subsidy regulations may be introduced, although given the increase in workload for this service as a result of the recession this is unlikely in the next three years.

ii) <u>Landfill Allowance Trading Scheme (LATS) Income</u>	250
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As reported previously the Council will benefit from the sale of LATS permits from 2010/2011. Members have previously determined to allocate these resources to assist the revenue budget from 2010/2011 onwards; £0.25m in 2010/2011 and £0.2m for the following three years.

iii) <u>Capitalisation of Revenue Expenditure</u>	500
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The Council currently funds a variety of projects from revenue budgets which could be capitalised to produce gross revenue saving of £0.5m in 2010/2011. This could be achieved by replacing revenue funding with Prudential Borrowing. The resulting repayment costs are a first call in the revenue headroom. The revenue costs of using

£0.5m of Prudential Borrowing will be in the order of £50,000 depending on the specific schemes undertaken.

In the medium term, i.e. 2011/2012 to 2013/2014 Members will need to determine if they wish to continue this strategy. This will enable current levels of investment to be maintained, although this will commit future revenue headroom. For planning purposes it is assumed that Members will wish to continue this strategy and will review its sustainability when details of the next three year grant allocations for Councils are known.

iv) Cross Departmental Income Review 300

In previous years individual departments have been able to retain any above inflationary increases in income from fees and charges to either offset expenditure pressures or to count towards departmental savings targets. As no departmental savings targets (other than those accruing from the BTP) are planned for 2010/2011, it is suggested that a cross departmental income target of £0.3m is established.

If Members approve this principal detailed proposals for achieving this target will be reported to a future Cabinet meeting. These details will then be referred to Scrutiny Co-ordinating Committee as part of the Formal Budget Consultation arrangements later in the year.

v) Review of Car Allowance 400

It is anticipated that efficiencies can be made by undertaking a comprehensive review of existing officer transport arrangements for official Council business. This review will cover the cost effectiveness of the existing arrangements and alternative arrangements aimed at reducing costs and the Council's environmental impact. These proposals have been discussed by the Tees Valley Chief Executive to determine if there is scope to achieve greater efficiencies by working together.

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**1,750**

**6.17 Council Tax Increase – benefit £0.911m**

6.18 In February, 2010, Cabinet put forward an indicative Council Tax increase for 2010/2011 of 3.9%. Since that time there has been a reduction in the current level of inflation. This will impact on the inflationary increase in pensions which are expected to be pegged to 2.5%.

6.19 In addition, there will be increased public pressure for lower increases owing to the impact of increasing unemployment and pay freezes (or even reductions) in large parts of the economy. There will also be increasing political pressure on Council Tax increases in the run up to a 2010 General Election.

6.20 Against this background it is assumed that Members may wish to consider a lower Council Tax increase than the 3.9% indicative increase. For planning purposes an increase of 2.5% has been assumed for 2010/2011 to 2012/13 and 3.9% for 2013/14.

6.21 Each 1% additional increase/decrease in Council Tax equates to approximately £0.4m.

**6.22 Summary Position 2010/2011**

6.23 If Members approve the proposals detailed in the previous paragraphs the 2010/2011 budget can be broadly balanced, as summarised below:

	<u>£'000</u>	<u>£'000</u>
Gross Budget Deficit		7,176
<u>Less</u>		
Temporary Funding		(1,937)
Business Transformation Efficiencies (BTP)	(2,088)	
BTP earlier releases assuming revised funding strategy approved	<u>(426)</u>	
Total BTP		(2,514)
Corporate efficiencies and savings 2.5%		(1,750)
Council Tax increase		<u>( 911)</u>
Net Deficit		<u>64</u>

6.24 In broad terms it is anticipated that the 2010/2011 budget can be balanced without having to undertake a specific efficiencies/savings exercise. Whilst, this initially appears less challenging than in previous years, the detailed position is still extremely challenging and will require a series of difficult decision to be made before the budget is approved in February.

6.25 These decisions will include issues relating to the detailed implementation of the Business Transformation Programme, including the strategy for funding one-off implementation costs. For planning purposes it is assumed that the Business Transformation efficiencies are implemented from 1<sup>st</sup> April, 2010.

**6.26 Budget Risks 2010/11**

6.27 In terms of budget risks the principal areas of risk relate to potential delays in the achievement of the BTP efficiencies and other efficiencies from 1<sup>st</sup> April, 2010.

6.28 There is also a risk in relation to the cost of Job Evaluation appeals. The budget forecasts include an ongoing provision for this risk of £0.4m per year. In practice, the final position on appeals will not be known until 2011/2012 so part of this amount may need to be carried forward until the final position is known.

6.29 In previous years the Council has increased the Looked after Children budget to safeguard children and address increasing caseloads following the Baby P case. At this stage no additional pressure has been identified for this area. However, as Members are aware this is a volatile area and very small changes in caseload, or the complexity of individual cases, can have a significant financial impact.

6.30 On the income side there is a risk around grant income, both the core revenue grant and the specific grant regimes. At this stage the Government have not provided any indication that provisional grant allocations previously announced for 2010/11 will be changed. This position may change, particularly if there is a new Government and they implement an emergency budget part way through 2010.

**7. 2011/2012 TO 2013/2014 BUDGET**

7.1 It is expected that the next CSR will cover the period 2011/2012 to 2013/2014, although these details will not be known until after the General Election. In practice, individual councils' grant allocations will probably not be known until late November/early December, 2010, owing to the lead time between the General Election result and the Government reviewing the public finances and determining its overall spending priorities.

7.2 The Council therefore faces a period of financial uncertainty. However, it is clear that the public sector faces a period of austerity from 2011/2012 which will fundamentally change public services.

7.3 Give the main political parties commitments to Health, Education and Defence and the need to begin to balance the public sector finances it is anticipated that Government funding for other services, including

councils, will be reduced from 2011/2012. What is not clear is how quickly the Government will implement such changes.

7.4 On a practical basis the Council cannot wait until after the General Election to find out future grant allocations as this will not provide adequate time to develop a rational strategy for reducing costs. The Council needs to begin to plan how it will manage and prioritise services with lower grant levels during 2010 to ensure a strategy can be developed and implemented.

7.5 In order to begin this work the budget forecasts have been rolled forward to cover the period 2011/2012 to 2013/2014 and reflect the following planning assumptions:

- Provision for Inflation

Whilst inflation levels are currently low it is expected that the Council will face inflationary cost pressures of 2.5% which increases costs by approximately £2.4m per year.

- Headroom for Pressures

The Council will continue to face additional budgeted pressures, particularly in relation to care services and legislative changes. Annual provisions of £2m for these items have previously been included in the budget forecasts from 2011/2012 as a planning assumption. Based on previous years approved pressures this planning assumption is still appropriate. However, given the more challenging financial position this area needs to be reviewed to determine if there is scope for reducing this provision.

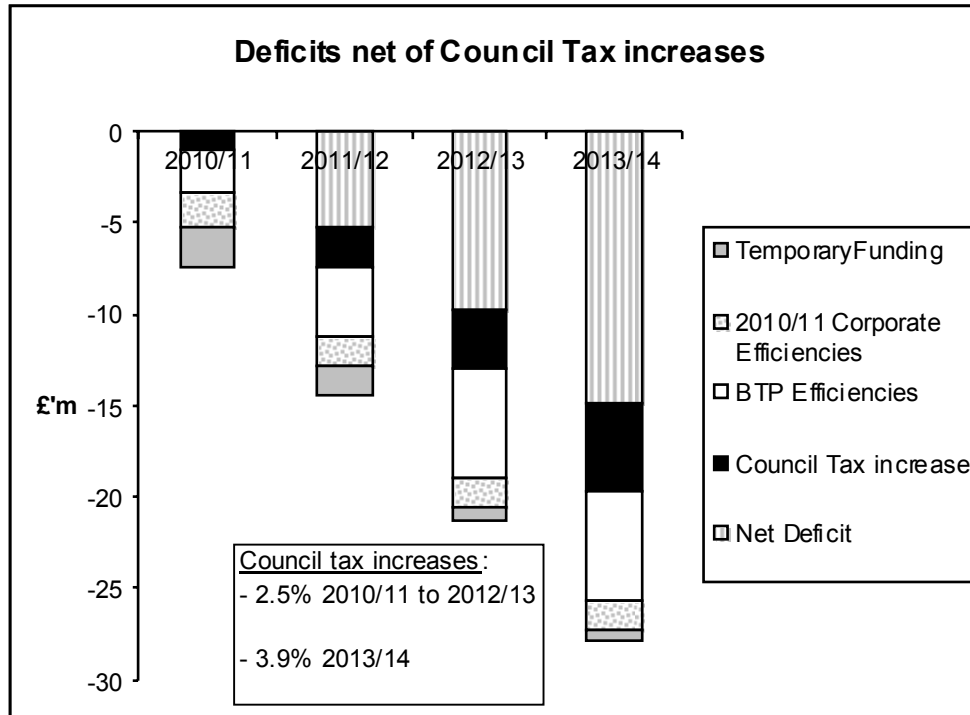
- Council Tax Levels

Council Tax levels will continue to be subject to public pressure owing to higher unemployment and continuing wage restraint in the private and public sectors. There will also be political pressure on Council Tax. For example, the Conservative Party have previously indicated that if authorities limit Council Tax increases to 2.5% an additional grant will be paid to effectively freeze the actual increase paid by individual tax payers for two years. For planning purposes the budget forecasts for 2011/2012 and 2012/13 assume annual Council Tax increases of 2.5% and 3.9% for 2013/14.

