

Chief Executive's Department  
Civic Centre  
HARTLEPOOL

31<sup>st</sup> January, 2011

The Mayor (Stuart Drummond)

Councillors Aiken, C Akers-Belcher, S Akers-Belcher, Atkinson, Barclay, Barker, Brash, R W Cook, Cranney, Fleet, Fleming, Flintoff, Gibbon, Griffin, Hall, Hargreaves, Hill, Ingham, Jackson, James, Laffey, Lauderdale, Lawton, A E Lilley, G Lilley, London, Maness, A Marshall, J Marshall, J W Marshall, McKenna, Dr. Morris, Payne, Plant, Preece, Richardson, Rogan, Shaw, Simmons, Sutheran, Thomas, H Thompson, P Thompson, Turner, Wells, Worthy and Wright

Madam or Sir,

You are hereby summoned to attend a meeting of the COUNCIL to be held on THURSDAY, 10<sup>th</sup> February, 2011 at 7.00 p.m. in the Civic Centre, Hartlepool to consider the subjects set out in the attached agenda.

Yours faithfully

P Walker  
Chief Executive

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# COUNCIL AGENDA



**10<sup>th</sup> February 2011**

**at 7.00 p.m.**

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

1. To receive apologies from absent members.
2. To receive any declarations of interest from members.
3. To deal with any business required by statute to be done before any other business.
4. To receive questions from and provide answers to the public in relation to matters of which notice has been given under Rule 10.
5. To approve the minutes of the last meeting of the Council held on 9<sup>th</sup> December 2010 and the Extraordinary meeting of Council held on 16<sup>th</sup> December 2010, as a correct record (copy attached).
6. Questions from Members of the Council on the minutes of the last meeting of the Council.
7. To answer questions of members of the Council under Council Procedure Rule 11;
  - (a) Questions to members of the Executive about recent decisions of the Executive (without notice)
  - (b) Questions to members of the Executive and Chairs of Committees and Forums, for which notice has been given.

- (c) Questions to the appropriate members on Police and Fire Authority issues, for which notice has been given. Minutes of the meetings of the Cleveland Police Authority held on 29<sup>th</sup> September and 10<sup>th</sup> November 2010 and the meetings of the Cleveland Fire Authority held on 24<sup>th</sup> September and 26<sup>th</sup> November 2010 are attached.
- 8. To deal with any business required by statute to be done.
  - (i) Report of the Independent Remuneration Panel
  - (ii) Special Urgency Decisions – No special urgency decisions were taken in respect of the period October 2010-December 2010.
- 9. To receive any announcements from the Chair, the Mayor, members of the Cabinet or the head of the paid service.
- 10. To dispose of business (if any) remaining from the last meeting and to receive the report of any scrutiny forum or other committee to which such business was referred for consideration.
- 11. To receive reports from the Council's committees and working groups other than any overview and scrutiny committee and to receive questions and answers on any of those reports;
- 12. To consider any other business specified in the summons to the meeting, including consideration of reports of the overview and scrutiny committees for debate and to receive questions and answers on any of those items;
- 13. To consider reports from the Executive:-
  - (a) Proposals in relation to the Council's budget and policy framework
    - (i) Medium Term Financial Strategy 2011/12 to 2014/15
    - (ii) Local Development Framework – Annual Monitoring Report 2009/10
  - (b) Proposals for departures from the budget and policy framework
- 14. To consider any motions in the order in which notice has been received.
- 15. To receive the Chief Executive's report and to pass such resolutions thereon as may be deemed necessary.

<p style="text-align: center;"><b>COUNCIL</b></p> <p style="text-align: center;"><b>MINUTES OF PROCEEDINGS</b></p> <p style="text-align: center;"><b>9 December 2010</b></p>
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The meeting commenced at 7.00 pm in the Civic Centre, Hartlepool

PRESENT:-

The Chairman (Councillor C Richardson) presiding:

COUNCILLORS:

Aiken	Atkinson	Barclay
Barker	Brash	Cook
Cranney	Fleet	Fleming
Flintoff	Gibbon	Griffin
Hall	Hargreaves	Hill
Jackson	James	Lauderdale
Lawton	A Lilley	G Lilley
London	McKenna	Maness
A Marshall	J W Marshall	Dr Morris
Payne	Plant	Preece
Rogan	Shaw	Simmons
Sutheran	Thomas	H Thompson
P Thompson	Turner	Wells
Wright		

Officers: Paul Walker, Chief Executive  
Andrew Atkin, Assistant Chief Executive  
Alyson Caman, Legal Services Manager  
Ian Harrison, Principal Trading Standards & Licensing Officer  
Julian Heward, Public Relations Officer  
Amanda Whitaker, Democratic Services Team Manager  
Angela Hunter, Principal Democratic Services Officer

#### **89. APOLOGIES FOR ABSENT MEMBERS**

The Mayor, S Drummond, Councillors C Akers-Belcher, S Akers-Belcher, Ingham, Laffey and Worthy.

#### **90. DECLARATIONS OF INTEREST FROM MEMBERS**

Councillors Barclay, Cranney, Hargreaves, James, Richardson, Shaw and Thomas all declared a personal interest in minute 104.



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

None.

**92. PUBLIC QUESTION**

None.

**93. MINUTES OF PROCEEDINGS**

The Minutes of Proceedings of the Council held on the 28 October 2010, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

The minutes were thereupon signed by the Chairman.

**94. QUESTIONS FROM MEMBERS OF THE COUNCIL ON THE MINUTES OF THE PREVIOUS MEETING OF THE COUNCIL**

None.

**95. QUESTIONS FROM MEMBERS OF THE COUNCIL**

- (a) Questions to Members of the Executive about recent decisions of the Executive

None.

- (b) Questions to Members of the Executive and Chairs of Committees and Forums, for which Notice has been given

None.

- (c) Questions to the appropriate Members on Police and Fire Authority issues, for which notice has been given.

None.

**96. BUSINESS REQUIRED BY STATUTE**

None.

## **97. ANNOUNCEMENTS**

The Chairman informed Members that he had attended the recent funeral of Mrs J Ferriday, former Mayoress of Hartlepool and had forwarded a card of condolence to her family.

## **98. TO DISPOSE OF BUSINESS (IF ANY) REMAINING FROM THE LAST MEETING AND TO RECEIVE THE REPORT OF ANY SCRUTINY FORUM OR OTHER COMMITTEE TO WHICH SUCH BUSINESS WAS REFERRED FOR CONSIDERATION.**

None.

## **98. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES AND WORKING GROUPS**

### **(i) Report of Constitution Committee**

Councillor James, Vice Chair of Constitution Committee presented a Business Report as follows:

- Members of the Constitution Working Group and Constitution Committee had given consideration to the Council's Scheme of Delegated Authority as contained within the Constitution, Part 3 – Responsibility for Functions. A number of amendments were proposed and a 'Highlighted Changes Version' of the amended document was attached by way of Appendix. Council was asked to consider the suggested revisions to the scheme of delegation. However, it was noted that a raft of legislation was proposed in relation to local government, therefore the scheme of delegation would need to be further reviewed in light of such changes.

Members were informed that there had been a slight omission in the report and reference to the Coastal Protection Act 1949 which relates to the 'power to act generally' should be included.

A Member questioned the additional power given to Council to fill vacancies in parish councils in the event of insufficient nominations. The Chair clarified that where the parish council could not fill a vacancy, the Council was able to appoint to that vacancy.

### **RESOLVED –**

That the proposed changes to Part 3 of the Constitution, Responsibility for Functions relating to the Scheme of Delegation be approved with the additional reference to the Coastal Protection Act 1949 relating to the 'power to act generally'.

(ii) Report of Licensing Committee

The Chair of Licensing Committee sought approval from Council to adopt a revised Licensing Policy which detailed how the Council proposed to discharge its licensing function under the Licensing Act 2003.

During the debate that followed Members attention was drawn to the two main issues contained within the report; the proposed extension of the special policy area to include Church Street and the proposed policy in relation to opening hours of all new licensed premises.

A Member who had recently been appointed to the position of Chair of the Alcohol Strategy Group informed Members that nine out of ten alcohol related admissions to hospital were classed as emergencies with Accident and Emergency staff believing that 90% of all admissions were related to alcohol. In addition half of all violent crimes were alcohol related and this needed to be recognised. It was acknowledged that licensing could only solve part of the problems associated with alcohol and it was suggested that there would be many debates on this issue, including minimum pricing.

RESOLVED –

That the Council adopted the Licensing Policy as detailed in Appendices I and II with effect from 1 January 2011.

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

None.

**100. REPORT FROM THE EXECUTIVE**

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

None.

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

None.

**101. MOTIONS ON NOTICE**

None.

**102. EXECUTIVE DELEGATION SCHEME**

Members were referred to the composition and constitution of the Executive for the current Municipal Year which was approved by Council at Annual Meeting on 25 May 2010. There had been some minor changes to the approved scheme and a revised schedule was therefore attached at Appendix 1 for the information of Council.

RESOLVED – Noted.

**103. CHILDREN'S SERVICES SCRUTINY FORUM – CO-OPTED MEMBER**

As Members were aware, there were two statutory added Member positions on the membership of the Children's Services Scrutiny Forum for school governing body representatives from both the primary and secondary sectors. There were currently vacancies to both of these positions. Members were informed that a nomination had now been received for a secondary school governor. Eira Ballingall, a governor at Manor College of Technology, had been duly nominated to the secondary school position for a term of two years. Council's approval to the nomination was sought.

RESOLVED –

That the appointment of Eira Ballinghall to the Children's Services Scrutiny Forum as a secondary school governor co-opted member for a term of two years be approved.

**104. HARTLEPOOL CREDIT UNION**

The Finance and Procurement Portfolio Holder at his meeting on 22 September 2010 considered a report in respect of a request which had been received from the Hartlepool Credit Union. The Portfolio Holder determined that a condition of any support should be that four Councillors be included on the Credit Union Board. It was noted that each Councillor appointed to the Board would be subject to Financial Services Authority Regulations.

Councillors C Akers-Belcher, Hargreaves, James and Richardson were nominated by the Labour Group.

A debate followed which included discussions around the benefits provided by credit unions especially in relation to financial inclusion. There were some concerns expressed in relation to the level of financial support the Council had provided for the Credit Union over previous years. However, the nominations put forward by Council to the Board would ensure that proper governance measures were in place to oversee the operation of the Credit Union and management of the funds, including those provided by the Council.

An additional nomination of Councillor Wells was submitted and Councillor Richardson withdrew his nomination in favour of Councillor Wells.

**RESOLVED –**

The nominations of Councillors C Akers-Beldher, Hargreaves, James and Wells to Hartlepool Credit Union Board be approved.

The meeting concluded at 7.32 pm

**CHAIR**

# **EXTRAORDINARY COUNCIL**

## **MINUTES OF PROCEEDINGS**

**16 December 2010**

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

**PRESENT:-**

The Chairman (Councillor C Richardson) presiding:

**COUNCILLORS:**

Aiken	Atkinson	Barker
Brash	Cranney	Fleet
Flintoff	Gibbon	Griffin
Hall	Hargreaves	Hill
Jackson	James	Laffey
Lauderdale	Lawton	A Lilley
G Lilley	London	Maness
A Marshall	J W Marshall	McKenna
Dr. Morris	Plant	Preece
Rogan	Shaw	Simmons
Thomas	H Thompson	P Thompson
Turner	Wells	Wright

**Officers:** Paul Walker, Chief Executive  
Andrew Atkin, Assistant Chief Executive  
Dave Stubbs, Director of Regeneration and Neighbourhoods  
Steve Hilton, Public Relations Officer  
Lorraine Bennison, Principal Registration and Members' Services Officer  
Jackie Payne, Senior Registration Officer  
Amanda Whitaker, Democratic Services Team Manager  
Angela Hunter, Principal Democratic Services Officer

### **105. APOLOGIES FOR ABSENT MEMBERS**

The Mayor, Councillors C Akers-Belcher, S Akers-Belcher, Barclay, Cook, Ingham, Payne, Sutheran and Worthy.

### **106. DECLARATIONS OF INTEREST FROM MEMBERS**

None.

## **107. ANNOUNCEMENTS**

None.

## **108. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES AND WORKING GROUPS OTHER THAN ANY OVERVIEW AND SCRUTINY COMMITTEE AND TO RECEIVE QUESTIONS AND ANSWERS ON ANY OF THOSE REPORTS**

### **Report of the General Purposes Committee**

With reference to minute 69 of the Council meeting held on 16 September 2010, the General Purposes Committee, through its Working Group established on 12 July, have formulated a submission on Warding Arrangements.

The process for the review and the statutory criteria that the Local Democracy, Economic Development and Construction Act 2009 required the Commission to have regard to were detailed in the report. Council was reminded that the Commission could make the following recommendations for local authority electoral arrangements:

- Total number of Councillors to be elected to the Council (known as 'Council size');
- Number and boundaries of wards or divisions;
- Number of Councillors to be elected for each ward or division; and
- The name of any ward or division.

As part of the 'Stage One' process, the General Purposes Committee had considered the appropriate electoral arrangements which should operate within the Borough, taking into account the Commission's 'minded to recommend' Council size of 33 and applying the statutory criteria. A cross-party Working Group of the Committee was formed and after several meetings and lengthy discussions and debates, a submission was drafted. One of the main aims of the Council's submission was to keep established communities together through the use of natural boundaries whilst maintaining the average number of electors required within each Ward. It had been a challenging process with requirements stipulated by the Boundary Commission that were not ideal or favourable to all current Members. However, Members were requested to support the submission in its entirety.

The submission attached by way of appendix on Warding Arrangements was approved by the General Purposes Committee at its meeting on 6 December 2010 and submitted to Council for approval. As indicated it was expected that a submission be made to the Commission by 20 December 2010.

During the discussions that followed, it was noted that should any Member or political group wish to submit an alternative proposal to the Boundary Commission they were invited to do so.

An amendment to the submission to change the proposed name of 'Warren Grange' ward to 'Hart Warren' ward was suggested.

A Member noted that a member of the public had requested to submit a question to this meeting was informed that due to the fact that this was an Extraordinary Council meeting that would not be possible. It was suggested that the process of public questions to Council be examined further to ensure that the public did not feel disenfranchised with the process. The question had been 'why had the Council not sought the view of the electorate during this review?' It was noted that any member of the public, residents groups etc could respond direct to the Local Government Boundary Commission on the proposed warding arrangements and they were encouraged to do so. In addition to this, once the Commission had developed its draft recommendations, there would be a further 12 week public consultation prior to the Commission formulating its final recommendations which would then be laid before Parliament.

It was moved and seconded that a recorded vote be taken:

The taking of a recorded vote was agreed.

Those in favour of the recommendation:

Councillors Aiken, Atkinson, Brash, Cranney, Fleet, Griffin, Hall, Hargreaves, Jackson, James, Laffey, Lauderdale, Lawton, McKenna, Maness, A Marshall, J W Marshall, Morris, Richardson, Rogan, Shaw, Simmons, Thomas and Wells.

Those against the recommendation:

Councillors Barker, Flintoff, Gibbon, Hill, A E Lilley, G Lilley, London, Plant, Preece, H Thompson, P Thompson, Turner and Wright.

The vote was carried.

The amendment proposed earlier to change the proposed name of 'Warren Grange' to 'Hart Warren' was moved and seconded.

RESOLVED –

That the submission on the proposed Warding Arrangements, attached by way of appendix, be forwarded to the Local Government Boundary Commission for England subject to the amendment to the proposed ward named 'Warren Grange' being changed to 'Hart Warren'.

The meeting concluded at 8.02 pm

CHAIR



## **CLEVELAND POLICE AUTHORITY EXECUTIVE**

A meeting of Cleveland Police Authority Executive was held on Wednesday 29 September 2010 at 10.00am in the Members Conference Room at Police HQ.

**PRESENT:** Councillor Caroline Barker, Councillor Paul Kirton, Councillor Ron Lowes, Councillor Dave McLuckie (Chair), Councillor Hazel Pearson OBE, Councillor Carl Richardson.

### **Independent Members**

Miss Pam Andrews-Mawer, Mr Chris Coombs, Mr Ted Cox JP, Mr Geoff Fell, Mr Peter Hadfield, Mr Aslam Hanif, Mr Mike McGrory JP.

**OFFICIALS:** Mrs Julie Leng, Mr John Bage, Mr Michael Porter (CE)  
Mr Derek Bonnard, Mrs Ann Hall, and Mr Christian Elliss (CC)  
Mrs Lynne Snowball, Mr Paul Heppel

## **267 APOLOGIES FOR ABSENCE**

Apologies were received from Mr Peter Race MBE (Vice Chair), Mayor Stuart Drummond, Councillor Mary Langan, Councillor Barry Coppinger, Mr Sean Price,

## **268 DECLARATIONS OF INTERESTS**

There were no declarations of interest.

## **269 ANNUAL GOVERNANCE REPORT**

The Audit Commission reported to Members their Annual Governance Report for 2009/10. The Audit Commission informed Members that they propose to issue an unqualified audit opinion.

Members were informed that there was one material error, on the valuation of the Authority's PFI asset and related liabilities. New accounting requirements from the International Financial Regulations Interpretation Committee (IFRIC 12) in 2009/10 brought PFI schemes on to the balance sheet.

The Audit Commission informed the Police Authority that it had addressed the complex and technical issue well overall, but a material adjustment had been needed to correct the initial value of the asset and related accounting entries.

**7(c)**

Members were informed that the audit fee had been set based upon the expected programme of audit and inspection work required, and their risk based audit approach. Since agreeing this fee the scope of their work had increased beyond that expected, due to other risks emerging. Because of this additional work the Audit Commission alerted the Audit & Internal Control Panel at its August meeting that it would likely be charging an additional audit fee. Now that the planned work for the year is completed the Audit Commission confirmed that this was the case, and estimate a revised fee is required.

The Chairman requested that an itemised breakdown of fee's charged this year be brought to the next Audit & Internal Control Panel.

**Audit  
Commission**

Members were informed that the Audit Commission are required to decide whether the Police Authority had put in place satisfactory corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money conclusion.

The Audit Commission informed Members that the Authority and Force had managed spending within available resources while improving performance and increasing public satisfaction. Performance is now equal to or better than similar Authorities in most crime categories and for detection rates. Public confidence is high. Financial management and reporting is good.

The Audit Commission intend to issue an unqualified conclusion stating that the Authority had adequate arrangements to secure Value for Money.

**ORDERED that;**

1. the Letter of Representation be agreed.
2. the report be agreed.

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**AUDITED STATEMENT OF ACCOUNTS 2009/10**

The Treasurer reminded Members that they had received and approved the Statement of Accounts 2009/10, subject to audit, at their June meeting. It was agreed that the audited accounts and any amendments resulting from the audit would be presented to a future meeting of the Police Authority.

## 7(c)

Members were informed that the accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: Statement of Recommended Practice (SORP) 2009/10. This specified the principles and practices of accounting required to prepare a Statement of Accounts which gave a true and fair presentation of the financial position of the Authority.

The Treasurer informed Members that changes to the accounts resulting from changing the initial values of the PFI assets that were used in the accounts that Members approved on the 25 June 2010 from £49.2m to £35.0m had the following net impact on the 2009-10 accounts:

- Debit - Interest Payable £660k (I&E impact)
- Credit - Minimum Revenue Provision (£660k) (Statement of Movement of General Fund impact)
- Debit - PFI Liability £10,993k (Long term Liabilities impact on the Balance Sheet)
- Credit - Capital Adjustment Account (£10,993k) (Balance Sheet movement)

The Statement of Accounts had been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: Statement of Recommended Practice 2009/10 and the subsequent Police Pension Fund Regulations 2007 (SI 1932/2007) and gave a true and fair presentation of the financial position of the Authority and the Police Pension Fund for the year ended 31st March 2010.

### **ORDERED that;**

1. the Statement of Accounts for 2009/10 be agreed.

271

### **MINUTES OF THE POLICY & RESOURCES PANEL HELD ON 26 AUGUST 2010**

**ORDERED that** the following minutes of the Policy & Resources Panel held on 26 August 2010 were submitted and approved.

#### **POLICY & RESOURCES**

A meeting of the Policy & Resources Panel was held on Thursday 26 August 2010, commencing at 10.30 am in the Members Conference Room at Police Headquarters.

**PRESENT** Mr Aslam Hanif (Chair), Councillor Hazel Pearson OBE (Vice Chair), Councillor Barry Coppinger, Mr Ted Cox JP, Miss Pam Andrews-Mawer, Councillor Ron Lowes, Mr Peter Race MBE and Councillor Carl Richardson.

**ADDITIONAL MEMBERS** Mr Peter Hadfield and Mr Geoff Fell.

**OFFICIALS** Mr Michael Porter, Mr Norman Wright, Mrs Sarah Wilson and Mr John Bage (CE)  
Mr Sean Price, Mr Derek Bonnard, Mrs Anne Hall, Miss Kate Rowntree (CC).

**272 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Dave McLuckie (ex officio).

**273 WELCOME**

The Chair extended a welcome to Cllr Carl Richardson as a new Member on the Panel.

**274 DECLARATIONS OF INTERESTS**

There were no declarations of interests.

**275 MINUTES OF THE POLICY & RESOURCES PANEL HELD ON 9 JUNE 2010**

**Action**

The minutes were agreed as a true and accurate record.

**276 OUTSTANDING RECOMENDATIONS**

**ORDERED** that:-

1. the Outstanding Recommendations be noted.

**277 BUDGET OUTTURN 2009/10**

The Assistant Chief Officer Finance + Commissioning (ACO F&C) presented the report. Members were reminded that on 25 February 2010 they had approved a Net Budget Requirement (NBR) of £132,172k and budgeted revenue expenditure of £149,573k, the balance of expenditure being funded by specific grants, other income and transfers from reserves. The report set out the year end position against delivery of that budget and was part of the process introduced by the Authority to maintain prudent financial management.

Members were informed that on 27<sup>th</sup> May 2010, the Government informed Cleveland Police that their revenue grant receipt would be £1.366m lower than previously indicated for the 2010/11 financial year – an unprecedented in year reduction. This represented a 2.65% cut on the previously announced grant receivable.

The ACO F+C informed Members that in order to achieve a balanced budget, a staged approach is proposed. This would involve £648k of specific cuts in

## 7(c)

areas agreed by the Executive, as shown in Table 1 in Appendix E to the report. A further £628k to be removed from service unit discretionary budgets (non-pay budgets not impacted by Project I) and finally the central uniform budget to be reduced by £90k to reach the overall £1.366m.

Members enquired as to the Mutual Aid budget head and requested information as to its current status.

The ACO F+C informed Members that this area of expenditure would be balanced by the next financial quarter.

Members sought assurance surrounding the proposed budget cuts to the Forensic budget head, and enquired as to the degree of risk associated with this.

The Chief Constable informed Members that the reduction would pose a risk, but prioritisation of tasks will assist in absorbing such risk currently, but further movements may need to be taken into consideration post the forthcoming Comprehensive Spending Review.

**ORDERED** that:-

1. the report be noted.
2. the reduction in service unit budgets of £1.366m to offset the grant funding reduction communicated by the Government on 27<sup>th</sup> May 2010 be agreed.

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## CAPITAL MONITORING

The Assistant Chief Officer Finance & Commissioning (ACO F+C) reminded Members that they had approved the capital programme of £10,209k for 2010/11 and the capital plan for 2010/14 at their meeting on 25<sup>th</sup> February 2010. Members were informed that the report set out the progress against delivery of the programme and is part of the process introduced by the Authority to maintain prudent financial management.

Members were informed that on 27<sup>th</sup> May 2010, the Home Office advised of a £119k reduction in the capital grant for 2010/11 which had been reflected in Appendix D to the report. In order to balance the plan it will be necessary to reduce the provision for business cases available in year.

ACO F+C referred Members to para 3.2 of the report and informed Members that the outturn indicated of £1,277K was mainly for ICT related schemes.

Members sought information relating to HQ Lift Replacement, particularly when it was to be carried out and whether it would be done within the current financial year.

ACO F+C informed Members that a written update would be brought to the next meeting and any refurbishment would be carried out in this financial year.

ACO F+C

**ORDERED** that:-

1. the report be noted.

## 7(c)

2. the reduction in capital grant of £119k as advised by the Home Office on 27<sup>th</sup> May 2010 be noted.
3. a reduction in the provision for business cases in order to balance the 2010/11 capital plan in light of the grant reduction be agreed.
4. the adding back of £122k from the Identity and Access Management project to the provision for business cases be agreed.
5. the addition of the following schemes as approved by Members of the Policy & Resources Panel on 9<sup>th</sup> June 2010 be noted.

➤ Microsoft Licences	£160k
➤ Air Support Unit Downlink	£85k
➤ Enterprise backup	£30k
6. the addition of the Night Vision Scopes at a cost of £14k which will be funded by a transfer from revenue, and was approved under delegated authority be noted.
7. the addition of Project I capital schemes totaling £3.17m, approved as part of the outsourcing decision on 15<sup>th</sup> June 2010 be noted.

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### TREASURY MANAGEMENT TO 30 JUNE 2010

Members were reminded that they agreed an investment strategy for 2010/11 in line with the CIPFA Code of Practice at their meeting on 25<sup>th</sup> February 2010. The report was to update Members on the status of the Authority's investments and borrowing. It is part of the process introduced by the Authority to maintain prudent financial management.

The ACO F+C informed Members that the loan profile is set out at Appendix A to the report. As at the end of May the Authority had £14.380m of outstanding long term loans. This is within the Operational Boundary for External Debt of £21.998m and also the Authorised Limit for External Debt of £23.998m approved by the Authority on 25<sup>th</sup> February 2010.

Members were informed that the protection of the Authority's underlying investments will continue to be of utmost importance throughout 2010/11. The investments of the Authority will continue to be placed in a prudent manner and also one that ensures sufficient funds are available to meet its' commitments as they become due.

#### ORDERED that:-

1. the report be noted.

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### THE PUBLIC SECTOR PENSIONS DEBATE

The Strategy & Performance Manager informed Members that the purpose of the report was to outline some of the key issues in the current debate around the future of public sector pensions, with particular reference to funding issues, which has a direct impact on the cost of policing.

Members were informed that the Government has asked John Hutton, a former Labour minister, to investigate public sector pensions, with a preliminary report due before the spending review in October.

The public sector pensions debate revolved around future liabilities and the balance of contributions as between the employer and the employee. This is one of many funding pressures on employers, who will seek to at least cap their long term costs. It should however be noted that, even if there are reductions in future benefits and an increase in the employee contribution rates, the already accrued liabilities for schemes will tend to increase the short term funding pressures to the extent that an increase in employer contributions may be required.

**ORDERED** that:-

1. the report be noted.

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#### **CLEVELAND POLICE AUTHORITY SINGLE EQUALITY SCHEME UPDATE**

The Strategy & Performance Manager informed Members that the purpose of the report was that of a scheduled update to the CPA Single Equality Scheme, which was first accepted by the Police Authority Executive on 14<sup>th</sup> June 2007.

Members were informed that for a number of years there had been a legal requirement for public authorities to produce equality schemes covering race, disability and gender. The Equality Act 2010 developed this into a single Public Sector Equality Duty combining all strands, now including marriage, civil partnership, pregnancy and maternity. There are also strengthened provisions for disability, age and gender reassignment.

The Single Equality Scheme included an Action Plan and a pro forma for staff to use when completing the statutory equality impact assessments of policies, procedures and projects.

The CPA Single Equality Scheme is progressing as expected, with the Action Plan items being attended to and equality impact assessments being carried out, as required.

**ORDERED** that:-

1. the updated Single Equality Scheme and Action Plan at Appx A to the report be agreed.
2. the Single Equality Scheme will be further amended once the impact of the Equality Act 2010 is fully assessed be agreed.

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#### **GOVERNMENT'S VISION FOR POLICING IN THE 21<sup>ST</sup> CENTURY**

The Strategy & Performance Manager informed Members that the purpose of the report was to inform Members of the Government's new policy document entitled 'Policing in the 21<sup>st</sup> Century: Reconnecting people and the police', which was published in July 2010.

Members were informed that the Home Secretary stated that she aims to create a radical shift in power and control away from Government and back to communities. This is then followed by proposals outlining the new structures for delivering policing and community justice, and an emphasis of the need to make very significant savings in the cost of policing. The policy

document is also a consultation document for stakeholders and the public to respond to.

A key message from HM Government is that scarce resources in challenging times need to be focused on strengthening front line policing. The assertion was made that “the public want to know that crime and anti-social behaviour is being dealt with in their neighbourhoods and that the police will be there for them when they need them”.

The Strategy & Performance Manager informed members that the new policing strategy is currently being consulted upon and the Government had stated that legislative changes to implement significant aspects will be incorporated within the Police and Social Responsibility Bill that will be published in the autumn.

Members enquired as to whether the consultation document would have the opportunity to engender confidence in the public.

Members were informed that a number of questions at the beginning of the document would allow such commentary to be captured, which may permit confidence.

**ORDERED** that:-

1. the report be noted.
2. Members respond to the consultation questions attached to the Government’s policy document be agreed.

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#### **POLICE AUTHORITY – HEALTH & SAFETY POLICY STATEMENT**

The Strategy & Performance Manager presented an updated Health and Safety Policy Statement in order to define the health and safety role and responsibility of the Police Authority in relation to the current Force health and safety policies.

The police authority has a key role to play in health and safety matters. The police authority has, as an employer, a legal responsibility for the health and safety of police staff and also for health and safety issues in police buildings. However, the law makes it clear that the Chief Constable carries the prime responsibilities for health and safety management covering both police officers and police staff.

Members were informed that the Force recently issued a revised Health and Safety Policy (policy number 77). The Police Authority had certain roles and responsibilities referenced within this and associated documents and therefore the role of the Police Authority had been clarified in the revised Police Authority Health and Safety Policy Statement at Appendix A to the report. This replaces the previous Policy agreed by the Authority in March 2007.

**ORDERED** that;

1. the updated Police Authority Health and Safety Policy Statement at Appendix A to the report be agreed.



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**BUDGET CONSULTATIONS RESULTS**

The Consultation & Performance Officer presented the results of recent consultation exercises carried out to ascertain the public's priorities for resource allocation.

Members were informed that during July 2010 Cleveland Police Authority carried out budget consultation roadshows at three community events – Ridewell at Wrynyard Hall, Middlesbrough Mela at Albert Park and Cleveland Show at Stewarts Park. The aim of the roadshows was to seek the public's views on how Cleveland Police should allocate its budget and how cost savings could be made.

The Consultation & Performance Officer informed Members that the consultation had been both popular with the public and illuminating for the Force and Authority. It is for Members and the Executive to decide upon the future direction of budget consultation, some of which could be to engage with Officers and Staff in order to elicit suggestions for future savings.

The Chief Constable informed that the Force is currently engaged in such an exercise via Service Unit Managers and that it wouldn't be efficient to duplicate this process.

Members enquired as to whether a joint exercise to gather such information was feasible.

The Chief Constable informed Members that the process was currently being carried out and that a report on suggestions for savings would be compiled in due course and made available to the Panel for reference.

**Chief  
Constable**

**ORDERED that;**

1. when considering the outcomes of the Comprehensive Spending Review in October 2010 the report be noted.

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**MINUTES OF THE POLICE AUTHORITY EXECUTIVE HELD ON 15 SEPTEMBER 2010**

**ORDERED that** the minutes of the Police Authority Executive held on 15 September 2010 were submitted and approved.

**SPECIAL CLEVELAND POLICE AUTHORITY EXECUTIVE**

A Special meeting of Cleveland Police Authority Executive was held on Wednesday 10 November 2010 at 10.30am in the Members Conference Room at Police HQ.

**PRESENT:** Councillor Ron Lowes, Councillor Dave McLuckie (Chair), Councillor Hazel Pearson OBE, Councillor Carl Richardson, Mr Peter Race MBE (Vice Chair), Councillor Mary Lanigan and Councillor Barry Copping.

Independent Members

Miss Pam Andrews-Mawer, Mr Chris Coombs, Mr Ted Cox JP, Mr Geoff Fell, Mr Peter Hadfield, Mr Mike McGrory JP.

**OFFICIALS:** Mrs Julie Leng, Mr John Bage and Mr Michael Porter (CE)  
Mr Derek Bonnard, Mrs Ann Hall and Miss Kate Rowntree. (CC)

286 **APOLOGIES FOR ABSENCE**

Apologies were received Councillor Caroline Barker, Mayor Stuart Drummond, Mr Aslam Hanif, Councillor Paul Kirton, Mr Sean Price, Mr Sean White and Mr Dave Pickard.

287 **DECLARATIONS OF INTERESTS**

There were no declarations of interest.

288 **CHANGE OF ORDER OF BUSINESS**

The Chair requested that the agenda item regarding Collaboration Opportunities be dealt with at the beginning of the meeting.

**AGREED that;**

1. the report 'Collaboration Opportunities' be dealt with as the first item of business.

289 **COLLABORATION OPPORTUNITIES**

The Chairman reminded Members that Cleveland and Durham Police have had long standing arrangements for joint working in a number of areas. These developments had reduced bureaucracy and drove process improvements, minimised abstractions from front line policing, reduced officer training days, whilst delivering both cashable savings and service

improvements.

Members were also reminded that they had approved major changes in delivery arrangements for many back office and support functions.

The recently announced Comprehensive Spending Review (CSR) had placed significant future financial pressures on the funding of continued operations of Cleveland Police. Further savings in addition to those previously identified and agreed will be required to meet the challenges presented by the CSR. Durham Police Authority will also face similar financial pressures from the recently announced Comprehensive Spending Review (CSR).

Initial and very high level discussions had identified the potential for the two Authorities' to extend their collaborative arrangements to include wider back office and support services.

Members were informed that there was sufficient evidence supporting Government policy, which aligned with wider industry best practice and from existing local arrangements with Durham. This supported a shared service approach being able to deliver further financial benefits for Cleveland and Durham from back office and other support services.

Members enquired if there was opportunity for assistance with other partners.

The Deputy Chief Constable informed Members that he sits on the North east Collaboration Panel and that currently any pace of change is slow. However he informed Members that Cleveland are presently active in this field and will encourage other opportunities should they arise.

**ORDERED that;**

1. the report be noted.
2. the Chairman, Chief Constable and Chief Executive explore options for joint working with Durham through the extension of collaboration arrangements to include back office and other support functions be agreed.
3. the development of a more detailed feasibility paper identifying potential cashable and non-cashable benefits for Durham and extended benefits for both Durham and

Cleveland Police for consideration by both Authorities, therefore identifying the additional incremental benefits Cleveland Police can expect from this type of arrangement be agreed.

4. a consultation process with the Home Office, Eversheds and others to identify an appropriate process to deliver the widest benefits for both Durham and Cleveland Police be agreed.

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## **EXCLUSION OF THE PRESS AND PUBLIC**

**ORDERED** that pursuant to the Local Government Act 1972 the press and public be excluded from the meeting under Paragraphs 2 & 3 of Part 1 of Schedule 12A to the Act.

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## **PROPOSED NEW POLICE HEADQUARTERS**

The Acting Chief Executive and the Treasurer presented the paper to Members, in which they reminded Members that the disposal of Ladgate Lane and the relocation of Police Headquarters had been the subject of many discussions over the last 6 years. This culminated in Members approving in June 2008 that an advert be placed for the disposal of Ladgate Lane and the acquisition/development of a new site.

It became apparent towards the end of 2008 that as a result of the economic downturn, the project should be put on hold until the financial climate improved.

Members were informed that there is sufficient evidence to suggest that there is a financial case for progressing further with this project.

Members sought assurances on the probity of the suggested allocated spending, to reach a proposed planning permission.

The Treasurer provided assurances that the work to be carried out and the associated costs was a true reflection of the project to date.

### **ORDERED that;**

1. the contents of the report be noted.
2. the spending up to £1,138k during 2010-11 to develop this project to a point where planning permission for

Ladgate Lane is sought and detailed plans for a fit-for-purpose new HQ are delivered, be agreed.

3. the appointment of EC Harris, under the Buying Solutions Framework for Project Management and Full Design Team Services, to work with the Authority on this project as referenced in paragraphs 5.2-5.9. to the report be agreed.
4. the amendment of the contract, which the Authority already has in place with GVA Grimley, for General Estates Management and Rating consultancy, to add the services relating to the sale of Ladgate Lane and the purchase of land at the proposed new site as referenced in paragraphs 5.10-5.12. to the report be agreed.
5. the appointment of Eversheds LLP, under the Buying Solutions Framework for Legal Services - Property & Estates, to work with the Authority on this project as referenced in paragraphs 5.13-5.17. to the report be agreed.

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## **VALUE FOR MONEY - PROJECT I - ADDITIONAL SCOPE**

The Treasurer reminded Members that the Authority approved a 10 plus 5 year Strategic Partnership Agreement (SPA) with Steria on the 15<sup>th</sup> June 2010. The partnership commenced on the 1<sup>st</sup> July, and on the 1<sup>st</sup> October 514 Cleveland Police staff TUPE'd, (Transfer of Undertakings (Protection of Employment) Regulations 1981) to Steria.

Members were informed that the paper presented to them on the 15th June 2010 included appendix 4D. The appendix showed a financial saving of £9.725 million from the civilianisation and transfer of 70 police officer roles to Steria. This saving represented the reduced cost of employment for police staff compared with police officers in roles that do not require police officer powers.

The paper also highlighted that additional savings were achievable, where further efficiencies due to changed working practices, improved business processes and reduced abstraction rates could be achieved. This would require 100 officer roles to be transferred to Steria which could be delivered by 70 civilian staff.

The Treasurer informed Members that the Authority had

**7(c)**

committed to transfer as a minimum 70 police officer roles to be undertaken by the police staff originally TUPE'd to Steria.

The recently announced Comprehensive Spending Review (CSR) had placed significant future financial pressures on the funding of continued operations of Cleveland Police. Further savings in addition to the contracted savings will be required to meet the challenges presented by the CSR.

Members were informed that there is sufficient evidence given previous civilisation and efficiencies introduced within the core contract, to suggest that there is a financial case for considering further civilisation and outsourcing to secure further improvements in Value for Money by delivering additional financial savings while maintaining or improving service outcomes.

Members required clarification of the finances indicated with-in the report, associated with these proposals.

The Treasurer informed Members that the finances indicated with-in the report, represented the cost to Steria of undertaking the work on the detailed business case. Negotiations will take place to limit any impact on the Authority as part of the process of developing the proposals.

Members expressed concern regarding the possible additional costs associated with this work to the Police Authority and sought assurance that these would be kept as low as possible.

For continuity of this process Members requested an additional recommendation be added to the report and be duly recorded.

**ORDERED that;**

1. the report be noted
2. the investigation and preparation of proposals that may extend the scope of services transferred and delivered by Steria under the Strategic Partnership Agreement be agreed.
3. Steria's potential partnership with Reliance for the delivery of a number of existing and future services under the Strategic Partnership Agreement be agreed.
4. detailed proposals be presented for Members' further

**7(c)**

consideration at their February meeting, prior to any agreements, and that it is likely that the full scope outlined in appendix A to the report be presented through a number of discreet phases, be agreed.

5. Officers seek to minimise costs to the Police Authority during the process be noted.



# CLEVELAND FIRE AUTHORITY

## MINUTES OF ORDINARY MEETING HELD ON

**FRIDAY, 24 SEPTEMBER 2010**

### PRESENT:

#### CHAIR:-

Councillor O'Donnell – Stockton on Tees Borough Council

#### HARTLEPOOL BOROUGH COUNCIL:-

Councillors Atkinson, Flintoff, Payne

#### MIDDLESBROUGH COUNCIL:-

Councillors Brunton, Clark, Morby, Rogers, Thompson

#### REDCAR AND CLEVELAND BOROUGH COUNCIL:-

Councillors Cooney, Dunning, Forster, Ovens

#### STOCKTON ON TEES BOROUGH COUNCIL:-

Councillors Kirton, Lewis, Salt, Stoker, Woodhead

#### AUTHORISED OFFICERS:-

Legal Adviser/Monitoring Officer, Treasurer, Chief Fire Officer,  
Director of Corporate Services

#### FIRE BRIGADE OFFICERS:-

Head of Corporate Support

#### AUDIT COMMISSION:-

Gavin Barker – Senior Audit Manager

Diane Harold – Audit Manager

### APOLOGIES FOR ABSENCE:

Councillors Abbott, Briggs (Redcar and Cleveland Borough Council)

Councillor Akers-Belcher (Hartlepool Borough Council)

Councillor Porley (Middlesbrough Council)

### 62. DECLARATIONS OF MEMBERS INTEREST

It was noted that no declarations of interest were submitted to the meeting.

### 63. MINUTES

**RESOLVED** - that the Minutes of the Cleveland Fire Authority Annual Meeting held on 30 July 2010 be confirmed.

### 64. MINUTES OF COMMITTEES

**RESOLVED** - that the Minutes of the Executive Committee held on 3 September 2010 and the Tender Committee held on 5 August 2010 be confirmed.

### 65. REPORTS OF THE CHIEF FIRE OFFICER

#### 65.1 Organisational Performance 2009/10 - Presentation

The Director of Corporate Services, following a recommendation from the members of Audit & Governance Committee, presented highlights from the Annual Performance 2009/10 report which included information on Risk, Finance, Performance and Audit. She explained that the report provides a tool for strategic planning and decision making and supports one of the eight priorities, '*being high performing and delivering value for money services*'.



## **65.1 Organisational Performance 2009/10 continued**

The Director of Corporate Services reported that there had been improvement in 6 of the 8 priority headlines on previous year's figures and highlighted the following areas of outstanding improvement or performance:

- Reduction in primary fires of 13% in 2009/10 compared to the previous year which provided the second highest % reduction in our family group. Cleveland Fire Brigade had the highest percentage reduction nationally (69%), from 3,587 in 2001/02 to 1,117 in 2008/09.
- 17% Reduction in Deliberate Primary Fires from 2008/09 to 2009/10 which had surpassed the PSA target to achieve a 10% reduction by 2010 from a 2000/01 baseline.
- Successful results for; Accidental Dwelling Fires, Primary and Accidental Dwelling Fire Injuries, False Alarm Malicious Calls, Road Traffic Collisions Attended, Road Traffic Collisions, Fatalities and Injuries and Customer Satisfaction.
- Efficiency savings made between 2005/06 and 2008/09 amounted to £5.298m which placed the Brigade in second position nationally and the highest performing Combined Fire Authority.

The Director of Corporate Services reported that the Brigade had a zero tolerance to primary fire fatalities and were over target as a result of 5 fatalities in 2009/10. She informed Members that this area was a key priority for the Strategic Management Team.

Councillor Dunning commented regarding the Stonewall Assessment highlighting that although our points had increased, our ranking had dropped.

Councillor Thompson raised the issue of Equality & Diversity and our performance in attracting ethnic minority groups to the workforce and commented that the percentage of population should be taken into consideration. He also praised the work of the Brigade with regard to fire prevention and specifically the installation of smoke alarms.

Councillor Rogers queried the rise of non fire-fighting staff by 75% since 2000/01. The Director of Corporate Services explained corporate staff are now carrying out some front line work as this provides better value for money.

Members congratulated the Director of Corporate Services on an excellent report and found the individual districts Performance Highlights Sheets especially useful which would enable them to be circulated to ward members. Members also agreed that there was no longer a requirement for an Annual Report to be produced

### **RESOLVED:-**

- (i) that the report be noted.**
- (ii) that the performance results be noted**
- (iii) that there was no longer a requirement for an Annual Report.**

#### **65.2 Redeployment Policy**

The Chief Fire Officer informed Members that this Policy had been presented to the Executive Committee on 3 September 2010 who following some additions had recommended its approval.

Councillor Kirton referred to 2.2 of the report and sought clarification that this policy would be appropriately resourced. The Chief Fire Officer explained if posts were not available for redeployment then it would be necessary to move to redundancy situation either voluntary or compulsory.

**RESOLVED – that the Redeployment Policy attached at Appendix 1 of the report, as recommended by the Executive Committee on 3 September 2010, be approved.**

#### **65.3 Redundancy Policy**

The Chief Fire Officer informed Members that this Policy had been presented to the Executive Committee on 3 September 2010 who had recommended its approval.

**RESOLVED – that the Redundancy Policy attached at Appendix 1 of the report, as recommended by the Executive Committee on 3 September 2010, be approved.**

#### **65.4 Regional Control Centre Update**

The Chief Fire Officer updated Members on recent developments within the FiReControl project and also highlighted the business continuity work undertaken by the Brigade to prevent a disruption to control room services as a result of a further delay or failure of the National project. The Chief Fire Officer explained that due to changes to the project at a national level, CLG have confirmed that no fire and rescue service will go-live before July 2011. He also stated that a number of key questions remain outstanding including the ability of the 'final' system to mobilise officers, retained staff and the status of mobile data terminals.

Due to these risks, it has not been possible to enter into meaningful dialogue with CLG and therefore no go-live date for the first wave currently exists. Without a go-live date, it is not possible to progress plans, including human resource issues. The Chief Fire Officer explained that a real risk is emerging that the Fire and Rescue Service will be asked to accept a system that does not have the full functionality which will then be provided at a later date.

The Chief Fire Officer updated Members on the contingency plans in place to extend the present mobilising system life span to mitigate the risk of service disruption as a result of further project delay or even complete project failure. He explained that the Brigade are currently working in partnership with Hull University to develop an interim system solution. The new system (SEED) will not incur any procurement costs however a one off expenditure of £30,000 would be required to train existing control room staff and carry out quality assurance testing. SEED has the potential to provide sustainable annual savings of £33,650.

**65.4 Regional Control Centre Update continued**

Members sought further clarification regarding the current Remsdaq system and if there had been any occasion where they had been unable to mobilise.

**RESOLVED:-**

- (i) it was noted that as a result to changes to the FiReControl Project, Cleveland Fire Authority do not have a defined date to transfer emergency calls to the Regional Control Centre (RCC) in Durham.
- (ii) that the progress of Business Continuity arrangements to prevent a disruption to our control room services as a result of a further delay or failure of the project be noted.

**65.5 Chief Fire Officers Information Pack**

65.5.1 Fire and Rescue Service Monthly Bulletins

65.5.2 National Joint Circulars

65.5.3 Regional Management Board

65.5.4 FireControl Project

**RESOLVED – that the report be noted.**

**66. JOINT REPORT OF THE CHIEF FIRE OFFICER AND LEGAL ADVISER**

**66.1 NE Regional Management Board**

The Chief Fire Officer asked Members to consider the governance options for ongoing collaboration between North East Fire and Rescue Services in light of the Fire Minister's comments regarding Regional Management Boards.

The Chief Fire Officer informed Members that following discussions in each of the respective Fire Authorities, the Chief Officers of the four constituent authorities of the NE Regional Management Board (RMB) met on Friday 10 September 2010 to consider future governance arrangements for regional collaborations and that these options were set out in Appendix 1 of the report.

Members discussed the proposal of establishing a North East Fire Forum and how that may assist in progressing a number of projects which are currently underway as part of the RMB endorsement/approvals mechanism.

The Legal Adviser advised that if all constituent Members decided to dissolve the RMB then it could be dissolved immediately, if however only Cleveland no longer wanted to be part of the RMB, then under the Terms we would need to give 12 months notice. The Treasurer stated that should all constituent Members decide to dissolve the RMB then all assets and liabilities would be distributed on a proportional basis, equivalent to each FRA's contributions which would equate to a 25% share to each authority

**66.1 NE Regional Management Board continued**

**RESOLVED:-**

- (i) that the governance options for ongoing collaboration between North East Fire and Rescue Services be noted
- (ii) that the Regional Management Board be dissolved in accordance with the dissolution details highlighted in Appendix 1 of the report.
- (iii) that the proposal to establish a North East Fire Forum consisting of the Chair/Portfolio Holder and Chief Fire Officer/Chief Executive of each of the four Fire Authorities be approved.
- (iv) that the future governance of ongoing projects, should the Regional Management Board be dissolved, be agreed at the earliest opportunity.

**67. VERBAL BRIEFING ON THE NE FIRE CONTROL COMPANY BOARD**

Councillor Forster provided Members with an update regarding the NE Fire Control Company Limited.

**RESOLVED: that the briefing be noted.**

**68. REPORT OF THE TREASURER**

**68.1 Final 2009/2010 Statement of Accounts and Audit Commission Annual Governance Report**

The Treasurer sought Members consideration regarding the approval of the Statement of Accounts, now the Audit had been completed and the necessary adjustments made.

Mr Gavin Barker of the Audit Commission presented the results of audit work completed for 2009/10. He asked that Members considered the key issues within his letter before he completes the audit. He confirmed that subject to satisfactory clearance of outstanding matters, he planned to issue an audit report including an unqualified opinion on the financial statements

Mr Barker explained that with regard to Value for Money, he intended to issue an unqualified conclusion stating that the Authority had adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources. He detailed a number of strengths and areas for further challenge and uncertainty which were highlighted in the report.

Mr Barker concluded that he was satisfied that, in all significant respects, that Cleveland Fire Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010. Councillor Forster asked for assurance that correct procedures were in place regarding the Pension Scheme. Mr Barker confirmed that arrangements were in accordance with requirements.

**68.1 Final 2009/2010 Statement of Accounts and Audit Commission Annual Governance Report continued**

The Treasurer confirmed that the Audit Commission have completed the Audit of the 2009/2010 Statement of Accounts and that the Statement of Accounts has been amended to reflect a number of issues. These amendments have not changed the General Fund balance for the year, or the balances held by the Fire Authority.

The Treasurer highlighted the Treasury Management Development training which had been arranged for the Audit and Governance Committee Members on 8 October 2010 and offered a general invitation to all Members.

**RESOLVED:-**

- (i) that the report be noted.
- (ii) that any actions recommended by the Audit Commission in the Annual Governance Report be implemented.
- (iii) That the Final 2009/2010 Statement of Accounts, incorporating changes agreed with the Auditor be approved.

**69. REPORT OF THE CHAIR OF THE AUDIT AND GOVERNANCE COMMITTEE**

**69.1 Information Pack**

- 69.1.1 Organisational Performance Report 2010/11 – (April – June)
- 69.1.2 Progress Against Revenue and Capital Budget 2010/11
- 69.1.3 Annual Efficiency Statement, Backward Look 2009/10; Forward Look 2010/11

**RESOLVED: that the report be noted.**

**70. REPORT OF THE CHAIR OF THE OVERVIEW AND SCRUTINY COMMITTEE**

**70.1 Information Pack**

- 70.1.1 Forward Work Programme 2010/11
- 70.1.2 Method for Assessing Risk Analysis

**RESOLVED: that the report be noted.**

**71. ANY OTHER BUSINESS**

**71.1** The Chair referred to the Corporate Manslaughter Training which had been arranged at the request of Members and urged Members to revisit their diaries to see if they would be available to attend on 22 October 2010. Councillor Payne suggested that statutory training for Authority Members may need to be considered in the future.

**71.2** The Director of Corporate Services advised Members that the decision has been taken, in consultation with the Chair and Vice Chair, that the Annual Community Awards Celebration would be deferred this year due to the current economic climate. Awards would still be made and these will be presented informally by the Chief Fire Officer and Chair. The Vice Chair commented that it was still important to recognise those who had been nominated and suggested that letters be sent to each nominee.

**71. ANY OTHER BUSINESS continued**

**RESOLVED:-**

- (i) that Members revisit attendance of the Corporate Manslaughter Training to take place on 22 October 2010.
- (ii) that electronic invitations are forwarded to those Members who utilise an electronic diary system.
- (iii) that the decision to defer the Community Awards Celebration be noted.

**72. LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) (VARIATION ORDER) 2006**

**RESOLVED – “That under Section 100(A) (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business, on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs below of Part 1 Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006”.**

Minute Nos 73 & 74 – paragraph 3 – namely information relating to the financial or business affairs of any particular person (including the authority holding that information)

Minute No 75.1 – paragraph 4 – namely information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

**73. CONFIDENTIAL MINUTES**

**RESOLVED – that the Confidential Minutes of the Cleveland Fire Authority Annual Meeting held on 30 July 2010 be confirmed.**

**74. CONFIDENTIAL MINUTES**

**RESOLVED – that the Confidential Minutes of the Tender Committee meeting held on 5 August 2010 be confirmed.**

**75. REPORT OF THE CHIEF FIRE OFFICER**

**75.1 Service Transformation**

The Chief Fire Officer appraised Members on the progress of the Authority's Transformation Programme.

**COUNCILLOR JEAN O'DONNELL  
CHAIR**



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# CLEVELAND FIRE AUTHORITY

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## MINUTES OF ORDINARY MEETING HELD ON

FRIDAY, 26 NOVEMBER 2010

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**PRESENT:**

**CHAIR:-**

Councillor O'Donnell – Stockton on Tees Borough Council

**HARTLEPOOL BOROUGH COUNCIL:-**

Councillors Atkinson, Flintoff, Payne

**MIDDLESBROUGH COUNCIL:-**

Councillors Brunton, Clark, Morby, Porley, Rogers, Thompson

**REDCAR AND CLEVELAND BOROUGH COUNCIL:-**

Councillors Briggs, Dunning, Forster, Ovens

**STOCKTON ON TEES BOROUGH COUNCIL:-**

Councillors Kirton, Salt, Stoker, Woodhead

**AUTHORISED OFFICERS:-**

Treasurer, Chief Fire Officer, Director of Corporate Services

**OFFICERS:-**

Head of Corporate Support, Deputy Legal Adviser/Monitoring Officer

**AUDIT COMMISSION:-**

Gavin Barker – Senior Audit Manager

**APOLOGIES FOR  
ABSENCE**

Councillors Abbott, Cooney (Redcar and Cleveland Borough Council)

Councillor Akers-Belcher (Hartlepool Borough Council)

Councillor Lewis (Stockton Borough Council)

**81. DECLARATIONS OF MEMBERS INTEREST**

Councillor Morby declared a prejudicial interest in the Fire Services Pension Scheme.

**82. MINUTES**

**RESOLVED - that the Minutes of the Cleveland Fire Authority Meeting held on 24 September 2010 be confirmed.**

**83. MINUTES OF COMMITTEES**

**RESOLVED - that the Minutes of the Executive Committee held on 19 November 2010 be confirmed.**

**84. COMMUNICATIONS RECEIVED BY THE CHAIRMAN**

The Chairman outlined the following correspondence received since the last meeting:

Robert Flynn, CLG, re Local Transparency

Bob Neill, MP, re Fire Futures and the Spending Review

Shona Dunn, CLG, re Firebuy

D G Pritchard, CFO and Chief Executive, East Sussex FRS re copy letter to the Fire Minister

**85. REPORT OF THE AUDIT COMMISSION  
ANNUAL AUDIT LETTER 2009/10**

Mr Barker summarised the results from the 2009/2010 audit and informed Members that on 24 September 2010 he had issued his audit report which included an unqualified opinion on the Authority's financial statements. He reported that some errors in the financial statements were identified and which had now been amended and no significant weaknesses in the internal control arrangements had been identified. Mr Barker reported that he had issued an unqualified VFM conclusion which stated that the Authority had adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Mr Barker referred to the Comprehensive Spending Review which would prove challenging for the Authority and reported that the Authority's approach to improving value for money was supported by its service transformation programme. He referred to the uncertainty surrounding the PFI project and the Regional Control Centre both of which had the potential to present the Authority with future challenges, but felt that the strength in the Authority's Governance arrangements would help it to respond to these major operational and financial challenges in 2011 and beyond. The Chief Fire Officer updated Mr Barker regarding the withdrawal of funding for the PFI project.

Councillor Briggs congratulated the Brigade on the excellent work undertaken by its staff

**RESOLVED – that the report be noted.**

**86. REPORTS OF THE CHIEF FIRE OFFICER**

**86.1 Draft Integrated Risk Management Plan 2011/15**

The Chief Fire Officer appraised Members on the progress of the Transformation Programme leading to the development of the Draft IRMP 2011/15, the focus of which was a balanced strategy of prevention, protection and response. He reported that the Authority had recognised that the challenges raised by the economic situation and that the fiscal deficits would inevitably result in a tight financial settlement from the CSR.

The Chief Fire Officer stated that at the CFA meeting on the 24 September 2010 Members were presented with 37 potential options against CSR assumptions, and these had been amalgamated into 7 projects which were currently being progressed to full Business cases. These seven projects as outlined at 5.3 of the report formed part of the underlying basis for the Authority's Integrated Risk Management Plan 2011/15. The Chief Fire Officer assured Members that the number one aim for the Authority is the safety not only of its community but also its firefighters and there would be no change in the scope of its services or its emergency response standards. However these services would not be able to be delivered using the same number or configuration of employees and resources, as in previous years. The resultant implications being:

- ◆ less staff numbers including Firefighters
- ◆ changes to the way our staff work
- ◆ less managers and smaller support departments



- ◆ more services delivered from our Fire Stations with fewer service delivery staff in the central teams
- ◆ changes in the way some of our front line appliances are crewed
- ◆ sharing and commissioning support service functions with other partners
- ◆ reducing the size of our buildings and fleet

The Chief Fire Officer referred to the Consultation Strategy at Appendix 2 and advised Members that the period of public consultation was 6 December 2010 to 31 January 2011 with feedback being reported to the Authority in early 2011 with the draft IRMP.

Members sought further information regarding the change in risk profiles in wards and the use and cost of consultants.

**RESOLVED:**

- (i) **that Members considered the Authority's Draft IRMP for the period 2011/15 as attached at Appendix 1**
- (ii) **that members ratify the recommendations of the Executive Committee to:**
  - ◆ **Approve, subject to minor amendments, the Authority's Draft IRMP 2011/15 (Appendix 1) for consultation**
  - ◆ **Note the Authority's Stakeholder Consultation Programme for its IRMP 2011/15 (Appendix 2)**
  - ◆ **Receive further reports in relation to the outcomes from the IRMP Public Consultation exercise**

**86.2 Integrated Community Safety Policy**

The Chief Fire Officer informed Members that the Integrated Community Safety Policy sets out the Authority's guiding principles that integrate the Brigade's cross cutting service delivery arrangements to support the realisation of the Authority's vision for 2014 by developing a delivery menu of prevention, protection and emergency response.

**RESOLVED – that the Integrated Community Safety Policy be approved.**

**86.3 Deliberate Fire Policy**

The Chief Fire Officer informed Members that the Deliberate Fire Policy focuses the Brigade's activities and strategies in addressing the problem of Deliberate Fires and its effects both financially and to community safety.

**RESOLVED – that the Deliberate Fire Policy attached at Appendix 1 be approved.**

**86.4 Industrial Commercial Policy**

The Chief Fire Officer informed Members that the Industrial Commercial Policy addressed the issue of safety within the industrial and commercial sector and promoted our aims within legislation and expected improvements and benefits.

**RESOLVED – that the Industrial Commercial Policy attached at Appendix 1 be approved.**

**86.5 Hutton Enquiry: Independent Public Service Pensions Commission – Interim Report**

The Chief Fire Officer advised Members on the interim report and outlined its recommendations which are divided between short and long term options for the reform of public service pension schemes, including the Firefighter Pension Scheme (FPS) and New Firefighter Pension Scheme (NFPS)

**RESOLVED:**

- (i) that Members noted the content of this report**
- (ii) that Members receive further reports as appropriate**

**86.6 Fire Futures**

The Chief Fire Officer appraised Members of the National Strategic Review of the Fire Service currently being undertaken by the CLG, which will impact on the shape of the future service, and focuses on the following four key areas:

- ◆ role and delivery models
- ◆ efficiency, effectiveness and productivity
- ◆ localism and accountability
- ◆ national interest

**RESOLVED:**

- (i) that Members note the content of the report**
- (ii) that the consultation document be presented to a future meeting**

**86.7 Chief Fire Officer Information Pack**

- 86.7.1** Fire and Rescue Service Monthly Bulletins
- 86.7.2** National Joint Circulars
- 86.7.3** NE Regional Management Board
- 86.7.4** Long Service & Good Conduct Medal
- 86.7.5** National Sprinkler Network
- 86.7.6** Asian Fire Service Association – Certificate of Merit
- 86.7.7** Equality & Diversity

The Chief Fire Officer referred to the letter received from the National Fire Sprinkler Network expressing their appreciation and thanks for the Brigade's continued support. He reported that all new houses built in Wales would now have sprinklers installed, and that in Stockton, sprinklers were currently being fitted in 33 houses.

Councillor Forster complemented Stockton on their forward thinking on this issue, and stated that there should be legislation around the installation of sprinklers in all new-builds. It was agreed that Members be kept updated on the installation of sprinklers in new build initiatives.

**RESOLVED –**

- (i) that the report be noted.**
- (ii) that Members be kept informed on the installation of sprinklers in new builds initiative.**

**87. REPORT OF THE DIRECTOR OF CORPORATE SERVICES**

- 87.1** Standards Committee
- 87.2** Fire Improvement Group
- 87.3** Combined Fire Authorities Meeting
- 87.4** Visit by Members to North East FireControl
- 87.5** Requests for Brigade Information

The Chair presented Councillor Brenda Forster with an award on behalf of the Asian Fire Service Association, in recognition of her professional commitment to equality and diversity both regionally and nationally.

Councillor Payne queried if the monies we would receive through the demise of the RMB could be used for fire prevention in the community. The Treasurer informed the meeting he had written to each of the four Chief Fire Officers advising the balance figure to be shared between them resulted in a figure of £23,000 for each Authority.

**RESOLVED –**

- (i) that the report be noted.**

**88. VERBAL BRIEFING ON THE NE FIRE CONTROL COMPANY BOARD**

Councillor Forster updated Members regarding the NE Fire Control Company Board and also complimented the Fire Brigades Union in their negotiations with the Board.

Councillor Rogers commented that during a recent visit to the facility he had been very impressed, but felt the specification was not deliverable and questioned other uses for the building if the project did not proceed. The Chief Fire Officer advised the building was leased from CLG at an annual lease of £1.5m/annum and if the RCC project did not proceed the ownership would revert back to CLG.

A discussion ensued regarding potential HR issues if the project did not go ahead.

The Chief Fire Officer updated Members on the Cleveland Fire Brigade SEED telecommunication system which was being developed by Hull University and the Brigade which had the potential to go live in February 2011.

**RESOLVED: that the briefing be noted.**

**89. REPORT OF THE TREASURER**

**89.1 Treasury Management Annual Review 2009/10**

The Treasurer informed Members of the Treasury Management activities for 2009/2010, which had been undertaken in accordance with relevant legislation, regulations and the Authority's approved Treasury Management Strategy and associated Prudential Indicators. He reported this was an outturn report with no issues to bring to Members' attention.

**89.1 Treasury Management Annual Review 2009/10 contd**

The Treasurer reported that the Authority had operated a Pooled Investment Fund with Hartlepool Borough Council since February 2009 to enable the Authority and the Council to diversify the risk of counterparty default by increasing the spread of investments. The Council and the Authority now had differing treasury management needs and it had therefore been agreed to terminate the pooled investment fund and replace it with new separate investments for each Authority by 31 March 2011.

The Treasurer advised that following the Chancellors announcement on the Spending Review on 20 October 2010, HM Treasury instructed the Public Works Loans Board (PWLB) to increase the interest rate on all new loans to 1% above the Governments cost of borrowing with immediate effect.

**RESOLVED - that the Treasury Management position for 2009/2010 be noted.**

**90. REPORT OF THE CHAIR OF THE AUDIT AND GOVERNANCE COMMITTEE**  
**90.1 Information Pack**

- 90.1.1 Organisational Performance Report 2010/11 – (April – Sept)
- 90.1.2 District Performance Target Report 2010/11 – (April – Sept)
- 90.1.3 Corporate Risk Register Review 2010/11
- 90.1.4 Scrutiny of Internal Audit Reports – quarterly update
- 90.1.5 Progress Against Revenue & Capital Budgets 2010/11
- 90.1.6 Treasury Management Review 2009/2010

**RESOLVED: that the report be noted.**

**91. REPORT OF THE CHAIR OF THE OVERVIEW AND SCRUTINY COMMITTEE**  
**91.1 Information Pack**

The Vice Chair reported that at the last Overview & Scrutiny Committee meeting, Members agreed that the seven project areas being progressed by the Brigade's Strategic Management Team (as detailed in the report) would be presented a future Scrutiny meeting.

**RESOLVED: that the report be noted.**

**92. ANY OTHER BUSINESS**  
**92.1 Private Finance Initiative Update**

The Chief Fire Officer informed Members of the CLG's recent decision on the NEFRA 2 PFI project, which advised the Authority that there was no funding provision for those projects where the OBC had not yet been approved by the Department and HM-Treasury's PRG. He sought Members support to review the Authority's Asset Management Plan and Estates Strategy and the proposed action the NEFRA 2 Authorities would be taking.

The Chief Fire Officer referred Members to a letter he had sent to CLG highlighting the costs expended by the Authority to the project to date, and advised any additional costs would be factored into any future correspondence with the CLG.

**92.1 Private Finance Initiative Update contd**

He reported that CLG were being asked to review their decision, and were also looking to determine if there was a legal route for a judicial review in relation to this decision. He informed Members the Authority had a maintenance backlog of over £7m, therefore to do nothing was not an option.

Members unanimously agreed there was no political divide on this matter and there would be all party support to take this matter forward with their respective MPs. Members also agreed this matter should be pursued through the legal channels.

Councillor Stoker stated the press should be made aware of the situation, and it was agreed that an open letter from the Chair of the Authority to the editors of the newspapers covering the area be sent out.

**RESOLVED:-**

- (i) that Members note the content of the report
- (ii) that Members support the actions taken by the NEFRA 2 Authorities
- (iii) that Members support the review of the Authority's Asset Management Plan and Estates strategy and receive further reports on the outcomes
- (iv) that Members note the alternative funding arrangements as specified in Section 6 of the report and support the work to arrive at the best Value for Money solution for our Estates.
- (v) that Members seek support from their respective MP to take this matter forward
- (vi) that an open letter be written by the Chair to the local newspapers outlining the situation
- (vii) that legal advice be sought regarding a judicial review on the decision not to grant PFI credits to the NEFRA 2 project

**93. LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) (VARIATION ORDER) 2006**

**RESOLVED – “That under Section 100(A) (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business, on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs below of Part 1 Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006”.**

paragraph 3 – namely information relating to the financial or business affairs of any particular person (including the authority holding that information)

paragraph 4 – namely information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

**94. CONFIDENTIAL MINUTES**

**RESOLVED – that the Confidential Minutes of the Cleveland Fire Authority Meeting held on 24 September 2010 be confirmed.**

95. **CONFIDENTIAL MINUTES**  
**RESOLVED** – that the Confidential Minutes of the Executive Committee meeting held on 19 November 2010 be confirmed.

**COUNCILLOR JEAN O'DONNELL**  
**CHAIR**

# COUNCIL REPORT

10 February 2011



Report of: **Chief Executive**

Subject: **REPORT OF THE INDEPENDENT REMUNERATION  
PANEL**

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Attached at Appendix A is the Independent Remuneration Panel's report on Members' Allowances. Council's views and instructions are requested.

## Report of the Independent Remuneration Panel

Council – 10 February 2011

**1. Background**

The Independent Remuneration Panel was established to advise the Council on the level of Members Allowances under the Local Government Act 2000.

The Panel have made a number of reports to The Council over the years, reviewing various parts of the Members Allowances Scheme including Basic and Special Responsibility allowances.

Whilst there are annual indexing facilities built into the Panel's recommendations, the Panel have a three year review programme of the basis of allowances to ensure that they are robust and fit for purpose.

Last February the Panel noted that no special responsibility allowance was included in the Council's scheme for the role of Chair of Audit Committee and whilst sympathetic towards recommending a new allowance for this role it was of the view that the extent of the role was insufficiently determined to allow it to come to a conclusion on the amount. It therefore determined to review in twelve months time.

**2. Special Responsibility Allowances**

Special Responsibility Allowances are paid to a number of members who hold positions that have varying degrees of additional duties and responsibilities. This allowance is paid in addition to the basic allowance and is determined as a proportion of the basic allowance. The current number and amounts of Special Responsibility Allowance are detailed in the table below :

	2010/11	
		Value of Basic allowance
Basic Allowance		£5,767

<u>Special Responsibility Allowances</u>	Number of Councillors receiving SRA	Value of Special Responsibility Allowance	SRA %
Chair of Council	1	£4,614	80%
Cabinet member	6	£5,767	100%
Chair of Scrutiny Co - ordinating	1	£5,767	100%
Chair of Scrutiny Forum	4	£3,461	60%
Chair of Planning Committee	1	£5,767	100%
Chair of Neighbourhood Forum	3	£3,461	60%
Chair of Licensing Panel	1	£3,461	60%
Chair of Contract Scrutiny Panel	1	£1,153	20%
Majority Group Leader	1	£5,767	100%
Principal Minority group	1	£3,461	60%
Secondary Minority Group	2	£3,461	60%
Elected Mayor	1	£63,902	



**3. Review of Chair of Audit Committee Role**

The Panel have undertaken the review and considered further information regarding the responsibilities of the Chair of Audit Committee's role. Consideration was given to the importance of high standards of internal governance arrangements and the risks to the organisation if not adequately monitored. Accordingly the Panel recommend that a Special Responsibility allowance of 20% be allocated to this role, which would currently equate to £1,153.

**4. Financial Implications**

The Panel noted that the changes above would marginally increase the cost of allowances by £1,153 per annum, however this could be contained within the existing budget provision for members expenses. There would be no additional budget required for this small change.

**5. Membership of the Panel**

The Panel continues to carry one vacancy. The Panel welcomed the appointment of Professor Brian Footitt, a new member who filled one of the two vacancies and wished to draw Council's attention to the fact that there remained one vacancy which needs to be filled.

**6. Recommendations**

The Panel recommends that Council award a Special Responsibility Allowance of 20% to the position of Chair of Audit Committee.

# COUNCIL REPORT

10 February 2011



**Report of:** The Cabinet

**Subject:** MEDIUM TERM FINANCIAL STRATEGY – BUDGET  
AND POLICY FRAMEWORK 2011/2012 TO  
2014/2015

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## 1. PURPOSE OF REPORT

- 1.1 To present details of the proposed Medium Term Financial Strategy (MTFS) (previously referred to as the Budget and Policy Framework).

## 2. BACKGROUND

- 2.1 In accordance with the Constitution Cabinet is responsible for preparing the initial MTFS proposals, which are then referred to Scrutiny Co-ordinating Committee for consideration. Cabinet is also then responsible for preparing the final budget proposals, which includes the proposed Council Tax level for 2011/2012, which are then referred to Council for consideration. The final stages for completing this process and then issuing Council Tax bills are extremely tight and the key dates are as follows:

- Cabinet 7 February 2011 – approves the MTFS proposals to be referred to Council;
- Council 10 February 2011 – consider Cabinet's MTFS proposals, including the Council's own Council Tax for 2011/2012;
- Council 24 February 2010 – approves the overall Council Tax levels, including Fire and Police Authority precepts. This is the same day the Police Authority are scheduled to set their Budget and Council Tax, which is within the prescribed deadline for setting their Budget and Council Tax.

## 3. CONSIDERATION OF BUDGET PROPOSALS BY COUNCIL

- 3.1 As indicated above Cabinet will finalise the budget proposals, including the 2011/2012 proposed Council Tax level, it wishes to refer to Council at its meeting on 7 February 2011. To enable all Members to familiarise themselves with the issues affecting next years budget a copy of the detailed 2011/2012 to 2014/2015 MTFS Report is included in a separate booklet with the agenda papers for today's meeting. The booklet also includes detailed departmental budgets. The figures for departmental budgets exclude new pressures and proposed budget reductions which are

detailed separately in the MTFS as these proposals need considering by Council.

- 3.2 The key issues included in the latest Cabinet report have previously been considered by Cabinet at their meetings between October 2010 and January 2011. These issues have also been referred to Scrutiny Committee for consideration.
- 3.3 Once Cabinet have finalised their proposals a further report will, if necessary, be issued to Council to advise Members of any changes to the proposals detailed in the attached report.
- 3.4 In addition, to the specific proposals detailed in the Cabinet report, Council will also need to consider a range of statutory calculations to support the proposed Council Tax increase level. Assuming Cabinet confirm their initial proposal to freeze Council Tax these statutory calculations still need to be made and approved by Council. These calculations will also incorporate details of Council Tax levels for Parish Councils.

#### **4. ROBUSTNESS OF BUDGET FORECASTS, RISK ASSESSMENT AND RESERVES**

- 4.1 The Local Government Act 2003 introduced new requirements to formally consider the robustness of the budget forecasts, the level of reserves and the proposed use of reserves as part of the budget setting process. In preparing the proposals for the 2011/2012 budget, Cabinet will consider the advice of the Chief Finance Officer as detailed at paragraph 12 of the MTFS report. This section advises Members that in the Chief Finance Officer's opinion the budget forecasts suggested in the Cabinet report for 2011/12 are robust. This opinion is based on consideration of the following factors:

- The assumption that Members will approve the proposals for bridging the budget deficit detailed in the report, including the proposed cuts of £5.5m, the proposals for managing the impact of grants being transferred into the Formula Grant and the introduction of Early Intervention Grant. This is the key issue affecting the robustness of the proposed budget. If Members do not approve these, the budget forecasts will not be robust as expenditure in these areas will inevitably exceed the available budget;
- The detailed work undertaken by individual Directors in conjunction with my staff regarding the preparation of detailed budget forecasts, including income forecasts;
- Prudent provisions for pay awards for staff earning below £21,000 who will receive a flat increase rate of £250 and inflation on non pay budgets during 2011/2012;
- A prudent view of the net costs of the Authority's overall cash flow, including the repayment of Prudential Borrowing;

- The assumption that Members approve the budget proposals detailed in the report.
- The costs of Job Evaluation appeals do not exceed the provision included in the budget forecast.

4.2 This advice is equally relevant to Council when considering this report.

## **5. CONCLUSION**

- 5.1 This report provides the detailed information to support the 2011/2012 budget proposals which will be referred to Council by Cabinet following their meeting on 7 February 2011.
- 5.2 Details of the issues Cabinet will be referring to Council are provided in Section A, paragraph 19 of the MTFS report which is included in the attached booklet issued with the agenda papers. A revised schedule will be issued before your meeting to detail any changes made by Cabinet and to detail the statutory Council Tax setting resolutions.

**MEDIUM TERM FINANCIAL STRATEGY**

**2011/12 TO 2014/15**

**SUPPORTING DOCUMENTATION BOOKLET**

# **MEDIUM TERM FINANCIAL STRATEGY 2011/12 TO 2014/15**

## **SUMMARY OF CONTENTS**

### **Medium Term Financial Strategy – Budget & Policy Framework 2011/12 to 2014/15 – 7<sup>th</sup> February 2011**

#### **Cabinet Report 7<sup>th</sup> February 2011**

Appendix A - Schedule of 2011/12 Permanent and Temporary Budget Reductions  
Appendix B – Schedule of Pressures – Part 1  
Appendix B - Summary of Key Ongoing 2011/12 Service Issues Part 2  
Appendix C – Chief Executives Department – Proposed Budget Reductions – Part 1  
Appendix C – Regeneration & Neighbourhoods – Proposed Budget Reductions – Part 2  
Appendix C – Child & Adult Services – Proposed Budget Reductions – Part 3  
Appendix D - Formula Grant Adjusted Baseline  
Appendix E - Early Intervention Grant  
Appendix F – Schedule of Budget Risks  
Appendix G - Key Financial Assumptions  
Appendix H - High Risk Budget Areas  
Appendix I - Detailed Analysis of Reserves  
Appendix J – Forecast Capital Resources and Expenditure Commitments 2011/12 to 2013/14 – Part 1  
Appendix J - Schedule of Proposed Schemes to be Funded from Council's Capital Fund – Part 2  
Appendix K - Part 1 - Scrutiny Cabinet - Formal Response to Finalised Budget Proposals for 2011-12  
Appendix K - Part 2 - Scrutiny Cabinet - App A - Budget Questions  
Appendix K - Part 3 - Scrutiny Cabinet - App B - Budget Questions  
Appendix L - Budget Consultation Meetings

#### **Detailed Revenue Budget by Department**

Statement of General Fund Requirements 2011/12 to 2014/15  
Chief Executives  
Child and Adult  
Regeneration and Neighbourhoods

## SECTION A

Cabinet Report: Medium Term Financial Strategy –  
Budget & Policy Framework 2011/12 to 2014/15 –  
7<sup>th</sup> February 2011

# CABINET REPORT

7 February 2011



**Report of:** Corporate Management Team

**Subject:** MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2011/12 TO 2014/15

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## SUMMARY

### 1. PURPOSE OF REPORT

1.1 The purposes of the report are:

- i) to provide details of the Council's financial position, and
- ii) to enable Cabinet to approve the budget proposals to be referred to Council on 10<sup>th</sup> February.

### 2. SUMMARY OF CONTENTS

2.1 This report brings together issues reported to Cabinet and referred to Scrutiny Co-ordinating Committee between October 2010 and January 2011. The report enables Cabinet to finalise the budget proposals it wishes to refer to Council on 10<sup>th</sup> February 2011.

2.3 The report advises Members that the Spending Review sets out the Governments proposals for reducing the national budget deficit and confirms that the public sector, in particular local authorities, face a period of sustained and significant reductions in funding. Whilst, the actual Formula Grant cut of 28% is within the planning figures previously reported of 25% to 30%, the cuts are front loaded. This means the Council faces a difficult financial position over the next two years.

2.4 The forecast grant cuts will reduce the core formula grant from £51.5m in 2010/11 to £37.6m by 2014/15. In cash terms this is the level of grant the Council received in 2004/05. Since this date the Council has had to fund significant pressures, including demographic pressures, caring for older people, increased cost of Looked After Children and the ongoing cost of implementing the single status pay agreement. As these commitments are ongoing the grant cut means services will need to be scaled back, or stopped.

2.5 After reflecting the formula grant reductions, the inclusion of prudent provisions for inflation and headroom for future demographic and legislative pressures the Council faces significant deficits over the next



four years. In total it is anticipated that the reduction in the General Fund budget will total £24 million by 2014/15. This equates to a 26% reduction from the 2010/11 budget. Annual deficits are shown below:

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000
Budget Deficits	9,750	7,597	2,400	4,600	24,347

- 2.6 As reported previously a range of measures for reducing the 2011/12 budget deficit shown in the above table have already been identified totalling £4.1m, including additional savings from Business Transformation of £1.6m for next year. However, after reflecting these issues and the impact of the Spending Review the Council still faces a net deficit next year of £5.6m.
- 2.7 The scale of the core budget deficits over the next four year means that the budget strategy is moving beyond delivering more efficiencies and begins a process of reducing and prioritising the services the Council provides. This is a fundamental change in how the budget will be managed and is necessary to address a period of sustained and significant grant cuts. This will require the Council to make the most difficult decisions it has faced since becoming a unitary authority in 1996. The report includes detailed proposals for bridging the net 2011/12 deficit of £5.6m.
- 2.8 The report also advises Members that the Council also faces cuts in funding arising from the Government's decision to transfer some specific grants and elements of the former Area Based Grant into the Formula Grant. There are also cuts from other specific grants and other elements of the Area Based Grant moving into the new Early Intervention Grant. In total these funding reductions total 21% over the next 2 years, which equates to a funding reduction of £3.1m. The majority of this reduction, £2.8m, is front loaded next year. Detailed proposals for managing these reductions are provided in the report.
- 2.9 In conclusion the Council faces an extremely challenging financial position, particularly over the next two years. This reflects the impact of grant reductions which will have the greatest impact on areas with the greatest dependency on grants.
- 2.10 The report recommends that permanent reductions are implemented in 2011/12 to balance the budget and avoid increasing the deficit in the following year. This strategy enables redundancy costs to be funded from the one-off Transitional Grant, which avoids these costs being delayed until 2012/13 when this funding will not be available.

- 2.11 The Government are measuring grant reductions in terms of reductions in 'spending power'. On this basis Hartlepool suffers greater reductions than the national average over the next two years. The following table highlights comparative spending power reductions for 2011/12:

	Spending Power Reduction	Spending Power Reduction Per person
National Average	4.4%	£49
Hartlepool	8.9%	£113

- 2.12 The actual cash reductions in grant funding in 2011/12 and future years are a more appropriate measure of the real funding cuts the Council will need to manage. The following table summarises these reductions and detailed proposals for managing this position are provided in the report.