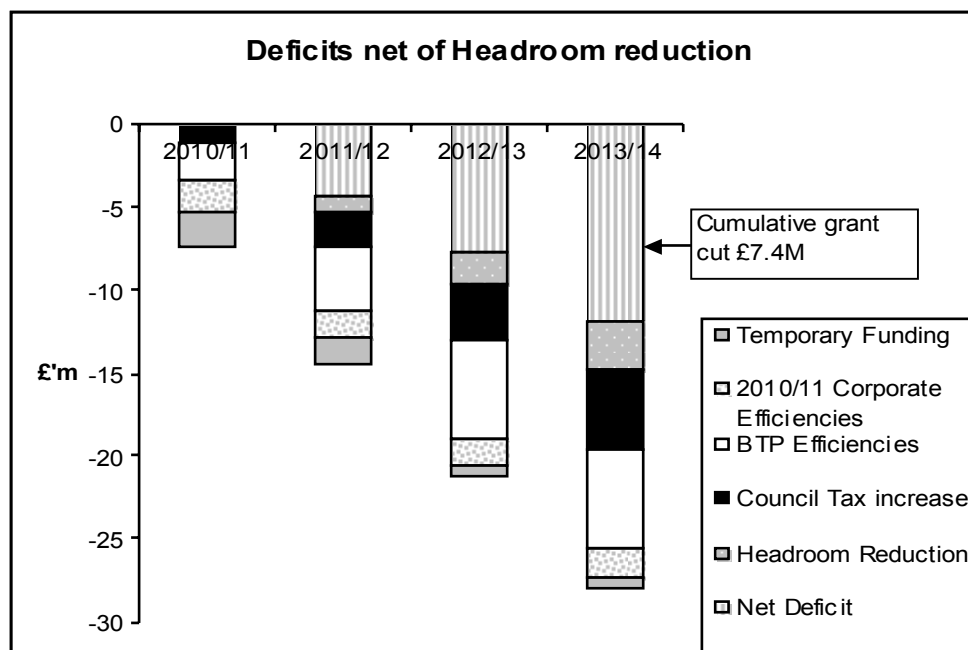
- Grant Levels

For planning purposes it is assumed that the Government will reduce grant funding by 5% per year from 2011/2012 for a three year period.

- 7.6 On the basis of the above planning assumptions the Council would need to make expenditure reductions of nearly £14m before the start of 2013/2014. This would be in addition to the use of temporary funding, the achievement of 2010/11 Corporate efficiencies, the achievement of the BTP efficiencies and suggested Council Tax increases, as detailed in the following table.



- 7.7 If the annual headroom could be reduced to £1m per year this would reduce the required expenditure reductions from £14m to £11m, as follows:

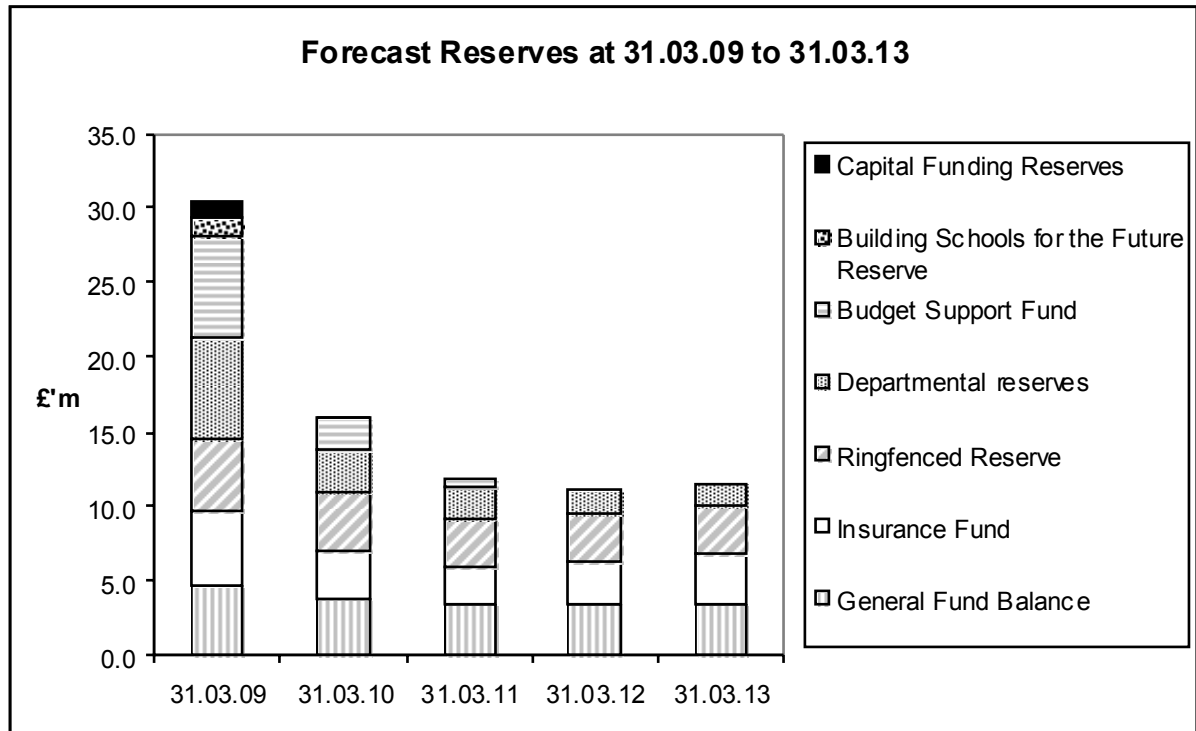


- 7.8 The budget forecasts assume annual grant reductions of 5% and Council Tax increases of 2.5%. The following table shows the impact of changing these assumptions by +/-1% on an annual basis and also the cumulative impact of +/-1% annual changes for three years from 2011/2012. These figures illustrate that there will need to be a significant change in the planning assumptions for either future grant levels, or Council Tax increases, to make a significant difference to forecast budget deficits.

	<b><u>Annual Impact</u></b>	<b><u>Cumulative Impact Over 3 Years</u></b>
	<b><u>£'000</u></b>	<b><u>£'000</u></b>
Impact of +/-1% change in Grant	+/-510	+/-1,530
Impact of +/-1% change in Council Tax	+/-440	+/-1,320

## **8. REVIEW OF RESERVES**

- 8.1 Over the last few years the Council has been able to strengthen the Balance Sheet. This has been achieved as a result of higher investment income and the Local Authority Business Growth Incentive (LABGI) scheme. These factors will not continue as interest rates have fallen significantly and are expected to remain low in the medium term. At the same time the Council's investments are forecast to reduce as reserves are used. From 2009/2010 a new LABGI Scheme has been introduced which only allocates 10% of the amount allocated under the previous system.
- 8.2 Significant elements of these resources have been earmarked for Building Schools for the Future costs and to assist manage the budget over the medium term. These resources will be released over the next few years so the increase in reserves is temporary.
- 8.3 A review of the historical position shows that the increase in reserves was previously driven by investment income and stock transfer benefits, including RTB income. Reserves peaked in 2004/05 at £36m and are forecast to fall to the longer term trend level of £11m by 2012/13 as detailed below.



8.4 The level of reserves is forecast to fall to £11.3m by 31<sup>st</sup> March, 2013, compared to a minimum requirement at that date or £8.2m. The minimum requirement consists of:

- the General Fund Balance of £3m, which is the minimum recommended level and equates to 3% of the budget;
- the Insurance Fund Balance of £4.7m, which is the estimated value to meet outstanding claims. The actual balance at 31<sup>st</sup> March 2013 is forecast to be £3.4m which is less than the ongoing requirement owing to the temporary use of this reserve to fund Business Transformation one-off costs repayable over a five year basis. It is hoped that the timing of these repayments and the settlement of insurance claims can be managed over this period within the available cash balance on this reserve.

8.5 After reflecting the existing commitment of reserves and the minimum ongoing requirements the Council has effectively committed the majority of available reserves. The only area where there are potentially uncommitted resources is the Ring-fenced Reserve for Supporting People. This reserve was established to mitigate the potential repayment of grant and to manage the transition to the new grant regime. Further work is needed to assess how much can prudently be released from this reserve. It is suggested that in the first instance this amount is allocated towards Equal Pay costs and then to support the budget from 2011/2012 onwards, which will be the first year of the next CSR.



**9. CONCLUSION**

**9.1 2009/10 Budget Position**

9.2 The recession has produced a number of income shortfalls in relation to car parking, land charges and shopping centre income. These issues are partly covered from resources set aside in last year's closure strategy. These trends are expected to continue into 2010/2011, so it would be prudent to earmark additional resources to manage this risk.

9.3 Following recent Equal Pay Tribunal cases there is an increased risk of additional costs which will also need to be funded.

9.4 On the upside Centralised Estimates will underspend and in the current year this amount will not be needed to fund the revenue costs of strategic land acquisitions, which have been delayed. Therefore, this underspend can be allocated to fund the income shortfalls and to partly meet the anticipated additional Equal Pay costs. It is also suggested that any uncommitted resources are carried forward to help manage the 2011/2012 budget.

**9.5 2010/2011 Budget Position**

9.6 The Council faces a challenging financial position for 2010/2011 which can only be managed by implementing a series of measures, including a 2.5% Council Tax increase, a range of corporate efficiencies and the first phase of the Business Transformation Programme.

9.7 The most challenging part of this strategy is the implementation of the Business Transformation Programme owing to the lead in time for the start of the new financial year. This phase of the Business Transformation Programme will also lay the foundations for the second phase of this Programme which will achieve further savings in 2011/2012 and 2012/2013.

**9.8 2011/2012 to 2013/2014 Budget Position**

9.9 From 2011/2012 the Public Sector faces the toughest financial challenge for many years and probably faces a decade of reducing funding.

9.10 Given the main political parties commitments to Health, Education and Defence it is clear that other areas of the Public Sector will face reductions in funding. The current Chancellor in the April, 2009 budget reduced the growth in total public spending from 2011/2012 to 0.7% per year – this is further evidence that areas such as local authorities face reductions in funding.

- 9.11 At this stage it is not possible to accurately predict future grant levels. However, on the basis of existing information on the national financial position a planning assumption of annual grant reductions of 5% in the Council's core grant seems appropriate.
- 9.12 On this basis if no action is taken the Council will face a budget deficit of £14m by 2013/2014 – this assumes the Business Transformation efficiencies of £6m are achieved. This deficit is largely driven by the forecast grant reductions.
- 9.13 A strategy for managing this position will need to be developed during 2010 to address this position to ensure there is an adequate lead-in time to implement expenditure reductions once the actual grant allocations for 2011/2012 onwards are known. It will not be possible to bridge this deficit from a further round of efficiencies as the Business Transformation Programme will have exhausted this area. Therefore, the strategy will need to prioritise services, including identifying those services which the Council no longer provides and also review issues such as eligibility criteria and service levels across the remaining services.
- 9.14 At this stage no assessment of potential reductions in the Area Based Grant have been made as the Government may change this regime to reflect their own prioritisation of services. Similarly no assessment of potential reductions in specific grant regimes has been made. These issues will need reviewing when more information is available. This may require the Council to make difficult decisions to pass on grant reductions as the Council will not be able to afford to mainstream these reductions owing to anticipated reductions in core grant income and the resulting budget gap for the Council's own budget.

## **10. CONSULTATION PROPOSALS**

- 10.1 Cabinet needs to determine the specific consultation proposals it wishes to refer for consultation in relation to the following issues.
- 10.2 2009/2010 Proposed Outturn Strategy**
- 10.3 Do Cabinet wish to allocation the anticipated centralised estimate underspend of £1m to manage the following budget risks:

	<b><u>£'000</u></b>
Provision for current year income shortfall	200
Provision for continuing income shortfalls 2010/2011	300
Provision for Equal Pay Tribunal Costs	500

- 10.4 Do Cabinet wish to allocate the 2009/2010 and 2010/2011 total LABGI allocation of £80,000 to support the 2011/2012 budgets?

**10.5 Capital Programme 2010/2012 to 2013/2014**

- 10.6 Do Cabinet wish to confirm their commitment to use Unsupported Prudential Borrowing for the following local priorities in 2010/2011:

	<u>£'000</u>
SCRAPT Priorities	1,200
Community Safety Initiatives	150
Disabled Adaptations	50
Neighbourhood Forum Minor Works	156

- 10.7 Do Cabinet wish to review the continuation of the above priorities in 2011/2012 and beyond as part of the comprehensive review of budget priorities in 2010?

- 10.8 Do Cabinet wish to confirm their commitment to use £3m of Unsupported Prudential Borrowing for the replacement of Mill House in 2010/2011 or to take the £03.m revenue saving?.

- 10.9 Do Cabinet wish to support the proposal to use Prudential Borrowing to replace the cremators during 2010/2011 and to repay this loan from 2011/2012 by increasing the cost of an adult cremation by £90, in addition to the normal inflationary increases?

**10.10 2010/2011 Budget**

- 10.11 Do Cabinet support the proposed corporate efficiencies and savings of £1.75m (detailed in paragraph 6.12) and do they wish to refer these for consultation?

- 10.12 Do Cabinet support a proposed Council Tax increase of 2.5% for 2010/11?

- 10.13 Do Cabinet support the proposals for allocating the £1.5m headroom to fund budget pressures and the budget contingency detailed in paragraph 6.4?

- 10.14 Do Cabinet wish to refer the Budget Priorities detailed in Appendix 2 for consultation and to suggest that if Members want to fund these items they will need to suggest where compensating reductions should be made?

- 10.15 Do Cabinet support the proposal to allocate the uncommitted balance of the Supporting People reserve for Equal Pay costs and supporting the 2011/12 budget?

**10.16 2011/12 to 2013/14**

- 10.17 Do Cabinet support indicative Council Tax increases of 2.5% for 2011/12 and 2012/13 and 3.9% for 2013/14?

## 4.1 Appendix A /1

### Initial Pressures 2010/11

	£'000	Description
<b><u>Corporate issues</u></b>		
Revenue cost of proposed £0.5m capitalisation	50	Estimated repayment cost of using Prudential Borrowing to capitalise £0.5m of expenditure, which will produce a gross revenue saving for 2010/11 of £0.5m
Discretionary Business Rates Hardship Relief	70	Temporary costs for up to three years to provide support to businesses during the recession.
<b><u>Child and Adult Services</u></b>		
Brierton School site pre Dyke House decant	125	Part year costs of the LA operating the site whilst construction works are undertaken until Dyke House School moves to Brierton on 1st September 2010 - Rates, energy, caretaking, security etc. May be possible to fund part of these costs from alternative funding sources, such as DSG and these options are currently being explored in more detail.
Home to School Transport	220	Part year costs of transporting Dyke House pupils from home to the Brierton site wef 1st September 2010. Significant additional costs are likely depending on what Members agree regarding an exceptional rule to the Home to School policy. Legally we are only obliged to provide free transport to pupils travelling beyond 3 miles although the limit is 2 miles for low income families. (Again possibility that this could be DSG funded) Costs would be for 2 academic years only, spread over three financial years and would cease when Dyke House school reopens in September 2012. This figure is an initial costing and will be reviewed once Cabinet has determined a transport policy for decant period of Dyke House school.
Mental Health - Agency placements	155	Increasing number of high cost community based packages associated with Aspergers/autism/complex Dual Diagnosis. The complex needs associated with these conditions require significant funding and diagnoses of these conditions are expected to increase in the coming years. Packages have previously been funded through vacancies but posts now filled. Statutory duty to meet assessed needs, risks around failure in meeting our Duty of Care.
Older People - Intermediate care/transitional beds	190	Current pressure exists in relation to intermediate care provision and transitional beds. There continues to be an increased demand for these services owing to demographic increases in Older People and specifically those with dementia. The existing transitional beds provision is not suitable for those individuals with severe dementia. Funding is required to expand the current provision and to explore alternative options for more sustainable community based solutions.
Learning Disability Agency	195	Three young people with learning disabilities currently in transitions will turn 18 years of age at the start of 10/11. Early indications are that there will be a pressure of approximately £55K for those individuals, one with complex learning disabilities estimated at £35K, the remaining 2 individuals estimated at £10K each. There are 20 young adults with Learning Disabilities who currently access Post 19 education and enrichment/day opportunity via Catcote School. The provision is supported from a mixture of funding streams, LSC funding supports 50% of the provision classified as teaching and learning, the remainder is supported by Catcote school, of which the council has supported in recent years £66K from short term grant funding. Catcote school can no longer subsidise the overall provision which predominantly meets the assessed social care needs of this complex and vulnerable group of individuals. A pressure of £140K is required to enable this provision to continue.