	2010/11	2011/12 Grant cut		Cumulative Grant Cut by 2012/13 from 2010/11 base	
	Grant	£'m	%	£'m	%
Core Formula Grant	51.5	6.1	12%	10.2	20%
Specific and ABG Grants transferred to Core Formula Grant	7.8	1.2	15%	1.6	21%
Specific and ABG Grants transferred to Early Intervention Grant	8.9	1.9	21%	1.9	21%
Sub total	68.2	9.2	13%	13.7	20%
Working Neighbourhood Fund	4.9	4.9	100%	4.9	100%
	73.1	14.1	19%	18.6	25%

### 3. RELEVANCE TO CABINET

- 3.1 The report enables Cabinet to determine the final Budget and Policy Framework proposals it wishes to refer to Cabinet.

### 4. TYPE OF DECISION

- 4.1 Budget and Policy Framework.

### 5. DECISION MAKING ROUTE

- 5.1 Cabinet 7<sup>th</sup> February 2011 and Council 10<sup>th</sup> February 2011.

### 6. DECISION(S) REQUIRED

- 6.1 Cabinet is required to determine its proposals.

**Report of:** Corporate Management Team

**Subject:** MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2011/12 TO 2014/15

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## **1. PURPOSE OF REPORT**

1.1 The purposes of the report are:

- i) to provide details of the Council's financial position, and
- ii) to enable Cabinet to approve the budget proposals to be referred to Council on 10<sup>th</sup> February.

## **2. BACKGROUND**

2.2 This report brings together issues reported to Cabinet and referred to Scrutiny Co-ordinating Committee between October 2010 and January 2011. The report enables Cabinet to finalise the budget proposals it wishes to refer to Council on 10<sup>th</sup> February 2011.

2.3 The Government Spending Review sets out the future direction for public spending and taxation over the next four years. There are two clear issues within the Spending Review:

- The balance of the Government's deficit reduction plan funded from spending cuts and tax increases

In broad terms the majority of the budget deficit will be reduced through spending cuts, which will make up 75% of the deficit reduction. The other 25% will come through tax increases, which include measures such as the 50% top tax rate and changes in employee national insurance rates announced by the previous Government and the new Governments increase in VAT to 20%.

- The level of cuts in public spending

The Spending Review outlines the choices the Government has made in relation to public spending. For Local Authorities the Spending Review provides a period of financial austerity and some of the highest reductions in funding across the public sector.

2.4 The detailed impact of the Spending Review on individual Councils was provided in the provisional Local Government Grant Finance Settlement issued in December 2010 for consultation. The final settlement is expected towards the end of January / early February 2011. It is not expected that there will be significant changes in the provisional figures.

Details of any changes will be reported to Cabinet as soon as they become available.

- 2.5 The settlement for Local Government only covers 2011/12 and 2012/13, as the Government intend reviewing the existing Local Government finance system and to implement changes from 2012/13. As expected, the settlement for 2011/12 and 2012/13 front loaded funding reductions for Local Government. The impact on Hartlepool is provided later in this report.
- 2.6 In terms of forecasting the position for 2013/14 and 2014/15 the only available information is the level of reductions in total Local Government funding provided in the Spending Review. However, given the Government's intention to review the existing funding system which, although extremely complex, consists of two basic components – population and deprivation, there is a clear risk that at a local level the reductions in funding for these years will be greater than the national average reductions. Such a situation would continue trends which began with the 'emergency budget cuts' and have continued with the reductions announced for 2011/12 and 2012/13. This is an issue which will need to be considered once the Government provides detailed proposals for future years.
- 2.7 In the meantime, this report concentrates on the next two financial years as the Council faces the toughest financial position since becoming a unitary authority in 1996. This position reflects reductions in the Core Formula Grant, changes in how specific grants are paid to councils and reductions in the level of these grants. This position means that difficult decisions need to be made now to protect the medium term financial position and avoid deferring an unmanageable position to 2012/13.
- 2.8 The underlying picture for Hartlepool and other councils serving more deprived communities and therefore more reliant upon Government grants, is a significantly greater reduction in resources available to support local services. The Government introduced a new concept to measure these reductions – which is the value of reductions in 'spending power'. This measures reductions in grants against the total funding available at a local level, which encompasses an individual authority's:
- Council Tax Requirement;
  - Formula Grant;
  - Specific Grants; and
  - NHS funding for Social Care.
- 2.9 On a practical basis this report concentrates on the actual year on year reductions in grants as this is the funding the Council will no longer receive and therefore drives the cuts the Council will need to make to balance the budget.

- 2.10 The proposals in this report enable Cabinet to address next year's significant budget deficit and to make recommendations to enable a balanced budget to be set for 2011/12. The report also provides an update on the risks facing the Council and proposals to manage risks. This is particularly important in a period of sustained grant reductions as it helps mitigate the financial commitments facing the Council in future years. Together these proposals form the foundations for managing an even more difficult financial position in 2012/13 arising from further reductions in grant funding.
- 2.11 Previous reports have also advised Members that the Council also faces local budget issues from demographic pressures. For 2011/12 these items total approximately £1m and similar annual provisions have been included in the forecasts for the three year's commencing 2012/13. As grant levels will reduce over this period these costs increase the budget deficits facing the Council.
- 2.12 This report covers the following issues:
- Spending Review
  - Provisional Local Government Finance Settlement
  - General Fund Budget 2011/12 – Impact of Finance Settlement
  - Strategy for managing the General Fund 2011/12 Budget Deficit
  - Grants transferred into the Formula Grant
  - Grants transferred into the new Early Intervention Grant
  - Redundancy Issues and Funding 2011/12
  - General Fund Budget 2012/13 to 2014/15
  - Budget Risks
  - Robustness of Budget Forecasts
  - Review of Reserves
  - Capital Programme 2011/12 to 2013/14
  - Statutory Consultation
  - Local Consultation and Equality Assessment
  - Forecast Outturn 2010/11
  - Conclusions
  - Recommendations

### **3. SPENDING REVIEW**

- 3.1. Previous reports advised Members that the public sector faces the most challenging financial position since the end of the second World War. These reports indicated that owing to the Government's commitment to protect the NHS, Education and International Development budgets other areas of Government spending, including Local Government, would face significant funding reductions over the next four years.
- 3.2. The Executive Summary to the Government Spending Review 2010 document states:

- “The Spending Review makes choices. This has enabled the Coalition Government to prioritise the NHS, Schools, early year’s provision and the capital investments that support long term economic growth, setting the Country on a new path towards long term prosperity and fairness. As a result of these choices, departmental budgets, other than health and overseas development will be cut by an average of 19% over four years, the same pace as planned by the previous government.”

3.3 As indicated in earlier reports the Government has previously given commitments to:

- Carry out Britain’s unavoidable deficit reduction plan in a way that strengthens and unites the Country. The Spending Review will be guided by the principles of freedom, fairness and responsibility, in order to demonstrate that we are all in this together;
- Limit as far as possible the impact of reductions in spending on the most vulnerable in society and those regions heavily dependent on the public sector.

3.4 In relation to Local Government grant funding (excluding Police and Fire) the headline reduction in funding over the 4 year period of the Spending Review is 28%, which is significantly higher than the ‘average’ of 19%. As shown in the table below this is one of the highest funding cuts announced by the Government.

**Table 1: Headline funding cuts over the 4 year period of the Spending Review**

- 51% - CLG departmental expenditure
- 33% - Treasury
- 29% - Environment, Food and Rural Affairs
- **28%- Local Government (excluding Police and Fire)**
- 27% - Small and Independent bodies
- 25% - Business, Innovation and Skills
- 24% - Law Officers
- 24% - Foreign and Commonwealth
- 23% - Justice
- 23% - Home Office

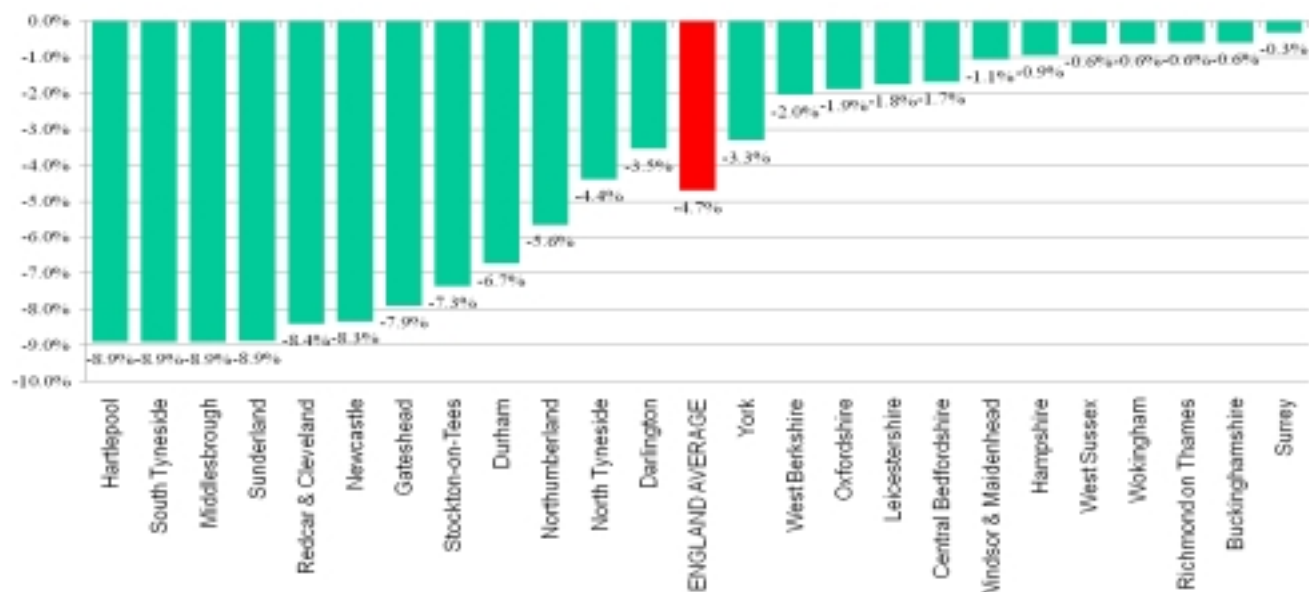
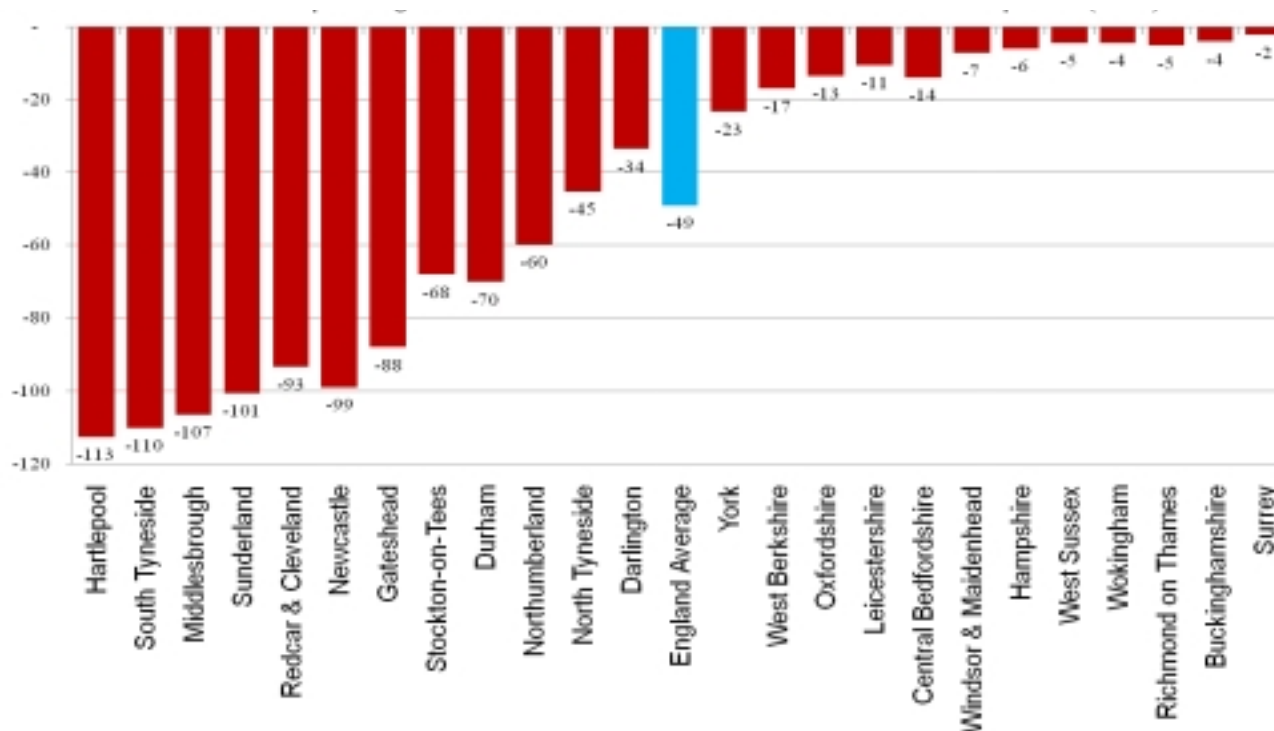
3.5 The Spending Review gave a range of figures for the change in Local Government Funding. This was supplemented by information provided in a letter to Local Authority Leaders on the day of the settlement from the Secretary of State for Communities and Local Government which stated: “Councils will face an average grant loss of 7.25%, in real terms, in each of the next four years.” This statement initially suggested that grant cuts would be evenly phased. This would have provided a longer lead time for Councils to manage a significant cut in grant funding. However, the provisional Local Government Grant announcement confirmed this is not the case and grant cuts are front loaded.

- 3.6 The Spending Review also indicated that the Government will be looking at a range of other issues. These changes will not impact on the 2011/12 budget, although in the medium term they could have a fundamental impact on Local Government. Details of these issues will be reported when they become available and cover:

- Review of Local Government funding;
- Changes to Council Tax benefit and potential localisation of this benefit;
- Review of business rates and potential re-localisation;
- Introduction of Tax Incremental Financing (TIF);
- Proposed introduction of a national funding formula for schools.

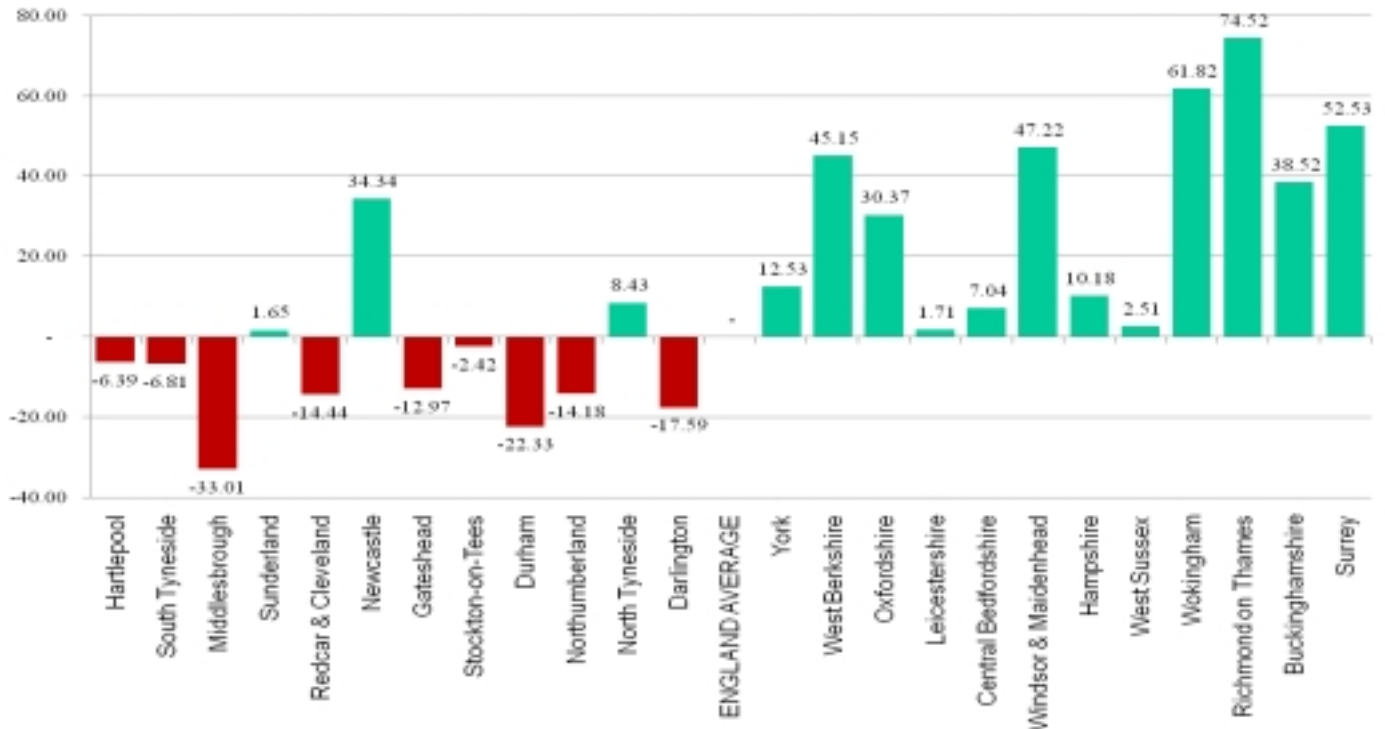
#### **4. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT**

- 4.1 The Formula Grant is the Councils main revenue grant. Details of the provisional Grant allocations were announced by the Secretary of State for Communities and Local Government on 13<sup>th</sup> December 2010. As anticipated the detailed Grant announcement only covers 2011/12 and 2012/13.
- 4.2 The Secretary of State for Communities and Local Government has stated that in 2011/12 Councils will face an average cut in 'spending power' of 4.4% and no local authorities will experience a decrease of more than 8.9% as a result of grant reductions.
- 4.3 An analysis of Spending Power reductions shows a wide range of percentage reductions, from 0.13% to 8.9%. Hartlepool's reduction is 8.9%. This analysis also shows that Spending Power reductions are greatest for those areas with the highest dependency on Government grants, which in turn reflects relative levels of deprivation and ability to raise funds locally from council tax and fees or charges. This means that authorities serving more deprived communities face the greatest financial challenges in the next two years.
- 4.4 The following tables provide details of comparative Spending Power cuts for the 12 North East Councils and the 12 authorities with the lowest reductions. The first table shows the percentage reduction and the second the amount per head of population. In both cases Hartlepool has the highest reduction which reflects the greater dependency on Government grants. It also includes the impact of the withdrawal of the remaining Working Neighbourhood Fund.

**Table 2 - % Reductions in Spending Power****Table 3 - £ per person Reductions in Spending Power**



- 4.5 The percentage reductions in 'Spending Power' significantly understate the year on year percentage reductions in cash grants, which is the real funding reductions facing the Council.
- 4.6 The actual percentage reduction in the cash value of the Council's core Formula Grant for 2011/12, excluding the impact of the Transitional Grant and the transfer of Specific Grants and elements of the Area Based Grant into the Formula Grant, is £6.1m, which equates to 11.9%.
- 4.7 The amount of core Formula Grant the Council receives will be reduced over the next two years from £51.5m in 2010/11 to £41.3m in 2012/13, a reduction of £10.2m, which equate to a reduction of 20%. This compares to a planning forecast for the next two years of 15% to 20%. This report will concentrate on these cash reductions as this will drive the budget strategy for the next few years.
- 4.8 As detailed later in the report a number of Specific Grants and grants previously paid through the Area Based Grant have been transferred into the Formula Grant, or the new Early Intervention grant. These grants will also be reduced by £3.1m over the next two years, which equates to a reduction of 21%.
- 4.9 The Government announcement also included details of the "Transitional Grant" regime which ensures no local authority has its "Revenue Spending Power" reduced by more than 8.9% for 2011/12 and 2012/13. The aim of this grant is to assist authorities manage reductions in Revenue Spending Power over a longer period than one financial year. In 2011/12 only 37 authorities will be eligible for this funding.
- 4.10 Hartlepool will receive Transitional funding in 2011/12 of £1.7m, which is the 16th highest cash allocation. This illustrates the scale of the grant reduction the Council is facing next year. Hartlepool will not receive this funding in 2012/13, as the grant cut in this year is marginally below the eligibility threshold.
- 4.11 A detailed response on the provisional settlement has been sent to the Government. These letters highlighted a number of concerns. This response has asked the Government to increase and extend the period that Transitional Funding is paid to Hartlepool. The response also advises the Government that under the old 'Floor Damping' system Hartlepool did not receive the full grant increases assessed under the previous grant system as increases were damped to protect other areas from funding cuts. Over the last 5 years this equates to £11 million. Perversely, the Council will still make a floor damping contribution next year of £0.5m (2010/11 £2.4m). Comparative floor damping figures for the other North East Councils and the twelve councils with the lowest Spending Power reductions are detailed overleaf.

**Table 4 - £/Person Damping Grant**

## 5. GENERAL FUND BUDGET 2011/12 – IMPACT OF FINANCE SETTLEMENT

- 5.1 The Government had not issued the final grant allocations when this report was prepared. It is not expected that there will be any significant changes in the provisional allocations. Therefore, the Council faces significant deficits over the next four years. In total it is anticipated that the reduction in the General Fund budget will total £24 million by 2014/15. This equates to a 26% reduction from the 2010/11 budget. Annual deficits are shown below:

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000
Budget Deficits	9,750	7,597	2,400	4,600	24,347

- 5.2 The 2011/12 gross deficit of £9.7m is before reflecting the proposed measures detailed in **Appendix A**, totalling £4.1m. The remainder of this report concentrates on the net 2011/12 deficit of £5.6m.
- 5.3 The 2011/12 forecasts also assumes Cabinet will formally recommend a Council Tax freeze to Council. This will mean the Council is eligible to receive the 'Council Tax Freeze' grant for 4 years of approximately £1m

per year. It is not clear what happens when the current spending review ends. The Government will either need to continue this funding or authorities will face a funding reduction in 2015/16. For planning purposes it is not expected that this funding will continue.

- 5.4 The detailed announcement of the 2011/12 Council Tax freeze also reminded Local Authorities of the Government's plans to legislate in the Localism Bill to give local residents new powers to veto excessive Council Tax rises. These arrangements will replace Government capping from 2012/13 onwards. Until then the Secretary of State has stated "he reserves that right to use capping powers against any individual authorities which ignore the freeze and set excessive Council Tax rises".
- 5.5 The Secretary of State will not announce 2011/12 capping criteria until after local authorities set their budgets and Council Tax levels. Based on information currently available the capping level is likely to be set at, or very near to 2.5%.
- 5.6 If Members wish to consider increasing Council Tax in 2011/12 they need to appreciate that this will have limited impact in 2011/12. This is because only the increase above 2.5% will benefit the bottom line. For Members information each 1% increase above 2.5% generates £0.4m. In the longer term, i.e. after the end of the Spending Review there would be an on-going benefit from increasing Council Tax in 2011/12 by more than 2.5%, as this will increase the Council's resource base. This benefit will depend on the capping level.
- 5.7 Details of the 2011/12 deficit are summarised below:

**Table 5: Updated 2011/12 Budget Deficit**

<b>Position as at 11.10.10</b>	<b>£'000</b>	<b>£'000</b>
Gross Deficit (based on 10% grant cut)		10,400
Add – Impact of Spending Review Changes		
Increase of grant cut from original planning assumption	2,000	
Loss of ABG Support for General Fund	500	
Learning Disability Transfer	50	
		2,550
Gross Deficit		12,950
Council Tax Freeze Grant		(1,000)
Less – Planned use Budget Support Fund		( 900)
Less – 2011/12 Planned BTP Efficiencies		(1,300)
Sub Total		9,750
Less – Proposed 2011/12 Permanent and temporary cuts (detailed in <b>Appendix A</b> – includes additional BTP efficiencies £1.6m)		(4,100)
Revised 2011/12 Deficit		<b>5,650</b>

## **6. STRATEGY FOR MANAGING THE GENERAL FUND 2011/12 BUDGET DEFICIT**

- 6.1 Assuming Cabinet recommends a Council Tax freeze for 2011/12 and confirms the measures already identified for reducing expenditure a strategy is needed to fund the net deficit of £5.6m. As Members are aware significant savings have already been made through the Management Structure changes and Service Delivery Options completed or planned to deliver savings from April 2011.
- 6.2 Therefore, the budget strategy for 2011/12 is moving beyond delivering more efficiencies and begins a process of reducing and prioritising the services the Council provides. This is a fundamental change in how the budget will be managed and is necessary to address a period of sustained and significant grant cuts. This will require the Council to make the most difficult decisions it has faced since becoming a unitary authority in 1996.
- 6.3 In December Cabinet were advised that the total one-off funding may amount to £2.7m. This consisted of £1.7m of Transitional Grant and £1m new Social Service Grant.
- 6.4 At that time it was recommended that these resources were earmarked to fund 2011/12 and 2012/13 redundancy costs. It was also reported that Cabinet could potentially allocate these resources to reduce the cuts in 2011/12 and therefore delay compulsory redundancies for 12 months. Members were advised that this approach was not recommended as this would simply defer these budget cuts until 2012/13. It would also defer redundancy costs, which the Council would then need to fund by making more cuts. At that time Cabinet determined it would not be prudent to use temporary funding to delay cuts until 2012/13, as this would increase the budget deficit in that year to an unsustainable level. This proposal was referred to Scrutiny Co-ordinating Committee (SCC) as part of the budget consultation process. SCC has indicated that they support the proposal not to delay cuts until 2012/13, albeit they do so reluctantly.
- 6.5 It has now been confirmed that the new Social Services Grant was already included in the Formula Grant, so this additional funding is not available. Therefore, the only the available one off funding is the £1.7m Transitional Grant. This amount would only enable redundancies to be delayed for part of 2011/12 as the average redundancy payment is equivalent to less than 30 weeks pay, which is the maximum limit. Extending employment would incur additional salary costs and employers national insurance and pension costs. This means that whilst the Transitional funding is sufficient to pay estimated redundancy costs, it would only provide enough funding to pay staff and meet national insurance and pension costs for approximately 24 weeks. The full year cost would be £3.5m.

- 6.6 As a result of the issues detailed in the previous paragraph the Council does not have the funding to delay redundancies until 2012/13 and therefore needs to implement the cuts previously identified, excluding the minor items Cabinet has decided not to implement following SCC feedback on the initial proposals.
- 6.7 This strategy will avoid increasing the 2012/13 budget deficit from £7.6m to £10.4m. It also enables redundancy costs to be funded in 2011/12 from the one off Transitional Grant. This avoids these costs being deferred until 2012/13, when they will have to be funded by making further cuts as there will be no Transitional Funding in that year, or other funds available.
- 6.8 The forecasts in the remainder of the report are therefore based on Cabinet implementing the majority of the permanent reductions identified for 2011/12.
- 6.9 The first part of this strategy involves reducing the new budget pressures. These were initially assessed as having a total value of £1.289m. A detailed review of these items reduced the value of new commitments to £1.066m (which includes £0.645m of social care pressures). Details of these commitments are provided in **Appendix B**, which also provides details of those commitments continuing from 2010/11.
- 6.10 The budget deficit can also be reduced by deleting the Cabinet Contingency and Provision for Cabinet projects budget – total value £75,000.
- 6.11 The majority of the 2011/12 deficit will need to be bridged by reducing existing services. Over the last few months initial proposals for managing a net 2011/12 deficit of up to £6.7m have been considered. This work indicated that cuts of this magnitude from the 1<sup>st</sup> April 2011 will be extremely difficult to achieve.
- 6.12 Assuming the proposals detailed in the previous paragraphs are agreed the net deficit reduces to £5.352m. This is still a very significant deficit and will mean that the most of the proposed budget cuts previously identified will need to be implemented.
- 6.13 These cuts are detailed in **Appendix C** and these proposals reflect a detailed review of existing services. They also reflect Cabinets guidance to maximise administrative and managerial savings at a corporate and departmental level, which has identified savings of approximately £1.5m from these areas. The remaining savings have to come from front line services as this is where most of the Council's budget is spent.
- 6.14 The final proposed savings also include changes to the original proposals to address Scrutiny Co-ordinating Committees concerns and feedback, as follows:

Original Proposals	Revised Proposals	Value of Savings
Housing (homeless advice and private sector teams)	Alternative savings consisting of an increase in the annual Homelessness Grant of £20k and a reduction in the payment to UNITE of £9k have been identified.	£29,000
Beach Safety	A range of alternative savings have been identified covering the removal of the 'old mayoral and deputy mayoral' allowances, removal of Mayor and Chairman's hospitality budgets. Full details are included in <b>Appendix C</b> .	£31,000

- 6.15 Cabinet has also considered Scrutiny Co-ordinating Committees specific feedback on three proposed savings and determined to recommend the following proposals to Council:

**Proposed savings to be withdrawn**

- Children's fund – initial proposed saving £43,000  
The withdrawal of this item increases the 2012/13 budget deficit.

**Proposed savings – it is recommended are still implemented**

- Grants to Community and Voluntary Organisations £72,000
- Revised Scrutiny / Democratic Services Support £34,000

**6.16 Library and Community Centres Proposed Saving**

- 6.17 The detailed proposals for the reduction in branch library and community centres is based on meeting the financial targets set and aims to minimise the effect townwide by securing and retaining a comprehensive library service which continues to deliver our statutory duty. The proposed closure of West View Library is based on the fact that this is a part time library with the lowest usages within the service. The future delivery of library services will change to maximise outreach activity rather than focusing on building based branches, thus for example, the mobile library will have a rescheduled route and the home library service continues to support those who are housebound in this vicinity. Furthermore staff are devising service delivery options which will potentially utilise other community facilities for activities – for example the summer reading challenge for young people.
- 6.18 The proposed closure of the West View Community Centre, Jutland Road Community Centre and Seaton Community Centre & Sports Hall is also based on meeting financial targets, identifying those centres that have low levels of usage leading to high running costs and in the case of Seaton have high maintenance backlog requirements. The proposed

reduction in community facilities is somewhat mitigated by ensuring that remaining facilities are geographically spread across the town and there are alternative options in many instances for community groups affected to relocate. Furthermore it is encouraging to relate that there have been positive informal responses to the Department which indicate that those buildings provisionally affected are of interest to a variety of community groups in respect of community asset transfer. This not only has the potential to enable existing premises to continue in use but it could also allow community groups to rationalise premises and access revenue funding to help strengthen their sustainability.

- 6.19 The prospect of redundant buildings being offered to the voluntary sector would need to be done in a fair and equitable manner, a Community Asset transfer policy already exists and it would be proposed that all Hartlepool groups would be alerted to the prospect of specific properties becoming available to ensure that all have a fair chance to make their interest known. The prospect of closures has been well reported in the local press over recent weeks and this has brought forth a number of unsolicited expressions of interest – this gives Officers confidence that the future outcome may prove to be less of a negative step as first feared.

#### 6.20 **General Fund Summary 2011/12**

- 6.21 Assuming Cabinet approved the above measures there is a small amount of uncommitted resources amounting to £119,000, as summarised in the following table. It is suggested that this amount is earmarked for projects, such as the investigation of a leisure trust or a asset backed vehicle, which may require investigation to ascertain if they provide any future budget benefits.

**Table 6: Summary of Proposed Budget Reductions**

	<b>£'000</b>
Net Deficit	5,650
Reduction in Budget Pressures	(223)
Removal of Cabinet Contingency and project budgets	(75)
Sub total	<u>5,352</u>
Chief Executives Department cuts	(772)
Regeneration & Neighbourhoods Department cuts	(1,704)
Child and Adult Services Department cuts	(2,995)
Total budget reductions	<u>(5,471)</u>
<b>Forecast Net Deficit / (Uncommitted Resource)</b>	<b>(119)</b>

**7. GRANTS TRANSFERRED INTO THE FORMULA GRANT**

- 7.1 A number of specific grants and grants previously paid via the Area Based Grant have been transferred into the Formula grant. At a national level these amounts have been top sliced, mainly for the Academies programme, before the Government reduced the level of grant funding. The reductions in these grants have, as is the case with the Core Formula Grant, been front loaded over the next two years. The greatest reductions will be made in 2011/12.
- 7.2 For Hartlepool the top slice totals £0.323m, a 4.3% cut in the current overall level of grant funding. Hartlepool's grants have then been reduced from £7.515m in 2010/11 to £6.626m in 2011/12, a reduction of 11.9%.
- 7.3 There will be a further reduction to £6.210m in 2012/13, which brings the total reduction from 2010/11 (including the top slicing reduction) to approximately 17% over a 2 year period.
- 7.4 Further reductions are likely in 2013/14 and 2014/15 as the Government still needs to achieve the budget reductions detailed in the Spending Review. Once these reductions are known it is anticipated that the total reductions will be around 30%, which is the planning assumption for the 4 years commencing 2011/12 we have been working to.
- 7.5 The reduction in these grants will require a range of programmes to be scaled back. Details of proposed allocations for areas affected are set out in **Appendix D**. The main reduction relates to Supporting People services. This reduction was anticipated and negotiations have been ongoing for some time with providers to address reductions in this area.

**8. GRANTS TRANSFERRED INTO THE NEW 'EARLY INTERVENTION GRANT' (EIG)**

- 8.1 A number of specific grants and grants previously paid via the Area Based Grant have been transferred into the new Early Intervention Grant. These grants have been reduced significantly by the Government in 2011/12. This grant then increases slightly in 2012/13, although the increase is likely to be less than inflation for 2012/13.
- 8.2 Hartlepool's grants have been reduced from £8.875m in 2010/11 to £6.935m in 2011/12 – a reduction of 21.9%.
- 8.3 For 2012/13 the Council has been given an indicative allocation of £7.062m – an increase of 1.8% on 2011/12. Despite this small increase over the next two years these areas will face a funding reduction of nearly 21%.



- 8.4 The reduction in these grants will require a range of programmes to be scaled back. Details of proposed allocations for areas affected are set out in **Appendix E**. These are indicative allocations as there will need to be a degree of flexibility to transfer resources between individual areas to manage such a large in year reduction in funding.

## **9. REDUNDANCY ISSUES AND FUNDING 2011/12**

- 9.1 The redundancy and pension costs from implementing the proposed budget reductions of £5.6m have been estimated at £1.6m. The final figure will not be known until redeployment options have been assessed and detailed selection criteria have been applied where redeployment is not possible. For planning purposes this is a prudent estimate and it is not anticipated that the final figure will exceed this amount, although this cannot be guaranteed. It is suggested that these costs are funded from the one-off Transitional Grant of £1.7m. It is also suggested that the residual balance of the Transitional Grant not needed for redundancy and pensions is allocated for projects which may require investigation to ascertain if they provide any future benefits.
- 9.2 In some instances it may be possible to redeploy staff into other posts. If these are at a lower pay level the Council's existing Single Status Agreement provides protection at one salary band above the new grade where this is lower than the current grade. Protection is currently paid for 3 years. In the circumstances it would be appropriate to fund protection costs in the same way as redundancy costs for 2011/12.
- 9.3 It should be noted that with any dismissal there is always a risk of a claim to an Employment Tribunal. An assessment of the processes applied and the impact on individuals has been made and identified that a full and equitable process has been followed to date and will continue to be applied.

## **10. GENERAL FUND BUDGET - 2012/13 TO 2014/15**

- 10.1 As indicated earlier in the report the Government have only provided a two year settlement for councils. This announcement confirms that the next two financial years will be particularly challenging as the Government have front loaded grant reductions. This means that significant reductions in costs and/or services will be required over the next two years.
- 10.2 For planning purposes it is assumed that the grant reductions for 2013/14 and 2014/15 will be in line with the national reductions detailed in the Spending Review. There is a risk these forecasts may be optimistic as the Government's proposal to implement changes to the Local Government finance system in 2013/14 may have an adverse impact on Hartlepool. There is currently no information available to

assess this risk and the position will need to be reviewed as and when more information becomes available.

- 10.3 The planning forecasts for 2012/13 and future years have also been reviewed to reflect changing circumstances since the initial forecasts were prepared. The first change relates to the reducing ability to capitalise annual expenditure to provide the annual revenue saving of £0.5 million built into the 2010/11 base budget. This position reflects lower levels of expenditure which can be capitalised owing to reductions in revenue budgets and the reduced scope to capitalise school based expenditure owing to pressure on school budgets and the potential impact of schools becoming academies. It would therefore be prudent to reduce the annual capitalisation amount by £0.25m. This proposal will need funding and a suggested strategy is detailed in the following paragraph. Reducing the existing capitalisation target will mitigate the risk that this is not be achievable and therefore avoids an unbudgeted revenue pressure.
- 10.4 The second change relates to an increase in the 2011/12 Council Tax base which is calculated in January and has recently been approved by the Finance Portfolio holder. This shows a small increase which is mainly owing to a reduction in anticipated exemptions in 2011/12, compared to 2010/11. The increase in the Council Tax base provides a financial benefit of around £0.25m in 2011/12 which equates to 0.6% of total Council Tax income. This amount should be sustainable in future years. It is suggested that from 2012/13 this amount is earmarked to reduce the recurring saving built into the budget from capitalising revenue expenditure which is now not sustainable as detailed in the previous paragraph. This proposal therefore addresses this risk which if not addressed would increase the 2012/13 budget deficit. It is also suggested that the benefit from the higher Council Tax base in 2011/12 is earmarked for projects which may require investigation to ascertain if they provide any future budget benefits, such as the investigation of a leisure trust or a asset backed vehicle. For planning purposes it is assumed Members will approve this proposal.
- 10.5 At this stage no changes have been made to the planning forecasts to reflect the potential impact of funding for reablement services that is incorporated within recurrent PCT allocations. As indicated previously detailed negotiations will need to take place with the PCT to determine the services to be provided using this funding and whether existing services are eligible to be funded from the reablement resources. It is anticipated these negotiations will be completed before the 2012/13 budget is set. There is an additional risk that when funding transfers from PCT's to GP consortiums in 2013/14 that new negotiations will need to be held to agree the future funding levels. These negotiations are likely to be more difficult than those with the PCT, where there are established working relationships and a good understanding of service responsibilities between the Council and the PCT.

- 10.6 The Government have also recently commenced a consultation on the proposed 'New Home Bonus' incentive. The aim of this scheme is to encourage authorities to allow new homes to be built by paying an additional grant equivalent to the increased Council Tax income for a 6 year period. The existing national Formula Grant pot has been top sliced to provide a £200 million fund for this scheme. Further top slicing may be made if this initial amount is not sufficient. At this stage an assessment of the impact on Hartlepool cannot be made. However, there is a risk that if increases in the local tax base occur at a slower rate than the national average that Hartlepool will not benefit from this scheme. There is also a risk that more funding may be top sliced for this scheme and this could result in a further reduction in Hartlepool's main Formula Grant allocation in future years. Further details will be reported when they become available.
- 10.7 Previous forecasts have been based on a Council Tax freeze in 2012/13 and annual increases in 2013/14 and 2014/15 of 3.9%. This reflected the anticipation that the new Government would seek to constrain Council Tax for 2011/12 and 2012/13 and increasing inflation pressures thereafter. We now know there will be a Council Tax freeze grant in 2011/12 and the Government intend to introduce referendum arrangements for Council Tax increases above a defined threshold from 2012/13.
- 10.8 Under existing regulations the Council is still required to determine indicative Council Tax increases for two years. It is therefore suggested that these should now be set at 2.5% for the next 3 years. By 2014/15 this proposal will marginally decrease the ongoing Council Tax income generated by the Council. It will also slightly change the phasing of budget cuts as summarised in the following table.

**Table 7: Budget Summary 2011/12 to 2014/15**

	2011/2012 PROPOSED BUDGET	2012/2013 PROJECTED BUDGET	2013/2014 PROJECTED BUDGET	2014/2015 PROJECTED BUDGET	TOTAL
<u>Current planning assumptions</u>					
Council Tax increase	0%	0%	3.9%	3.9%	
Budget Deficits	£5.650m	£7.597m	£2.400m	£4.600m	£20.247m
<u>Revised planning assumptions</u>					
Council Tax increase	0%	2.5%	2.5%	2.5%	
Budget Deficits	£5.650m	£6.607m	£2.931m	£5.167m	£20.355m

- 10.9 The annual impact of a +/-1% change in the proposed Council Tax increase is £0.4m and the cumulative impact over 3 years is £1.2m.
- 10.10 The actual Council Tax increases for future years will be determined on an annual basis, so the above forecast can be reviewed as more information becomes available. Members need to remember that deferring Council Tax rises increases the annual budget deficit in that year and more importantly reduces the Council's resource base, as deferred increases cannot be made up in future years. This is likely to become an increasing problem when the Council Tax referendum arrangements are introduced.
- 10.11 As indicated in the previous budget reports it will become increasingly difficult to bridge the budget deficit after 2011/12 owing to the measures which will have already been implemented. Therefore, to address the future challenges, the Council's strategy needs to include:
- Shared Services with other Councils or organisations;
  - Commissioning Services from other organisations;
  - Increasing income;
  - Prioritising Services to identify areas which will be scaled back or stopped completely.
- 10.12 In relation to sharing services and commissioning services the scale of reductions which can be made in these areas will be dependant on the impact of TUPE regulations, which will limit the Council's ability to reduce costs by transferring staff. These areas will therefore need careful consideration.
- 10.13 It will be necessary to progress these issues during 2011/12 to ensure they are implemented from 1<sup>st</sup> April 2012. Detailed proposals will need to be developed during 2011/12 to address the 2012/13 deficit. Some of these measures, such as reviewing existing eligibility criteria or charging for social care, will need considering at an early stage owing to lead times needed to implement from April 2012.

## **11. BUDGET RISKS**

- 11.1 As reported in October the major financial risks facing the Council prior to the Spending Review were the level of grant allocations, the detailed basis for implementing cuts to different grant regimes and the link between grant regimes at a local level.
- 11.2 The Local Government provisional grant settlement confirms grant cuts for the next two years, therefore, this risk has materialised. The proposals detailed in this report for 2011/12 enables this risk to be managed next year. Proposals for managing this ongoing risk in 2012/13 will need to be developed over the next 12 months to ensure robust plans are in place for April 2012.

- 11.3 The Council also continues to monitor a range of risks and to make appropriate plans to mitigate these risks so that services are not adversely affected. As part of the 2010/2011 budget the Council reviewed its previous strategy of mitigating risk by allocating monies to individual risks and carrying earmarked reserves. This review moved away from this approach and established a 'Strategic Risk Reserve' to manage these risks. This reserve has a current balance of £2.3m.
- 11.4 The risks against this reserve were initially estimated at £4.8m. Further work has been carried out to refine these risks. Some risks have occurred and been addressed, including the 2009/2010 income shortfalls and the non payment of the Local Public Service Agreement Reward Grant. Other risks have been reviewed.
- 11.5 Further details on current risks are provided in **Appendix F** and summarised in Table 8 (below). In overall terms the table shows the total value of risks has reduced from £4.8m+ to £2.8m+. This is mainly owing to the significant reduction in the BSF one-off costs risks owing to the Government cutting funding for this programme. The main element of the reserve relates to Equal Pay / Equal Value claims. A number of claims have either been settled or are nearing settlement which provides some certainty on identified risks. However, as this area continues to evolve there is still potential for new risks to emerge. As indicated previously these risks fall over a number of years. It will be necessary to consider topping up this reserve in future years depending on changes to the underlying risk factors or the availability of any further flexibility. Should the amounts payable in any year exceed the risk reserves, the shortfall will need to be met from the General Fund balance as a last resort.

**Table 8 – Risk Issues Summary**

<b>Risk</b>	<b>Risk Assessment</b>	<b>Year</b>	<b>Estimated Value £'000</b>
Income Shortfalls	Red	10/11 + 11/12	300
Equal Pay and Equal Value Claims	Red	10/11 onwards	2,000+
Achievement of Salary Turnover Target	Amber	10/11 onwards	500
JE Appeal Exceed £0.4m	Amber/ Green	Back- dated to 01.04.07	?
<b><u>Estimated Value of Risks</u></b>			<b>2,800+</b>

**12. ROBUSTNESS OF BUDGET FORECASTS**

12.1 As indicated in previous years the Local Government Act 2003 introduced a statutory requirement on an Authority's Chief Finance Officer (CFO) to advise Members on the robustness of the budget forecasts and the proposed level of reserves. If Members ignore this advice, the Act requires the Authority to record this position. This later provision is designed to recognise the statutory responsibilities of the CFO and in practice is a situation that I would not expect to arise for this Authority.

12.2 I would advise Members that in my opinion the budget forecasts suggested in this report for 2011/12 are robust. This opinion is based on consideration of the following factors:

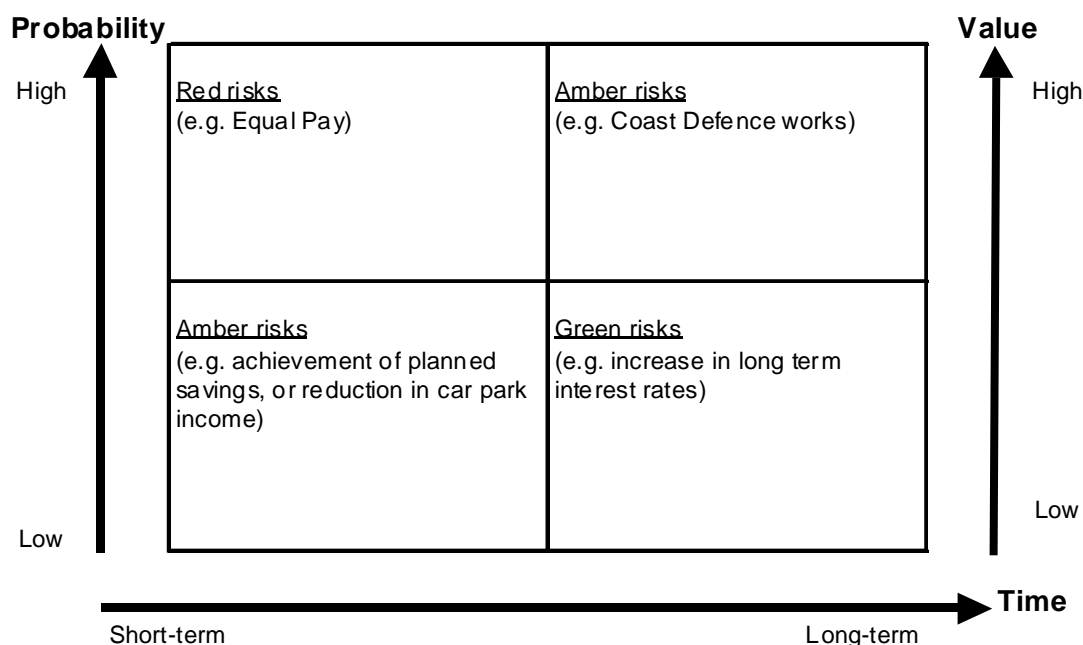
- The assumption that Members will approve the proposals for bridging the budget deficit detailed in the report, including the proposed cuts of £5.5m, the proposals for managing the impact of grants being transferred into the Formula Grant and the introduction of Early Intervention Grant. This is the key issue affecting the robustness of the proposed budget. If Members do not approve these, the budget forecasts will not be robust as expenditure in these areas will inevitably exceed the available budget;
- The detailed work undertaken by individual Directors in conjunction with my staff regarding the preparation of detailed budget forecasts, including income forecasts;
- Prudent provisions for pay awards for staff earning below £21,000 who will receive a flat increase rate of £250 and inflation on non pay budgets during 2011/2012;
- A prudent view of the net costs of the Authority's overall cash flow, including the repayment of Prudential Borrowing;
- The assumption that Members approve the budget proposals detailed in the report.
- The costs of Job Evaluation appeals do not exceed the provision included in the budget forecast.

12.3 Further details of the key financial assumptions underpinning the budget are detailed at **Appendix G**.

12.4 The robustness of the budget forecasts also takes account of the main areas of risk affecting the budget for 2011/12 as detailed in the report. In line with the Council's overall Risk Management Strategy the Authority takes an active and pragmatic approach to the management of risk. This approach acknowledges that the purpose is not to remove all risks, rather it is to ensure that potential "losses" are prevented or

minimised. The attached schedule and the corporate Risk Register ensure the Authority has identified areas of risk and developed arrangements for managing these areas.

- 12.5 The risk analysis categorises on the basis of an assessment of these factors - probability of risk, time scale of risk and value of risk as summarised below (with a detailed schedule attached at **Appendix H**).



### 13. REVIEW OF RESERVES

- 13.1 The Council's Reserves peaked in 2004/05 at £36m as a result of one of benefits, which included higher investment income and the monies received from the initial 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. A revised LABGI Scheme was applied 2009/10 which only allocated 10% of the amount allocated under the previous system and this scheme has now terminated.
- 13.2 Significant elements of these resources have been earmarked to manage risks and to assist the Authority manage the budget over the medium term. In the case of support for the budget this support ends in 2011/12 and other resources will be released over the next few years. As a result reserves will fall significantly over the next few years and are forecast to fall to £15m by 2013/14 as detailed overleaf.

These are amounts that have been set aside to meet specific commitments. The main items are summarised below:

i) Capital Reserves:

These are earmarked to finance capital expenditure re-phased from the previous financial year, or to meet future capital expenditure liabilities.

ii) Insurance Fund:

This provides for all payments that fall within policy excesses or relate to self-insured risks. The fund currently covers the estimated value of unpaid outstanding claims.

iii) Strategic Change Reserves:

These reserves have been established from previous years departmental underspends and are earmarked to meet one-off costs of strategic changes to improve services, or reduce costs.

13.3 The level of reserves is forecast to fall to £15m by 31<sup>st</sup> March, 2014, compared to a minimum requirement at that date of £7.6m. The minimum requirement consists of:

- the General Fund Balance of £3.4m, which is the minimum recommended level and equates to 3% of the budget;
- the Insurance Fund Balance of £4.2m, which is the estimated value to meet outstanding claims.

13.4 After reflecting the existing commitment of reserves and the minimum ongoing requirements the Council has effectively committed available reserves.

13.5 Specific Reserves

These are amounts that have been set aside to meet specific commitments. The main items are summarised below:

i) Capital Reserves:

These are earmarked to finance capital expenditure re-phased from the previous financial year, or to meet future capital expenditure liabilities.

ii) Insurance Fund:



This provides for all payments that fall within policy excesses or relate to self-insured risks. The fund currently covers the estimated value of unpaid outstanding claims.

iii) Strategic Change Reserves:

These reserves have been established from previous years departmental underspends and are earmarked to meet one-off costs of strategic changes to improve services, or reduce costs.

13.6 General Fund Balances

These reserves have also generally been set aside for specific purposes to enable the Council to manage its financial position over more than one financial year. However, whilst these reserves are needed for future commitments, these items do not meet the strict statutory definition of a Specific Reserve and are therefore carried as General Fund Balances. The main reserves and proposals for using these reserves, where applicable, are detailed below: -

i) Unearmarked General Fund Balances:

Previous reports have recommended that this reserve should be maintained between 2% and 3% of the Revenue Budget. The Council is able to operate with reserves at this level owing to the availability of departmental reserves and the Council's Managed Under/Overspends policy. The reserve is available to meet unbudgeted emergency expenditure. However, any use of these reserves would need to be repaid in the following year.

The Council's General Fund Balances currently equates to 3% of the revenue budget.

ii) Revenue Managed Underspends and Strategic Change Reserves:

These reserves have been established from previous years departmental underspends and are earmarked to meet one-off costs, or strategic change costs, which will improve services, or reduce costs.

iii) Budget Support Fund Reserve:

This reserve is committed to support the revenue budget over a number of years ending in 2011/2012. The level of reserves committed to support the 2011/12 budget currently exceeds reserves available. It is hoped the shortfall will be bridged from RTB receipts. There is some risk to these receipts in 2010/11 and 2011/12 owing to the recession and this position will be monitored closely.

## iv) Schools Reserves:

These reserves have arisen from the local management of school budgets and enable schools to manage their activities over more than one year.

**14. CAPITAL PROGRAMME 2011/12 TO 2013/14**

14.1 There are two elements to the capital programme, firstly projects funded from Government allocations and secondly projects funded from local allocations. Detailed proposals for using these resources are provided in the following paragraphs and are summarised in **Appendix J**.

**14.2 Government Capital Allocations**

14.3 Detailed capital allocations have now been provided by the Government covering the Local Transport Plan, Children's Services and Adult Social Services. In overall terms these allocations will now all be funded from capital grants, rather from supported Government Prudential borrowing allocations. This avoids a future budget pressures as the Council does not need to make provision for loan repayment costs. The level of funding for Local Transport issues is 27% lower in 2011/12 than 2010/11. Funding for Children's Services, which covers investment in schools and Adult Social Services are broadly unchanged from the current year.

14.4 The Council has also been notified that capital grants will be paid for coast protection works at Seaton Carew and also to fund investigative work in relation to potential coast protection work at North Sands.

14.5 The Government Capital allocations also include the funding for the approved element of the reduced Building Schools for the Future programme covering the refurbishment of Dyke House School and ICT improvements across secondary schools.

14.6 A number of capital grants paid in 2010/11 have been withdrawn, including funding for Housing Market Renewal and Housing SHIP (Strategic Housing Investment Programme) funding. A bid has been submitted for Regional Growth fund to partly mitigate the loss of this funding, although it is not yet known if this will be successful.

**14.7 Local Allocations – Council Capital Fund**

14.8 In response to the reductions in revenue grants and the resulting budget deficits Cabinet previously reviewed the sustainability of using prudential borrowing to support a range of local capital priorities. As a result of this review Cabinet confirmed their commitment to establish a single capital allocation, to be known as the 'Council Capital Fund'.

This will be funded using prudential borrowing and the repayment costs have been built into the budget forecasts as commitments against the headroom included for revenue pressures. Cabinet has agreed that for 2011/12 £1.2 million should be borrowed to fund this capital investment.

14.9 In order to prioritise projects assessment criteria have been agreed which use the following categorisation methodology

- Category A – Statutory / Essential
- Category B – Supporting Category A
- Category C – Desirable

14.10 In terms of Capital Funding prioritisation the criteria are proposed as follows:-

#### **Category A**

- Works / activities of an essential or health and safety nature
- Works of a priority nature to ensure assets are fit for purpose to deliver services.
- Statutory requirement
- Disability Discrimination Act related
- Disabled Facilities Grants
- Urgent Security Works
- Works / Activities that relate to project continuation / further phases of a statutory / essential nature.

#### **Category B**

- Works / activities of a nature to support Category A
- Works / activities with substantial match funding in place that deliver Council priorities eg Regeneration and Housing
- Works / activities that require match funding to bid for and / or deliver Council priorities e.g. regeneration schemes.
- Works / activities that will deliver sustainable savings / income generation / employment opportunities
- Works to assets of a nature that are not an immediate priority but will require attention with 2 – 3 years.
- Works / activities that relate to continuation / further phases of a priority nature (but not essential)
- Priority (but not essential) security works

#### **Category C**

- Works / activities that are desirable but not essential
- Neighbourhood Consultative Forums
- Match funding for desirable projects

- 14.11 In order to ensure bids for works / activities are prioritised Cabinet has agreed they should be judged against the categories outlined above.
- 14.12 In addition, to provide fair access to funding Cabinet has agreed that an allocation of funding is made on a weighted basis to each of the categories. Also, there may be a need to specifically identify allocated (although reduced in line with overall capital programme reductions) funding for Neighbourhood Consultative Forums.

Category A	£850,000
Category B	£200,000
Category C	£75,000 (general)
	£75,000 (Forums - £25k each)
Total	<b><u>£1,200,000</u></b>

- 14.13 On the basis of the above criteria detailed proposals for using this funding are provided at **Appendix J**.

## **15. STATUTORY CONSULTATION**

- 15.1 The initial budget proposals were referred to Scrutiny Co-ordinating Committee (SCC) in December. As additional information on the budget has become available this has been referred by Cabinet to SCC. Details of the latest feedback from SCC is included at **Appendix K**.
- 15.2 Statutory budget consultation meetings have also been held on two occasions with the Trade Unions and Budget Sector, as detailed in **Appendix L**.

## **16. LOCAL CONSULTATION AND EQUALITY ASSESSMENT**

- 16.1 Comprehensive consultation was also completed last year with local residents and details of feedback from the initial budget consultation were reported to Cabinet in October.
- 16.2 As reported previously to Members additional consultation has been undertaken as part of the equality assessment of the budget proposals. The consultation period does not close until after the publication deadline for this report and therefore supplementary papers will be circulated in advance of the Cabinet meeting.

## **17. FORECAST OUTTURN 2010/11**

- 17.1 The current financial year has been extremely challenging and revisions to the approved budget have been approved by Council to reflect changing circumstances. These proposals have enabled the Council to fund one off costs from one off resources. This has included managing in-year revenue grant cuts implemented by the Government.

These funding reductions were managed through a combination of using reserves, lower borrowing costs and some reductions in planned expenditure on grant funded regimes. The Council has also managed the shortfall in income on the Tall Ships event.

- 17.2 Previous reports also informed Members that the Government has determined to remove the CRC (Carbon Reductions Commitment) regime incentives and the Treasury will retain the resources generated from this scheme. It is anticipated that Hartlepool will have an initial liability of £195,000. It is not yet clear if there will also be an ongoing liability and details will be reported when they are known. It was proposed that the initial liability is funded from a one-off back dated rating appeal payment, which will total approximately £0.2m.
- 17.3 The latest review of the Council's financial position, based on actual activity up to the 31<sup>st</sup> December 2010 and forecasts to the year end, has identified a number of additional issues. It is suggested that Members address one off liabilities by earmarking one-off benefits. This strategy will protect the Council's medium term financial position. In overall terms it is anticipated there will be a net one off benefit of £46,000 and it is suggested this amount is earmarked to assist manage the 2012/13 budget. These issues are detailed below:-

#### **17.4 Financial liabilities and commitments**

- Closure of Incinerator Costs - estimated cost £600,000

The 4 Tees Valley authorities have been notified that the incinerator will close for 40 weeks in 2011/12 for essential works and upgrades. As a result the 4 Tees Valley councils will incur higher disposal costs as waste will be set to landfill for the duration of the closure. No provision for these costs has been made in next year's budget as this is a one off cost. It is therefore, suggested that this commitment is funded from available resources in the current year. It should be noted that even when account is taken of these one off costs the existing waste disposal contract and the use of the incinerator is cost effective and the overall costs of waste disposal are significantly lower than areas which do not have this type of arrangements. The Council also benefits from selling surplus 'LATS' (Land Allowance Trading Scheme) permits to authorities which need these permits to send waste to landfill sites.

- Income risks – estimated shortfall 2011/12 £200,000

The budget strategy has previously earmarked resources within the Strategic Risk Reserve to manage income shortfalls arising from the recession in relation to the Shopping Centre, land charges and car parking. These funds will be fully used by the end of the current year. As these adverse trends are continuing for longer than anticipated, owing to the length and depth of the recession, it would be prudent to make a further contribution to the Strategic Risk Reserve to cover

these shortfalls in 2011/12. This will ensure the resources earmarked within the Strategic Risk Reserve for Equal Pay/Equal Value claims are protected as costs for these risks are already anticipated to exceed the available reserve. As reported previously Equal Pay/Equal Value costs will be spread over a number of years. This hopefully provides time to identify additional one-off funding for these liabilities. If this is not possible the funding shortfall will fall on General Fund balances.

#### **17.5 One off financial benefits and resources**

- Year 1 Advance SDO savings – estimated 2010/11 benefit £450,000

As reported in October it was anticipated that some SDO savings built into next years budget would be achieved earlier and there would be a part year impact. These savings have now been quantified and as they are not needed to offset in year overspends in other areas they can be allocated for other commitments.

- Departmental Forecast Outturns - estimated 2010/11 benefit £196,000

Detailed outturns for the current year are currently being prepared on the basis of expenditure and income trends for the first 9 months of the year and trends for the remaining 3 months. As Members will be aware some areas of activity are more volatile in the final quarter owing to seasonal trends. The obvious issue is the level of winter maintenance expenditure. Equally other areas can be affected, such as trading income and also demand on care services for the elderly. The latest forecast anticipates an underspend for the year. This includes the allocation of additional income from the PCT and the agreement of care funding packages with the PCT. Some of this funding can be used to fund existing services and this provides a temporary benefit in the current year.

- Investment income and lower borrowing costs – estimated 2010/11 benefit £200,000

The benefits from lower interest rates prevailing for longer than anticipated and netting down the Council's investment and borrowing is slightly more favourable than forecast at the end of the second quarter.

#### **18. CONCLUSIONS**

- 18.1 The Spending Review Announcement on 20<sup>th</sup> October 2010 confirmed the Government's commitment to reduce the national budget deficit and to achieve the majority of this reduction through spending cuts. The Spending Review sets out the choices the Government has made to prioritise the NHS, schools, early years and capital investments that support long term economic growth. These choices mean significant

cuts in other areas, including Local Government funding, over the next four years.

- 18.2 For Local Government the Formula Grant cut will be 28% by 2014/15 - £7.2billion at a national level. This compares to a local planning forecast of 25% to 30%. The Spending Review stated that this equates to an average annual grant cut of 7.25% in each of the next four years.
- 18.3 In reality the grant cut is front loaded and over the next 2 years the Formula Grant cut will total £5.5 billion – which accounts for three quarters of the planned cuts over the next four years.
- 18.4 At a local level the Council's core Formula grant will be reduced on an annual basis for 4 years, with most of this reduction being front loaded over the next 2 years. The Council therefore faces significant budget deficits over the next 4 years, as follows:

	2011/2012 PROPOSED	2012/2013 PROJECTED	2013/2014 PROJECTED	2014/2015 PROJECTED	TOTAL
Budget Deficits	£5.650m	£7.597m	£2.400m	£4.600m	£20.247m

- 18.5 There will also be reductions in other grant regimes and the position is summarised below:

	2010/11 Grant	2011/12 Grant cut	
		£'m	%
Core Formula Grant	51.5	6.1	12 %
Specific and ABG Grants transferred to Core Formula Grant	7.8	1.2	15 %
Specific and ABG Grants transferred to Early Intervention Grant	8.9	2.0	22 %
Working Neighbourhood Fund	4.9	4.9	100 %
	73.1	14.2	19 %

- 18.6 The report recommends that permanent reductions are implemented in 2011/12 to balance the budget and avoid increasing the deficit in the following year. This strategy enables redundancy costs to be funded from the one-off Transitional Grant, which avoids these costs being delayed until 2012/13 when this funding will not be available.

## 19. RECOMMENDATIONS

- 19.1 It is recommended that Cabinet refers the following proposals to Council on 10<sup>th</sup> February 2011:
- 19.2 **2011/12 Revenue Budget**
- 19.3 Approve the proposed corporate permanent and temporary reductions detailed in **Appendix A**, totalling £4.1m which partly mitigate the 2011/12 budget deficit;
- 19.4 Approve the proposed net pressures detailed in **Appendix B**, totalling £1.066m;
- 19.5 Approve the proposed saving of £75,000 from removing the Cabinet Contingency and Project budgets;
- 19.6 Approve the proposed savings detailed in **Appendix C**, totalling £5.471m, which includes revisions to the original proposals detailed in this report;
- 19.7 Approve the proposed funding allocations for services transferred into the core Formula Grant from specific grants or the Area Based Grant, totalling £6.626m as detailed in **Appendix D**;
- 19.8 Approve the proposed funding allocations for services transferred into the Early Intervention Grant from specific grants or the Area Based Grant, totalling £6.935m as detailed in **Appendix E**;
- 19.9 Approve the proposal to fund 2011/12 redundancy costs of £1.6m from the Transitional Grant of £1.661m;
- 19.10 Approve the proposal to earmarked the residual balance of the Transitional Grant not needed for redundancy costs of £61,000, the additional income from the increased Council Tax base of £250,000 and the uncommitted resources of £119,000 from implementing the 201/12 cuts for projects agreed by Cabinet (such as leisure trust, asset backed vehicle) which may require investigation to ascertain if they provide ant future benefits;
- 19.11 Approve a Council Tax freeze for 2011/12 in order to secure the payment of the Council Tax freeze grant of £0.991m for 2011/12 and the following 3 years.
- 19.12 Note the budget risks, mitigation strategy and robustness of the budget forecasts advice (sections 11 and 12)
- 19.13 **2012/13 to 2014/15 Revenue Budget**



- 19.14 Approve the proposal to partly mitigate the risk of achieving the annual £0.5m revenue savings by capitalising expenditure (i.e. transferring revenue expenditure to capital and funding from prudential borrowing) by reducing this amount to £0.25m per year and funding the reduction from the increase in the Council Tax base;
- 19.15 Approve indicative annual Council Tax increases of 2.5% for 2012/13, 2013/14 and 2014/15;
- 19.16 **Capital Programme 2011/12**
- 19.17 Approve the proposal to passport Government capital allocations;
- 19.18 Approve the proposal to use Prudential Borrowing of £1.2m to establish a 'Council Capital Fund' and the detailed proposals for using this fund as detailed in **Appendix J**.
- 19.19 **2010/11 Outturn Strategy**
- 19.20 Approve the proposal to allocate the one off rates refund of £0.2m to meet the 2011/12 Carbon Reduction Commitment (CRC) liability;
- 19.21 Approve the proposal to fund financial liabilities identified in paragraph 17.4 from the resources identified in the same paragraph and to carry forward the residual uncommitted resources of £46,000 to assist the 2012/13 budget.

Schedule of 2011/12 Permanent and Temporary Budget Reductions

There are a range of permanent and temporary measures available to reduce the 2011/12 deficit. The temporary items are beneficial in addressing the 2011/12 deficit, although this will defer part of the budget deficit to 2012/13. These issues are detailed below :

	<u>£'000</u>
<b><u>Permanent Benefits</u></b>	
i) <u>Increase in Business Transformation Programme Efficiencies</u>	1,600
The MTFS currently anticipates BTP of £6m over a four year period, with £1.3m included in 2011/2012 forecasts. Based on progress to date it is anticipated that the aspirational target of £8m can be achieved over a shorter period. It is therefore now possible to anticipate a further £1.6m in 2011/2012, subject to Members agreeing detailed proposals when they are brought forward.	
ii) <u>Lower Pay Awards 2010/2011 and 2011/2012</u>	1,000
The position on pay awards for April, 2010 and 2011 is now becoming clearer and the cumulative provision can be reduced by £1m in 2011/2012. This assumes there are no pay awards for 2010/2011 and 2011/2012 and leaves provision to cover the estimated cost of a flat rate increase of £250 for employees earning below £21,000 from April, 2011.	
iii) <u>Removal of One-Off Budgets for Brierton Site Costs and Dyke House Transport Costs</u>	345
The Dyke House Capital Scheme will be completed over a shorter period than originally anticipated. Therefore, provision for these costs was made in the 2009/2010 Outturn Strategy. This means the base budget provision for this item is not needed for 2011/2012.	
iv) <u>Removal of Mill House Loan Repayment Budget</u>	309
The base budget includes £0.309m to support Prudential Borrowing towards the Mill House replacement. This project needs to secure significant grant funding to proceed. As this is unlikely to be achievable in the current financial climate this budget can be taken as a permanent saving.	
v) <u>Reduction in Looked After Children Contingency</u>	250
This proposal depends on 2009/2010 expenditure trends continuing in the current year which would enable the Looked After Children Risk Reserve to be increased to £0.5m. This would provide a Risk Reserve equivalent to the value of the contingency for this area of two years.	

- |     |   |    |
|-----|---|----|
| vi) | <u>Review 2009/2010 and 2011/2012 Pressures and Contingency</u> | 83 |
|-----|---|----|

A review of this item has identified a number of minor issues which no longer require funding.

Total Permanent Budget Reduction	<u>3,587</u>
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**Temporary Benefits**

- |    |  |     |
|----|--|-----|
| i) | <u>Use of Specific Departmental Reserves</u> | 513 |
|----|--|-----|

Departments created a number of specific reserves as part of the 2009/2010 outturn strategy. These reserves are specifically earmarked to meet service pressures which have been included in the commitments identified against the budget headroom. These reserves can be released to support expenditure in 2011/2012.

Total Temporary Resources	<u>513</u>
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Total Permanent Budget Reductions and Temporary Resources	<u>4,100</u>
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# SCHEDULE OF 2011/12 BUDGET PRESSURES

4.1

## 2011/12 PRESSURES - CORPORATE ITEMS

APPENDIX B - Part 1

Budget Area	Value of Pressure reported 11.10.10 £'000	Value of Pressure withdrawn £'000	Net Pressure £'000	Description of Pressure
Repayment costs of using Prudential Borrowing to capitalise revenue expenditure in 2010/11.	50	0	50	Repayment costs of using Prudential Borrowing to capitalise revenue expenditure in 2010/11 to achieve revenue saving in 2010/11 of £0.5m.
Repayment costs of using Prudential Borrowing for local priorities.	35	(35)	0	The initial pressure covered the repayment costs of using Prudential Borrowing for local priorities following capital allocations for 2011/12 - Neighbourhood Forum Minor Works allocations £156,000, Community Safety Initiatives £150,000 and Disabled Adaptations £50,000. Given the scale of the Formula Grant cut it is now proposed that these areas are considered alongside other local capital priorities and considered as bids against a single Council Capital fund - see next item.
Repayment costs from continuing the Council Capital Fund (formerly known as SCRAPT programme).	180	(80)	100	The initial pressure covered the repayment costs arising from capital allocation of £2.2 million in 2011/12 to continue local capital investment not supported from Government Capital allocations, the second phase of planned maintenance work and DDA works. Given the scale of the Formula Grant cut it is now proposed that these areas, and the items detailed in the previous item are considered as bids against a Council Capital fund of £1.2m. Detailed proposals for using the capital allocation are provided in Appendix J.
	265	(115)	150	

## 2011/12 PRESSURES - CHILD AND ADULT SERVICES

Mental Health	155	0	155	Continuation of previous trend of an increase in the number of high cost community based packages associated with Aspergers/autism/complex dual diagnosis. These are complex cases requiring significant funding and trends are expected to continue in the coming years. The Council is under a statutory duty to meet assessed needs and there are risks around failure in meeting our Duty of Care.
Older People Demographics	190	0	190	Continuation of previous years demographic trend arising from an aging population and increase in individuals with severe dementia requiring care.
Learning Disabilities	250	0	250	Increase in number of individuals with complex care needs.
YOS Senior Practitioner	50	0	50	Increased capacity to address issue raised in external inspection.
	645	0	645	

SCHEDULE OF 2011/12 BUDGET PRESSURES

4.1

2011/12 PRESSURES - CORPORATE ITEMS

## APPENDIX B - Part 1

2011/12 PRESSURES - REGENERATION AND NEIGHBOURHOODS DEPARTMENT

Budget Area	Value of Pressure reported 11.10.10 £'000	Value of Pressure withdrawn £'000	Net Pressure £'000	Description of Pressure
Removal and disposal of abandoned and nuisance vehicles.	15	(15)	0	Pressure deleted
Waste Disposal	50	0	50	Increase in Waste Disposal Costs arising from increase in Energy From Waste gate fee and landfill tax.
Concessionary Fares	110	0	110	Provision for above inflationary increase in Concessionary Fares.
Section 38 Budget	111	0	111	Loss on income arising from reduction in development, which is expected to continue owing to reductions in public sector capital spending. This risk was previously managed at a departmental level, but this is no longer sustainable as the existing reserve is expected to be fully committed in 2011/12. Therefore, this commitment needs including in the budget forecasts for 2011/12 and the remaining reserve released to support the overall budget.
Environmental Enforcement Officers	93	(93)	0	Pressure deleted
	379	(108)	271	
Total Pressures	1,289	(223)	1,066	

**Table 1****SUMMARY OF KEY ONGOING 2010/11 SERVICE ISSUES**

	2010/2011 Forecast Outturn Adverse/ (Favourable) £'000	2011/2012 Budget Pressure/ (Saving) £'000	
<u>Child &amp; Adult Services</u>			
- Mental Health Increasing number of community based packages owing to increased demand	170	155	Pressure
- Older People Demographics Increase demand owing to demographic trends and increasing need for services, especially Older People with dementia	200	190	Pressure
- Learning Disabilities  This area is being met within current resources in 2010/11. The 2011/12 pressure relates to an increasing number of individuals with complex care needs reaching age 18 next year.	0	250	Pressure
- YOS Senior Practitioner Increased capacity to address issue raised in external inspections	0	50	Pressure
<u>Regeneration &amp; Neighbourhoods</u>			
Waste Disposal - increase in Landfill tax	0	50	Pressure
Concessionary Fares - demand lead service not fully covered by government funding	0	110	Pressure
Section 38 Budget - previous saving not sustainable in the long term	0	111	Pressure
<u>Corporate Issues</u>			
- Job Evaluation / Equal Pay and equal value claims This area is not overspending in 2010/11, but is identified as a risk area owing to the potential impact of appeals and other changes. Cabinet on the 22/12/2009 agreed to set up a Single Risk Reserve to meet a series of risks faced by the Council in 2010/11 and future years of which this was one of them.	0	0	

**CHIEF EXECUTIVES DEPARTMENT - PROPOSED BUDGET REDUCTIONS**

Service Area	Description of Service	Description of Reduction	Value Reduction £'000
Performance and Partnerships	Performance and partnerships functions cover the operation of the LSP, sub groups and arrangements around these, the performance management and service planning functions of the Authority in conjunction with Consultation (including Viewpoint) and Risk management.	Reduction in a variety of consultation activity, BVPP budgets for publishing the plan which is no longer a formal requirement, training and consultants spend in relation to current partnership activity which is used to support core capacity. *Significant reduction / scaling back of the operation of the LSP and the arrangements surrounding this. Consideration to the minimum requirements to be in place to meet statutory guidelines and their implementation with consideration to the resources required to deliver this. Also the reduction / scaling back / ceasing elements of consultation work significantly including viewpoint. This would require a reconsideration of the mechanisms for consultation and the consideration of how any remaining work would be delivered with the potential reduction of posts across these functions.	143.5
Scrutiny	Support and development of the scrutiny function.	Significantly reducing the budgets for professional fees and reductions in a range of other small scale budget heads in respect of travel and other support costs.	6.5
Public Relations	The operation and management of the PR function of the authority with particular reference to the Councils reputation.	Attempt to deliver Hartbeat on zero budget (there is currently provision of approx £7k to support overall costs of production reduced significantly from previous years in conjunction with a reduction in the number of editions and the same with Newsline). *Consideration of a potential reduction corporately in the spend on external advertising with alternative arrangements to be supported by the PR team, the generation of income from external sources or a reduction in the work and operations of the team with a subsequent consideration of the resources required to deliver this with a potential reduction of posts across this function.	27
Corporate ICT	The Central ICT function supports departments in the development and delivery of ICT projects and the management of the NIS contract.	Take out ICT infrastructure budget which was included approximately 2 years ago to fund infrastructure costs as there had never been a base budget for this. This will result in a need should there be infrastructure costs to revert to the mechanism of identifying provision from departments. *A reconfiguration and reallocation of the work within the team with a reduction in the resources to deliver this.	42
Scrutiny / Democratic Services	Support and development of the scrutiny function and the operation and management of the democratic processes.	Reduction of the resources over two teams. This may be achieved by a range of measures but is dependant upon a reduction in meetings .	34
Internal Audit	The Internal Audit function supports the Section 151 officer and provides independent reviews of financial systems and procedures across the Council.	Specialised internal audit software 'TeamMate' was initially implemented in September 2008 and this automated manual processes and has been developed to enable auditors to work off site. These changes increase auditor productivity and after two years of operation an 'Auditor' post can be deleted. This proposal should not adversely affect performance against the Audit Plan or the External Auditors assessment of the robustness of Internal Audit coverage. This reduction will reduce capacity to a minimum level required to deliver the Internal Audit Plan for the Council and Cleveland Fire Authority (which is provided on a cost recovery basis).	30

\* denotes where two comments have been amalgamated together.

**CHIEF EXECUTIVES DEPARTMENT - PROPOSED BUDGET REDUCTIONS**

Service Area	Description of Service	Description of Reduction	Value Reduction £'000
Corporate Finance	The Corporate Finance function supports the Section 151 officer and provides accountancy and financial management support to the Council and service departments.	Following the amalgamation of the departmental and central finance teams into a new Corporate Finance section and the achievement of the management structures and Service Delivery Options efficiencies a review of this area has been undertaken. A saving of £25,000 can be achieved by deleting a consultancy budget as work on the schools funding formula has now been brought in-house. Further efficiencies will be achieved by rationalising working practises to reduce current establishment levels. * Further rationalisation and prioritisation of workloads.	138
Diversity	Co-ordinate corporate statutory diversity responsibilities including the planning and review of services and employment provisions.	Reduce corporate support, placing more emphasis on departmental responsibilities. Possible shared arrangement with other local authorities for advice, guidance and consultation.	40
Registration & Nationality Service	Registration of marriages, civil partnership, births and deaths. Provision of citizenship ceremonies and associated records and information provision.	Relocate Registration and Nationality Services to Civic Centre.	28.5
Workforce Services/HR Business Support	Provides Human Resources support to the Council, service departments and schools.	Reduce development and corporate initiatives which will impact on the proactive work being done to co-ordinate and modernise employee policies and support organisational development. * Reduce support to managers for low level/routine employee matters e.g. sickness absence, recruitment, grievances and replace with training and toolkits. This will potentially risk increased absence, poor performance, deterioration in employee relations and potential increase in claims to ET. Assumes a reduction in workforce numbers which require support.	135.5
Legal Services	The Legal Services function provide legal services to the Council and service departments, including supporting the Monitoring Officer.	Proposed deletion of team leader (Environment & Development) post. Note, this post presently funds a property lawyer through a contract for provision of services. This is a recommendation on the likelihood of a diminution in the volume of property related work.	43
Revenues Service	Collection and recovery of Council Tax and business rates.	Increase by £10 from £60 to £70 the cost to the council taxpayer where the council has to issue a court summons and obtain a court liability order for unpaid council tax. This proposed increase must be formally approved by the court as reasonable. Rejection by the court of the proposed increase is viewed as low risk as 2 other Tees Valley Councils are currently charging £65.50 and £80.	25
Benefit Service	Processing and award of Housing Council Tax Benefit.	Reduce resources impacting on customer service standard e.g. reduced support, increased waiting times, increasing processing times, etc.	24
Hartlepool Connect	First point of contact for customer services e.g. personal callers, telephone, e-mail and mail.	Reduce resources impacting on customer services standards e.g. increased waiting time, reduced opening hours, etc.	24
<b>TOTAL CHIEF EXECUTIVES DEPARTMENT INITIAL PROPOSAL</b>			<b>741</b>

\* denotes where two comments have been amalgamated together.