Initial Priorities

	£'000	Description
<b><u>Corporate issues</u></b>		
Support of Credit Union	60	To support bids for administration of pump priming loan pool fund from DWP to help needy families and also to create a development fund to support initiatives of the Hartlepool Financial Inclusion Partnership.
<b><u>Regeneration and Neighbourhoods</u></b>		
Reactive Maintenance	50	Past years have seen reactive budget provision increase annually by less than construction industry cost increases. In addition energy costs have increased. Budget provision for the Windsor and Carnegie have been less than requested within the overall budget headings, a realignment against anticipated commitments has been undertaken involving Finance. The consequence of this is that the available resources for day to day responsive works have been significantly reduced.
Extension of out of hours service	183	Depending on Members' decision on options for extending the service the costs could be funded from existing budgets or incur additional costs of <b>up to</b> £183,000.
Neighbourhood Management/Community Safety	50	With the demise of NDC the contribution towards the Neighbourhood Management/Policing and Community Safety programme at 173 York Road will cease. Cleveland police are committed to funding half of the costs and are pursuing the increase through their own budget pressure rounds. The costs cover premises/ half a FTE anti social behaviour officer and administrative support.
	343	

## Schedule of Proposed Income Increases 2010/2011

7.1 Appendix A Appendix B

### Summary all Departments

Children's Services Budgets	£37,600.00
Adult and Community Services	£150,000.00
Chief Executives Department	£19,000.00
Neighbourhood Services	£17,000.00
Regeneration and Planning	£0.00
	<b>£223,600.00</b>

### Children's' Services Department

#### Potential Sources of Additional Income - 2010/11.

Div		Section	Officers / Budget Holder	Item / Task Discussed	Estimated Additional Income
RSST	1	Finance Team	Mike Wall	updated projection of school buyback SLA income	£3,000.00
RSST	2	Performance Team	Kay Forgie	Fees from provision of training courses to schools	£1,700.00
RSST	3	Admissions Team	Sue Beevers	Charges relating to co-ordinating and overseeing admissions process in Secondary Schools following their transfer to Foundation status	£7,700.00
PSI	4	Youth Service - Admin	Peter Davies	Sale of places on Youth Service-run training courses to local area groups.	£2,000.00
PSI	5	Brinkburn Youth Centre	Peter Davies	Updated projection of income received from room hire	£800.00
S & SS	6	C&F - Staff Development Training	Louise Wood	Sale of franchise courses. Updated projection of income.	£8,000.00
S & SS	7	Direct Payments - Packages	Mark Gwilt	A number of packages of care include health care needs in addition to social care needs. A more focussed approach to recharging the PCT for the health care element is	£5,900.00
PSI	8	English Martyrs Exclusion Project	Peter Davies	Net income from provision of project for pupils at risk of school exclusion.	£3,000.00
		<b>Sub total</b>			<b>£32,100.00</b>
S & SS	9	Care Proceedings	S O'Connor	Surplus of voluntary contributions from stakeholders towards court costs	£1,500.00
PSI	10	YC Youth Advisory Balances	Peter Davies	This income represents profit on tuck shop sales to Young People. The Youth Service has historically retained and delegated this back to projects in consultation with young	£4,000.00
		<b>Sub total</b>			<b>£37,600.00</b>

Risk impact	Risk probability	Risk score	Risk status	Other Comments
1. Low	1. Unlikely	1	Green	
1. Low	1. Unlikely	1	Green	
1. Low	1. Unlikely	1	Green	
1. Low	1. Unlikely	1	Green	
1. Low	1. Unlikely	1	Green	
1. Low	1. Unlikely	1	Green	
1. Low	1. Unlikely	1	Green	
1. Low	2. Possible	2	Green	
1. Low	2. Possible	2	Green	

## Adult & Community Services Department

### Potential Sources of Additional Income - 2010/11.

		Section	Officers / Budget Holder	Item / Task Discussed	Estimated Additional Income
Adult Social Care	1	Commissioning Budgets	Phil Hornsby/Neil Harrison	Additional Expenditure in adult social care budgets and review of charging strategy has led to increased service user contributions being achieved. It is expected that this	£100,000.00
Adult Social Care	2	Individual Staff supported through DWP	Geraldine Martin/Kath Millican	Increase in existing income budget to accommodate previous patterns of income and continued support from DWP	£20,000.00
Community Services	3	Museums & Heritage	David Worthington	Increases in Admission Fee income - volatile and sometimes weather dependant.	£15,000.00
Community Services	4	Strategic Arts	Stephen Cashman	Increased income from lettings - volatile	£5,000.00
Community Services	5	Sports & Leisure	Pat Usher	Increased admission fees - linked to Free Swims Initiative	£10,000.00
<b>Grand Total</b>					<b>£150,000.00</b>

Risk impact	Risk probability	Risk score	Risk status	Other Comments
3. High	2. Possible	6	Amber	Volatile owing to levels of income involved
1. Low	1. Unlikely	1	Green	
2. Medium	2. Possible	4	Amber	Volatile service areas
2. Medium	2. Possible	4	Amber	Volatile service areas
2. Medium	2. Possible	4	Amber	Volatile service areas

## Chief Executives

### Potential Sources of Additional Income - 2010/11.

		Section	Officers / Budget Holder	Item / Task Discussed	Estimated Additional Income
Legal	1	Legal	P Devlin	Increased income from provision of services to Cleveland Fire Authority in relation to support PFI scheme	£4,000.00
Finance	2	Internal Audit	N Adamson	Increase in income from schools for provision of Financial Management in Schools assessments	£4,000.00
Finance	3	Revenues and Benefits	J Morton	Increase in bailiff fees	£5,000.00
HR	4	HR	J Machers	Increased income from Management Development	£3,000.00
Corp. Strategy	5	Corp. Strategy	A Atkin	Website advertising, sell a small slot to google ads or similar	£2,000.00
Corp. Strategy	5	Corp. Strategy	A Atkin	School appeals review of charging as this was not taken into account this year	£1,000.00
<b>Grand Total</b>					<b>£19,000.00</b>

Risk impact	Risk probability	Risk score	Risk status	Other Comments
1. Low	1. Unlikely	1	Green	
1. Low	2. Possible	2	Green	
1. Low	1. Unlikely	1	Green	
1. Low	1. Unlikely	1	Green	
1. Low	2. Possible	2	Green	



## Neighbourhood Services

### Potential Sources of Additional Income - 2010/11.

	Section	Officers / Budget Holder	Item / Task Discussed	Estimated Additional Income
Property Services	Environmental Protection	Adrian Hurst/Heather Deane	Sponsorship of Pest Control Vans - Local companies may be willing to pay for advertising on Council vehicles which are on the road around the town all day.	£5,000
Property Services	Environmental Sustainability	Helen Beaman/SEAI officer	Schools Environmental Action Initiative (SEAI)- This programme is currently funded through the Working Neighbourhood Fund - other authorities have started to charge for Environmental support (e.g. Sunderland charges £1000 per school and has matched that with local funding). Each school to be charged £500 per annum per service - Anticipate that 4 schools will sign up this year.	£2,000
Property Services	Environmental Sustainability	Helen Beaman/Kate Ainger	Pride in Hartlepool sponsorship	£1,000
Property Services	Environmental Sustainability	Rocco Graziano/Helen Beaman	Resource use reduction - Offer service to schools to examine and reduce resource usage- programme currently funded through Working Neighbourhood Funding the charge could be a percentage of the savings achieved (as business such as KPMG ). £1,000 per school (based on achieving a 20% saving)- anticipated that 2 schools will	£2,000
	Horticultural Services	Albert Cope		£5,000
	Environmental Services	Craig Thelwel		£2,000
	<b>Grand Total</b>			<b>£17,000.00</b>

Risk impact	Risk probability	Risk score	Risk status	Other Comments
2. Medium	1. Unlikely	2	Green	
2. Medium	2. Possible	4	Amber	
1. Low	1. Unlikely	1	Green	
2. Medium	2. Possible	4	Amber	
1. Low	1. Unlikely	1	Green	
1. Low	1. Unlikely	1	Green	



## **BUDGET CONSULTATION MEETING WITH TRADE UNION REPRESENTATIVES**

**Minutes of Meeting held on 26 October 2009  
at 9.30am in the Mayor's Office, Level 2, Civic Centre**

**Present:**     **Hartlepool Borough Council Officers**  
Paul Walker, Chief Executive  
Chris Little, Assistant Chief Financial Officer  
Joanne Machers, Chief Personnel Officer  
Dave Stubbs, Director of Regeneration and Neighbourhoods

**Councillors**  
Stuart Drummond, Mayor  
Councillor G Hall

**Trade Union Representatives**  
Edw in Jeffries  
Tony Watson  
Margaret Waterfield  
Malcolm Sullivan

**Apologies:**   Mike Ward, Chief Financial Officer

*Kirsty Swanson, PA to the Chief Executive (Minutes)*

<b>1.</b>	<b>Presentation</b>
<p>CL provided a detailed overview of the issues affecting the budget and policy framework proposal for 2009/10 to 2013/14 and sought views from the Trade Unions. A detailed overview of the following issues was provided:</p> <ul style="list-style-type: none"><li>- National financial position</li><li>- 2009/10 Budget Position</li><li>- 2010/11 to 2013/14 Financial Outlook</li><li>- Business Transformation Programme</li></ul>	

Comments Made	Response
SD queried if floor damping would be allocated next year.	CL stated that floor damping adjustment for 2010/11 was anticipated to be £0.4m lower than in the current year. However, floor damping reduction would still total £2.4m in 2010/11. The outlook for further reductions in floor damping after the election would depend on the new Government's priorities and the formula adopted for distributing grants. In the current financial climate it is unlikely that floor damping will be phased out quickly.
PW reiterated points made in the presentation that after all Business Transformation efficiencies and other proposals have been implemented annual savings of £4 million would be needed for three years from 2011/12.	
We are unable to predict what is going to happen in future years but the main issue is that Trade Unions are involved at the earliest opportunity.	PW agreed with these comments.