**CHIEF EXECUTIVES DEPARTMENT - PROPOSED BUDGET REDUCTIONS**

Service Area	Description of Service	Description of Reduction	Value Reduction £'000
Various Headings	Democratic costs	<p><u>Additional Savings</u> - This savings has been identified to replace the proposed Beach Safety savings and consists of a variety of elements:</p> <ul style="list-style-type: none"> <li>• Removal of 'old mayoral' and 'deputy mayoral' allowance paid to Chair and Vice Chair of Council of respectively. (Saving provides funding for a small Special Responsibility allowance for the Vice Chair if this is recommended by the Independent Remuneration Panel) – proposed saving £11k</li> <li>• Removal of Mayor and Chairman's hospitality budgets and residual balance of Cabinet contingency budget – proposed saving £13k</li> <li>• Saving from Ward Support budgets – proposed saving £2k</li> <li>• Registration service – deletion of overtime budgets – proposed saving £5k.</li> </ul>	31
<b>TOTAL CHIEF EXECUTIVES DEPARTMENT FINAL PROPOSAL</b>			<b>772</b>

**REGENERATION AND NEIGHBOURHOODS DEPARTMENT - PROPOSED BUDGET REDUCTIONS**

Service Area	Description of Service	Description of Reduction	Value Reduction £'000
Housing (homelessness, advice, private sector team)	Housing (homelessness, advice, private sector team)	The initial proposed saving has been replaced by alternative savings consisting of an increase in the annual Homelessness Grant of £20,000 and a reduction in the payment to UNITE of £9,000.	29
Public Protection	Environmental Health, Trading Standards, Licencing	Provide the out of hours noise service for 3 months only (June, July and August). *Remove student EHO Bursary provision. (Students will still be trained but no financial support will be given).	42
Community Safety, ASB, DAT	Community Safety, ASB, DAT	A saving can be generated by more efficient service provision between teams which work with landlords and tenants. *The DAT budget for printing will be reduced and income generated by CCTV, based on business case developed with Housing Hartlepool, who provide monitoring service.	55
Urban and Planning Policy	Core Strategy and Urban Regeneration Team	Delete Principal Planning Officer (split between SDO).	20
Landscape Planning and Conservation	Landscape Planning and Conservation	Reduce general controllable budget e.g. reduce professional fees budget and training budgets etc. *Reduce general controllable budget at Conservation Grant stage at 30%.	35
Building Control	Building Control	Restructure service - reduce from 7 posts to 6.	40
Economic Development	Economic Development	Delete enhancing employability post. *Reduce tourism marketing budget by £10,000. Reduce Economic Development General budget £15k.	55
Community Regeneration	Community Regeneration	*Reduction will be a combination of either reduced hours, loss of 1/2 post or a full post. The post or reduced hours have yet to be identified against specific staff but can be achieved.	20
Waste Management	Waste Collection& disposal service. Household Waste Recycling Centre & Waste Transfer Station, Burn Road.	Increased recycling of waste at waste transfer station, review existing HWRC contract, change opening hours to suit actual demand, thus reducing overall waste disposal budget. *Reduce bulky waste service by 1 round (2 operatives, plus one vehicle).	135
Neighbourhood management	Neighbourhood Management & street cleansing	Neighbourhood Management functions - 2 cleansing vacancies currently filled with agency. *Remove Derelict Buildings budget.	70
Parks & Countryside	Parks/ Grounds maintenance and Tanfield Road Nursery	Reduction in spring/summer beds plus change in nursery opening hours, and review of existing Parks & Countryside structure, with the loss of one operative in the Nursery and one Parks Officer.	80
Pride in Hartlepool	Pride in Hartlepool	Absorption of full Pride in Hartlepool function into Neighbourhood Management.	70
Beach Safety	lifeguard service	The initial proposed saving of £50,000 has been reduced to £19,000 in response to SCC feedback on the initial consultational proposals. The revised saving will be achieved by bringing the start date for the service into line with other areas.	19
Facilities Management	Building Maintenance	Increased income target on Capital works.	100
Property Services	Provision of architectural and project management services to corporate and education assets	As a result of reducing capital programmes and rationalising of the Council's property there is a need to reduce resources accordingly. A combination of reduction in the budget for corporate property and associated staff reduction will be required particularly where fees will not be available to cover all functions and current posts. Substantial savings in this area are also being generated through the BT Asset Management Workstrand.* A further combination of reduction in the budget for corporate property and associated staff reduction will be required for 15% savings.	100
Procurement / Reprographics	Procurement / Reprographics	Potential to increase efficiencies and income in the reprographics area. The Procurement function already has a savings target of £135k p.a. as part of the BT Non-transactional workstrand.*Further efficiency / income generation in reprographics required for 15% savings.	23

\* denotes where two comments have been amalgamated together.

Service Area	Description of Service	Description of Reduction	Value Reduction £'000
Resources (Support Services)	Admin Support / Service Development / PA Support	Reduction of administrative posts following the completion of further efficiency reviews and the streamlining of working practices. *Implement changes to the Business Apprenticeship programme in order to reduce costs whilst seeking to maintain existing numbers of apprentices. *Reduce staffing resources available to identify and support the delivery of service improvements and also to undertake performance management and business planning functions. Reduce the level of PA support to reflect proposed changes to the department's senior management structure.	165
Dial a Ride	Dial a Ride Subsidised transport service for the public	Discontinuation of whole service.	209
Hospital Service	H1 Hospital service	Cease the Supported bus H1 hospital service.	85
Traffic Management	Traffic Regulation Orders, Road Safety Schemes	Small budget used for the implementation of Traffic Regulation Orders associated with road safety schemes. Charge direct to capital scheme (although funding is likely to reduce if LTP grant is reduced).	15
Street Nameplates	Street Nameplates	This budget is used to maintain the existing street nameplate assets when damaged.	23
Traffic Signs and Bollards	Traffic Signs and Bollards	This budget is used to maintain traffic signs and bollards when damaged.	15
Supported Buses	Susidy given to bus operators to provide financial backing to "non viable" service	Stop Supported Buses Service. (excluding Scholar Service).	287
Cleveland Emergency Planning Unit (4 Local Authorities) - Hartlepool Contribution to CEPU Budget is 16.3%	Cleveland Emergency Planning Unit (4 Local Authorities) - Hartlepool Contribution to CEPU Budget is 16.3%	Reduction of 1 Emergency Planning Officer. Upon retirement of Chief Emergency Planning Officer change Job Description and take out of Chief Officer band. Income generation from use of EPU premises from NEAS and CFB. Total saving £47.6k (4 LA's contribute to EPU budget proportionally based on population therefore Hartlepool's contribution = £8k) *Cut back in external training, cleaning services. Recover management costs from LRF and use some CEPU reserve fund. Total saving £23k therefore Hartlepool's contribution is £4k.	12
		<b>TOTAL REGENERATION &amp; NEIGHBOURHOODS DEPARTMENT 10%</b>	<b>1,704</b>

\* denotes where two comments have been amalgamated together.

**CHILD AND ADULT SERVICES DEPARTMENT - PROPOSED BUDGET REDUCTIONS**

<b><u>SERVICE AREA</u></b>	<b><u>DESCRIPTION OF SERVICE</u></b>	<b><u>Description of Reduction</u></b>	<b><u>Value Reduction £ 000</u></b>
Community Centres x 7 Establishments	Community Centres (net of income) and management of grants to the community and Voluntary Sector.	This closes 3 community centres with additional associated premises costs to be identified and saved from Centralised budgets. This leaves 4 community centres and community rooms for hire in other facilities.	51
Cultural Services	Provision and management of Museum, Art Gallery, Theatre, Events, Hartlepool Maritime Experience visitor attraction and Arts Development in high profile facilities. Significant income is generated in commercial buildings	Cease non grant funded arts development work, reduce museum/arts gallery and cultural events staff, and non staff budgets which will reduce the exhibition programme. Cease Tees Archaeology non statutory activity.	94
Havelock & Warren Road Day Centres	In house provision of day opportunities and specialist support for individuals with complex learning and physical disabilities.	Further rationalisation of staffing structure	50
Commissioning - Working Age Adults, Older People, Mental Health	Expenditure spent on individuals for residential care, homecare, direct payments	Cut contracts to providers. Budgets already part of SDO with £1.2M target. Any higher cuts than these may destabilise some providers and lead to home closures and the need to move very vulnerable people. Could also affect quality. * Negotiate no inflation on contracts.	476
Health Promotion	Health promotion initiatives	Cease Activity	77
Sport, Leisure & Recreation Facilities	Facilities including Mill House & Headland Leisure centres, Grayfields and Summerhill recreation sites	Increase fee income at headland sports hall and MHLC, increased income streams is in line with other authorities and preferred to cutting services in the short term, pending looking at longer term Trust or similar, options. Concessions would be offered	100
Libraries - Central, Branch and Home/Delivered Services	Library service consisting of hub and branch network (6 branches), special services, home delivery, Tees Archive and Reference services.	This closes a branch library cuts stock, some children's library activity and reference service including core staff . * Further staff rationalisation and stock reductions etc includes closure of a further branch library.	235
Grants to Community & Vol Organisations	Community Pool grant support to circa 30 voluntary and community organisations	30% cut to Community Pool budget. Remaining funds would increasingly be linked to commissioning of services.	134
Director, Assistant Directors & PA Support	Director, 5 Assistant Director	Delete one Chief Officer Post	98
Sport & Health in the Community	Management of Summerhill. Sport & fitness in community in partnership with Health colleagues (inc GP referrals). Sports club development, outdoor activities, disability sport, volunteer and community sports leadership development.	Reduction of staffing and projects, based on savings options above the original SDO target.	125
Social Care User Property & Finance Team	Service which provides specialist support to manage finances of those who do not have mental capacity, financial assessment for social care service, arrangement of funerals, boarding of pets, protection of property following emergency admission to hospital or death.	Reduce support staff through efficiencies. Income levels may be at risk as a result.	20

**CHILD AND ADULT SERVICES DEPARTMENT - PROPOSED BUDGET REDUCTIONS**

<b><u>SERVICE AREA</u></b>	<b><u>DESCRIPTION OF SERVICE</u></b>	<b><u>Description of Reduction</u></b>	<b>Value Reduction £ 000</b>
Departmental Running Costs	Non-pay costs including printing, CRB's, postage, IT partnership costs, Software licences etc	Delete Directors Initiatives budget and reduce general expenditure	138
Performance Management Team	Team completes detailed statutory returns, and develops/provides management information for managers, schools, and members. Requires specialist knowledge of C&AS.	Reduction of 2 posts	40
Administration Team	Administration support in main office bases	Delete four posts. Reduce support to operational teams.	95
Workforce Planning & Development Team	In house and external training for workforce, including social care	Delete two posts. Scale back/reorganise training programmes.	110
Adults Complaints, Investigations & Public Information Team	Complaints monitoring & investigation, public information and other communications.	Delete one post.	25
Pupil Support (Outdoor Facilities)	Carlton & Lanehead fees for FSM pupils	Cease subsidy for free school meals pupils. Reflects additional deprivation funding received by schools to provide increased educational and related support for children from deprived areas.	30
Children's Contracted Services	Number of commissioned services to support the delivery of children's social care e.g. counselling, advocacy, sponsored day care.	Negotiate no inflation on all contracts. Also cease providing sponsored day care for children as part of support plan	38
Children's Placements (inc Fostering Allowances)	Payments for placements of looked after children to independent providers and Foster Carers (Fostering allowance approx £2.3M)	Negotiate no inflation on placements cost (excluding Fostering Allowances)	70
Promoting Outcomes for Looked After Children	Provision of services for looked after children to improve outcomes, participation, pursuit of extra curricular interests, child health promotion	20% overall reduction in the budget - would involve scaling back provision for children and young people who are looked after	12
Family Resource Services (Children's Social Care)	Direct work with families as part of intervention plan including intensive support packages, support to placements of looked after children and transport of children and facilitate contact	Deleting unqualified social care post following promotion of the worker to a Qualified social work post in summer 11/12. Significant saving already achieved through SDO	33
Hartlepool Children's Trust	Arrangements to provide Children's Trust (2 staff), plus two social work staff in related activity	Delete 2 Trust posts and related non-pay costs of producing plans etc. Local authorities no longer need to have formal trust - local partner organisations would need to find mechanisms to work towards shared priorities and goals.	87
Community Facilities in schools (Contingency for Sustainability)	Budget to cover any unexpected deficits in schools operating Community Facilities	Support for these facilities has been less than initially anticipated, therefore the contingency can be deleted. Any under spend from this year can be put into a reserve to help, but schools will have to manage the risk. * Additional reductions in no-pay costs.	102

\* denotes where two comments have been amalgamated together.

**CHILD AND ADULT SERVICES DEPARTMENT - PROPOSED BUDGET REDUCTIONS**

<b><u>SERVICE AREA</u></b>	<b><u>DESCRIPTION OF SERVICE</u></b>	<b><u>Description of Reduction</u></b>	<b>Value Reduction £ 000</b>
School Swimming	Use of Brinkburn Pool for Primary Swimming Programme.	Relocation of primary school swimming to MHLC, includes plan for fewer but longer swim sessions for curriculum and performance benefit	76
Parenting Support Strategy	Provision of programmes to support and improve parenting commissioned from voluntary sector	20% Overall Reduction in the budget, which will have an impact on the support for parents.	3
Improving Educational Outcomes for Pupils	Targeted work with schools to ensure we maintain and improve outcomes for our pupils. Support to meet challenges from and preparation for Ofsted inspections.	20% reduction in mainstream funding. Will reduce the capacity to improve children's education and prospects.	77
Outdoor Education Centres	Net cost of supporting use of Carlton (£80K) and Lanehead (£60K) by Hartlepool children. Carlton is run by Hartlepool - Lanehead is run by Middlesbrough	Cease subsidy contribution to Lane Head. A corresponding withdrawal from Carlton may result with income generation becoming critical. Schools using the centres would have to meet more of the cost.	60
Special Educational Needs Services	Special Educational Needs Services	Reduction of 1 Educational Psychologist	60
ICT Licences & Development	ICT Licences & Development	Withdraw capacity for ICT Development	29
Youth Offending Service	Provision of resources to deliver interventions to young offenders as ordered by the Court	15% overall reduction. If further reductions in service were required, this would have a direct impact upon the resources of the service to meet its statutory function to young offenders. The likely impact would be an increase in the number of young offenders in Hartlepool, an increased crime rate and the council being open to judicial review for failure to meet its requirements.	93
Integrated Youth Service	Three main centres + satellite centres. Also funding for a variety of projects such as Duke of Edinburgh, Deaf Youth and Salaam Centre. Plus Staffing budget for youth workers and training budget used to deliver NVQ2 to voluntary and statutory youth support service. Linked to Connexions information, advice and guidance service.	Contribution from schools to Personal Advisors (£96k); Share offices with TOS and Through Care team (£58k); Delete three posts (£100K); Reduce commissioning budget for Headland youth support activities (£3k). Centres and satellites would remain open. Grant would be re-distributed. *Delete a Team Manager post from Connexions function.	297
Home to School Transport	School buses and bus passes for eligible pupils	Reduction in services & costs/potential income generation	50
Family Intervention Project and similar prevention initiatives	Intensive support for families at risk of breakdown	Reduction in preventative services could lead the needs of primary school children becoming greater before statutory intervention and the likelihood of a higher level of resource in the long term	10
		<b>TOTAL CHILD AND ADULT SERVICES DEPARTMENT</b>	<b>2,995</b>

**Formula Grant Adjusted Baseline**

	Specific grant or ABG	ABG and Specific Grants transferred into Formula Grant £'000
<b>Formula Grant</b>		
Concessionary Travel	Specific	582
Child Death Review Processes	ABG	18
Care Matters White Paper	ABG	116
Economic Assessment Duty	ABG	65
Adult Social Care Workforce	ABG	297
Carers - Adult	ABG	436
Carers - Child	ABG	109
Child & Adolescent Mental Health	ABG	234
Learning & Disability Development Fund	ABG	106
Local Involvement Networks	ABG	99
Mental Capacity Act & Independent Mental Capacity	ABG	63
Mental Health	ABG	373
Stroke Services	Specific	87
Social Care Reform Grant	Specific	440
Social Care Reform Grant	Specific	63
Social Care Reform Grant - Extra Care Specific	Specific	20
Aids	Specific	7
Private Sewers		-39
Planning Inspectorate SUDs Appeals Costs		-2
Academies		-282
Local Transport Services	Specific	118
Supporting People	ABG	3985
Housing Strategy for Older People	ABG	70
LSC Staff Transfer	ABG	275
Preserved Rights	Specific	270
Animal Health & Welfare		5
<b>Adjusted Formula Grant</b>		<b>7515</b>

2011/12 Proposed allocation £'000	Reducton in Funding £'000
350	0
16	2
100	16
56	9
257	40
377	59
94	15
202	32
92	14
86	13
54	9
322	51
75	12
380	60
54	9
17	3
6	1
0	0
0	0
0	0
102	16
3448	537
61	9
238	37
233	37
4	1
<b>6626</b>	<b>980</b>

2012/13 Proposed allocation 21.12.10 £'000	Reducton in Funding £'000
350	0
15	1
94	7
53	4
240	17
352	25
88	6
189	13
86	6
80	6
51	4
301	21
70	5
355	25
51	4
16	1
6	0
0	0
0	0
0	0
95	7
3218	231
57	4
222	16
218	15
4	0
<b>6210</b>	<b>416</b>

**Early Intervention Grant**

	ABG & Specific Grants transferred into Early Intervention Grant	2011/12 Proposed Budget allocation	Reduction in Funding
	£	£	£
<b>ABG Grants</b>			
Connexions - utilised by Child and Adults Services	1,117,729	879,788	237,941
Connexions - utilised by Local Authority	166,814	131,303	35,511
Children's Fund (note 1)	394,991	320,515	77,075
Positive Activities For Young People - utilised by Child and Adult Services	474,000	373,095	100,905
Positive Activities For Young People - utilised by Local Authority	32,508	25,588	6,920
Teenage Pregnancy	144,000	113,345	30,655
Youth Substance Misuse - only DFE element	13,174	10,370	2,804
January Guarantee (note 1)	12,208	0	0
Child Trust Fund	2,378	1,872	506
Children's Social Care Workforce	41,495	32,662	8,833
<b>ABG Total</b>	<b>2,399,297</b>	<b>1,888,536</b>	<b>501,152</b>
<b>Specific Grants</b>			
Children's Centres	3,260,350	2,566,289	694,061
Early Years Sustainability	623,717	490,941	132,776
Early Years Workforce	359,135	282,683	76,452
Two Year Old Offer Early Learning and Childcare	215,990	170,010	45,980
Think Family Grant	969,706	763,276	206,430
Short Breaks for Disabled Children	381,630	300,389	81,241
Foundation Learning	22,620	17,805	4,815
Targeted Mental Health in Schools	222,500	175,134	47,366
Contact Point	64,266	0	64,266
Youth Crime Action Plan	175,000	137,746	37,254
Youth Opportunity Fund	181,100	142,548	38,552
<b>Specific Grants Total</b>	<b>6,476,014</b>	<b>5,046,820</b>	<b>1,429,194</b>
<b>TOTAL</b>	<b>8,875,311</b>	<b>6,935,356</b>	<b>1,930,346</b>

Notes:

1) The January Guarantee 2011/12 allocation would have been £9,609 after the grant reduction. This amount has been transferred to the Children's fund.



## Appendix F

SCHEDULE OF BUDGET RISKS

<b>Risk</b>	<b>Risk Assessment</b>	<b>Year</b>	<b>Estimated Value £'000</b>
<u>Income Shortfalls</u>  Continuation of adverse trends owing to impact of recession on shopping centre, car parking and land charges income.	Red	10/11 + 11/12	300
<u>Equal Pay and Equal Value Claims</u>  The Council continues to face a range of equal pay and equal value claims. A separate detailed report was reported to Cabinet on 27 <sup>th</sup> September, 2010 to provide an update on these risks. This report advises Members that this risk continues to be the single largest risk, after grant cuts. Therefore a significant provision continues to be necessary to attempt to safeguard services and the Council's position.	Red	10/11 onwards	2,000+
<u>Achievement of Salary Turnover Target</u>  The base budget includes a 3% reduction in staffing costs to reflect normal delays in filling vacancies. The target is currently some £1m and has generally been achieved. There is an increasing risk the target will not be achieved owing to lower turnover and reduction in public sector vacancies.  The turnover target will need to be reduced down in proportion to the value of salary savings taken to balance the 2010/2011 budget.	Amber	10/11 onwards	500
<u>Additional BSF One-Off Costs</u>  This risk was previously estimated at £1.8m for the full BSF programme and was not expected to arise until 2012/2013. Following the reduction in this programme this risk has reduced. Work is currently ongoing to assess this risk.	Green	11/12	?
<u>JE Appeal Exceed £0.4m</u>  This risk has reduced following the completion of 'red circle' appeals which carried the highest risk. Other appeals continue to be progressed.	Amber/ Green	Back-dated to 01.04.07	?
<b><u>Estimated Value of Risks</u></b>			2,800+

**SUMMARY OF KEY FINANCIAL ASSUMPTIONS UNDERPINNING THE BUDGET**

<b>Budget Assumption</b>	<b>Financial Standing and Management</b>
The treatment of inflation and interest rates	<p>The proposed resource allocations for 2011/12 include 2.5% for anticipated general inflation on non pay expenditure. In addition, where it is anticipated costs will increase by more than inflation these issues have been specifically reflected in the pressures included within the budget requirement.</p> <p>The salary budgets include an allowance for staff turnover based on the level of turnover achieved in previous years. It has become apparent as the work on the Service Delivery options have progressed that the achievement of this target 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 owing to the challenging financial environment. The salary abatement targets have been reduced accordingly.</p> <p>Interest exposure is managed through the Treasury Management Strategy. Investment income has been protected by locking into forward investment deals, however as these investments mature, resources will be used to fund 'under-borrowing.' Similarly, the risk of increasing borrowing costs has been managed by having a mix of fixed rate borrowings and the use of LOBO loans with various maturity profiles.</p>
The treatment of demand led pressures	Individual Portfolio Holders and Directors are responsible for managing services within the limit of resource allocations and departmental Risk and Strategic Change Provisions. If these resources are inadequate the Council's Managed Under/Overspends Policy provides flexibility to manage the change over more than one financial year. In some key instances it will not be possible in 2011/2012 to absorb some demand pressures and appropriate provision has been included in the budget requirement for 2011/12, to meet these commitments.
The treatment of planned efficiency savings/productivity gains	All Directors have a responsibility to deliver services within the approved resource allocations. Where departmental efficiencies are planned it is the individual Directors responsibility to ensure they are implemented. Any under achievement would be dealt with on a temporary basis through the managed overspend rules until a permanent efficiency is achieved. The main areas of efficiencies in 2011/12 are part of the Business Transformation Programme and the 10% and 15% cuts.

## 4.1 APPENDIX G

<p>The availability of other funding to deal with major contingencies and the adequacy of provisions</p>	<p>The Council's approved Managed Underspend and Strategic Risk and Change initiatives are well understood and provide service departments with financial flexibility to manage services more effectively. These arrangements help to avoid calls on the Council's corporate reserves.</p> <p>The Council's insurance arrangements are a balance between external insurance premiums and internal self insurance. The value of the Council's insurance fund has been assessed and is adequate to meet known reserves on outstanding claims.</p>
<p>The strength of financial reporting arrangements and the Authority's track record of budget monitoring</p>	<p>The Council's financial reporting arrangements include the identification of forecast outturns for both revenue and capital areas. These arrangements ensure problems are identified and corrective action taken before the year end, either at departmental or corporate level. This includes the use of Managed Underspends from previous years or temporary corporate funding to enable departments more time to address adverse conditions. These arrangements have worked well and have enabled the Council to strengthen the Balance Sheet over the last few years.</p>
<p>Equal Pay/ Equal Value Claims</p>	<p>The Council has completed the detailed evaluation of all jobs and developed a new pay and grading structure, which was implemented with effect from 1<sup>st</sup> April 2007. The budget requirements for 2011/12 onwards include provision for the estimated costs of implementing the new pay and grading system, including the incremental impact of these changes.</p> <p>The Council is also facing the risk of Equal Value Pay Claims. Accordingly, the Council has set up a Single Risk Reserve to fund such risks.</p>

**2011/12 FINANCIAL RISK MANAGEMENT**Risk Rating

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

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

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

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

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

EXPENDITURE ITEMSCORPORATE RISKS

Financial Risk	Risk Rating	2011/12 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Pay costs - Single Status and costs of living pay award	Amber	50,470	55%	<p>The Council agreed a new pay and grading structure in May 2008, which was implemented with effect from 1st April 2007. A significant number of employees have submitted appeals in respect of their new grading. A provision for the potential cost of appeals has been included in the MTFS. As the results of these appeals will not be known for sometime there is a risk that costs may exceed this provision.</p> <p>The MTFS also includes provision for a cost of living pay award from 1st April 2011. There is likely to be downward pressure on this area, owing to the impact of the recession.</p> <p>It is anticipated that the above provisions should be sufficient to meet additional costs in 2011/12, although this area will need to be managed carefully.</p>
Higher costs of borrowing and/or lower investment returns	Green	6,829	7.4%	<p>Interest payable on Council's borrowings or interest earned on investments could be higher/lower than forecast.</p> <p>The Treasury Management Strategy details how these risks will be managed and establishes an appropriate framework of controls for managing these risks. This strategy is based upon the CFO's assessment of future interest rates, which is itself supported by the detailed interest rate forecasts and market intelligence provided by the Council's Treasury Management Advisors.</p> <p>The risk in relation to Council Borrowings is for new borrowings that may be required to finance the capital programme as existing borrowings are fixed. This risk has increased with the Government's decision to increase PWLB rates by 1% for new borrowing in October 2010 with immediate effect. There is still a risk that LOBO loans may be recalled. However, as interest rates on these loans are now higher than prevailing market rates this risk has reduced in the short term. In the medium term this risk will increase as interest rates rise and this may be affected by the increase in PWLB rates. The Council has established an interest equalisation reserve of £0.4m to assist/manage this risk.</p> <p>The unprecedented low levels of interest rates have resulted in a significant reduction in investment income this change has not had a significant impact on the MTFS as the MTFS takes a prudent approach and only includes investment income on an annual basis.</p>
IT.	Green	2,758	3.0%	<p>The partnership contract is subject to an inflationary increase that is outside of the Council's control and this, together with the potential for agreed contract changes, mean this budget is subject to potential change in excess of the budget. However based on the contract value and current economic conditions this is not considered to be a significant risk. In addition, this risk has been mitigated as part of the contract extension as these savings in the first instance be earmarked to offset any inflation increases. Although, in the current climate it is unlikely that inflation will be a significant factor.</p>

Financial Risk	Risk Rating	2011/12 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Planned Maintenance Budget	Amber	216	0.2%	Much of the Council's building stock is in poor condition and the Corporate Risk Register identifies this as a "red" risk. From 2002/03 the Council provided 2.5% real term growth for this budget to start addressing these issues. It was recognised that this would not be sufficient and at some point significant resources would need to be allocated to address these issues.  The Revenue Budget Strategy includes provision to support Prudential Borrowing to fund £1.2m of capital priorities.
Failure to comply with relevant local authority financial legislation/regulations, NI and taxation regulations	Amber	N/A	N/A	The Council will take appropriate steps to ensure it keeps up to date with changing legislation and regulations. There is nothing to indicate that the Council faces any specific material risk in these areas. The Council has specific reserves to cover this risk.

#### CHILD & ADULT SERVICES

Individual School Budget (ISB)	Amber	70,108	N/A	These resources are delegated from the Authority's Dedicated Schools Grant in accordance with the local fair funding formula. For 2011/12 a number of former Standards Fund grants (eg. Schools Standards Grant and School Development Grant) have been transferred into the DSG rather than be paid as separate grants. These grants include amounts which were previously retained and utilised by the LA towards support for schools. For indicative purposes, the full transfer of Standards Fund grants has been included within the ISB however the Schools Forum in March 2011 will determine the actual level of Individual Schools Budget.
Individual Pupils Budget allocated during the year to schools for high level SEN pupils	Green	1,561	1.7%	The Local Authority retains DSG funding to support pupils with special educational needs by agreement with the Schools Forum. This funding is allocated to schools each term to cover their costs of employing Teaching Assistants and rates are reviewed each year as part of the annual budget process. Pressure on this budget is directly influenced by the numbers of children requiring support in any given year and the SEN manager liaises with schools to share costs with them on an ongoing basis.
Home to School Transport Costs	Amber	1,474	1.6%	The Department's home to school transport contracts are regularly reviewed to ensure competitive prices and best value. Provision of transport is determined by the HTS Transport policy but costs are directly influenced by the needs of pupils which vary from term to term. The highest area of spending relates to the requirement to transport special needs pupils which is demand led, invariably requires escorts and is difficult to control other than to ensure all individual arrangements are procured as economically as possible by the Integrated Transport Unit (ITU).
Building Schools for the Future	Amber	N/A	N/A	This is funded 100% from Reserves. There are increased revenue costs arising from the implementation of the BSF D&B and ICT programmes and no mainstream recurring budgets are available. An earmarked reserve has been established to cover the costs of the Project Team and other associated costs including external consultants which are difficult to predict.
Carlton Outdoor Education Centre	Red	85	0.1%	Responsibility for operating the Carlton Centre was passed to the LA when the Borough was created in 1996. Since that time running costs have been subsidised and shared via a joint authority service level agreement. Since then both Stockton and Redcar and Cleveland have withdrawn from the agreement resulting in an increase in the external income target for the Centre. It is likely that Middlesbrough will withdraw their financial subsidy during 2011/12. It is likely that the Centre will need to build up a customer base from OLA schools and other types of visitors and a review of the operation and expenditure of the Centre is currently being undertaken.
Increased demand in places at independent schools for pupils with high level of SEN	Amber	650	0.7%	There are various circumstances in which the Department can be faced with unavoidable cost pressures arising from SEN children who may move into the Borough at any time. For example the home LA is responsible for fees at independent special schools which are invariably very expensive. Where it is necessary for Hartlepool children to attend special schools in other Authorities these are invariably high cost and conversely placements in Hartlepool Schools from other LA's may cease resulting in a loss of income.
Increased Demand for Looked After Children Placements	Red	5,247	5.7%	There is a national trend of increased costs for the placement of children with foster parents or in residential establishments. This particular area is also highly volatile and subject to unexpected increases in the numbers of children. The introduction of "Direct Payments" represents a further evolving risk that clients will cease to "purchase" existing LA services. A Looked After Children Risk Reserve has been created and is budgeted to be utilised during 2011/12.

Financial Risk	Risk Rating	2011/12 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Schools Buy-Back Income	Amber	(339)	(0)	A reduction in demand for the primary swimming programme has already been experienced and the general reduction in pupil numbers puts pressure on all pupil based SLA charges. Buy back income underpins a range of departmental services which are therefore susceptible to loss of income.
Demographic changes in Older People	Amber	16,584	18.1%	<p>Increasing number of elderly people, high percentage of chronic health problems and market pressures on price.</p> <p>Increased pressure on intermediate care services and ensuring discharge from hospital is not delayed. Older people needs becoming more complex due to increased life expectancy. Implementation of 'Putting People First' LAs now directed to reconfigure services to include focus on prevention, universal services and early intervention.</p> <p>Ongoing risk in relation to Continuing Health Care (S28A) disputes.</p> <p>Provision in medium term financial plans to minimise impact of increases generated from Independent sector.</p>
Demographic changes in Working Age Adults	Red	9,476	10.3%	<p>Increasing numbers of people with learning disabilities surviving into adulthood with increasingly complex needs. High numbers of frail elderly carers requiring increased levels of support and increasing levels of early on-set dementia and old-age; expectations of improved quality of life; long-term effect of closure of long-stay hospitals</p> <p>Investment in medium term identified along with development of alternatives to residential care eg Supporting people. Increased number of people coming through transition with autistic spectrum disorders and increasing complex needs.</p> <p>Increasing numbers of people with physical disabilities surviving into adulthood and old age; expectations of improved quality of life; increased choice &amp; control</p> <p>Investment in medium term identified along with development of alternatives to traditional methods of service delivery.</p>
Non-achievement of income targets - Community Services	Amber	(1,323)	-1.4%	<p>The nature of Sport &amp; Recreation, Museums &amp; Heritage and Strategic Arts budgets are such that the majority of income is generated through admissions/usage of the services on offer. If this usage falls below targets then income will be reduced. Budget Forecasts are based on revised charges and trends from previous years which indicate the budget should be achievable. Position will be monitored closely throughout the year.</p>
Non-achievement of income targets - Social Care	Amber	(10,929)	-11.9%	The individual nature of contribution towards social care provision is such that the financial circumstances of each individual can differ substantially. The level of the value of people's assets and savings can differ significantly and throughput increases the risk of not achieving previous levels of contribution.

#### REGENERATION & NEIGHBOURHOODS

Car Parking	Amber	1,806	2.0%	Budget forecasts are based on revised charges and actual income achieved in previous years. There is a risk the planned level of income may not be achieved.
Fee Income - Planning & Building Control	Amber	718	0.8%	The fee income target must be achieved to fund part of the department's expenditure budget. This income cannot be controlled or easily estimated. Achieving the target depends on sufficient numbers/size of applications being received, national economic conditions such as interest rates being sufficiently favourable to encourage development and, in the case of Building Control, the section being able to successfully compete with the private sector.
Rent Income - Economic Development Service	Green	205	0.2%	Rent income is paid by new/growing businesses in the Brougham Enterprise Centre and Industrial Units. Whilst the recent major investment programme for these managed workspace units should help to secure good occupancy levels, factors beyond the department's control, most notably the prevailing national economic conditions, may increase the risk of non-payment and/or under occupancy during 2010/2011

Reserve	Actual Balance as at 31/03/2010	Planned Use of Reserves					Estimated Balance at 31/03/2014	Reason for/purpose of the Reserve	How and when the reserve can be used
		2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000			
Budget Support Fund	2,086	(1,474)	(612)	0	0	(2,086)	0	To support the overall budget. Budget strategy anticipates using £7 million as reported previously.	This reserve was earmarked to support the revenue budget over three-years commencing 2009/10 with 2011/12 being the last year. The contribution for 2011/12 has been netted down by the expected contribution from Housing Hartlepool RTB receipts. However, it should be noted that this income cannot be guaranteed.
Budget Support Fund	561	0	(561)	0	0	(561)	0	To support the overall budget. Budget strategy anticipates using £7 million as reported previously.	This reserve will be used in 2011/12 to support the budget.
Maritime Av Remedial	37	(37)	0	0	0	(37)	0	Originally for road maintenance responsibilities within the Marina inherited from TDC. Reserve reallocated to meet the costs of providing flower beds within Marina as part of Tall Ships visit.	This reserve will be used in 2010/11.
Capital Funding	3,033	(3,033)	0	0	0	(3,033)	0	This reserve is fully committed to fund rephased capital expenditure.	It is assumed that this reserve will be used in 2010/11. Although if capital expenditure is rephased the reserve will be carried forward to match these commitments.
Energy Saving Fund (climate Change Levy)	29	(29)	0	0	0	(29)	0		
Development of Historic Quay	1	0	0	0	0	0	1		
HR Service Improvement	1	0	(1)	0	0	(1)	0	Created to enable department to manage budget over more than one year.	
Contact Centre	51	(34)	(17)	0	0	(51)	0	Created to enable department to manage budget over more than one year.	To be used in 2010/11 and 2011/12 to fund Contact Centre Staffing and software costs
Resource Investment - HR	3	(3)	0	0	0	(3)	0	Created to enable department to manage budget over more than one year.	To be used in 2010/11 to fund the following areas:- IT Development.
Support to Members	27	0	0	(27)	0	(27)	0	Created to enable department to manage budget over more than one year.	To be used in 2012/13 to fund Member Development
Registrars	35	0	(15)	(20)	0	(35)	0	Created for improvements to the Registrars building	To be used in 2011/12 and 2012/13 for building maintenance.
Election Services	8	(8)	0	0	0	(8)	0	Created to enable department to manage budget over more than one year.	To be used in 2010/11 to fund Elections Costs following changes in legislation
Resource Investment - Registration and Members	2	(2)	0	0	0	(2)	0	Created to enable department to manage budget over more than one year.	To be used in 2010/11 to fund the following areas:- IT Development.
Social Inclusion / Credit Union	100	(100)	0	0	0	(100)	0	Created to fund the Social Inclusion Programme	It is anticipated that this reserve will be spent in 2010/11
Finance -Shopping Centre Income	146	(146)	0	0	0	(146)	0	Created to cover a possible shortfall if rental income for Middleton Grange Shopping Centre	This reserve will be utilised in 2010/11
Finance -Accommodation	26	(26)	0	0	0	(26)	0	Created to support future years accommodation costs.	This reserve will be utilised in 2010/11
Finance - Audit Section	35	(5)	0	(30)	0	(35)	0	Created to enable department to manage budget over more than one year.	To fund the IT investment required to support the move towards remote/site working following strategic review.
Finance - Accountancy Section	34	(10)	0	(24)	0	(34)	0	Created to enable department to manage budget over more than one year.	To be used in 2010/11 to fund temporary staffing costs following strategic restructure, and introduction of International Financial Reporting Standards
Finance - IT Investment	62	(62)	0	0	0	(62)	0	Created to fund a number of IT projects integral to the Corporate IT changes across the Authority	To be used in 2010/11 as contributions towards :- roll out of EDRMS, implementation of FMS, and HR/Payroll Investment.

Reserve	Actual Balance as at 31/03/2010	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Estimated Balance at 31/03/2014	Reason for/purpose of the Reserve	How and when the reserve can be used
Finance - Working from Home Surplus	23	(23)	0	0	0	(23)	0	Created to manage the costs of homeworking key fobs between financial years	To be used in 2010/11
Finance - IT Developments	41	(19)	(16)	(3)	(3)	(41)	0	Created to fund IT development costs to cope with new DWP Security requirements	To be used in 2010/11
Finance R & B	64	(20)	(18)	(18)	(8)	(64)	0	Created to fund cost of IT equipment	To be used in 2010/11
Finance R & B - Internal Bailiff Development	16	0	(16)	0	0	(16)	0	Created to fund costs associated with Internal Bailiff Development	To be used in 2010/11
Finance R & B - Intercept Software	6	0	0	(6)	0	(6)	0	Created to fund costs of Intercept Software	To be used in 2010/11
Finance R & B - Financial Inclusion Programme	50	(22)	(28)	0	0	(50)	0	Created to fund costs of Financial Inclusion Programme	To be used in 2010/11
Finance R & B - New Scanner	15	(13)	(1)	0	(1)	(15)	0	Created to fund costs of a new scanner	To be used in 2010/11
Finance R & B - FSM System	15	(12)	(1)	(1)	(1)	(15)	0	Created to fund costs of FSM System	To be used in 2010/11
Finance R & B - Contact Centre/Benefits e-form	20	(20)	0	0	0	(20)	0	Created to fund costs of e-form development	To be used in 2010/11
Corporate Strategy - Corporate Consultation	15	(15)	0	0	0	(15)	0	Created to enable department to manage budget over more than one year.	To be used in 2010/11 for Corporate Consultation.
Corporate Strategy - Divisional cost relating to Civic Refurbishment	46	0	0	(46)	0	(46)	0	Created to enable department to manage budget over more than one year.	To be used in 2012/13 for Divisional Restructure and Costs relating to Civic Refurbishment.
Corporate Strategy - Enhancing Council Profile	15	(2)	0	(13)	0	(15)	0	Created to enable department to manage budget over more than one year.	To be used in 2012/13 for Enhancing Council Profile.
Corporate Strategy - ICT System Development	61	(61)	0	0	0	(61)	0	Created to enable department to manage budget over more than one year.	To be used in 2010/11 for ICT System Development.
Corporate Strategy - ICT Project Development	90	(90)	0	0	0	(90)	0	Created to enable department to manage budget over more than one year.	To be used in 2010/11 for ICT Project Development.
Corporate Strategy - Encryption Costs	35	(35)	0	0	0	(35)	0	Created to enable department to manage budget over more than one year.	To be used in 2010/11 for Encryption Costs.
Corporate Strategy - Performance Management	10	(10)	0	0	0	(10)	0	Created to enable department to manage budget over more than one year.	To be used in 2010/11 and 2011/12 for Performance Management.
Corporate Strategy - ICT Contract Review	25	(25)	0	0	0	(25)	0	Created to enable department to manage budget over more than one year.	To be used in 2010/11 for ICT Contract Review.
People Framework Development	18	(5)	(13)	0	0	(18)	0	Created to enable department to manage budget over more than one year.	To be used in 2010/11 to fund People Framework Development
Regeneration & Neighbourhoods MRU	699	(359)	(94)	(234)	(12)	(699)	0	Includes all Regeneration & Neighbourhoods c/f requests at 31.03.10	Includes matching funding contributions to staffing costs and various managed revenue underspends earmarked for specific projects.
Anti Social Behaviour Team Reserve	9	(9)	0	0	0	(9)	0	To fund rent of ASBU accommodation	Rent approximately £8k p.a. for 3 years ending in 2010/11
Corporate Funding Reserve	84	0	0	0	0	0	84		
Archaeology Projects	4	0	0	(4)	0	(4)	0		To be used in 2012/13



Reserve	Actual Balance as at 31/03/2010	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Estimated Balance at 31/03/2014	Reason for/purpose of the Reserve	How and when the reserve can be used
Seaton CC 'Management' - Some of this fund pertains to Children's Services. However, the amount is still being determined by the overseeing board.	108	0	0	0	0	0	108	Balance carried forward from previous years	Ringfenced for Seaton CC Management Committee and the redevelopment of the site.
Adult Education	409	0	0	(409)	0	(409)	0	Created from LSC grant fund to address short and long term pressures from within the Adult Education service.	Reserve will be used to support staff pressures created through changing priorities.
BSF Swim Strategy / Mill House	29	(29)		0	0	(29)	0	This covers the costs of planning and preparing for the proposed leisure centre and the future of Mill House.	Reserve to be fully utilised to support the recent refurbishments at Mill House
Community Grants Pool	51	(51)	0	0	0	(51)	0	Reserve created in 2006/07 from the underspend on the Community Grants Pool budget as this expenditure is 'ring-fenced' by Members for contributing towards the community.	The Reserve will be used to enhance the existing base budget provision for Community Grants.
Adult Social Care	20	(20)	0	0	0	(20)	0	Income from PCT for various social care expenditure i.e., OT equipment, IT for Care homes	Majority of reserve will be used in 2009-10 with the exception of IT for Care homes which is planned to be used in first quarter of 10/11
Adult Social Care - Stroke Service Grant	0	0	0	0	0	0	0	Specific grant received close to 2008-09 year end	Reserve will be used in 2009/10
Sports & Recreation - Sports Awards	5	(3)	(2)	0	0	(5)	0	To fund sports coaches training awards	Reserve expected to be partially utilised in 2010-11 then the remainder in 2011-2012.
Telecare GD, DOH, Preventative Technology Grant c/fwd	41	0	0	0	(41)	(41)	0	Reserve created from under utilised specific grant to create a equipment replacement fund.	This Reserve will not be used until 2013-14 when it will be used to replace equipment
Sports Activities - various	31	(31)	0	0	0	(31)	0	Underspend on grants for sports & health activities	The reserve will be partially utilised to fund activities and awards in 2009/10 and the remainder in 2010/11.
Public Health Phys Activity	29	0	(29)	0	0	(29)	0	Reserve created from PCT monies. Monies to be awarded by HBC in grants to the community and voluntary sector on behalf of the PCT.	Reserve to be utilised in 11/12
Grayfields Pitch Improvements	21	(21)	0	0	0	(21)	0	Reserve created to complete the pitch improvements at Grayfields.	Project will be completed in 10/11
Adult Care	0					0	0	Specific reserve created from temporary funding for one individual	
Archaeology - Monograph Series	8	(8)	0	0	0	(8)	0	Creation of reserve to ensure completion of project and ensure no loss of external funding for the overall project.	Project will be completed in 10/11
Older People	0					0	0	Reserve created from temporary pressure funding for demographic pressures in Older People services.	
Sir William Gray House Storage Facilities	8	(8)	0	0	0	(8)	0	Reserve created to secure match funding from Heritage Lottery Fund to improve collections storage and facilities at Sir William Gray House	
NHS, PCT, Occ Therapy 08-09	0					0	0	Reserve created from PCT income from 08/09 to purchase Occupational Therapy equipment.	
Budget Support Fund	200	(200)	0	0	0	(200)	0		
Local Plan	32	0	(32)	0	0	(32)	0	To part fund the Local Development Framework within Planning	The reserve will largely be used to fund strategic studies required to support the LDF
Community Facilities in Schools - Children's Services Funding	100	50	0	0	0	50	150	There was a revenue budget created in 2009/10 for Community Facility subsidies to assist with funding those facilities which were operating a deficit. There was no call of this Reserve during 2009/10. In 2010/11 there is also base budget provision of £100k which it is expected some will be used towards the St John Vianney Children's Centre 2009/10 deficit - the balance remaining will be transferred to this Reserve at year end.	St John Vianney Children's Centre ended 2009/10 with a significant deficit (£48k) and a financial review of this was to take place during 2010/11. As a contingency, a Reserve for the full amount of the funding was created. In 2010/11 there is also base budget provision of £100k. This base budget provision is anticipated to be removed as part of the 2011/12 budget savings. As this is a Reserve to be used as and when required, no profile has been included.
Local Safeguarding Children's Board (Partnership Funding)	78	(29)	0	(49)	0	(78)	0	Ring-Fenced Reserve - This is Partnership Funding with other bodies so not all HBC funding; Relates to underspends carried forward.	Spending plans for this joint funded service are determined by the LSCB at annual meetings.
Early Years Support Network	2	0	0	(2)	0	(2)	0	This is the balance of the 2008/09 underspend to be carried forward.	Not Applicable
Brierton Closure - Salary Protection Fund	(166)	166	0	0	0	166	0	This reserve was created by the Schools Forum specifically to improve redeployment opportunities for all Brierton School staff following the school closure. It was a negative Reserve in 2009/10 as the up-front costs were greater than the funding however the Forum have agreed measures to repay all this in 2010/11.	Operation of the fund has been determined by the Schools Forum and follows the Council's redeployment protocol. Where staff have been employed on lower salaries in other schools the reserve has been used to compensate schools up to the value of salary protection payments. In addition the reserve has been used to fund one off redundancy and early retirement costs.

Reserve	Actual Balance as at 31/03/2010	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Estimated Balance at 31/03/2014	Reason for/purpose of the Reserve	How and when the reserve can be used
Transitional Support Fund	75	0	0	0	0	0	75	Ring-fenced Reserve (DSG) - In previous years the Schools Forum have allocated revenue funding towards Transitional Support Fund which is to fund (requiring School Forum approval) unforeseen emergency budget issues in schools and/or those under extreme measures. No revenue budget now exists for this as the Forum are happy with the level of Reserve available should the need arise.	The Schools Forum determines the value held in this fund and the criteria by which funding is allocated on an annual basis. This funding is for 'emergency' type uses in schools where there are concerns over teaching and learning standards.
Dedicated Schools Grant - LA Underspend from Previous Yrs	292	(292)	0	0	0	(292)	0	The Dedicated Schools Grant (DSG) is a ring-fenced grant for use on 'schools' budgets only. The balance arises from under spends in 2009/10 on the local authority elements of the DSG, specifically Home and Hospital teaching, PRU and Extra District Fees.	The Schools Forum has agreed the LA's proposal that this funding will be used during 2010/11 to fund the demountable classroom at Catcote and the current forecast overspend on the Individual Pupil Support budget.
Playing for Success	6	0	(6)	0	0	(6)	0	Reserve created from income generated within Playing for Success to cover future costs relating to the PFS initiative.	The Standards Fund grant for this service is ceasing in 2011/12 therefore this Reserve will be used to continue the programme until Summer 2011.
Looked After Children	329	250	(423)	(156)	0	(329)	0	This reserve was created from 2008/09 and 2009/10 departmental outturn as a contingency against future increased costs. Cabinet have also approved an additional contribution of £250k from the Children's Services outturn in 2010/11.	Reserve to meet potential demand pressures resulting from high and volatile costs of specific looked after children.
Children & Family 'Donations'	7	(7)	0	0	0	(7)	0	This Reserve has been created from the various grants and donations received to the LA to pay for various items and equipment for vulnerable children and children looked after.	The Reserve is used by Social Workers during the year to purchase equipment etc as required.
School Standards Grant (Personalisation)	(32)	32	0	0	0	32	0	This is a negative Reserve resulting from the overpayment in 2008/09 of SSG (Personalisation) to schools. The DfE agreed that over the three year funding period the LA could 'hold back' some funding to fund this overpayment so that over the three year funding period the total schools allocation was correct.	The negative Reserve has been repaid in 2010/11 as all of the funding has now been received from the DfE.
Transitional Support Fund	80	0	0	0	0	0	80	Ring-fenced Reserve (DSG) - In previous years the Schools Forum have allocated revenue funding towards Transitional Support Fund which is to fund (requiring School Forum approval) unforeseen emergency budget issues in schools and/or those under extreme measures. No revenue budget now exists for this as the Forum are happy with the level of Reserve available should the need arise.	The Schools Forum determines the value held in this fund and the criteria by which funding is allocated on an annual basis. This funding is for 'emergency' type uses in schools where there are concerns over teaching and learning standards.
Playing for Success	32	0	(32)	0	0	(32)	0	Reserve created from income generated within Playing for Success to cover future costs relating to the PFS initiative.	The Standards Fund grant for this service is ceasing in 2011/12 therefore this Reserve will be used to continue the programme until Summer 2011.
Parenting Support	20	(20)	0	0	0	(20)	0	This was created from additional income over and above the grant generated from the Parenting Support Programme in 2007/08.	This funding will be allocated during 2010/11 on parenting participation events and training.
Early Years Development Childcare Plan	17	(17)	0	0	0	(17)	0	This reserve has been created to develop the provision of services for 3 and 4 year olds.	Funding is to be used in 2010/11 to extend the contract for a Healthy Eating Co-ordinator and other early years initiatives.
Teenage Pregnancy	20	0	0	(20)	0	(20)	0	Reserve was created from income generated by the Teenage Pregnancy initiative which has been set aside to enhance the TP Programme.	Not Applicable
Carlton Outdoor Centre	46	(22)	0	(24)	0	(46)	0	This Ring-Fenced Reserve was created from underspends on the Carlton Centre budget during refurbishment, initially to cover the LA contribution towards any second phase of capital development at Carlton Outdoor Centre. However, following the withdrawal of both Redcar and Stockton from the partnership this Reserve has been used as an 'Income' contingency reserve to ensure that the Carlton budget does not overspend and fall as a cost to Hartlepool tax payers.	

Reserve	Actual Balance as at 31/03/2010	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Estimated Balance at 31/03/2014	Reason for/purpose of the Reserve	How and when the reserve can be used
Carlton Outdoor Centre	18	40	0	(58)	0	(18)	0	Budget provision has been made for on-going JE costs for the permanently employed staff but not for the 'casual' instructors. Until the decision is made the funding for these increased costs will be transferred to this ring-fenced Reserve.	Once a decision has been made regarding the funding of job evaluation costs then this Reserve should be utilised.
Economic Development	137	0	(31)	(106)	0	(137)	0	To fund Economic Development staff as temporary programme money ceases	As major funding programmes come to an end the balance will be required to assist in the management of staff contracts.
Chief Executive's Department Ring Fenced Grants	193	(129)	(64)	0	0	(193)	0	Created to fund specific grants in future years.	To be used in 2010/11 and 2011/12 for specific grants.
ITax & VAT Partial Exempt Res	250	0	0	0	0	0	250		
Mill House	173	(173)	0	0	0	(173)	0	The reserve arose from a rates rebate following a review of the leisure centre rateable values in 2006/07.	The reserve is earmarked to fund essential maintenance at Mill House Leisure Centre until it is replaced. Currently there is a contribution needed once figures are finalised of approximately £25K for recent refurbishments. There is also a boiler problem which potentially will cost £175K - therefore this reserve is expected to be fully utilised this year.
Community Facilities in Schools - Schools Funding	2	(2)	0	0	0	(2)	0	This is the net surpluses / deficits from various Schools Community Facilities 'rolled forward' into the next financial year. To enable Community Facilities within Schools to manage their budgets over more than one financial year.	A review of the financial position on all school based community facilities was undertaken during 2008. Following a report to the Schools Forum all schools are now clear on the funding options for their schemes. Any surplus balances are available for reinvestment by schools and the Reserve is earmarked for continuation of temporary staffing in Planning, Support & Community Safety.
Regeneration Reserve - Specific	67	(19)		(48)	0	(67)	0	Mainly grant funding earmarked for future use	
BSF Implementation Costs	561	(337)	(89)	(135)	0	(561)	0	This is the revenue reserve to fund the revenue costs of the School Transformation Team.	This is the revenue reserve to fund the revenue costs of the School Transformation Team.
Housing Reserve	203	(68)	(135)	0	0	(203)	0	Various housing expenditure including, selective licensing, DFG capital contribution, IT system.	To be used to support the Housing Service, specifically selective licensing, CBL, regeneration, strategic studies and systems development. Also £51k to cover Cadcam costs is provisionally earmarked for 2010/11.
Strategic Procurement Review Reserve	50	0	0	0	0	0	50	To fund the strategic review of corporate procurement practices and strategy in order to assess efficiency and effectiveness and develop new strategies for the future.	Timing depends on progress re implementation of centralisation
Extended Schools - Out of School Care Balances	70	0	0	0	0	0	70	Ring-Fenced Reserve as Schools Funding. This Reserve consists of the balances of schools 'Out of School Clubs' eg. Breakfast Clubs and former NOF-funded schemes.	A review of the financial position on all NOF funded school based activities was undertaken during 2008. All schools are now clear on the financial position on their schemes and the current funding available. This funding is available for reinvestment in service provision by schools.
LPSA1 - Leisure - Sports	12	(12)				(12)	0	Reserve created from LPSA for Sports & Recreation improvements	Reserve to be fully utilised to support the recent refurbishments at Mill House
Think Family	0	293	0	0	0	293	293	2010/11 balance of grant funding to be carried forward into 2011/12 to assist with continuation of service following reductions in 2011/12 grant allocations as part of the Early Intervention Grant.	2010/11 balance of grant funding to be carried forward into 2011/12 to assist with continuation of service following reductions in 2011/12 grant allocations as part of the Early Intervention Grant.
Positive Activities for Young People	0	77	0	0	0	77	77	2010/11 balance of grant funding to be carried forward into 2011/12 to assist with continuation of service following reductions in 2011/12 grant allocations as part of the Early Intervention Grant.	2010/11 balance of grant funding to be carried forward into 2011/12 to assist with continuation of service following reductions in 2011/12 grant allocations as part of the Early Intervention Grant.
Workforce Development	0	25	(25)	0	0	0	0	2010/11 balance of grant funding to be carried forward into 2011/12	2010/11 balance of grant funding to be carried forward into 2011/12

Reserve	Actual Balance as at 31/03/2010	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Estimated Balance at 31/03/2014	Reason for/purpose of the Reserve	How and when the reserve can be used
Community Facilities in Schools - Corporate Funding	50	0	0	(50)	0	(50)	0	Corporate Funding set aside in 2006/07 specifically to cover any deficits in school Community Facilities in order to ensure that the facilities can continue to provide services.	As this is a Corporate Reserve it would require approval from both the CFO and Director to utilise this funding.
Swimming Pool Maintenance	20	0	0	(20)	0	(20)	0	It was decided not to install a moveable floor at Brinkburn Pool which was the original purpose of this Reserve. The Children's Services, Performance Management and Regeneration, Liveability and Housing Portfolio Holders have requested that this be earmarked for the general upkeep of Swimming Pools within the town.	This funding will be used to fund essential maintenance costs relating to provision of the primary swimming service operating from schools and Brinkburn pool.
WNF Tall Ships	1	(1)				(1)	0	This reserve has been set aside to support the Tall Ships visit in 2010	Reserve will be fully utilised in 2010
Maritime Festival	(33)	33	0			33	0		
Tall Ships Management	(5)	5	0			5	0	This reserve has been set aside to support the Tall Ships visit in 2010	Reserve will be fully utilised in 2010
Tall Ships Reserve	695	(695)				(695)	0	This reserve has been set aside to support the Tall Ships visit in 2010	Reserve will be fully utilised in 2010
Tall Ships Office	(303)	303				303	0	This reserve has been set aside to support the Tall Ships visit in 2010	Reserve will be fully utilised in 2010
TSE Marketing & Publicity	28	(28)				(28)	0	This reserve has been set aside to support the Tall Ships visit in 2010	Reserve will be fully utilised in 2010
Tall Ships Finance/Legal	36	(36)				(36)	0	This reserve has been set aside to support the Tall Ships visit in 2010	Reserve will be fully utilised in 2010
Additional alloc. for bad weather (08-09 Outturn report)	500	(500)				(500)	0	This reserve has been set aside to support the Tall Ships visit in 2010	Reserve will be fully utilised in 2010
Extended Schools - Other Funding School Balances	99	0	0	0	0	0	99	Ring-Fenced Reserve as Schools Funding. This Reserve consists of the balances of schools funding which is outside main budget share eg. NCSL.	This funding is available for reinvestment in service provision by schools.
Remedial Repairs	263	(261)	(2)	0	0	(263)	0	This includes amounts set aside by Highways and Building Maintenance to fund remedial repairs (see Sub Analysis for detail).	£200k highways/potholes, £50k Catering Equipment, £11k Chester Road
Civic Chain Reserve	46	0	0	0	0	0	46	Replacement of Mayors chain	Expected in 2009/10
Income Equalisation Reserve	1					0	1		
Budget Consultation	60					0	60		
Core Strategy Inquiry	55					0	55		
Cash finder Savings	16	0	0	0	0	0	16	Savings arising from PWC study	No specific plans have been determined at this stage
Interest Equalisation, Income Tax and VAT Reserve	400	0	0	0	0	0	400	Reserve created to protect the Council from higher interest rates or replacement loans in the event of LOBO being called. Whilst, short-term interest rates are currently historically low there is an increasing risk that interest rates will begin to increase, particularly longer rates, when the economy begins to come out of recession. Also for use on completion of Inland Revenue Reviews or when VAT payments are required under partial exemption.	
Business Transformation Set Up Costs	344	0	0	0	0	0	344	Funds set aside for Implementation costs of Business Transformation Programme	
NDC Fund	655	(72)	0	0	0	(72)	583	Reserve created in 2007/08 to support future expenditure on New Deal for Communities Project	The latest forecast shows that most of this will be used in 2009/10 with the balance being used the following year.
Bank Income	114	0	0	0	0	0	114	Created during 2008/09 Closure	
Area Based Grant	142	0	0	0	0	0	142	ABG carried forward from 2008/09	Some of this funding will be reallocated in 2009/10

Reserve	Actual Balance as at 31/03/2010	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Estimated Balance at 31/03/2014	Reason for/purpose of the Reserve	How and when the reserve can be used
Mayors Charity Fund Reserve	1					0	1		
Chairman's Charity Reserve	2					0	2		
Ring-Fenced Grants	224	(83)	(45)	(96)	0	(224)	0	A number of ring-fenced grants were underspent at the end of 2009/10 therefore this Reserve was created in order to carry the funding forward into 2010/11.	The balance should be spent during 2010/11 to 2012/13.
Social Care Reform Grant	164	(50)	(50)	(64)		(164)	0	Reserve created for 3 specific posts spanning 10/11 & 11/12 and an contribution to the building development of the CIL (Centre for Independent Living).	Reserve to be used in 11/12 & 12/13
Social Care Reform Grant	7			(7)		(7)	0		
Renaissance in the Regions	15	(15)	0	0	0	(15)	0	Reserve created from unspent grant funding to support the overall HUB shared by all 4 Tees Valley Authorities	Reserve will be used in 2010/11
Adult Social Care - Communities for Health Grant	6	(6)	0	0	0	(6)	0	Specific grant received close to 2008-09 year end	Reserve will be used in 2010/11
Tobacco Control	65	(65)	0	0	0	(65)	0	Reserve created owing to grant income provided to carry out work over a 2 year period.	Project will be completed in 10/11
Carer Emergency Respite Care service	54	(54)	0	0	0	(54)	(0)	Reserve created from specific grant as contract for Emergency respite granted for a period of 2 years. Expenditure on respite for Carers can be sporadic and this is to be utilised to meet statutory duties around carers.	Reserve expected to be fully used in 10/11
Respite Provision for Autism	80	(80)	0	0	0	(80)	0	Income received from PCT for use to provide capital for creation of specialist housing provision of Autism respite	Reserve identified to be used to fund a Housing Hartlepool property and support provided for individuals through their personal budgets.
DOH Grant Stroke Care	21	(11)	(10)	0	0	(21)	0	Reserve created from specific grant.	Reserve to be utilised in 10/11 and 11/12 to fund to Stroke clubs which provide a preventative service within the town.
Mental Health Capacity Act specific grants	27	(27)	0	0	0	(27)	0	Reserve created from a mixture of PCT/grant funding.	Reserve utilised to fund Mental Health Capacity Act training to meet statutory requirements
CSDP Contrib to capital	68	0	0	0	0	0	68	Reserve created from revenue to increase capital reserve for Adaptations for Disabled people.	Reserve to be used in 2012/13
WNF Contact Centre Video Interpretation for Deaf People	4	(4)	0	0	0	(4)	0	Reserve created from specific grant.	Reserve will be used in 2010/11
WNF Mobile Maintenance Worker	2	(2)	0	0	0	(2)	(0)	Reserve created from specific grant.	Reserve will be used in 2010/11
Culture Shock Community Engagement Project	2	(2)	0	0	0	(2)	0	Reserve created to make up shortfall of income from Heritage Lottery Fund for the project	Project will be completed in 10/11
Health Walks programme Natural England	6	(6)	0	0	0	(6)	(0)	Grant from Natural England required to sustain health walks programme in 2010/11 & 2011/12. Other grant source for this year obtained via devolved funding bid from Sport England (Adults into Sport) using this as match funding	Reserve to be utilised in 10/11
Telecare Equipment	0					0	0	Reserved created to bolster equipment replacement fund.	
50+ Forum	0					0	0	PCT income received for engagement with Older People.	
Jobs and the Economy	289	0	(200)	(89)	0	(289)	0	ABG Funding received at the end of 2009/10	
Brierton/Dyke House BSF Costs	300	0	(220)	(80)	0	(300)	0		
Early Capital Equalisation	33	(33)	0	0	0	(33)	0		
General Fund	3,462	0	0	0	0	0	3,462		
Insurance Fund	4,033	(450)	225	200	200	175	4,208	The Insurance Fund has been established to provide for all payments that fall within the policy excess claims. Most policies provided by the Council are subject to an excess. For motor vehicle own damage, the excess is £1,000. However, the excess is £100,000 for the Property/Combined Liability policy on each claim. The All Risks policy covers those items considered to be of value and at greatest risk of theft or damage. The Council's experience whilst operating with these excesses has been favourable. Nevertheless, the Council's total exposure in any one year has substantially increased and is currently £4.75m. The net value of this reserve consists of the insurance fund balances less amounts advanced to departments to fund service improvements. These amounts will be repaid over a number of years to ensure resources are available to meet insurance claims that will become payable.	The Insurance Fund has been established to provide for all payments that fall within the policy excess claims. Most policies provided by the Council are subject to an excess. For motor vehicle own damage, the excess is £1,000. However, the excess is £100,000 for the Property/Combined Liability policy on each claim. The All Risks policy covers those items considered to be of value and at greatest risk of theft or damage. The Council's experience whilst operating with these excesses has been favourable. Nevertheless, the Council's total exposure in any one year has substantially increased and is currently £4.75m. As it is difficult to determine when claims will be paid the proposed usage of this reserves shows the value of this reserves which will be used on a loan basis to fund Business Transformation one-off costs arising from the implementation of Service Delivery Options.

Reserve	Actual Balance as at 31/03/2010	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Estimated Balance at 31/03/2014	Reason for/purpose of the Reserve	How and when the reserve can be used
Schools	3,559	0	0	0	0	0	3,559	Ring-Fenced Schools Funding. Underspends against individual school budgets from previous years budgets. To enable individual schools to manage their budgets over more than one financial year in accordance with the implementation of multi-year budgets. The reduction in school funding expected from 2011/12 onwards is likely to result in these balances significantly reducing over the next few years as schools utilise Reserves as part of their budget setting.	Individual schools determine usage as part of their detailed budget plans either to support general running costs or to fund specific projects. As it is for schools to determine usage no estimated profile has been assumed. In response to national and local concerns over the high level of school balances the Schools Forum approved a claw back scheme and an enhanced role for the LA in monitoring the effective management of school balances. The government have announced that the scheme is no longer compulsory from 2011/12 and the Schools Forum agreed to the abolition of the HBC scheme.
School Loans	(13)	9	2	2	0	13	0	Negative Reserve - This is LA Loans advanced to schools for specific approved purposes which are then repaid (with interest) over a specified period. These loans are offset against School Balances for Statement of Accounts purposes.	These Loans will be repaid by the schools over an agreed period of time. New Loans may arise during this period and have not been reflected.
School DSO Invoices	(3)	3	0	0	0	3	0	Negative Reserve - This is offset against School Balances for Statement of Accounts purposes.	Not Applicable
Civic Lottery	413					0	413	The Lotteries Reserve, consists of the proceeds of the civic lottery and donations received. It is used for grants and donations to local organisations.	Reserve can only be used for donations to local organisations. Individual requests are approved on a case by case basis. The principle for using the reserve is that the balance is preserved and any interest on it is distributed as grants.
Museums Acquisition	63	0	0	0	0	0	63	To support the purchase of museums exhibits	Reserve maintained to provide funds if necessary, reserve created from donations & bequests for members of the public and can only be used for the intended purpose.
School Rates	66	35	0	0	0	35	101	Ring-Fenced Reserve (DSG Funded) - School rates are budget neutral. The Schools Rates Adjustment arises from reductions or increases in school rates payable following the review of rateable values.	Reserve is used as a 'balancing' figure each year to ensure that there is a 'budget neutral' effect on schools i.e. the Reserve is used to adjust the schools budget to equal actual rates costs. Therefore, no profile over the years has been included.
Youth Offending Reserve	177	(55)	0	(122)	0	(177)	0	Ring-Fenced as YOS is a Partnership Budget. Created from planned underspends in previous years to fund YOS initiatives.	To support YOS Prevention Initiatives over the forthcoming years.
Supporting People Reserve	787	0	0	(787)	0	(787)	0	This Reserve was created to manage timing delays in expenditure and grant income.	
Emergency Planning	165	(50)	0	0	0	(50)	115	This reserve is held on behalf of the 4 districts under the joint arrangement, to meet potential additional costs arising under revised Civil Defence arrangements implemented from 1st April 2005.	Reserve will be used to meet additional costs identified.
LPSA Library Award and NAP grant for Throston Grange Library	3	(1)	(2)	0	0	(3)	0	This reserve has been set aside to improve the Library service and appoint a youth worker at Throston Grange Library	Youth worker now in post and £1K will be utilised, remainder to facilitate works at Throston Grange library and community centre
Cabinet Projects	4	0	0	0	0	0	4	This reserve is to be used to fund one-off Cabinet Initiatives	To be determined by Cabinet
Earmarked Grant Funding	1,093	(676)	(143)	(274)	0	(1,093)	0	Underspends 09/10 which relate to funding given for a specific purpose over more than one year.	For the purpose of the original grant funding, which enabled c/f within the grant conditions.
Earmarked Grant Funding	88	(88)	0	0	0	(88)	0	Underspends 09/10 which relate to funding given for a specific purpose over more than one year. See Sub Analysis for detail.	Reserve will be spent in 2010/11
Strategic Risk Reserve	2,310	(446)	(932)	(932)	0	(2,310)	0	This reserve has been set up to help fund risks highlighted in the Cabinet report of 8.2.10	Reserve will be used to meet risks identified.
Youth Service - General	10	0	0	(10)	0	(10)	0	Youth Advisory Group Balances and youth centre catering surpluses have been carried forward from previous years to fund service developments.	The balance will be used towards the costs of future schemes.

**Grand Total** 32,044 (9,683) (3,638) (3,762) 134 (16,949) 15,095

**FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2011/12 TO 2013/14**

TABLE 1 - FORECAST CAPITAL RESOURCES 2011/12 to 2013/14

Total Resources 2010/11		Forecast Resources 2011/2012				Forecast Resources 2012/2013 (Provisional)				Forecast Resources 2013/2014 (Provisional)			
		Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b><u>Supported Service Specific Allocations</u></b>												
1,852	- Local Transport Plan			1,349	1,349			1,410	1,410			1,342	1,342
2,749	- Children's Services			2,672	2,672			0	0			0	0
169	- Adult Social Services			252	252			257	257			0	0
4,770	Total Supported Service Specific Allocations	0	0	4,273	4,273	0	0	1,667	1,667	0	0	1,342	1,342
	<b><u>Unsupported Corporate Prudential Borrowing</u></b>												
1,200	Council Capital Fund - See Table 1	1,200			1,200	1,200			1,200	1,200			1,200
150	Community Safety Strategy	0			0	0			0	0			0
156	Neighbourhood Forum Minor Works Allocation	0			0	0			0	0			0
50	Disabled Access Adaptations	0			0	0			0	0			0
1,556		1,200	0	0	1,200	1,200	0	0	1,200	1,200	0	0	1,200
	<b><u>Unsupported Departmental Prudential Borrowing</u></b>												
45	Replacement Wheelie Bins	45			45	45			45	0			0
1,905	Vehicle Procurement - See Table 2	1,441			1,441	1,880			1,880	0			0
4,667	New Communities Housing	0			0	0			0	0			0
6,617		1,486	0	0	1,486	1,925	0	0	1,925	0	0	0	0
	<b><u>Useable Capital Receipts and RCCO</u></b>												
547	Education Planned Maintenance	0	600	0	600	0	300	0	300	0	300	0	300
547		0	600	0	600	0	300	0	300	0	300	0	300
	<b><u>Specifically Funded Schemes</u></b>												
4,000	Building Schools for the Future - Design & Build			9,007	9,007			0	0			0	0
1,000	Building Schools for the Future - ICT			2,214	2,214			435	435			2,698	2,698
0	Strategy Study - North Sands Coast Protection			120	120			0	0			0	0
0	Seaton Carew Coast Protection Works			1,820	1,820			2,000	2,000			1,880	1,880
305	Disabled Facilities Grant (DFG) - Indicative Allocation			305	305			305	305			305	305
1,234	NDC			0	0			0	0			0	0
65	Youth Capital Fund			0	0			0	0			0	0
599	Playbuilder Grant			0	0			0	0			0	0
3,378	Primary Capital Programme			0	0			0	0			0	0
388	General Sure Start Grant			0	0			0	0			0	0
125	Aiming High For Disabled Children			0	0			0	0			0	0
2,315	Housing Market Renewal			0	0			0	0			0	0
1,450	Housing SHIP			0	0			0	0			0	0
2,408	Housing Communities Agency			0	0			0	0			0	0
17,267		0	0	13,466	13,466	0	0	2,740	2,740	0	0	4,883	4,883
30,757	Total Forecast Resources	2,686	600	17,739	21,025	3,125	300	4,407	7,832	1,200	300	6,225	7,725

**FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2011/12 TO 2013/14**

TABLE 2 - FORECAST CAPITAL EXPENDITURE COMMITMENTS 2011/12 TO 2013/14

Total Resources 2010/11  £'000		Forecast Expenditure Commitments 2011/2012				Forecast Expenditure Commitments 2012/2013				Forecast Expenditure Commitments 2013/2014			
		Non- Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000	Non- Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000	Non- Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000
	<b><u>Specifically Funded Schemes</u></b>												
4,000	Building Schools for the Future - Design & Build		9,007		9,007			0	0			0	0
1,000	Building Schools for the Future - ICT		2,214		2,214			435	435			2,698	2,698
0	Strategy Study - North Sands Coast Protection		120		120			0	0			0	0
0	Seaton Carew Coast Protection Works		1,820		1,820			2,000	2,000			1,880	1,880
305	Disabled Facilities Grant (DFG) - Indicative Allocation		305		305			305	305			305	305
1,234	NDC		0		0			0	0			0	0
65	Youth Capital Fund		0		0			0	0			0	0
599	Playbuilder Grant		0		0			0	0			0	0
3,378	Primary Capital Programme		0		0			0	0			0	0
388	General Sure Start Grant		0		0			0	0			0	0
125	Aiming High For Disabled Children		0		0			0	0			0	0
2,315	Housing Market Renewal		0		0			0	0			0	0
1,450	Housing SHIP		0		0			0	0			0	0
2,408	Housing Communities Agency		0		0			0	0			0	0
17,267		0	13,466	0	13,466	0	0	2,740	2,740	0	0	4,883	4,883
	<b><u>Misc Schemes</u></b>												
547	Education Planned Maintenance	600			600	300			300	300			300
547		600	0	0	600	300	0	0	300	300	0	0	300
	<b><u>Unsupported Corporate Prudential Borrowing</u></b>												
1,200	Council Capital Fund - See Table 1	1,200	0	0	1,200	1,200		0	1,200	1,200	0	0	1,200
150	Community Safety Strategy	0			0	0			0	0			0
156	Neighbourhood Forum Minor Works Allocation	0			0	0			0	0			0
50	Disabled Access Adaptations	0			0	0			0	0			0
1,556		1,200	0	0	1,200	1,200	0	0	1,200	1,200	0	0	1,200
	<b><u>Unsupported Departmental Prudential Borrowing</u></b>												
45	Replacement Wheelie Bins		45		45		45		45		0		0
1,905	Vehicle Procurement - See Table 2		1,441		1,441		1,880		1,880		0		0
4,667	New Communities Housing		0		0		0		0		0		0
6,617		0	1,486	0	1,486	0	1,925	0	1,925	0	0	0	0
	<b><u>Supported Service Specific Priorities</u></b>												
1,852	- Local Transport Plan	1,349	0		1,349	1,410	0		1,410	1,342	0		1,342
2,749	- Children's Services	0	2,672		2,672	0	0		0	0	0		0
169	- Adult Social Services	0	252		252	0	257		257	0	0		0
4,770		1,349	2,924	0	4,273	1,410	257	0	1,667	1,342	0	0	1,342
30,757	Total Forecast Commitments	3,149	17,876	0	21,025	2,910	2,182	2,740	7,832	2,842	0	4,883	7,725



**Table 2**2011/12 VEHICLE REPLACEMENT PROGRAMME

Type of Vehicle	Period	User	Replacement Cost
2x Panel Vans	5 years	Chief Executives x1, Community Services x1	£22,000
2x Tippers	5 years	Fleet x1, ILM X1	£33,000
1x Van, 4x Tippers and 3x Tractors	5 years	Horticulture	£207,500
5x Vans	5 years	Public Buildings	£97,000
1x Van	5 years	Workshop	£14,000
5x Sweepers, 1x Tractor, 1x Tipper and 2x Vans	3 years	Cleansing	£474,500
1x Lift platform and 1x Tipper	5 years	Street Lighting	£130,000
9x Mowers	3 years	Parks	£167,500
2x Vans	5 years	Car Parking x1, Public Protection x1	£22,000
1x 6 Seat Dualiner	5 years	Young Offenders	£15,250
2x Tippers, 1x Gully Emptier, 2x Gritter Body and 1x Van	5 years	Highways	£258,500
			£1,441,250

2012/13 VEHICLE REPLACEMENT PROGRAMME

Type of Vehicle	Period	User	Replacement Cost
2x Ford Transit Vans	5 years	Property Services x1, Catering x1	£25,000
1x Skoda Superb Car	5 years	Mayoral Car	£17,000
1x Van	5 years	Libraries	£14,500
5x Tippers, 1 Ford Transit Van & 1x JCB	5 years	Horticulture	£128,750
1x Pickup & 3x Recycling Econics	5 years	Mechanical & Electrical	£520,000
1x Box Van & 1x Ford Transit Van	5 years	Waste Management	£50,500
1x Tipper	5 years	Client Services	£31,000
6x Sweepers, 1x Scrubber & 1x Tipper	3 years	Cleansing	£413,750
2x Access Platform	5 years	Street Lighting	£96,500
2x Vans	5 years	Revenues & Benefits	£24,500
2x Transit 17 seater minibuses	5 years	Sports Development x1, Catcote School x1	£44,700
2x 17 seater Transit Minibuses	5 years	Fleet x1, Carlton Camp x1	£44,000
6x Ride On Mowers	3 years	Parks	£90,250
5x 17 seat Welfare Buses	5 years	Community Transport	£220,000
2x Tippers, 1x Tandem Roller, 1x Demount Hotbox & 1x Gritter Body	5 years	Highways	£159,500
			£1,879,950

TABLE 1 – Schedule of Proposed Schemes to be Funded from Council's Capital Fund

Category A			Category B			Category C		
Project	Description	Allocation	Project	Description	Allocation	Project	Description	Allocation
Mill House Roof  (£30k 2010 / 11 – 1 <sup>st</sup> phase commencement)	Continuation of roofing renewal to changing areas to extend life of key area of facility	£50k  (2 <sup>nd</sup> phase)	Regeneration Match Funding (Innovation and Skills Quarter / HMR / Crown House / Housing general (including empty homes)	To provide a “kickstart” in match funding and feasibility studies for regeneration and housing projects	£160k	Neighbourhood Consultative Forums	Neighbourhood Consultative Forums - minor works projects	£75k  (£25k per Forum)
Mill House Boiler  <i>* Combined with £70k in planned maintenance programme</i>	Renewal of Boilers and associated Heating/Hot Water systems to extend life of key operational infrastructure and increase energy efficiency	£95k	Stranton Nursery Lodge / Café development  (£50k 2010 / 11 – 1 <sup>st</sup> phase)	Major refurbishments and improvement that extends the life and value of Stranton Lodge asset. The current facilities for the staff, especially the gravediggers, are well below H&S requirements and new showers, changing facilities and reroofing of the rest room will take place.	£25k	Energy Invest to Save	Installation of new advanced controls or modifications and enhancement to existing mechanical and electrical systems in order to achieve longer term savings and CO2 reductions.	£25k

TABLE 1 – Schedule of Proposed Schemes to be Funded from Council's Capital Fund

Category A			Category B			Category C		
Project	Description	Allocation	Project	Description	Allocation	Project	Description	Allocation
Essential School and Civic Kitchen Works	The kitchens will be modernised to bring them up to current standards. This will comprise replacement equipment, fittings and fixtures. New ventilation and gas installations to comply with current gas regulations will be installed as required. Replacement lighting and power to current standards will be installed as required. Includes associated repairs to building fabric.	£350k	Newburn Bridge Security Improvements	Improvements to the Newburn Bridge Industrial Estate of leased units so maximising occupancy and income generation	£15k	Parton Street Environmental Improvements	Match funding to associated improvement works and linked to the HMR project in the surrounding areas.	£50k
Borough Hall Boiler Replacement	Install new Direct Hot Water boiler to upgrade and increase energy efficiency.	£15k						
Disability Discrimination Act (DDA) works	DDA Projects to address barriers to physical access e.g. Adult changing facilities at Hartlepool Maritime Experience.	£50k						

TABLE 1 – Schedule of Proposed Schemes to be Funded from Council's Capital Fund

Category A			Category B			Category C		
Project	Description	Allocation	Project	Description	Allocation	Project	Description	Allocation
Disabled Facilities Grants (DFG's)	<p>The Authority has a mandatory responsibility to provide DFGs and adaptations to those households who qualify for this assistance. The authority does not give discretionary grants. The funding which is provided by central government grant only finances 50 to 60 percent of the annual requirements in the Town. This funding increases the number of grants and reduces waiting lists.</p> <p><b>Response to SCC question</b> For 20/10/11 CLG grant allocation was £305k and SHIP grant was £185k. In 2011/12 there will be no SHIP grant and CLG allocation has been confirmed as £305k (the same amount as 2010/11). The £200k Council capital allocation could reduce the waiting list by around 45 cases.</p>	£200k						
Carlton Camp Improvements	Essential canopy replacement and electrical works to enhance facility.	£15k						

TABLE 1 – Schedule of Proposed Schemes to be Funded from Council's Capital Fund

Category A			Category B			Category C		
Project	Description	Allocation	Project	Description	Allocation	Project	Description	Allocation
Warren Road Boilers replacement  (PCT contribution – 50% included)	<p>Renewal of Boilers and associated Heating systems to upgrade and increase energy efficiency</p> <p><b>Response to SCC question</b> The costs cover the replacement of two substantial existing boilers (over 30 years old) and associated equipment such as flues, pumps, BMS controls etc. The costs are in line, pro rata, with recent and comparable boiler plant replacements at schools.</p>	£35  (Part PCT funding)						
Rossmere Youth Centre lighting	Lighting upgrade to Sports Hall to improve performance and increase energy efficiency	£20k						
Register Office Roof Improvements	Roof improvement to extend life of building for an alternative use with a view to retention over time (The disposal strategy will be to release an alternative building, probably Brooklyn which is a more marketable property, to achieve the required rationalisation)	£20k						
<b>TOTAL</b>		<b>£850k</b>			<b>£200k</b>			<b>£150K</b>

# CABINET REPORT

24 January 2011



**Report of:** Scrutiny Co-ordinating Committee

**Subject:** FORMAL RESPONSE TO THE EXECUTIVE'S  
MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2011/12 TO 2014/15 CONSULTATION PROPOSALS

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## SUMMARY

### 1. PURPOSE OF REPORT

- 1.1 To provide the formal response of the Scrutiny Co-ordinating Committee in relation to the Executive's Medium Term Financial Strategy (MTFS) 2011/12 to 2014/15 consultation proposals.

### 2. SUMMARY OF CONTENTS

- 2.1 The report provides an overview of Scrutiny's involvement in the Authority's Budget setting process, together with their formal response to the Executive's Medium Term Financial Strategy (MTFS) 2011/12 to 2014/15 consultation proposals.

### 3. RELEVANCE TO CABINET

- 3.1 Cabinet are requested to consider the formal response of the Scrutiny Co-ordinating Committee in relation to the Executive's proposals, prior to determining their finalised proposals.

### 4. TYPE OF DECISION

- 4.1 Not applicable in this instance.

### 5. DECISION MAKING ROUTE

- 5.1 Cabinet (20 December 2010, 24 January 2011 and 7 February 2011), Scrutiny Co-ordinating Committee (14 January 2011 and 21 January 2011) and Council (10 February 2011).

### 6. DECISION(S) REQUIRED

- 6.1 That Cabinet considers the formal response of the Scrutiny Co-ordinating Committee.