## **BUDGET CONSULTATION MEETING WITH BUSINESS REPRESENTATIVES**

**Minutes of Meeting held on 21 October 2009  
at 8.30am in the Mayor's Office, Level 2, Civic Centre**

**Present:** ***Hartlepool Borough Council Officers***  
Chris Little, Assistant Chief Financial Officer  
Peter Scott, Director of Regeneration & Planning  
Andrew Atkin, Assistant Chief Executive  
Antony Steinberg, Economic Development Manager

***Councillors***  
Councillor R Payne  
Councillor C Hill  
Councillor G Hall  
Councillor V Tumilty

***Business Representatives***  
John Megson  
Peter Olson  
Brian Beaumont  
Colin Griffiths  
Adrian Liddell

**Apologies:** Stuart Drummond, Mayor  
Paul Walker, Chief Executive  
Mike Ward, Chief Financial Officer

*Kirsty Swanson, PA to the Chief Executive (Minutes)*

<b>1.</b>	<b>Presentation</b>
<p>CL provided a detailed overview of the issues affecting the budget and policy framework proposal for 2009/10 to 2013/14 and sought views from the Business Sector. A detailed overview of the following issues was provided:</p> <ul style="list-style-type: none"> <li>- National financial position</li> <li>- 2009/10 Budget Position</li> <li>- 2010/11 to 2013/14 Financial Outlook</li> <li>- Business Transformation Programme</li> </ul>	
<b>Comments Made</b>	<b>Response</b>
What assumptions have been made for increases in the employee Pay Award?	2.5% has been factored in for future increases in pay costs, which needs to cover the April 2011 national insurance increase, annual cost of living pay awards and potential increases in employers pension contributions.
Will there be an increase in employees during Business Transformation Programme?	No additional employees will be recruited during the Business Transformation Programme. Councillor Hall commented that new jobs created by the Council were generally funded from specific grants and not the Council's core budget.
What happens if efficiencies are set at over 20%	This is possible but will be very difficult for all authorities. Our assessment is that in practice there will be reductions over a number of years, rather than a single reductions as the Government needs to take account of the impact of reductions in public sector spending on the overall economy.
Questions were raised in relation to redundancy costs of externally funded posts.	Redundancy costs are sometimes funded from the specific grant, but not always factored into the funding. Once the officer has been in post of two years they then become a council employee and redundancy costs will be payable. .

<p>Councillor G Hall asked the Business Sector Representatives if any of the new initiatives which the council has implemented for local business has helped.</p>	<p>Yes, the 10 day payment has helped a lot.</p> <p>A discussion took place regarding the procurement documents which need to be completed when tendering for a contract. Councillors expressed their commitment to supporting Hartlepool business and the local economy wherever ever this was possible within existing procurement rules and regulations.</p>
<p>Overall comments from business sector representatives are that they are very happy with the services the council is currently undertaking, particularly in relation to economic development and regeneration work over the last 10 years. .</p>	

**Hartlepool Council – Budget Proposals for 2010/11**

**Tuesday 11<sup>th</sup> November 2009**

**Presentation**

Mike Ward, the Council's Chief Finance Officer, gave a presentation on the Council budget, explaining where the funds come from, how it is spent and the plans for reducing expenditure next year as the pressure to reduce public expenditure grows.

**Questions**

The following general questions were raised:

- 1. Are the number of staff employed by the Council going to be reduced next year and in following years?**

**Response**

There is currently a freeze on all Council recruitment excluding those employed through schools and posts that have external funding sources. The Council's departmental structure is being re-organised into two main delivery departments and it is anticipated that this will lead to a reduction of staff, largely through people leaving and retiring. The Council has to learn how to do more with less, which is challenging and requires a change of culture.

- 2. Will work currently done by Council staff be “out sourced” to other organisation.**

**Response**

This is not currently planned and in any case does not always save money as the staff have to be transferred on existing terms and conditions.

- 3. Are energy saving devices being installed in Council buildings?**

**Response**

Yes, all light bulbs are low energy and there are monitors fitted in the Civic Centre that turn the lights off when there is no one present in the room.

- 4. Many people who are entitled to reductions in their Council tax do not apply for these reductions. Will the Council continue to publicise this even though it cost you money?**

**Response**

Yes, this is part of the Council social inclusion strategy, this will not be protect income from Council Tax.

- 5. In the past businesses that have failed to pay their business rates have had their debts written off. Will this continue?**

**Response**

Less than 0.2% of outstanding business rate income is written off. In any case this is not a loss to the Council as these funds go to the government and are redistributed to local authorities.

**6. If there is to be a 5% reduction on public expenditure over the next three years won't that inevitably lead to cuts in services?**

**Response**

The next three years are going to be tough. Expenditure must go down otherwise there will be an increasing deficit. However, next year's budget has been planned to this in such a way that services are unaffected and the Council must learn to be more efficient in the way it delivers its services in order to avoid impacting too heavily on people who rely on Council Services.

**Responses to the specific budget pressures**

**1. Brierton and Dyke House School decant**

Fair enough, these costs will have to be met.

**2. Home to school transport**

The notes state that these costs will have to be met for people up to the age of 25. This is not the case, as pupils leave Dyke House at 16. Suggest that there could be a big saving there. **Need to do an Equality impact assessment.**

**3. Mental Health Agency payments**

The group felt that more assessment is needed of the impact of these changes. They would like to know more about the numbers involved in using the service currently and why it costs so much.

**Needs to undergo a full Equality Impact assessment.**

**4. Older People Intermediate Care/transitional beds**

It is inevitable that these costs will rise with an ageing population. It is justified.

**5. Learning Disability Agency**

Again the Council would appear to have little choice but to meet these costs.

**6. North Tees Hospital Bus Service**

This service is important and should be maintained.

**7. Corporate issues**

No comments on these



**INITIAL PRESSURES 2010/11****7.1 Appendix A****SCRUTINY CO-ORDINATING COMMITTEE**

	£'000	Description
Revenue cost of proposed £0.5m capitalisation	50	Estimated repayment cost of using Prudential Borrowing to capitalise £0.5m of expenditure, which will produce a gross revenue saving for 2010/11 of £0.5m
Discretionary Business Rates Hardship Relief	70	Temporary costs for up to three years to provide support to businesses during the recession.
<b>Total</b>	<b>120</b>	

**SCRUTINY CO-ORDINATING COMMITTEE**

	£'000	Description
Support of Credit Union	60	To support bids for administration of pump priming loan pool fund from DWP to help needy families and also to create a development fund to support initiatives of the Hartlepool Financial Inclusion Partnership.
Reactive Maintenance	50	Past years have seen reactive budget provision increase annually by less than construction industry cost increases. In addition energy costs have increased. Budget provision for the Windsor and Carnegie have been less than requested within the overall budget headings, a realignment against anticipated commitments has been undertaken involving Finance. The consequence of this is that the available resources for day to day responsive works have been significantly reduced.
<b>Total</b>	<b>110</b>	

SCRUTINY CO-ORDINATING COMMITTEE

	£'000	Description
Benefit Subsidy Income	300	A temporary saving for additional benefit subsidy income of £0.2m was included in the 2009/2010 budget. It is anticipated that this benefit is likely to be sustainable at £0.3m on an ongoing basis assuming current subsidy regulations remain in place. There is a risk that less beneficial subsidy regulations may be introduced, although given the increase in workload for this service as a result of the recession this is unlikely in the next three years.
Landfill Allowance Trading Scheme (LATS) Income	250	As reported previously the Council will benefit from the sale of LATS permits from 2010/2011. Members have previously determined to allocate these resources to assist the revenue budget from 2010/2011 onwards; £0.25m in 2010/2011 and £0.2m for the following three years.
Capitalisation of Revenue Expenditure	500	The Council currently funds a variety of projects from revenue budgets which could be capitalised to produce gross revenue saving of £0.5m in 2010/2011. This could be achieved by replacing revenue funding with Prudential Borrowing. The resulting repayment costs are a first call in the revenue headroom. The revenue costs of using £0.5m of Prudential Borrowing will be in the order of £50,000 depending on the specific schemes undertaken. In the medium term i.e. 2011/2012 to 2013/2014 Members will need to determine if they wish to continue this strategy. This will enable current levels of investment to be maintained, although this will commit future revenue headroom. For planning purposes it is assumed that Members will wish to continue this strategy and will review its sustainability when details of the next three years grant allocations for Councils are known.
Cross Departmental Income Review	300	In previous years individual departments have been able to retain any above inflationary increases in income from fees and charges to either offset expenditure pressures or to count towards departmental savings targets. As no departmental savings targets (other than those accruing from the BTP) are planned for 2010/2011, it is suggested that a cross departmental income target of £0.3m is established. If members approve this principal detailed proposals for achieving this target will be reported to a future Cabinet meeting. These details will then be referred to Scrutiny Co-ordinating Committee as part of the Formal Budget Consultation arrangements later in the year.
Review of Car Allowance	400	It is anticipated that efficiencies can be made by undertaking a comprehensive review of existing officer transport arrangements for official Council business. This review will cover the cost effectiveness of the existing arrangements and alternative arrangements aimed at reducing costs and the Council's environmental impact. These proposals have been discussed by the Tees Valley Chief Executive to determine if there is scope to achieve greater efficiencies by working together.
<b>Total</b>	<b>1,750</b>	

## SCRUTINY CO-ORDINATING COMMITTEE

15<sup>th</sup> January 2010



**Report of:** Local Strategic Partnership Manager, Policy & Partnerships

**Subject:** LOCAL AREA AGREEMENT REFRESH 2010/11

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### 1. PURPOSE OF REPORT

- 1.1 This report outlines the process and timetable for the Local Area Agreement (LAA) refresh 2010/11 and seeks comments from Scrutiny Co-ordinating Committee on the proposed changes to the LAA for 2010/11.

### 2. BACKGROUND INFORMATION

- 2.1 A LAA is a three year agreement based on local Community Strategies that sets out the priorities agreed between Central Government (represented by the regional Government Office) and a local area (represented by the local authority and other key partners through Local Strategic Partnerships). Hartlepool's LAA is structured around the themes of the Community Strategy and sets out agreed priorities that the Local Strategic Partnership (LSP) will progress.
- 2.2 There are 3 types of targets within the LAA:
- Designated Improvement Targets - those that have been designated by the Secretary of State and are subject to upward reporting to Government. These targets have been derived from the National Indicator Set and conform to the associated Handbook of Definitions.
  - DCSF Improvement Targets – led by Child & Adult Services
  - Local Priority Targets - those where targets are set by the LSP and are only subject to local monitoring arrangements.
- 2.3 Hartlepool's LAA was agreed by Council at its meeting in May 2008 and subsequently signed-off by Government in June 2008. The LAA was reviewed in 2008/9 and the refreshed LAA was agreed by Council at its meeting in March 2009 and then signed off by the Secretary of State.
- 2.4 The following report sets out the current review and refresh process and timetable, details the progress made to date and sets out the next steps.

### 3. REVIEW PROCESS

- 3.1 It is the Government's intention that each LAA will be subject to an annual review. The main purpose of the review is to identify the contribution the LAA is making in the delivery of better outcomes.
- 3.2 The review this year has been a light touch with Government Office North East (GONE) reviewing the LAA Delivery & Improvement Plan Progress Update from quarter 2 and meeting with the Head of Performance & Partnerships from HBC in December 2009. Based on this information GONE will submit a regional LAA Annual Review summary report to Central Government by February 2010.

### 4. REFRESH PROCESS

- 4.1 The annual review process provides the opportunity to revise a limited number of designated targets, revise local priority targets and also to consider any emerging priorities and potentially new targets that we may wish to include within our LAA. As this will be the final year of the current 3 year agreement targets within the LAA will not be revised unless there are exceptional circumstances that have rendered the original targets unrealistic.
- 4.2 In the refresh process last year Government identified 9 indicators for which designated targets would not be 'locked down' as it was expected that their achievement would be adversely affected by the economic downturn. Those indicators were:
- NI 116 Proportion of children in poverty
  - NI 151 Overall employment rate
  - NI 152 Working age people on out of work benefits
  - NI 153 Working age population claiming out of work benefits in the worst performing neighbourhoods
  - NI 154 Net new homes provided
  - NI 155 Number of affordable homes constructed (gross)
  - NI 166 Median earnings of employees in the area
  - NI 171 New business registration rate (VAT)
  - NI 172 Percentage of small businesses in an area showing employment growth

7 of the 9 indicators above are designated improvement targets in Hartlepool's LAA and are therefore able to be renegotiated with GONE in this refresh process.

- 4.3 Revised targets for the designated indicators need to be shared with GONE in early January to enable the negotiation process to be undertaken. The revised LAA will need to be agreed by Cabinet and Council in February in order to meet the Central Government deadline for Ministerial approval. **Appendix 1** sets out in detail the timetable that the refresh will follow.

- 4.4 As part of the refresh process the Story of Place also needs to be reviewed and updated. The Story of Place sits alongside the LAA and sets out the local context and evidence base for each outcome. It also provides high level information on the approach being taken to target particular disadvantaged communities and details plans to narrow the inequality gap.
- 4.5 When the LAA was first developed it was felt appropriate that activity aimed at reducing child poverty was included within the outcome 'Achieve economic wellbeing for all children and young people ensuring that they are prepared for working life'. However, as child poverty is increasingly a concern both nationally and within Hartlepool it is proposed to introduce a new outcome within the Jobs & Economy theme which would be 'Fewer children in Hartlepool experience the effects of poverty'. This outcome would include the designated target for NI 116 Proportion of children in poverty and the delivery and improvement plan for 2010/11 will reflect key elements of the Child Poverty Action Plan.
- 4.6 A summary of the outcomes within the LAA reflecting this addition is set out in **appendix 2**.
- 4.7 The updated Story of Place for 2010/11 including the new child poverty outcome is available on request.

## 5. PROPOSED AMENDMENTS TO HARTLEPOOL'S LAA

- 5.1 Designated Targets:  
It is proposed that Hartlepool seeks to renegotiate 6 of the 7 designated targets that were not 'locked down' in the refresh last year. These are set out within **appendix 3** with further detail on the proposed revised targets to be updated verbally at the Scrutiny Co-ordinating Committee meeting.
- 5.2 Hartlepool will achieve the designated target for NI 155 Number of affordable homes constructed (gross) by the end of 2009/10 (year 2 of the LAA) and it is therefore proposed that this be achievement be 'banked' and the target removed from the designated list. The target will remain in the LAA but as a local indicator with a new target set for the final year.
- 5.3 As the number of designated targets will be reduced to 34 it is proposed that a new designated target be included within the LAA for NI 39 Alcohol related hospital admissions as set out in appendix 3. The recent Comprehensive Area Assessment (CAA) identified a red flag around alcohol for Hartlepool and it is felt appropriate to include this indicator within the LAA to demonstrate the importance that the Local Authority and its partners are putting on achieving improvement in this area. The proposed target for negotiation with GONE comes from the Primary Care Trust (PCT) Vital Signs targets that have previously been agreed with the Department of Health.

#### 5.4 DCSF Targets

Negotiation of the DCSF targets is led by the Child & Adult Services Department and is separate to the LAA refresh process. All changes to these targets will be included within the reports going forward to Cabinet and Council.

#### 5.5 Local Priority Targets

As part of the refresh Hartlepool is able to revise local priority targets. However, as this is the final year of the LAA it is only proposed to revise those targets that have been rendered unrealistic by exceptional circumstances or those that will have been achieved in 2009/10.

#### 5.6 Appendix 4 sets out the proposed changes to the following local priority targets:

- Unemployment Rate (Hartlepool)
- Employment Rate (16-24 years old)
- NI 172 Percentage of small businesses in an area showing employment growth (local)
- Youth Unemployment Rate (Hartlepool)
- Youth Unemployment Rate (Neighbourhood Renewal Narrowing the Gap)
- NI 155 Number of affordable homes constructed (gross)
- Number of homes brought back into use
- Number of schools achieving National Healthy Schools Status

As the target for 'number of schools achieving National Healthy Schools Status' has been achieved in 2009/10 it is proposed to replace this local priority indicator with two indicators which will see this area of work taken forward. These new indicators are set out in more detail in **appendix 4**.

### 6. **NEXT STEPS**

- 6.1 Negotiations with GONE on the proposed revisions to the LAA will take place in January and approval for the revised LAA will be sought from Cabinet and Council in February.
- 6.2 Once the refreshed LAA is in place work will begin on developing the LAA Delivery and Improvement for 2010/11 incorporating actions from the Corporate Plan where appropriate.

### 7. **RECOMMENDATIONS**

- 7.1 That Members of the Forum note the content of the report and focus particular attention on the proposed changes to the LAA. Any comments will be considered and can be incorporated into the LAA before reports are prepared for Cabinet and Council in late January.