# CABINET REPORT

24 January 2011



**Report of:** Scrutiny Co-ordinating Committee

**Subject:** FORMAL RESPONSE TO THE EXECUTIVE'S  
MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2011/12 TO 2014/15 CONSULTATION PROPOSALS

## 1. PURPOSE OF THE REPORT

- 1.1 To provide the formal response of the Scrutiny Co-ordinating Committee in relation to the Executive's Budget and Policy Framework Proposals for 2011/12.

## 2. BACKGROUND INFORMATION

- 2.1 In December 2010, the Scrutiny Co-ordinating Committee considered the Executive's initial Medium Term Financial Strategy (MtfS) 2011/12 to 2014/15 Proposals. This resulted in the formulation of a Scrutiny response, which was considered by Cabinet on the 20 December 2010.
- 2.2 With due consideration of the comments and views presented by Scrutiny, Cabinet at its meeting on the 10 January 2011 finalised its Medium Term Financial Strategy (MtfS) 2011/12 to 2014/15 proposals. As part of the agreed consultation process, these finalised proposals were considered by the Scrutiny Co-ordinating Committee on 14 January 2011 (continued on the 21 January 2011) with a response to be presented to Cabinet on the 24 January 2011.
- 2.3 During the consideration of the Executive's initial and finalised Budget and Policy Framework Proposals for 2011/12, the appropriate Cabinet Members were in attendance subject to their availability.
- 2.4 Details of the views expressed by the Scrutiny Co-ordinating Committee at the meeting on the 14 January 2011 are outlined in Section 3 of this report. It will, however, be necessary to table at today's meeting details of the discussions that continued on the 21 January 2011.

**APPENDIX K – Part 1**

**3. FORMAL RESPONSE OF SCRUTINY TO THE EXECUTIVE'S FINALISED MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2011/12 TO 2014/15 CONSULTATION PROPOSALS**

3.1 At the meeting held on the 14 January 2011, Members of the Scrutiny Co-ordinating Committee (with all Members of Scrutiny also invited to attend) were asked to:-

i) Consider the responses provided to the views, comments and alternative suggestions raised by Scrutiny as part of the initial consultation process; and

ii) Formulate a response in relation to:-

(a) The selection of Option 1 as the way forward for preparation of the Council's Medium Term Financial Strategy (2011/12 to 2014/15);

(b) The proposed strategy for the allocation of unsupported corporate capital borrowing allocations;

(c) The proposed alternatives identified by Cabinet to replace the original £31,000 beach safety saving proposal; and

(d) Cabinet's proposed strategy for managing cuts and changes in Specific Grants.

3.2 The Scrutiny Co-ordinating Committee's responses are outlined in paragraphs 3.3 onwards.

**3.3 Cabinet response to views, comments and alternative suggestions raised by Scrutiny as part of the initial consultation process:-**

i) The Committee noted the responses provided to questions raised as part of the first stage of the budget consultation process. In considering the information provided, Members accepted the responses provided and expressed further views in relation to a number of issues. Details of the views and comments expressed are outlined in **Appendix A**.

**3.4 The selection of Option 1 as the way forward for preparation of the Council's Medium Term Financial Strategy (2011/12 to 2014/15):-**

i) The Committee noted the stark financial implications of each option in relation to the potential funding gap that would be left for 2012/13. Given indications that Option 1 would leave a gap of £7.5 million, whilst Option 2 would leave a gap of £10.5 million, Members were of the view that to defer cuts now would make next years tasks virtually impossible. On this basis, Members were of the opinion that Option 1 was the prudent way forward.

**The Committee supported the selection of Option 1 by Cabinet.**



## **APPENDIX K – Part 1**

### **3.5 The proposed strategy for the allocation of unsupported corporate capital borrowing allocations:-**

- i) Consideration of the proposed strategy was deferred for discussion at the Scrutiny Co-ordinating Committee meeting on the 21 January 2011. Details of the outcome of these discussions will be tabled at today's meeting **(Appendix B)**.

### **3.6 The proposed alternatives identified by Cabinet to replace the original £31,000 beach safety saving proposal:-**

- i) Members highlighted the importance of achieving savings across board without impacting on the provision of front line services. Given the importance of the providing effective beach safety services, Members were of the view that achieving savings through the following means should be supported:
  - Removal of 'old mayoral' and 'deputy mayoral' allowance paid to Chair and Vice Chair of Council of respectively. (Saving provides funding for a small Special Responsibility allowance for the Vice Chair if this is recommended by the Independent Remuneration Panel) – proposed saving £11k;
  - Removal of Mayor and Chairman's hospitality budgets and residual balance of Cabinet contingency budget – proposed saving £13k;
  - Saving from Ward Support budgets – proposed saving £2k; and
  - Registration service – deletion of overtime budgets – proposed saving £5k.

**The Committee supported the alternative proposals identified above to replace the original £31,000 beach safety saving proposal.**

### **3.7 Cabinet's proposed strategy for managing cuts and changes in Specific Grants:-**

- i) Consideration of the proposed strategy was deferred for discussion at the Scrutiny Co-ordinating Committee meeting on the 21 January 2011. Details of the outcome of these discussions will be tabled at today's meeting. **(Appendix B)**

## **4. RECOMMENDATION**

- 4.1 That Cabinet considers the formal response of the Scrutiny Co-ordinating Committee in relation to the Executive's Medium Term Financial Strategy (MtfS) 2011/12 to 2014/15 proposals, as outlined in Section 3 of this report.

**APPENDIX K – Part 1**

**COUNCILLOR MARJORIE JAMES  
CHAIR OF THE SCRUTINY CO-ORDINATING COMMITTEE**

January 2011

**Contact:-** Joan Stevens – Scrutiny Manager  
Chief Executive's Department – Corporate Strategy  
Hartlepool Borough Council  
Tel: 01429 284142  
Email: joan.stevens@hartlepool.gov.uk

**BACKGROUND PAPERS**

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

- (i) Report of the Scrutiny Co-ordinating Committee entitled ' Formal Response to the Executive's Initial Medium Term Financial Strategy (MtfS) 2011/12 to 2014/15 Consultation Proposals' considered by Cabinet On the 20 December 2010.
- (ii) Report of the Chief Finance Officer / Scrutiny Manager entitled 'Medium Term Financial Strategy (MTFS) 2011/12 TO 2014/15 ' considered by the Scrutiny Co-ordinating Committee on the 14 January 2011.
- (iii) Minutes Of Cabinet Held On 20 December 2010.

Budget QuestionsChild and Adult Services

Service Area	Questions Raised and Answers Provided as part of the Initial Phase of the Budget Consultation Process	Further Comments / Questions Raised as part of the Final Phase of the Budget Consultation Process (Raised at the SCC meeting on the 14 January 2011)
Children's Contracted Services	<p><b>Question</b> Nil inflationary increase – what proportions of organisations are private compared to voluntary?</p> <p><b>Answer</b> 22% of expenditure incurred within these budgets (total expenditure budget £451,000) is with voluntary organisations and registered charities. This equates to £8K of the proposed £38K saving. Providers' expectations are a nil increase owing to the current financial position.</p>	<p>Members queried why the Children's Fund had been identified in its own right as taking a potential £84,000 of cuts when it had been mainstreamed last year as part of Children's Contracted Services. When advised that the proposal was for contracted services to standstill and the Children's Fund to take a bigger cut, concern was expressed that all elements of Contracted Services should be treated the same.</p> <p>Members were advised that each budget was assessed individually with a contributory factor in the identification of savings being the impact on the community. Whilst Members acknowledged this, there continued to be concern regarding the emphasis of cuts on one project from Contracted Services and the suggestion that the loss of Children's Fund services would have a lower impact on the community than other service areas.</p> <p>Members also highlighted the raft of areas of services delivered under the umbrella of children services and the need to have the capacity in the future as part of the budget process to look at them individually, rather than as a group. Emphasis was placed upon the strain being placed upon the voluntary / community sector with the slice by slice reduction of services and funding and the need to look across service areas to explore the potential</p>

## APPENDIX K – Part 2

		<p>for the provision of services through the voluntary sector in viable and sustainable way. <b>It was suggested that this needed to be looked at by Cabinet and that discussions needed to be held with the voluntary / community sector.</b></p> <p>It was emphasised to Members that no one wanted to make these decisions and that alternative would be welcomed. It was also emphasised that not all Children's Fund cuts would come from voluntary sector providers.</p>
<p>Libraries – Central, Branch and Home / Delivered Services</p>	<p><b>Question</b> Comments / views of library staff on the proposals to close libraries</p> <p><b>Answer</b> To summarise: Staff dedication to providing a quality service continued to show through and a belief that if the level of savings required have to be made then the proposals of SDO/CSR are the right ones. All staff were consulted and comments are available should that be required via the attached web link.</p> <p>A sample week Oct 2009 (Oct is CIPFA collection month) is available which provides daily visitor no's. The following are 'visitors per week';- Central (6907), Foggy Furze (822), Headland (433), Owton Manor (846), Seaton Carew (624), Throston (693), West View (319).</p> <p>On a purely usage based analysis you would close West View in preference to closing another service. In respect of loss of service to the community, alternative options have potential from including within the mobile service, home visits for housebound and working with the 3<sup>rd</sup> sector/other partners in relation to the future of the library and community centre building.</p>	<p>Members sought clarification of usage figures for West View library and were reminded that they related to weekly visitor numbers. It was also clarified that whilst the logical library for closure on purely usage figures would be West View a whole series of other factors would be taken in to consideration. An assurance was given that no decision had yet been taken and that when taking about closure it related to the service and not the building.</p> <p>Members queried the position in terms of discussions with community/voluntary groups to take over buildings and were assured that the Council would be willing and keen to talk to anyone. Attention was drawn to indications that there may be interest in the provision of services from the Belle View Community, Sports and Youth Centre. Whilst officers / the Mayor were unaware of this potential they encouraged representatives to make contact (as were all potentially interested groups in other areas of the town). Attention was also drawn to the work being undertaken by Cllr Jackson in relation to Throston Library and Community Centre.</p>

Cultural Services	<p><b>Question</b></p> <p>a) Members suggested that the fireworks display should be a larger event / festival to generate income and joint arrangements with partner organisations, such as the fire brigade should be explored.</p> <p>b) Members requested that the tourism marketing budget be considered in conjunction with the marketing budgets held within other departments to rationalise services.</p> <p><b>Answer</b></p> <p>There are further opportunities to consider the consolidation of these activities. Whilst initial consideration has commenced any changes required will require further analysis and understanding of the requirements and resources in place and the most effective manner in which they could be reconfigured if this is assessed as being beneficial. This consideration will take place in the early part of the next municipal year as part of the strategy for addressing the budget gap for 2012/13.</p>	<p>Members reinforced their support for the continuation of fireworks displays and the positive impact they have in terms of the environment and accident figures at that time of the year. It was highlighted that the Police and Fire Brigade had at a recent Police and Community Consultative Forum meeting been very supportive of the retention of these displays.</p> <p>Members highlighted the importance of seeking funding from partners and <b>requested that the Mayor as the authority's elected representative on the Safer Hartlepool Partnership to raise the issue of funding contributions to the cost of fire work displays as an issue for discussion.</b></p>
Integrated Youth Service	<p><b>Question</b></p> <p>Members agreed with this proposed saving and requested that a wider review of the information / support / guidance services provided by the Council be undertaken, which may result in additional savings.</p> <p><b>Answer</b></p> <p>There are further opportunities to consider, review and consolidate these services and the proposal for an all age advice service is highlighted within the Schools white paper recently. Whilst initial consideration has begun any changes will require further analysis and understanding of the requirements and resources in place currently, the funding in the new specific grant, i.e. the Early Intervention Grant and the direction given nationally to the future of this type of service. However as part of this budget proposal and an earlier SDO a review was undertaken focussing on the wider integrated youth service which incorporates IAG This further consideration will take place in the early part of the next municipal year as part of the strategy for addressing the budget gap for 2012/13.</p>	<p>Member queried if, given the cuts planned under the Connexions banner, there would continue to be an information, advice and guidance service for young people in town run by youth service. Confirmation was provided that there was no suggestion in the 2011/12 budget proposals that the service would cease.</p>

Regeneration and Neighbourhoods

Waste Management	<p><b>Question</b> Bulky Waste – Confirmation of figures requested.</p> <p><b>Answer</b> The agreement through the S.D.O. review to introduce charges for the collection of bulky waste took into account reductions brought about by the recession but still required an income of £110K. Further analysis of the figures showed a heightened risk of not achieving the full £110K based on the average take up of 50% with half of that 50% being charged at the concessionary rate which is half price. This will achieve approx. £60K income leaving a shortfall of £50K. This shortfall is being made up by the reduction of one round and with the percentages outlined above this will still provide an acceptable service.</p>	<p>Members expressed concern regarding the potential fly tipping impact of charging residents for bulky waste removal. It was also suggested that exploratory work should be undertaken to explore the potential of 3<sup>rd</sup> sector organisations in the town undertaking this work without charging. Whilst the SDO in relation to this service are had already been through Cabinet, it was indicated that any suggestion for alternative ways of providing services would be welcomed and explored.</p>
Housing (homelessness, advice, private sector team)	<p><b>Question</b> Members suggested that:- a) required savings should be sought across all posts in this area. b) Rent of Park Towers is re-negotiated with Housing Hartlepool in relation to the percentage of floor space used.</p> <p><b>Answer</b> a) Funding from increased grant and a part saving on the post of Crime and Disorder Manager removes the need for a job loss in this area  b) Park Towers occupation and rental is being reviewed / renegotiated but it is not believed that further savings across all posts is feasible.</p>	<p>Members queried if the job loss related to person providing UNITE services and were advised that it is related to a Housing Advice Officer post which could now be saved. The team will be looking at the UNITE service as previously suggested by the Scrutiny Co-ordinating Committee. It was also indicated that the additional grant secured had enabled the current service to continue, with a review of the service to be undertaken in the next 12 months (as previously suggested by Scrutiny).</p> <p>Members suggested that the relocation of the housing team should be explored. Members were advised that the Council is in the process of rationalising space and building and this would be explored as part of this process.</p> <p>Further information is also to be provided in relation to the UNITE service as requested by the Committee in relation to potential other sources of funding.</p>

General or Cross Cutting Queries

General Questions	
<p><b>Question</b> In relation to the overall proposed budget reductions for the Chief Executive's Department a question was raised about operating a 'Directorship' as opposed to a directly appointed Chief Executive and Assistant Chief Executive. Members requested that the feasibility of this three directorate approach be explored, not just in relation to the financial aspects but the difference / benefits that it would bring to the delivery of corporate services.</p> <p><b>Answer</b> A report was presented to the Committee by the Chief Executive.</p>	<p>Members received the report provided by the Chief Executive and indicated that it would be considered / in greater detail at a future Scrutiny Co-ordinating Committee meeting.</p>

## SCRUTINY CO-ORDINATING COMMITTEE BUDGET COMMENTS - 21 JANUARY 2011

(CONTINUATION OF DISCUSSIONS FROM 14 JANUARY 2011)

<b>UNSUPPORTED CORPORATE CAPITAL BORROWING ALLOCATION</b>	
<b>Cabinet Proposals</b>	<b>Scrutiny Comments/Views</b>
<b>Category A – Carlton Camp Improvements</b>  Essential canopy replacement and electrical works to enhance facility.  £15,000	In response to a query regarding the potential of a contribution from the Trust that owns the Camp, it was clarified that there was to be a contribution from the Trust. Members were also advised that the Trust can access funding sources which local authorities cannot access. The £15,000 shown represented the Councils allocation / contribution.
<b>Category A – Warren Road Boiler Replacement (PCT contribution – 50% included)</b>  Renewal of Boilers and associated Heating systems to upgrade and increase energy efficiency.  £35,000 (part PCT funded)	It was confirmed that the £35,000 shown reflected the Councils contribution. In light of this, concern was expressed that an overall figure of £70,000 appeared to be very high. Whilst it was explained that multiple boilers were to be replaced, Members felt that they needed a clearer understanding of what was included before a full view could be expressed on the allocation. <b>Members requested the provision of further detail of the scheme.</b>  <b>Response to SCC question</b> The costs cover the replacement of two substantial existing boilers (over 30 years old) and associated equipment such as flues, pumps, BMS controls etc. The costs are in line, pro rata, with recent and comparable boiler plant replacements at schools.  Member queried if given the work of the independent living centre, and the funding allocated for that, there would be the need for Warren Road in the future or indeed if we would be able to afford to continue it.



<p><b>Category A – Disabled Facilities Grants (DFG's)</b></p> <p>The Authority has a mandatory responsibility to provide DFGs and adaptations to those households who qualify for this assistance. The authority does not give discretionary grants. The funding which is provided by central government grant only finances 50 to 60 percent of the annual requirements in the Town. This funding increases the number of grants and reduces waiting lists.</p> <p>£200,000</p>	<p>Members queried how much funding was received from the government and were advised a similar amount (virtually match funding) was received. <b>Full details of the level of government funding were to be provided to Members.</b></p> <p><b>Response to SCC question</b></p> <p>For 20/10/11 CLG grant allocation was £305k and SHIP grant was £185k. In 2011/12 there will be no SHIP grant and CLG allocation has been confirmed as £305k (the same amount as 2010/11). The £200k Council capital allocation could reduce the waiting list by around 45 cases.</p>
<p><b>Category B – Stranton Nursery Lodge / Café development</b></p> <p>Major refurbishments and improvement that extends the life and value of Stranton Lodge asset. Associated remodelling of Lodge to make it fit-for-purpose as an income generating Café facility with a key role within the overall Stranton Nursery site remodelling exercise.</p> <p>£25k (£50k 2010 / 11 – 1<sup>st</sup> phase)</p>	<p>Members were of the view that 50K over 2 years was considerable and that this was difficult to justify when Community Centres and libraries are under threat. It was explained to the Committee that the investment would bring in greater income in the future and that the business case had provided an indication of the timescale of the investment to be recouped.</p>
<p><b>SCRUTINY CO-ORDINATING COMMITTEE'S VIEW/DECISION:-</b></p> <ul style="list-style-type: none"> <li>i) The Committee noted and accepted the majority of Cabinets proposals for the allocation of the resources under each of the three Categories identified;</li> <li>ii) The Committee expressed views / suggestions in relation to a number of specific proposals (as outlined above);</li> <li>iii) Requested the circulation of additional information as outlined above; and</li> <li>iv) Requested that SCRAPT fund be renamed 'The Council's Special Capital Fund'.</li> </ul>	

**FORMULA GRANT ADJUSTED BASELINE**

**General Comments**

Attention was drawn to the monies transferred either from specific grants to the area based grant to the formula grant. Officers explained that the government had implemented a significant reduction in these grants and the appendix to the report set out Cabinets proposals for dealing with these reductions.

**SCRUTINY CO-ORDINATING COMMITTEE'S VIEW/DECISION:-**

i) The Committee noted Cabinets proposals.

<b>EARLY INTERVENTION GRANT</b>	
<b>General Comments</b>	
Attention was drawn to the monies transferred either from specific grants to the area based grant to the new Early Intervention grant. Officers explained that the government had implemented a significant reduction in these grants and the appendix to the report set out Cabinets proposals for dealing with these reductions	
<b>Cabinet Proposals</b>	<b>Scrutiny Comments/Views</b>
<b>Children's Fund</b>	Concerns expressed at the Scrutiny Co-ordinating Committee meeting on the 14 January were reiterated regarding the mainstreaming of Children's Fund funding (as outlined in Appendix A).

**Connexions**

Members queried the level and quality of outcomes from the Connexions service and reiterated the need for an evaluation to be undertaken. In light of this, it was suggested that consideration should be given to an increased cut in Connexions funding and that the monies identified could then be redirected/redistributed. Members were extremely concern regarding potential long term implications of cuts in funding for early intervention and prevention services (especially in services for children and young people) and felt that the redirected resources should be focused into these areas.

In response to this, it was noted that as part of previous discussions Members had identified the need to look more corporately at the provision of advice services. It was accepted that there are a range of different things that need to be looked at in relation to this and this was to be undertaken over the next, in preparation for next year's budget. **The Committee welcomed and reiterated the importance of:**

- **A thorough 'mapping' exercise of ALL information services to young people as part of the process; and**
- **The need for the Connexions service to look at other ways of working (including outreach work).**

The Committee welcomed support from the Portfolio Holder for Regeneration and Economic Development in relation to the importance of intervention and prevention services (particularity for children and young people in providing them with the best start and opportunities in life). **The Committee welcomed, and supported, the Portfolio Holders suggestion that the allocation of area based grants in relation to intervention and prevention services needed to be looked at again by Cabinet.**

To assist in these further discussions, **the Portfolio Holder for Regeneration and Economic Development also requested confirmation / clarification of the position in terms of the mainstreaming, or not, of the Children's Fund funding.**

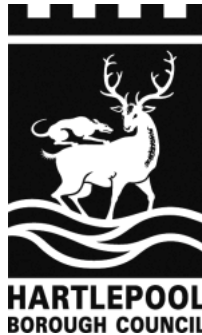
<b>January Guarantee</b>	<p>It was confirmed that the January Guarantee is a service provided through the Connexions Service. Members queried why £12.000 of funding was given in addition to the other funding allocations and indicated that if these resources were spent in Children's Centre, on early intervention, they would save significantly more in the longer term.</p> <p>It was confirmed that the January Guarantee had been an additional requirement from government; hence the allocation of the additional funding to covers its implementation. Members were mixed in their views as to whether:</p> <ul style="list-style-type: none"> <li>- The funding should be allocated separately for this work or the costs covered by the original funding; or</li> <li>- The 'guarantee' process was really needed twice a year.</li> </ul>
<b>Youth Crime Action Plan</b>	<p>Given the massive cuts being implemented across all sectors, concern was expressed regarding the potential knock on effect in terms of increased crime and the impact of reduced funding for the provision of Community Safety services. Emphasis was again placed upon the vital importance of preventative services.</p>
<b>General Comments</b>	
<p>i) Members reiterated their concerns regarding the potential long term implications of cuts in funding for early intervention and prevention services (especially in services for children and young people). This included the work being carried out through the youth service;</p> <p>ii) Members were exceptionally concerned regarding:</p> <ul style="list-style-type: none"> <li>- The impact of the removal of the Education Maintenance allowance on the opportunities for young people in Hartlepool; and</li> <li>- The impact of government cuts on the most vulnerable sections of the community, both nationally and locally.</li> </ul> <p>iii) Members emphasised the need to bring the impact of cuts and their emphasis on the most vulnerable members of communities (as outlined in (i) and (ii) above) to the attention of the Government and hoped that conservative and liberal democrat colleagues would join in supporting this.</p>	

**SCRUTINY CO-ORDINATING COMMITTEE'S VIEW/DECISION:-**

## The Committee:-

- i) Noted Cabinets proposals and expressed view s / suggestions in relation to a number of specific proposals (as outlined above);
- ii) Requested the circulation of additional information as outlined above; and
- iii) Recommended that:
  - If the intention w as to look at information / advice / guidance services and see how they could be rationalise (including the Connexions services for young people) the Council may w ish as part of next years budget process to redirect the money identified; and
  - That funding potentially identified through the rationalisation of information / advice / guidance services should be targeted on those in need and not absorbed in to departmental budgets.

<b>CABINET RESPONSE TO EARLIER SCRUTINY VIEWS / SUGGESTIONS (submitted as part of the first stage of the budget consultation process)</b>	
<b>Cabinet Proposals</b>	<b>Scrutiny Comments/Views</b>
<p><b>Democratic Services and Scrutiny</b></p> <p>Members were advised that Cabinet reaffirmed its original proposals.</p>	<p><b>The Committee reaffirmed its view that it could not support the proposed cut in funding for these service areas.</b> It was again indicated that given the other reductions being proposed in processes to facilitate face to face interaction between this authority and public scrutiny, one of main remaining interfaces would be Scrutiny. It was also reiterated that the following year would be a more appropriate time to look at reductions in this area given the reduction in the number of Councillors that was to occur.</p> <p>In discussing this issue, the need for a cut in Cabinet size was also raised.</p>
<p><b>Community Pool</b></p> <p>Members were advised that Cabinet reaffirmed its original proposals.</p>	<p>Concerns were reiterated regarding the unfairness of targeting those groups through the reduction in funding for the community pool, and emphasised the impact of this in combination with the other cuts facing the sector. The Committee was assured that this was not the case and that the pool was not target to specific groups. In addition to this, there were opportunities for the sector with the Council's move to the commissioning of services, although it was recognised that this would require a real change / review in how they operate.</p> <p>Members retained the view that the proposal was unfair.</p>
<b>General Comments</b>	
<p>i) Concern was expressed regarding the implications of shared arrangements and the potential of this Authority to have to pick up a larger slice of proportional costs. It was suggested that the use of own buildings needed to be rationalised to ensure as many services as possible delivered from our own premises. Potentially, partners to be invited into our premises.</p>	



**BUDGET CONSULTATION MEETING WITH BUSINESS REPRESENTATIVES**

**Minutes of Meeting held on 13 December 2010  
at 9.30am in the Mayor's Office, Level 2, Civic Centre**

**Present:** ***Hartlepool Borough Council Officers***  
Andrew Atkin, Assistant Chief Executive  
Stuart Drummond, Mayor  
Chris Little, Chief Finance Officer  
Dave Stubbs, Director of Regeneration and Neighbourhoods  
Paul Walker, Chief Executive  
Councillor J Brash  
Councillor C Hill  
Councillor G Hall

***Business Representatives***  
Peter Olson  
Adrian Liddell

**Apologies:** Nicola Bailey, Director of Child and Adult Services  
Councillor P Hargreaves  
Councillor R Payne  
Cllr P Jackson

***Business Representatives***  
Brian Beaumont  
John Megson

*Leanne Anderson, PA to CEMT (Minutes)*

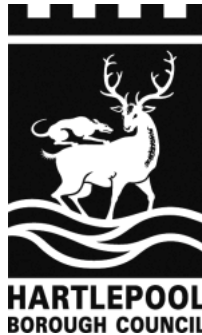
<b>1.</b>	<b>Presentation</b>
<p>CL provided a detailed overview of the issues affecting the budget and policy framework proposal for 2011/12 to 2014/15 and sought views from the Business Sector. A detailed overview of the following issues was provided:</p> <ul style="list-style-type: none"><li>- Budget Position January 2010</li><li>- Budget forecasts 2011/12 onwards</li><li>- 2011/12 to 2014/15 Financial Outlook</li><li>- Business Transformation Programme</li></ul>	



<ul style="list-style-type: none"> <li>- Use of specific reserves</li> <li>- Lower pay award provision</li> <li>- Local pressures / Demographic pressures</li> <li>- Forecasted grant cuts, including cuts to the Area Based Grant</li> <li>- Spending Review announcement (20.10.10)</li> <li>- Department for Communities and Local Government issues – front loaded cuts</li> <li>- Removal of ring fencing for specific grants</li> <li>- Loss of WNF funding</li> <li>- Council Tax Freeze for 2011/12</li> <li>- PWLB increase to interest rates for Council borrowing</li> <li>- The removal of incentives for Carbon Reduction Commitment</li> </ul>	
Comments Made	Response
Surely you are being pessimistic about the current bank lending situation, just how much is the Council currently borrowing?	The Council is currently borrowing as little as possible. Our treasury management strategy which seeks to have as little money invested in banks as possible is in place in response to the banking crisis. Our investments come from reserves which were set up to support the budget. However, as those reserves begin to be spent, the Council will need to look at alternatives including borrowing.
Will you borrow for capital works and what will the interest be?	Yes. The interest rate will depend upon the term of borrowing; if it is a short term loan then the interest rate is likely to be in the region of 1%, a longer term may see a 5% interest rate. As government increase interest rates, all flexibility is removed, creating a greater risk for the Council.
In the papers previously circulated it states that 150 jobs will be cut from the Council. What is the staff turnover rate for the Council?	Although we budget for staff salaries, we actually only budget for 97% of our workforce due to salary turnover. In budget terms, this is £1m that is not budgeted. This is a risk which has been identified to members. The Council has established a strategic risk reserve to fund this on a temporary basis. Over the last 6-9 months the Council has been holding posts vacant where possible in preparation for the budget cuts this year. This year alone there are 440 employees at risk of redundancy with 150 employees expected to be made redundant. The Council are also going through a voluntary redundancy exercise to help mitigate the number of compulsory redundancies.
What is the total number of staff within the Council?	The total number of employees is 4,500 (2,500 excluding schools).
Business representatives noted that they have been involved in cuts in the past and recommended making all redundancies at the beginning of the process rather than decreasing staff morale over a prolonged period of time.	This year the Council has tried to remove as little jobs as possible, however the difficulty will only increase for next year.

We appreciate that nothing can be said to make a difference but we will do anything we can to help.	The major issues that local businesses face will be managing an economic downturn after a period of such growth. Ministers will want to control the regional growth fund.
In Hartlepool, businesses rely totally on the Council; the cuts you make will directly affect us.	Capital spend will stop, not reduce.
Local businesses cannot even rely on house building as banks won't lend money for mortgages. The housing market is frozen. It has been suggested that we can only let new tenancies and charge 80% of market value. Local businesses do have the ability to purchase factory built houses, however this does little for the local economy.	The economic budget has been protected as far as possible; however the removal of the WNF will affect local businesses. TVU has been cut by two thirds. As a result, the Council is much more focused on strategic issues.
Has the Council considered the possibility of sharing services across the Tees Valley?	Discussions are already in place with neighbouring local authorities.
Is there any mileage in looking at private/public sector shared services?	It is expected that a white paper will be published in January 2011 regarding services that have to be ran outside of the authority. Local businesses will have to compete with nationwide companies for these services.
Housing Hartlepool will do all that they can to help however the formula that drives us will cause a rent increase?	The question will be whether housing is classes as public sector. It would be helpful to have some public messages disseminated that in Hartlepool jobs are going into the private sector as a result of public sector cuts.
In terms of the budget proposal for the Dial-a-Ride service what other option will the Council be providing? Would it not be easier to cut the service rather than have it running at such high cost (£10 per head)?	There are broader options to downsize and / or restructure the service. However as a service it is not cost effective.
It is difficult to foresee small businesses continuing to set up. However businesses are coping differently, the manufacture industry is currently doing well. There are also future prospects for eco-friendly businesses, i.e. wind farms.	The Council are currently in discussions with a private developer to use Crown House as a venue to set up an incubation system. However this would require capital funding which would incur a risk for the Council.
On radio this morning it announced that there was to be a repatriating of local business rates. This would have a negative effect on Hartlepool.	Yes, Hartlepool would be in deficit of £15-20 million per year.
Are there any plans for a further power station?	A new one would not be in place until 2025; this would cause a lapse in employment.

There an increasing necessity to service an ageing popularity. This was shown in the presentation as a pressure.	Those services have consistently been delivered well by local government. We are not convinced that the government has researched their plans in relation to health. It is bad practice to say that you are ring fencing health and then remove the grant funding for Social Services.
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## **BUDGET CONSULTATION MEETING WITH TRADE UNION REPRESENTATIVES**

**Minutes of Meeting held on 22 December 2010  
at 10.00am in the Mayor's Office, Level 2, Civic Centre**

**Present:**     ***Hartlepool Borough Council Officers***  
Chris Little, Chief Finance Officer  
Andrew Atkin, Assistant Chief Executive  
Stuart Drummond, Mayor  
Joanne Machers, Chief Customer and Workforce Services Officer  
Paul Walker, Chief Executive  
Councillor J Brash  
Councillor P Hargreaves  
Councillor C Hill  
Councillor G Hall

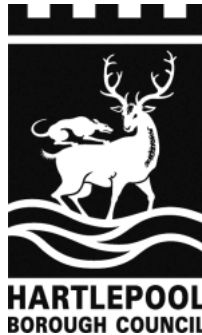
***Trade Union Representatives***  
Edwin Jeffries, HJTUC Secretary

**Apologies:**   Councillor R Payne

*Leanne Anderson, PA to CEMT (Minutes)*

<b>1.</b>	<b>Presentation</b>
<p>CL provided an overview of the issues affecting the budget and policy framework proposal for 2011/12 to 2014/15 and sought views from Trade Union Representatives. A detailed overview of the following issues were provided:</p> <ul style="list-style-type: none"> <li>- Provisional Local Government Grant Settlement</li> <li>- Area Based Grant</li> <li>- Formula Grant</li> <li>- National Position &amp; Spending Power Cuts</li> <li>- Written response to Minister</li> <li>- Scrutiny Co-ordinating Committee Feedback</li> </ul>	
<b>Comments Made</b>	

The group discussed the notion that northern authorities have a greater reliance on the public sector and the ideological push from government to use of the private sector. Government are advertising this shift as creativity and a release for local government.	
EJ – it is obvious that Hartlepool is successful in gaining revenue grant funding in comparison to other LA's. However taking this away leaves us in a difficult position.	
EJ – the Economic Forum is consistently trying to get private sector involvement.	
EJ – whilst the TU's fully recognise the financial situation detailed in the Cabinet report dated 29.11.10 we require clarification on a number of issues. Our aim is to reduce and mitigate the need for compulsory redundancies wherever possible. However we acknowledge that there will be cuts in connection with specific grant cuts.	
In the Cabinet report dated 20.12.10, the cut to core grant is 0.8% less, this should mean some jobs can be saved. There is £2.7m between the two options shown in the Cabinet report; surely this could mitigate the requirement for any compulsory redundancies.	
EJ – we acknowledge the need for a prioritisation exercise and the ongoing issue of categorisation (ABC exercise).	
SD – some flexibility will come from Scrutiny and we will then have to look at other ways of providing services.	
Comment	Response
SD – Eric Pickles has suggested that Councils keep the business rates they generate.	TU – that would be disastrous. Perhaps it would work if we were able to rebuild industry at a local level rather than outsourcing abroad.
TU – we ask that you look into alternative ways of providing services and use the redeployment exercise to mitigate compulsory redundancies.	PW – if we use the £2.7m to fund redundancies, we will have a budget deficit of £10.9m next year. We are trying to avoid a vicious cycle that would occur from delaying cuts.
TU – whilst we recognise that the end result may see the loss of some jobs, we wish to see all possibilities exhausted. We recommend widening the scope of the SDOs.	



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

**Minutes of Meeting held on 17 January 2011  
at 9.30am in the Mayor's Office, Level 2, Civic Centre**

**Present:**     ***Hartlepool Borough Council Officers***  
                   Stuart Drummond, Mayor  
                   Paul Walker, Chief Executive  
                   Andrew Atkin, Assistant Chief Executive  
                   Chris Little, Chief Finance Officer  
                   Alan Dobby, Assistant Director - Support Services (*on behalf of Nicola Bailey*)  
                   Councillor C Hill  
                   Councillor G Hall  
                   Councillor H Thompson

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

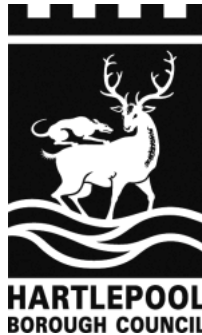
**Apologies:**   Nicola Bailey, Director of Child and Adult Services  
                   Dave Stubbs, Director of Regeneration and Neighbourhoods  
                   Councillor P Hargreaves  
                   Councillor R Payne  
                   Councillor P Jackson  
                   Councillor J Brash

*Carly Lupton, PA to CEMT (Minutes)*

<b>1.</b>	<b>Presentation</b>
<p>CL reported on Hartlepool's Financial Future following the Local Government Settlement and sought views from the Business Sector. A detailed overview of the following issues was provided.</p> <ul style="list-style-type: none"> <li>- Spending Review provided overall financial direction of Government Spending</li> <li>- Local Government Settlement confirms cuts to Council funding</li> </ul>	

<ul style="list-style-type: none"> <li>- National position</li> <li>- £/Person Damping Grant</li> <li>- % Reduction in Spending Power</li> <li>- £/Person Cut Spending Power</li> <li>- Local Government Grant Settlement – National Position</li> <li>- Formula Grant – Impact on Hartlepool</li> <li>- Changes to specific grants and Area Based Grant</li> <li>- Summary of Grant Cuts</li> <li>- What has already been done to reduce costs</li> <li>- What can be done to reduce costs in 2012/12 and beyond</li> </ul>	
Comments Made	Response
Without transitional funding would the grant have been reduced further than 8.9%?	Without transitional funding it would have been around 12%.
What is the national position for PCTs?	PCTs are ceasing to exist in 2013 to be replaced by GP consortiums. PCTs have already had a reduction in management staff by 42%.
Hartlepool's reduction is £113 per head of population which is significantly higher than the £73 which had previously been suggested. How does this compare with other authorities?	The average is £49 which is significantly lower. The North East had £200m taken from the region. Regional responses to provisional settlement will set out the impact these cuts will have on the region.
Are you still expecting to lose the same number of posts as previously indicated?	We are still expecting to lose approximately 150 posts. To date 98 redundancies have been identified which have been made up of both compulsory and voluntary redundancies.
Are we clear on what effects cuts are going to have on services?	The expected effects on services are detailed in report issued before Christmas.
What is the impact on Council Tax?	Cabinet are proposing to freeze Council tax and government will provide a grant for 4 years.
The private sector will not be able to pick up jobs lost from public sector.	This point is going to be made in the response to the Minister explaining the adverse effect this is likely to have on the local economy.
Do the cuts identified in the presentation help reduce the deficit in future years?	The cuts this made will not reduce the deficit in future years any future forecasts assume planned cuts will be made in 2011/12. Further cuts will have to be made.
If further redundancies are going to be made next year would it not be beneficial to make them all this year?	If we increased the number of redundancies significantly for this year there would be a risk that services would collapse. Further time is required to ensure this is managed correctly.
Are there any national reductions to the statutory services that have to be required?	The Government are not proposing any reduction in the Statutory requirements but we can change the way the statutory services can be delivered.
What is the way forward?	A final report will be taken to Cabinet 7 February 2011 and Council on 10 February 2011.

The Mayor thanked the Business Representatives for attending the Budget Consultation meetings and for their support in writing to the Secretary of State to regarding the Community and Local Government setting out business concerns regarding the provisional settlement and its impact on Hartlepool.



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

**Minutes of Meeting held on 20 January 2011  
at 9.30am in the Mayor's Office, Level 2, Civic Centre**

**Present:**     ***Hartlepool Borough Council Officers***  
                   Stuart Drummond, Mayor  
                   Paul Walker, Chief Executive  
                   Andrew Atkin, Assistant Chief Executive  
                   Chris Little, Chief Finance Officer  
                   Joanne Machers, Chief Customer & Workforce Services Officer  
                   Sally Robinson, Assistant Director - Safeguarding & Specialist  
                   Services(on behalf of Nicola Bailey)  
                   Councillor G Hall  
                   Councillor R Payne

***Trade Union Representatives***  
                   Edwin Jeffries  
                   Tony Watson  
                   Margaret Waterfield  
                   Malcolm Sullivan  
                   Chris Hargreaves  
                   Mike Hill  
                   Brian James

**Apologies:**   Nicola Bailey, Director of Child and Adult Services  
                   Dave Stubbs, Director of Regeneration and Neighbourhoods  
                   Councillor C Hill  
                   Councillor H Thompson  
                   Councillor P Hargreaves  
                   Councillor P Jackson  
                   Councillor J Brash

*Emma Armstrong, PA to CEMT (Minutes)*

<b>1.</b>	<b>Presentation</b>
CL reported on Hartlepool's Financial Future following the Local Government Settlement and sought views from the Business Sector. A detailed overview of the following issues was provided.	