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**BACKGROUND PAPERS**

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

- (i) [Hartlepool's Local Area Agreement 2008-11 \(refresh\)](#)
- (ii) [LAA Delivery and Improvement Plan 2009/10](#)

Copies of both documents are available at are available at  
[www.hartlepoolpartnership.co.uk](http://www.hartlepoolpartnership.co.uk)



**Refresh Timetable:**

<b>Task</b>	<b>Deadline</b>
Story of Place outcome updates returned	15 <sup>th</sup> December
LAA Annual Review discussion with GONE	21 <sup>st</sup> December
Proposals for revisions to local priority targets submitted to Partnership Support Team	22 <sup>nd</sup> December
Members Seminar outlining LAA refresh process	5 <sup>th</sup> January
Report outlining refresh process and targets to be revised to Scrutiny Coordinating Committee meeting 15 <sup>th</sup> January	5 <sup>th</sup> January
Negotiation of revisions to designated targets with GONE	Mid January
Revised Targets to Hartlepool Partnership meeting 29 <sup>th</sup> January	18 <sup>th</sup> January
Revised Targets to CMT meeting 25 <sup>th</sup> January	21 <sup>st</sup> January
Revised Targets to Cabinet meeting on 8 <sup>th</sup> February	28 <sup>th</sup> January
Revised Targets to Council meeting on 25 <sup>th</sup> February	12 <sup>th</sup> February
Submission of approved LAA to GONE	12 <sup>th</sup> March

## **Hartlepool LAA - Summary of Outcomes for 2010/11**

### **Jobs and the Economy**

1. Attract Investment
2. Be Globally Competitive
3. Create more employment opportunities for local people
4. Achieve economic wellbeing for all children and young people ensuring that they are prepared for working life.
5. Fewer children in Hartlepool experience the effects of poverty

### **Lifelong Learning and Skills**

6. Enjoy and Achieve
7. Provision of high quality learning and skills opportunities that drive economic competitiveness, widen participation and build social justice

### **Health and Wellbeing**

8. Improved Health
9. Be Healthy
10. Exercise of choice and control and retention of personal dignity
11. Improved Mental Wellbeing
12. Access to Services

### **Community Safety**

13. Reduced (total) crime
14. Reduced harm caused by illegal drugs and alcohol
15. Improved neighbourhood safety and increased public confidence, leading to reduced fear of crime and anti-social behaviour
16. Reduced offending and re-offending
17. Stay safe

### **Environment**

18. Deliver sustainable communities through high quality planning, new build and sensitive conservation and protect and enhance the local natural environment
19. Improve the quality of the local environment by having cleaner, greener and safer public, private and community spaces
20. Provide a sustainable, safe, efficient, effective and accessible transport system
21. Make better use of natural resources and reduce the generation of waste and maximise recycling

- 22. Prepare for the impacts of and secure local and global action to tackle Climate Change
- 23. Promote community involvement in positive action to reduce poverty through fair trade and promoting peace and security

## **Housing**

- 24. Balancing Housing Supply and Demand
- 25. Improving the quality of existing housing
- 26. Changing housing needs and Meeting the Housing Needs of Vulnerable People
- 27. Access to housing

## **Culture and Leisure**

- 28. Enrich individual lives, strengthen communities and improve places where people live through enjoyment of leisure, culture and sport
- 29. Cultural and leisure services, including libraries, better meet the needs of the community, especially disadvantaged areas

## **Strengthening Communities**

- 30. Empower local people to have a greater voice and influence over local decision making and the delivery of services
- 31. Make a positive contribution
- 32. Improving quality of life and ensuring service providers are more responsive to neighbourhood needs with particular focus on disadvantaged areas
- 33. Improving financial inclusion
- 34. Freedom from discrimination or harassment

## 9.1 Appendix 3

### Proposed Revisions to LAA Designated Targets:

Outcome	Indicator	Baseline Figure (Year)	2010/11 Original Target	2010/11 Revised Target	Explanation
Attract investment	NI 151 Overall employment rate	65.8% (2007/8)	68.8%	TBC	Revision required due to economic downturn.
Be globally competitive	NI 166 Median earnings of employees in the area	£440.60 per week (2007)	£499	TBC	Revision required due to economic downturn.
Be globally competitive	NI 171 New business registration rate (VAT)	54.65 (2005-7)	47.49	TBC	Revision required due to economic downturn.
Create more employment opportunities for local people	NI 152 Working age people on out of work benefits	21.7% (2007/8)	18.7%	TBC	Revision required due to economic downturn.
Create more employment opportunities for local people	NI 153 Working age population claiming out of work benefits in the worst performing neighbourhoods	33.2% (May 2007)	26%	TBC	Revision required due to economic downturn.

## 9.1 Appendix 3

Outcome	Indicator	Baseline Figure (Year)	2010/11 Original Target	2010/11 Revised Target	Explanation
Achieve economic wellbeing for all children and young people ensuring that they are prepared for working life	NI 116 Proportion of children in poverty	28.6% (2007)	19.7%	TBC	Revision required due to economic downturn.
Balancing housing supply and demand	NI 155 Number of affordable homes constructed (gross)	10 (2006/7)	80 (total of 160 over 3 yrs)	140	3 year target achieved in year 2 (2009/10) therefore seeking to bank performance and change target to a local priority indicator with revised target for 2010/11.

### Proposal for New Designated Target:

Outcome	Indicator	Baseline Figure (Year)	2010/11 Proposed Target	Explanation
Improved health	NI 39 Alcohol related hospital admissions	TBC	2,597	Target to be introduced in response to the Audit Commission Comprehensive Area Assessment report.

## Proposed Revisions to LAA Local Priority Targets:

Outcome	Indicator	Baseline Figure (Year)	2010/11 Original Target	2010/11 Revised Target	Explanation
Attract Investment	Unemployment Rate (Hartlepool)	4.3% (2008)	7.1%	7.2%	<p>The original targets in this theme were agreed in consultation with key partners prior to the global economic crisis. Partners considered that these targets were stretching but achievable as long as economic growth and investment continued across the town. Since September 2008 the global economic crisis has impacted on the town with redundancies being announced at companies such as Woolworths and TK MAXX. The unemployment rate has increased month on month to 7.2% in November 2009 from 5% in 2008 and the employment rate has reduced from 67% in 2008 to 63.9%.</p>
Attract Investment	Employment Rate (16-24)	51.6% (2007)	54.4%	46%	<p>Most sectors across the town have been affected by the recession and advice given by HBC to local businesses at the end of the financial year 2008/09 reported that over 75% of new business enquiries were relating to redundancies, lay-offs and the need to reduce working hours. The reduction in the number of vacancies across the town over the past year has further compelled the issue of unemployment which ultimately impacts on the targets being achieved.</p> <p>The main challenge is to maintain and aim to improve on the above proposed revised targets. There has already been significant investment in reducing the unemployment rate within Hartlepool which will work towards achieving the revised targets.</p>

## 9.1 Appendix 4

Outcome	Indicator	Baseline Figure (Year)	2010/11 Original Target	2010/11 Revised Target	Explanation
Be globally competitive	NI 172 Percentage of small businesses in an area showing employment growth (local)	14.3 (2005-7)	Not previously set	14.3	The above indicator did not have an original target set as data was not available until recently. However, although performance improved in the lead up to the baseline year, there must be caution in setting a target that is too stretching. At best, the aim should be to maintain the current baseline figure of 14.3 as this in itself will be challenging in the current economic climate
Create more employment opportunities for local people	Youth Unemployment Rate (Hartlepool)	34.4% (2007)	32.2%	33.9% (2009)	The cohort worst affected by the downturn has been young people with nationally one in five young people currently unemployed. The picture is no different in Hartlepool with youth unemployment fluctuating erratically. For example, in June 2009 the youth unemployment rate was 31.5%, however, this increased to 33.9% in November 2009 (NOMIS). The actual numbers of young people who are unemployed in Hartlepool remains within the region of 1,200. The reduction in the number of vacancies across the town over the past year has further compelled the issue of youth unemployment.
Create more employment opportunities for local people	Youth Unemployment Rate (Neighbourhood Renewal Narrowing the Gap)	35.2% (2007)	32.5%	34.2%	

## 9.1 Appendix 4

Outcome	Indicator	Baseline Figure (Year)	2010/11 Original Target	2010/11 Revised Target	Explanation
Balancing Housing Supply and Demand	Delivery of new Affordable Housing	10 (2006/07)	80	140	This target is an improvement to the original target. In the period 2008-10 265 units of affordable housing are expected to be delivered in total, with 234 units completed by December 2009. Schemes in the pipeline for 2010/11 are in excess of 140 units, therefore 140 is a realistic target to propose for 2010/11.
Balancing Housing Supply and Demand	Number of homes brought back into use	10 (2007/8)	20	TBC	This target ties in with the Empty Homes Strategy that is currently subject to consultation.

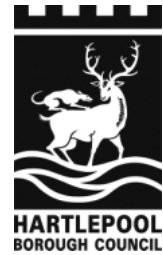


**Proposed New Local Priority Targets:**

<b>Outcome</b>	<b>Indicator</b>	<b>Baseline Figure (Year)</b>	<b>2010/11 Target</b>	<b>Explanation</b>
Be Healthy	Number of schools at stage 4b of the Healthy Schools Enhanced Model who have successfully completed their Health and Well being Improvement Tool	0% (2009/10)	20% (April 2011)	As the local priority indicator 'number of schools achieving National Healthy Schools Status' has been achieved in 2009/10 it is proposed to replace this indicator with the two outlined here. This is to ensure that the strategic profile of Healthy Schools is maintained locally.
Be Healthy	Number of schools that have successfully completed their Annual Review	0% (2009/10)	50% (July 2011)	

## SCRUTINY COORDINATING COMMITTEE

15<sup>th</sup> January 2010



**Report of:** Director of Regeneration and Neighbourhoods

**Subject:** CIVIC SUITE MICROPHONE SYSTEM

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### 1. PURPOSE OF REPORT

The purpose of the report is to present to the Scrutiny Coordinating Committee the detailed findings of the “live” test that was carried out on 13<sup>th</sup> November 2009 and advise of any remedial work, operational changes or further investigation that may be required.

### 2. BACKGROUND INFORMATION

- 2.1 At Scrutiny Co-ordinating Committee on 18<sup>th</sup> September 2009 Members commented on the microphone system installed in the Civic Suite and the fact that despite being reported by Members on several occasions, it was still not working correctly. The Chair requested that the Director of Regeneration and Neighbourhoods be in attendance at a future meeting of the Committee to submit an action plan identifying how this issue would be remedied.
- 2.2 A report was taken to Scrutiny Co-ordinating Committee on 16<sup>th</sup> October 2009. The report explained that microphone system was installed as part of the Civic Centre refurbishment works and although there had been a number of teething problems since completion of this installation, the majority of these problems had been operational and not technical. These were thought to have largely been resolved by further training and the production of a simplified operating manual.
- 2.1 However the report went on to explain that the likely reason for the current intermittent technical problem (loss of sound) that has arisen in recent months was caused by interference from either the wireless IT system or the wireless switcher used to change slides on the projector.
- 2.2 The recommendation was to carry out a further test with the relevant channels left clear by Northgate to identify if there is a crossover under “live” circumstances.

- 2.3 The specialist supplier and our technical officer would be in attendance. Any remedial work or required modifications identified will be carried out as soon as possible.
- 2.4 This course of action was agreed and the test arranged for the SCC of 13<sup>th</sup> November 2009.
- 2.5 A report detailing the findings of the “live” test and any remedial work or operational changes that may be required would be taken to the January meeting of the Scrutiny Co-ordinating Committee.

### **3. FINDINGS**

- 3.1 The Scrutiny Coordinating Committee meeting (13<sup>th</sup> November 2009) was attended by a representative of Blaydon Communications (System supplier and specialist contractor) and our Electrical Team Leader. They arrived early to ensure that the system was set up correctly and to observe how this was being done.
- 3.2 Northgate as requested had switched off the wireless network completely on Levels 2 and 3 between noon and 16:30 hours. The meeting ran from 14:00 to approximately 16:45 hours.

#### **3.3 Set Up**

- 3.3.1 The representative of Blaydon controls observed that the system was not set up correctly as the microphones were not turned on when they were put out. This means that when users first go to use them the initial button press will turn on the microphone and establish a link to the control unit; at this point the system is not in a usable state and the user will not be able to use the system. A basic rule for the system is that the light just above the press to talk button should be green before and during speech use.
- 3.3.2 Another setup issue was that none of the user instructions supplied by Blaydon Communications were laid out; this resulted in visiting person being unaware of how to correctly use the microphones. It was apparent that officers who rarely used the system did not understand how the microphones operated.
- 3.3.3 Twenty Seven microphones had been set out with only thirteen being used during the meeting. All of the remaining units were tested after the meeting. All of these units appeared to be operating correctly however this test is not as good as a test under actual conditions
- 3.3.4 The final comment regarding the initial setup was that a number of the microphone units were removed from the charging case by the gooseneck instead of the base. Although this will not cause communication issues immediately it is not good for the microphones and may result in unnecessary damage and cost in the future.

### 3.4 Operation

- 3.4.1 It was observed that some users tend to speak away from and not into the microphone as recommended. The end result of this is that the system needs to be turned up so loud to account for the lack of directional input to the microphone that the system is close to feedback. The correct usage should be for the user to speak in the direction of the microphone; this would increase intelligibility allowing a reduction in the system volume to eliminate the 'ringing noise from the units and the wall mounted loudspeakers. This was apparent when a presentation was made by officers from the lectern as the microphone had been placed on the Dais. A microphone stand should be used at this position.
- 3.4.2 Users also need to be aware that when they press the request to speak button on the microphone this does not automatically mean that they have access to speak; they need to wait for a clear channel before they can use the system. Pressing multiple times on the microphone button effectively places a request to speak with the system then cancels it straight away.
- 3.4.3 The system can support 3 simultaneous speech broadcasts; one is reserved for the chairperson microphone and the other two channels are left available for the delegates to use. At the test a microphone that was being used for the presentations at the lectern was left on for approximately 50 minutes therefore using a channel from the system. This resulted in several Councillors' having to verbally request that the previous Councillor turn off their microphone to allow them access.
- 3.4.4 The only technical issue in respect of equipment that was observed was the microphone near to the public gallery did not appear to communicate with the controller when the user presses the button to speak. This resulted in the user losing patience and pressing the button several times which simply exacerbates the issue. The user commented 'I've got an orange light this time'; this confirms that the on button on the unit had been held down and the unit had effectively turned itself off. This unit has been removed for manufacturer testing.

### 3.5 Packing Away.

- 3.5.1 When the equipment was packed away the microphones had not been switched off correctly, either one at a time, or collectively via the central control unit, prior to removing the electrical supply, leads etc. this ultimately may lead to damage.
- 3.5.2 When checking for the identification numbers that had been attached to the microphones it was noted a number of these had come away from the base of the microphones.
- 3.5.3 It was felt that despite the operational problems the system performed acceptably on the day.

#### 4. PROPOSALS

- 4.1 In summary we believe that interference from the new wireless access points was confirmed as no intermittent communication problems or drop outs from the system were observed whilst in use in the test.
- 4.1.1 We have passed on the results of the test to Northgate and we are working closely with them to arrive at a permanent solution.
- 4.1.2 Democratic Services also use the wireless system during meetings and it is essential therefore that any solution should incorporate this requirement.
- 4.2 Additional setup and operational training will be provided. This needs to include councillors, attendants and democratic services officers. A number of different sessions will be arranged to suit the different requirements of each group.
- 4.3 Investigative works to check the remote antennae in the council chamber will be arranged.
- 4.4 Short user instructions will be placed adjacent to each microphone. This will give clear instructions to those who have not used the system before and act as a prompt for those who have been trained. Democratic Services will at the beginning of all meetings advise attendees to read the aforementioned instructions. The final text for both is to be agreed.
- 4.5 A microphone for the lectern should be set up on a microphone stand so that this is in the appropriate position.
- 4.6 It is essential that microphones are switched off when not in use, in particular the microphone used at the lectern. This will be achieved through training and the introduction of instruction cards.
- 4.7 Ensure numbering of microphones is correct.
- 4.8 A robust fault reporting process will be implemented.

**5. ACTION PLAN**

<b>Action</b>	<b>Responsibility</b>	<b>Timescale</b>
Test systems in “live” environment	Colin Bolton with Northgate and Supplier	Complete Carried out 13 <sup>th</sup> November
Provide additional training to relevant staff	Colin Bolton	As soon as possible. We are waiting for available dates from the supplier
Review ICT wireless channels	Colin Bolton with e-Gov Team and Northgate	Ongoing complete January 2010
Instructions for users.	Colin Bolton in conjunction with Democratic Services.	January 2010
Check the remote antennae	Colin Bolton and Supplier	To be confirmed
Ensure numbering of microphones is correct	Colin Bolton	January 2010
Robust fault reporting process.	Colin Bolton, Democratic Services and Attendants.	January 2010

5.1 Actions will be undertaken in liaison with all appropriate officers.

**6. RECOMMENDATION**

6.1 It is recommended that the Action Plan is agreed.

**7. BACKGROUND PAPERS**

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

- (i) Minutes for the Scrutiny Co-ordinating Committee – 18 September 2009 (minute No. 53 refers)
- (ii) Minutes for the Scrutiny Co-ordinating Committee – 16 October 2009 (minute No.85 refers)

**6. CONTACT OFFICER**

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