- Spending Review provided overall financial direction of Government Spending
- Local Government Settlement confirms cuts to Council funding
- National position
- £/Person Damping Grant
- % Reduction in Spending Power
- £/Person Cut Spending Power
- Local Government Grant Settlement – National Position
- Formula Grant – Impact on Hartlepool
- Changes to specific grants and Area Based Grant
- Summary of Grant Cuts
- What has already been done to reduce costs
- What can be done to reduce costs in 2012/12 and beyond

Comments Made	Response
<p>The Trade Union representatives noted that they recognise the current financial position.</p> <p>The TU would like to see the least number of Compulsory Redundancies made.</p> <p>It was noted that no incentive has been given between Compulsory Redundancy figures and Voluntary Redundancy figures to encourage employees to volunteer. Could these be made more favourable to include incentives for VR?</p> <p>The Trade Unions requested if a full sweep could be done again to identify any further Voluntary Redundancies?</p>	<p>Increasing the Voluntary Redundancy package, would increase cost and as the Council does not have additional funding this would increase the number of Compulsory Redundancy posts needed.</p> <p>Council wide consultations have taken place with staff and this exercise has reduced the level of Compulsory Redundancies. This has been done by alternative methods of working, amendments to working hours / patterns.</p> <p>Chair of ANEC and Vice Chair and Treasurer of Newcastle met with the Government last week in respect of NE budget position. These comments were noted, but the NE are not optimistic that any changes will be made to the Settlement.</p> <p>It was also noted that the changes with the PCT to GP consortia will have a potential detrimental impact upon the LA.</p>

**STATEMENT OF GENERAL FUND REQUIREMENTS 2010/2011 TO 2014/2015**

2010/2011 BUDGET		2011/2012 PROPOSED BUDGET	2012/2013 PROJECTED BUDGET	2013/2014 PROJECTED BUDGET	2014/2015 PROJECTED BUDGET
£m.		£m.	£m.	£m.	£m.
	<b><u>DEPARTMENTAL REQUIREMENTS</u></b>				
30.091	Adult and Community Services	34.720	35.095	35.972	36.871
9.737	Chief Executives Department	9.166	9.395	9.630	9.871
1.398	Rent Allowances/C.Tax benefit not subsidised	1.433	1.469	1.506	1.544
(1.186)	Rent Allowances Grant	(1.216)	(1.246)	(1.277)	(1.309)
19.287	Children's Services	19.150	19.571	20.060	20.562
21.382	Regen & Neighbourhoods	21.666	22.185	22.740	23.309
<b>80.709</b>	<b>TOTAL DEPARTMENTAL REQUIREMENTS</b>	<b>84.919</b>	<b>86.469</b>	<b>88.631</b>	<b>90.848</b>
	<b><u>EXTERNAL REQUIREMENTS</u></b>				
0.192	Magistrates, Probation and Coroners Court	0.197	0.202	0.207	0.212
0.025	North Eastern Sea Fisheries Levy	0.032	0.033	0.034	0.035
0.031	Flood Defence Levy	0.055	0.056	0.057	0.058
0.105	Discretionary NNDR Relief	0.108	0.111	0.114	0.117
	<b><u>CORPORATE REQUIREMENTS</u></b>				
2.691	I.T.	2.758	2.827	2.898	2.970
0.365	Audit Fees	0.363	0.372	0.381	0.391
6.819	Centralised Estimates	7.029	6.852	6.874	6.832
0.182	Insurances	0.187	0.192	0.197	0.202
0.090	Designated Authority Costs	0.092	0.094	0.096	0.098
0.362	Pensions	0.371	0.380	0.390	0.400
0.374	Members Allowances	0.374	0.383	0.392	0.402
0.069	Mayoral Allowance	0.069	0.071	0.073	0.075
0.095	Emergency Planning	0.087	0.089	0.091	0.093
0.481	2010/11 Strategic Contingency (note 1)	0.410	0.422	0.430	0.440
0.130	Waste Disposal pressure 2010/11	0.000	0.000	0.000	0.000
0.053	Provision for Cabinet projects	0.004	0.004	0.004	0.004
0.830	Job Evaluation and pay awards April 2010 and 2011	1.730	1.621	1.434	1.099
0.450	Contribution towards one-off BTP costs	0.000	0.000	0.000	0.000
0.100	Pressures year 2 and 3 additional costs	0.312	0.312	0.312	0.000
0.000	Headroom for 2011/12 Pressures	1.066	1.093	1.120	1.148
0.000	Headroom for 2012/13 Pressures	0.000	1.000	1.025	1.051
0.000	Headroom for 2013/14 Pressures	0.000	0.000	1.000	1.025
0.000	Headroom for 2014/15 Pressures	0.000	0.000	0.000	1.000
(0.300)	Benefit Subsidy income	(0.300)	(0.300)	(0.300)	(0.300)
(0.500)	Removal of Revenue funding & replace with Capitalisation ( Note 2)	0.000	(0.250)	(0.250)	(0.250)
(0.250)	LATS income	(0.200)	(0.200)	(0.200)	(0.200)
0.023	Climate Change initiatives - Area Base Grant Funded	0.000	0.000	0.000	0.000
0.026	Parish Precepts	0.027	0.028	0.029	0.030
0.000	Future savings project investigation costs	0.250	0.000	0.000	0.000
0.000	BT Programme Efficiencies (items not yet approved/actioned)	(0.244)	(0.250)	(0.256)	(0.263)
<b>93.152</b>	<b>GROSS BASE BUDGET REQUIREMENT</b>	<b>99.696</b>	<b>101.611</b>	<b>104.783</b>	<b>107.517</b>

2.5%	Council Tax Percentage Increase	0.0%	0.0%	3.9%	3.9%
39.413	Council Tax - base income	39.669	39.859	41.391	42.982
0.000	Council Tax - freeze grant	0.991	0.991	0.991	0.991
0.490	Area Based Grant Review	0.000	0.000	0.000	0.000
51.522	Formula Grant	45.389	41.283	40.622	37.616
0.000	Formula Grant - transfer from Specific Grants	6.626	6.210	6.111	5.658
1.474	Contribution from Budget Support Fund and other reserves (note 9))	0.900	0.000	0.000	0.000
0.000	Contribution from 2009/10 Departmental risk reserves	0.561	0.000	0.000	0.000
0.253	Collection Fund Surplus/(deficit)	0.208	0.200	0.200	0.200
<b>93.152</b>	<b>BUDGET LIMIT</b>	<b>94.344</b>	<b>88.543</b>	<b>89.315</b>	<b>87.448</b>
<b>0.000</b>	<b>DEFICIT/(SURPLUS)</b>	<b>5.352</b>	<b>13.068</b>	<b>15.468</b>	<b>20.069</b>
<b>0.000</b>	<b>Less Cumulative cuts in previous years</b>	<b>(5.471)</b>	<b>(5.471)</b>	<b>(13.068)</b>	<b>(15.469)</b>
<b>0.000</b>	<b>Net Deficit/(Uncommitted Resources)</b>	<b>(0.119)</b>	<b>7.597</b>	<b>2.400</b>	<b>4.600</b>

## NOTES

### 1) Strategic Contingency

	<u>2010/11</u> <u>£'000</u>	<u>2011/12</u> <u>£'000</u>	<u>2012/13</u> <u>£'000</u>	<u>2013/14</u> <u>£'000</u>	<u>2014/15</u> <u>£'000</u>
Energy Costs	19	19	20	20	21
Energy Costs 2010/11	150	154	160	166	170
Repayment severance costs	120	120	120	120	123
Discretionary Business Rates	50	51	53	54	55
Revenue Cost of Capitalisation	50	51	53	54	55
Cabinet Contingency	24	0	0	0	0
Fire Safety Risk Management	30	0	0	0	0
Members ICT	38	15	16	16	16
	481	410	422	430	440

### 2) Removal of Revenue funding & Replace with capitalisation

As part of the 2010/11 budget it was anticipated that a revenue saving of £0.500m could be achieved by capitalising expenditure. To manage the risk of not achieving the annual target in 2011/12 expenditure was capitalised earlier in the previous two financial years. This enabled the item to be deleted in 2011/12. A strategy for managing the future risk of achieving this target is set out in the main MTFS report. This enables the ongoing amount to be reduced to £0.250m which is currently assessed as stable.

## SECTION B

### Detailed Revenue Budgets by Department

**STATEMENT OF GENERAL FUND REQUIREMENTS 2010/2011 TO 2014/2015**

2010/2011 BUDGET		2011/2012 PROPOSED BUDGET	2012/2013 PROJECTED BUDGET	2013/2014 PROJECTED BUDGET	2014/2015 PROJECTED BUDGET
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0.192	Magistrates, Probation and Coroners Court	0.197	0.202	0.207	0.212
0.025	North Eastern Sea Fisheries Levy	0.032	0.033	0.034	0.035
0.031	Flood Defence Levy	0.055	0.056	0.057	0.058
0.105	Discretionary NNDR Relief	0.108	0.111	0.114	0.117
	<b><u>CORPORATE REQUIREMENTS</u></b>				
2.691	I.T.	2.758	2.827	2.898	2.970
0.365	Audit Fees	0.363	0.372	0.381	0.391
6.819	Centralised Estimates	7.029	6.852	6.874	6.832
0.182	Insurances	0.187	0.192	0.197	0.202
0.090	Designated Authority Costs	0.092	0.094	0.096	0.098
0.362	Pensions	0.371	0.380	0.390	0.400
0.374	Members Allowances	0.374	0.383	0.392	0.402
0.069	Mayoral Allowance	0.069	0.071	0.073	0.075
0.095	Emergency Planning	0.087	0.089	0.091	0.093
0.481	2010/11 Strategic Contingency (note 1)	0.410	0.422	0.430	0.440
0.130	Waste Disposal pressure 2010/11	0.000	0.000	0.000	0.000
0.053	Provision for Cabinet projects	0.004	0.004	0.004	0.004
0.830	Job Evaluation and pay awards April 2010 and 2011	1.730	1.621	1.434	1.099
0.450	Contribution towards one-off BTP costs	0.000	0.000	0.000	0.000
0.100	Pressures year 2 and 3 additional costs	0.312	0.312	0.312	0.000
0.000	Headroom for 2011/12 Pressures	1.066	1.093	1.120	1.148
0.000	Headroom for 2012/13 Pressures	0.000	1.000	1.025	1.051
0.000	Headroom for 2013/14 Pressures	0.000	0.000	1.000	1.025
0.000	Headroom for 2014/15 Pressures	0.000	0.000	0.000	1.000
(0.300)	Benefit Subsidy income	(0.300)	(0.300)	(0.300)	(0.300)
(0.500)	Removal of Revenue funding & replace with Capitalisation ( Note 2)	0.000	(0.250)	(0.250)	(0.250)
(0.250)	LATS income	(0.200)	(0.200)	(0.200)	(0.200)
0.023	Climate Change initiatives - Area Base Grant Funded	0.000	0.000	0.000	0.000
0.026	Parish Precepts	0.027	0.028	0.029	0.030
0.000	Future savings project investigation costs	0.250	0.000	0.000	0.000
0.000	BT Programme Efficiencies (items not yet approved/actioned)	(0.244)	(0.250)	(0.256)	(0.263)
<b>93.152</b>	<b>GROSS BASE BUDGET REQUIREMENT</b>	<b>99.696</b>	<b>101.611</b>	<b>104.783</b>	<b>107.517</b>

2.5%	Council Tax Percentage Increase	0.0%	0.0%	3.9%	3.9%
39.413	Council Tax - base income	39.669	39.859	41.391	42.982
0.000	Council Tax - freeze grant	0.991	0.991	0.991	0.991
0.490	Area Based Grant Review	0.000	0.000	0.000	0.000
51.522	Formula Grant	45.389	41.283	40.622	37.616
0.000	Formula Grant - transfer from Specific Grants	6.626	6.210	6.111	5.658
1.474	Contribution from Budget Support Fund and other reserves (note 9))	0.900	0.000	0.000	0.000
0.000	Contribution from 2009/10 Departmental risk reserves	0.561	0.000	0.000	0.000
0.253	Collection Fund Surplus/(deficit)	0.208	0.200	0.200	0.200
<b>93.152</b>	<b>BUDGET LIMIT</b>	<b>94.344</b>	<b>88.543</b>	<b>89.315</b>	<b>87.448</b>
<b>0.000</b>	<b>DEFICIT/(SURPLUS)</b>	<b>5.352</b>	<b>13.068</b>	<b>15.468</b>	<b>20.069</b>
<b>0.000</b>	<b>Less Cumulative cuts in previous years</b>	<b>(5.471)</b>	<b>(5.471)</b>	<b>(13.068)</b>	<b>(15.469)</b>
<b>0.000</b>	<b>Net Deficit/(Uncommitted Resources)</b>	<b>(0.119)</b>	<b>7.597</b>	<b>2.400</b>	<b>4.600</b>

## NOTES

### 1) Strategic Contingency

	<u>2010/11</u> <u>£'000</u>	<u>2011/12</u> <u>£'000</u>	<u>2012/13</u> <u>£'000</u>	<u>2013/14</u> <u>£'000</u>	<u>2014/15</u> <u>£'000</u>
Energy Costs	19	19	20	20	21
Energy Costs 2010/11	150	154	160	166	170
Repayment severance costs	120	120	120	120	123
Discretionary Business Rates	50	51	53	54	55
Revenue Cost of Capitalisation	50	51	53	54	55
Cabinet Contingency	24	0	0	0	0
Fire Safety Risk Management	30	0	0	0	0
Members ICT	38	15	16	16	16
	481	410	422	430	440

### 2) Removal of Revenue funding & Replace with capitalisation

As part of the 2010/11 budget it was anticipated that a revenue saving of £0.500m could be achieved by capitalising expenditure. To manage the risk of not achieving the annual target in 2011/12 expenditure was capitalised earlier in the previous two financial years. This enabled the item to be deleted in 2011/12. A strategy for managing the future risk of achieving this target is set out in the main MTFS report. This enables the ongoing amount to be reduced to £0.250m which is currently assessed as stable.

**CHIEF EXECUTIVES**

**DETAILED REVENUE BUDGET 2011/12**

**2011/2012 BUDGET - CHIEF EXECUTIVES SUMMARY**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9+10)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000	(11) £'000
139.9	Public Relations	141.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	141.8
229.4	Democratic Services	230.3	0.0	(8.0)	0.0	0.0	0.0	0.0	0.0	0.0	222.3
906.0	Corporate Strategy and Public Consultation	911.9	(12.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	899.9
129.5	Support to Members	135.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	135.0
(40.6)	Other Office Services	(43.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(43.4)
366.5	Hartlepool Partnership	367.6	0.0	(215.5)	0.0	0.0	0.0	0.0	0.0	0.0	152.1
1,259.9	Hartlepool Connect	1,267.9	(61.0)	0.0	0.0	0.0	0.0	0.0	17.0	(17.0)	1,206.9
9.3	Registration Services	6.7	0.0	0.0	0.0	0.0	0.0	0.0	15.0	(15.0)	6.7
(276.1)	Benefits	(301.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(301.1)
1,679.1	Corporate Finance	1,687.1	(146.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,541.1
261.8	Internal Audit	261.9	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	231.9
762.6	Shared Services	761.8	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	731.8
1,018.2	Revenues	1,023.8	0.0	(36.0)	0.0	0.0	0.0	0.0	40.0	(40.0)	987.8
107.4	Fraud	105.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	105.6
(244.8)	Revenue and Benefits Central	(252.2)	0.0	0.0	0.0	0.0	0.0	0.0	40.0	(40.0)	(252.2)
536.4	Legal Services	589.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	589.3
708.3	Human Resources & Health and Safety	728.2	(75.6)	0.0	0.0	0.0	0.0	0.0	55.7	(55.7)	652.6
218.7	Training and Equality	221.8	(32.9)	0.0	0.0	0.0	0.0	0.0	22.3	(22.3)	188.9
212.6	Housing & Council Tax Benefit	217.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	217.9
(915.0)	Shopping Centre	(937.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(937.9)
(1,690.9)	Central Administration Recharges	(1,733.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1,733.1)
3,920.0	Central Property Unit	4,017.9	(177.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,840.9
182.9	Municipal Elections and Registration of Electors	186.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	186.5
570.2	Corporate Expenses	611.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	611.7
<b>10,051.3</b>	<b>Net Budget Requirement</b>	<b>10,207.0</b>	<b>(564.5)</b>	<b>(259.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>190.0</b>	<b>(190.0)</b>	<b>9,383.0</b>



**2011/2012 BUDGET - BEST VALUE UNIT: PUBLIC RELATIONS**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Public Relations</b>									
126.5	Direct costs - Employees	128.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	128.1
92.4	- Other	94.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	94.7
218.9	Total Direct Cost	222.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	222.8
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(79.0)	Income	(81.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(81.0)
139.9	Gross Budget Requirement	141.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	141.8
0.0	Use Of Departmental Reserves									0.0
139.9	Net Budget Requirement	141.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	141.8

**2011/2012 BUDGET - BEST VALUE UNIT: DEMOCRATIC SERVICES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Democratic Services</b>									
203.7	Direct costs - Employees	204.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	204.2
26.7	- Other	27.1	0.0	(8.0)	0.0	0.0	0.0	0.0	0.0	19.1
230.4	Total Direct Cost	231.3	0.0	(8.0)	0.0	0.0	0.0	0.0	0.0	223.3
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(1.0)	Income	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.0)
229.4	Gross Budget Requirement	230.3	0.0	(8.0)	0.0	0.0	0.0	0.0	0.0	222.3
0.0	Use Of Departmental Reserves									0.0
229.4	Net Budget Requirement	230.3	0.0	(8.0)	0.0	0.0	0.0	0.0	0.0	222.3

**Removal of WNF, ABG and Specific Grant**

This reduction reflects the withdrawal of this funding.

**2011/2012 BUDGET - BEST VALUE UNIT: CORPORATE STRATEGY AND PUBLIC CONSULTATION**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Corporate Strategy and Public Consultation</b>									
828.7	Direct costs - Employees	832.6	(12.0)	0.0	0.0	0.0	0.0	0.0	0.0	820.6
82.8	- Other	84.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	84.9
911.5	Total Direct Cost	917.5	(12.0)	0.0	0.0	0.0	0.0	0.0	0.0	905.5
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(5.5)	Income	(5.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(5.6)
906.0	Gross Budget Requirement	911.9	(12.0)	0.0	0.0	0.0	0.0	0.0	0.0	899.9
	Use Of Departmental Reserves									0.0
906.0	Net Budget Requirement	911.9	(12.0)	0.0	0.0	0.0	0.0	0.0	0.0	899.9

**Business Transformation**

The savings are part of the ICT team. Saving Delivery Option approved by Members.

**2011/2012 BUDGET - BEST VALUE UNIT: SUPPORT TO MEMBERS**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Support to Members</u>									
65.7	Direct costs - Employees	69.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	69.6
57.9	- Other	59.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	59.3
123.6	Total Direct Cost	128.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	128.9
7.4	Support Recharges	7.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.6
(1.5)	Income	(1.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.5)
129.5	Gross Budget Requirement	135.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	135.0
0.0	Use Of Departmental Reserves									0.0
129.5	Net Budget Requirement	135.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	135.0

**2011/2012 BUDGET - BEST VALUE UNIT: OTHER OFFICE SERVICES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Other Office Services</u>									
155.3	Direct costs - Employees	157.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	157.3
0.7	- Other	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8
156.0	Total Direct Cost	158.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	158.1
6.5	Support Recharges	6.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.7
(203.1)	Income	(208.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(208.2)
(40.6)	Gross Budget Requirement	(43.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(43.4)
0.0	Use Of Departmental Reserves									0.0
(40.6)	Net Budget Requirement	(43.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(43.4)

**2011/2012 BUDGET - BEST VALUE UNIT: HARTLEPOOL PARTNERSHIP**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Hartlepool Partnership</u>									
118.2	Direct costs - Employees	118.5	0.0	(1.0)	0.0	0.0	0.0	0.0	0.0	117.5
248.3	- Other	249.1	0.0	(214.5)	0.0	0.0	0.0	0.0	0.0	34.6
366.5	Total Direct Cost	367.6	0.0	(215.5)	0.0	0.0	0.0	0.0	0.0	152.1
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
366.5	Gross Budget Requirement	367.6	0.0	(215.5)	0.0	0.0	0.0	0.0	0.0	152.1
0.0	Use Of Departmental Reserves									0.0
366.5	Net Budget Requirement	367.6	0.0	(215.5)	0.0	0.0	0.0	0.0	0.0	152.1

**Removal of WNF, ABG and Specific Grant**

This reduction reflects the withdrawal of this funding.

**2011/2012 BUDGET - BEST VALUE UNIT: HARTLEPOOL CONNECT**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Hartlepool Connect</u>									
1,095.5	Direct costs - Employees	1,099.5	(61.0)	0.0	0.0	0.0	0.0	0.0	0.0	1,038.5
164.4	- Other	168.4	0.0	0.0	0.0	0.0	0.0	0.0	17.0	185.4
1,259.9	Total Direct Cost	1,267.9	(61.0)	0.0	0.0	0.0	0.0	0.0	17.0	1,223.9
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1,259.9	Gross Budget Requirement	1,267.9	(61.0)	0.0	0.0	0.0	0.0	0.0	17.0	1,223.9
0.0	Use Of Departmental Reserves								(17.0)	(17.0)
1,259.9	Net Budget Requirement	1,267.9	(61.0)	0.0	0.0	0.0	0.0	0.0	0.0	1,206.9

## Business Transformation

The savings form part of the Chief Executives Admin Structure Service Delivery Option.

**2011/2012 BUDGET - BEST VALUE UNIT: COMMISSIONING - REGISTRATION SERVICES**

[illegible]

**2011/2012 BUDGET - BEST VALUE UNIT: BENEFITS**

[illegible]

**2011/2012 BUDGET - BEST VALUE UNIT: CORPORATE FINANCE**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Corporate Finance</b>									
1,922.0	Direct costs - Employees	1,934.6	(146.0)	0.0	0.0	0.0	0.0	0.0	0.0	1,788.6
152.0	- Other	157.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	157.3
2,074.0	Total Direct Cost	2,091.9	(146.0)	0.0	0.0	0.0	0.0	0.0	0.0	1,945.9
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(394.9)	Income	(404.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(404.8)
1,679.1	Gross Budget Requirement	1,687.1	(146.0)	0.0	0.0	0.0	0.0	0.0	0.0	1,541.1
0.0	Use Of Departmental Reserves									0.0
1,679.1	Net Budget Requirement	1,687.1	(146.0)	0.0	0.0	0.0	0.0	0.0	0.0	1,541.1

**Business Transformation**

The savings are part of the Accountancy/Financial Management Service Delivery Option.

**2011/2012 BUDGET - BEST VALUE UNIT: INTERNAL AUDIT**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Internal Audit</b>									
295.2	Direct costs - Employees	296.2	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	266.2
14.5	- Other	14.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.8
309.7	Total Direct Cost	311.0	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	281.0
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(47.9)	Income	(49.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(49.1)
261.8	Gross Budget Requirement	261.9	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	231.9
0.0	Use Of Departmental Reserves									0.0
261.8	Net Budget Requirement	261.9	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	231.9

**Business Transformation**

The savings are part of the Internal Audit Service Delivery Option.

**2011/2012 BUDGET - BEST VALUE UNIT: SHARED SERVICES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Shared Services</b>									
1,004.0	Direct costs - Employees	1,009.3	(179.4)	0.0	0.0	0.0	0.0	0.0	0.0	829.9
47.1	- Other	48.3	149.4	0.0	0.0	0.0	0.0	0.0	0.0	197.7
1,051.1	Total Direct Cost	1,057.6	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	1,027.6
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(288.5)	Income	(295.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(295.8)
762.6	Gross Budget Requirement	761.8	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	731.8
0.0	Use Of Departmental Reserves									0.0
762.6	Net Budget Requirement	761.8	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	731.8

**Business Transformation**

The savings are part of the HR Payments/Transactional Services Service Delivery Option.

**2011/2012 BUDGET - BEST VALUE UNIT: REVENUES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Revenues</u>									
906.6	Direct costs - Employees	909.4	0.0	(36.0)	0.0	0.0	0.0	0.0	37.1	910.5
117.1	- Other	120.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	122.9
1,023.7	Total Direct Cost	1,029.4	0.0	(36.0)	0.0	0.0	0.0	0.0	40.0	1,033.4
73.0	Support Recharges	74.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	74.9
(78.5)	Income	(80.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(80.5)
1,018.2	Gross Budget Requirement	1,023.8	0.0	(36.0)	0.0	0.0	0.0	0.0	40.0	1,027.8
0.0	Use Of Departmental Reserves								(40.0)	(40.0)
1,018.2	Net Budget Requirement	1,023.8	0.0	(36.0)	0.0	0.0	0.0	0.0	0.0	987.8

### Removal of WNF, ABG and Specific Grants

The reduction reflects the withdrawal of this funding.

**2011/2012 BUDGET - BEST VALUE UNIT: FRAUD**

[illegible]

## 2011/2012 BUDGET - BEST VALUE UNIT: REVENUE AND BENEFITS CENTRAL

[illegible]

**2011/2012 BUDGET - BEST VALUE UNIT: LEGAL SERVICES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Legal Services</b>									
616.7	Direct costs - Employees	648.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	648.1
59.9	- Other	61.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	61.4
676.6	Total Direct Cost	709.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	709.5
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(117.2)	Income	(120.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(120.2)
559.4	Gross Budget Requirement	589.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	589.3
(23.0)	Use Of Departmental Reserves									0.0
536.4	Net Budget Requirement	589.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	589.3

**2011/2012 BUDGET - BEST VALUE UNIT: HUMAN RESOURCES & HEALTH AND SAFETY**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Human Resources &amp; Health and Safety</b>									
940.3	Direct costs - Employees	966.0	(74.0)	0.0	0.0	0.0	0.0	0.0	55.7	947.7
55.2	- Other	56.6	(3.6)	0.0	0.0	0.0	0.0	0.0	0.0	53.0
995.5	Total Direct Cost	1,022.6	(77.6)	0.0	0.0	0.0	0.0	0.0	55.7	1,000.7
1.9	Support Recharges	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9
(289.1)	Income	(296.3)	2.0	0.0	0.0	0.0	0.0	0.0	0.0	(294.3)
708.3	Gross Budget Requirement	728.2	(75.6)	0.0	0.0	0.0	0.0	0.0	55.7	708.3
0.0	Use Of Departmental Reserves								(55.7)	(55.7)
708.3	Net Budget Requirement	728.2	(75.6)	0.0	0.0	0.0	0.0	0.0	0.0	652.6

**Business Transformation**

The savings are part of the HR Service Delivery Option.

**2011/2012 BUDGET - BEST VALUE UNIT: TRAINING AND EQUALITY**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Training and Equality</b>									
191.1	Direct costs - Employees	193.5	(33.9)	0.0	0.0	0.0	0.0	0.0	22.3	181.9
28.6	- Other	29.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.3
219.7	Total Direct Cost	222.8	(33.9)	0.0	0.0	0.0	0.0	0.0	22.3	211.2
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(1.0)	Income	(1.0)	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
218.7	Gross Budget Requirement	221.8	(32.9)	0.0	0.0	0.0	0.0	0.0	22.3	211.2
0.0	Use Of Departmental Reserves								(22.3)	(22.3)
218.7	Net Budget Requirement	221.8	(32.9)	0.0	0.0	0.0	0.0	0.0	0.0	188.9

**Business Transformation**

The savings are part of the HR Service Delivery Option.

**2011/2012 BUDGET - BEST VALUE UNIT: COUNCIL TAX AND HOUSING BENEFITS**

[illegible]

**2011/2012 BUDGET - BEST VALUE UNIT: SHOPPING CENTRE**

[illegible]

**2011/2012 BUDGET - BEST VALUE UNIT: CENTRAL ADMINISTRATION CHARGES**

[illegible]

**2011/2012 BUDGET - BEST VALUE UNIT: CENTRAL PROPERTY UNIT**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of VNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
0.0	<u>Central Property Unit</u>									
3,930.1	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- Other	4,028.3	(173.4)	0.0	0.0	0.0	0.0	0.0	0.0	3,854.9
3,930.1	Total Direct Cost	4,028.3	(173.4)	0.0	0.0	0.0	0.0	0.0	0.0	3,854.9
69.5	Support Recharges	71.2	(3.6)	0.0	0.0	0.0	0.0	0.0	0.0	67.6
(79.6)	Income	(81.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(81.6)
3,920.0	Gross Budget Requirement	4,017.9	(177.0)	0.0	0.0	0.0	0.0	0.0	0.0	3,840.9
0.0	Use Of Departmental Reserves									0.0
3,920.0	Net Budget Requirement	4,017.9	(177.0)	0.0	0.0	0.0	0.0	0.0	0.0	3,840.9

## Business Transformation

The savings are part of the Accommodation Strategy Service Delivery Option.

**2011/2012 BUDGET - BEST VALUE UNIT: MUNICIPAL ELECTIONS AND REGISTRATION OF ELECTORS**

[illegible]



## 2011/2012 BUDGET - BEST VALUE UNIT: CORPORATE EXPENSES

**The unit contributes to the achievement of the following corporate objectives:**

This is one of 5 budgets, lettered from (A) to (F), which either do not fall within a Best Value Service unit, or are recharged to service units as a support charge. The budgets are detailed on the following page, with the performance measures detailed on the service sheets replaced by a brief budget description where appropriate.

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Victoria Park</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.6	- Other	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
0.6	Total Direct Cost	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
0.7	Support Recharges	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8
(23.0)	Income	(23.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(23.6)
(21.7)	Gross Budget Requirement A	(22.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(22.2)
	<u>Corporate Management Running Expenses</u>									
502.7	Direct costs - Employees	519.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	519.4
40.9	- Other	42.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	42.0
543.6	Total Direct Cost	561.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	561.4
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543.6	Gross Budget Requirement B	561.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	561.4
	<u>Trade Union Representative</u>									
43.5	Direct costs - Employees	43.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	43.6
1.1	- Other	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1
44.6	Total Direct Cost	44.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.7
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
44.6	Gross Budget Requirement C	44.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.7
	<u>Central Council Expenses</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
90.4	- Other	92.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	92.7
90.4	Total Direct Cost	92.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	92.7
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
90.4	Gross Budget Requirement D	92.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	92.7
	<u>Housing Benefits</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31,357.9	- Other	32,141.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32,141.8
31,357.9	Total Direct Cost	32,141.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32,141.8
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(31,453.8)	Income	(32,240.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(32,240.2)
(95.9)	Gross Budget Requirement E	(98.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(98.4)
	<u>Government Connectivity Firewall</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.2	- Other	33.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	33.5
9.2	Total Direct Cost	33.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	33.5
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.2	Gross Budget Requirement F	33.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	33.5
570.2	Gross Budget Requirement of (A) to (F)	611.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	611.7
0.0	Use Of Departmental Reserves									0.0
570.2	Net Budget Requirement	611.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	611.7

**CHILD & ADULT**

**DETAILED REVENUE BUDGET 2011/12**

**2011/2012 BUDGET - CHILD AND ADULT SERVICES SUMMARY**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9+10)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000	(11) £'000
	<b>Child</b>										
2,505.3	Access to Education	2,543.2	(66.0)	(19.0)	0.0	0.0	231.1	(467.0)	692.3	(692.3)	2,222.3
1,013.2	Central Support Services	1,038.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,038.5
12,218.3	Children & Families	12,420.9	(137.5)	(216.0)	0.0	0.0	262.4	(431.1)	423.1	(423.1)	11,898.7
579.5	Children's Fund	579.4	0.0	(436.0)	0.0	0.0	30.7	(30.7)	0.0	0.0	143.4
345.0	Early Years	346.4	0.0	(31.0)	0.0	0.0	283.8	(283.8)	45.3	(45.3)	315.4
207.4	Information, Sharing and Assessment	212.2	0.0	0.0	0.0	0.0	0.0	(17.7)	0.0	0.0	194.5
(93.5)	Other School Related Expenditure	(56.3)	0.0	0.0	0.0	0.0	86.9	(313.6)	0.0	0.0	(283.0)
110.9	Play & Care	108.6	(80.0)	0.0	0.0	0.0	11.4	(11.4)	0.0	0.0	28.6
2,090.6	Raising Educational Achievement	2,602.5	(26.0)	(1,157.3)	0.0	0.0	219.6	(244.1)	62.8	(62.8)	1,394.7
3,941.7	Special Educational Needs	3,947.9	(35.0)	0.0	0.0	0.0	209.4	(215.9)	0.0	0.0	3,906.4
899.1	Strategic Management	908.2	0.0	0.0	0.0	0.0	62.8	(3.4)	0.0	0.0	967.6
608.8	Working Neighbourhoods Fund	608.8	0.0	(608.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
602.1	Youth Offending	600.2	0.0	0.0	0.0	0.0	361.1	(362.0)	0.0	0.0	599.3
2,297.9	Integrated Youth Service	2,302.0	(126.8)	(1,391.7)	0.0	0.0	112.3	(100.1)	0.0	0.0	795.7
58,153.6	Individual Schools Budget	69,599.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	69,599.9
(61,717.0)	Dedicated Schools Grant	(73,672.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(73,672.0)
<b>23,762.9</b>	<b>Sub-Total Child</b>	<b>24,090.4</b>	<b>(471.3)</b>	<b>(3,859.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>1,871.5</b>	<b>(2,480.8)</b>	<b>1,223.5</b>	<b>(1,223.5)</b>	<b>19,150.0</b>
	<b>Adult</b>										
0.0	Adult Education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35.7	Archaeology	33.7	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.7
400.4	Carers & Assistive Technology	400.5	0.0	16.0	0.0		21.1	(21.1)	0.0	0.0	416.5
4,901.7	Commissioning - Adults	4,912.3	(91.9)	(365.3)	0.0	0.0	0.0	0.0	50.0	(50.0)	4,455.1
1,321.8	Commissioning - Mental Health	1,343.8	(26.5)	0.0	0.0	0.0	92.0	(92.0)	0.0	0.0	1,317.3
9,429.3	Commissioning - Older People	9,660.1	0.0	50.6	0.0	0.0	416.3	(476.3)	0.0	0.0	9,650.7
5,845.8	Commissioning - Working Age Adults	5,982.0	0.0	(103.5)	0.0	0.0	497.5	(497.5)	0.0	0.0	5,878.5
189.5	Community Centres	188.4	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	188.9
266.3	Complaints, Investigations & Public Information	266.9	0.0	(13.0)	0.0	0.0	0.0	0.0	0.0	0.0	253.9
827.9	Cultural Services	823.9	3.3	0.0	0.0	0.0	10.0	(10.0)	0.0	0.0	827.2
831.7	Departmental Running Costs	858.9	(43.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	815.2
1,418.1	Direct Care & Support Team	1,419.4	(95.2)	0.0	0.0	0.0	6.9	(6.9)	0.0	0.0	1,324.2
494.7	Grants to Comm & Vol Organisations	507.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	507.0

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**2011/2012 BUDGET - CHILD AND ADULT SERVICES SUMMARY**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9+10)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000	(11) £'000
470.5	Learning Disability & Transition Social Work Teams	480.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	480.3
1,648.3	Libraries	1,661.5	(99.5)	0.0	0.0	0.0	0.0	0.0	2.0	(2.0)	1,562.0
2,219.2	Locality & Safeguarding Social Work Teams	2,234.6	0.0	75.2	0.0	0.0	37.7	(37.7)	10.0	(10.0)	2,309.8
705.5	Mental Health Services	716.7	(32.7)	6.0	0.0	0.0	12.1	(12.1)	0.0	0.0	690.0
1,241.3	Occupational Therapy Services & Disability Equipment	1,278.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,278.7
0.0	Renaissance in the Regions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
314.5	Social Care Workforce Planning & Development	311.9	(19.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	292.5
1,207.9	Sport, Leisure & Recreational Facilities	1,207.4	(99.8)	0.0	0.0	0.0	0.6	(0.6)	31.4	(31.4)	1,107.6
1,328.2	Working Age Adults Day Services	1,343.0	(10.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,332.9
249.0	Working Neighbourhoods Fund	249.0	0.0	(249.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>35,347.3</b>	<b>Sub-Total Adult</b>	<b>35,880.0</b>	<b>(517.0)</b>	<b>(583.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>1,094.2</b>	<b>(1,154.2)</b>	<b>93.4</b>	<b>(93.4)</b>	<b>34,720.0</b>
<b>59,110.2</b>	<b>Net Budget Requirement</b>	<b>59,970.4</b>	<b>(988.3)</b>	<b>(4,442.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>2,965.7</b>	<b>(3,635.0)</b>	<b>1,316.9</b>	<b>(1,316.9)</b>	<b>53,870.0</b>

The Dedicated Schools Grant (DSG) is a ring-fenced grant received from the Department for Education (DfE) to be spent on school-related expenditure only. The amount received is based on actual pupil numbers in Hartlepool Schools as at January 2011 which have been estimated by the LA. Actual grant levels will be notified to the Authority by the DfE in June 2011.

For 2011/12 a number of Standards Fund Grants (totalling approx. £12m) have been 'streamlined' into the DSG rather than be paid as separate grants. For budgeting purposes no change in pupil numbers has been assumed ie. a cash freeze in total DSG.

**2011/2012 BUDGET - BEST VALUE UNIT: ACCESS TO EDUCATION**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Buildings and School Places</b>									
54.9	Direct costs - Employees	55.0	(17.0)	0.0	0.0	0.0	0.0	0.0	185.7	223.7
55.3	- Other	56.7	0.0	0.0	0.0	0.0	1.5	(27.2)	249.7	280.7
110.2	Total Direct Cost	111.7	(17.0)	0.0	0.0	0.0	1.5	(27.2)	435.4	504.4
50.8	Support Recharges	52.1	0.0	0.0	0.0	0.0	0.0	0.0	36.9	89.0
(6.1)	Income	(6.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(6.3)
154.9	Gross Budget Requirement	157.5	(17.0)	0.0	0.0	0.0	1.5	(27.2)	472.3	587.1
	<b>Home to School Transport</b>									
350.8	Direct costs - Employees	351.8	0.0	0.0	0.0	0.0	53.7	(57.9)	0.0	347.6
1,298.1	- Other	1,330.1	0.0	(19.0)	0.0	0.0	145.4	(331.2)	220.0	1,345.3
1,648.9	Total Direct Cost	1,681.9	0.0	(19.0)	0.0	0.0	199.1	(389.1)	220.0	1,692.9
101.7	Support Recharges	104.3	0.0	0.0	0.0	0.0	0.0	(9.6)	0.0	94.7
(65.7)	Income	(67.4)	0.0	0.0	0.0	0.0	0.0	(26.0)	0.0	(93.4)
1,684.9	Gross Budget Requirement	1,718.8	0.0	(19.0)	0.0	0.0	199.1	(424.7)	220.0	1,694.2
	<b>Attendance and Behaviour</b>									
467.9	Direct costs - Employees	467.9	(49.0)	(88.1)	0.0	0.0	0.7	(4.3)	0.0	327.2
188.6	- Other	189.2	0.0	0.0	0.0	0.0	3.7	(2.1)	0.0	190.8
656.5	Total Direct Cost	657.1	(49.0)	(88.1)	0.0	0.0	4.4	(6.4)	0.0	518.0
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(91.2)	Income	(91.2)	0.0	88.1	0.0	0.0	3.1	0.0	0.0	(0.0)
565.3	Gross Budget Requirement	565.9	(49.0)	0.0	0.0	0.0	7.5	(6.4)	0.0	518.0
	<b>Admissions</b>									
63.4	Direct costs - Employees	63.5	0.0	0.0	0.0	0.0	23.0	(8.7)	0.0	77.8
13.8	- Other	13.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.7
77.2	Total Direct Cost	77.2	0.0	0.0	0.0	0.0	23.0	(8.7)	0.0	91.5
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(5.8)	Income	(5.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(5.7)
71.4	Gross Budget Requirement	71.5	0.0	0.0	0.0	0.0	23.0	(8.7)	0.0	85.8
	<b>Student Support</b>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
28.8	- Other	29.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.5
28.8	Total Direct Cost	29.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.5
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
28.8	Gross Budget Requirement	29.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.5
2,505.3	Total Gross Budget Requirement	2,543.2	(66.0)	(19.0)	0.0	0.0	231.1	(467.0)	692.3	2,914.6
0.0	Use Of Departmental Reserves								(692.3)	(692.3)
2,505.3	Net Budget Requirement	2,543.2	(66.0)	(19.0)	0.0	0.0	231.1	(467.0)	0.0	2,222.3

**Business Transformation Savings**

The savings are part of the Asset Management and Social Inclusion / Vulnerable Children / SEN Service Delivery Options previously approved by Members.

**Removal of WNF, ABG and Specific Grants**

The savings reflect the loss of the Extended Rights to Free Transport Grant (formerly ABG) and various Standards Fund grants.

**Department Budget Pressures**

These mainly relate to Home to School Transport pressures arising from special education requirements and the change in the school day at English Martyrs. These have been fully offset by savings elsewhere within Home to School Transport (see below).

**Department Budget Reductions to Fund Pressures**

These mainly relate to Home to School Transport savings to offset the above pressures. The savings have been achieved by reviewing bus routes and reducing the number of escorts on some buses. In addition, base budget savings have been achieved from funding the 2011/12 Dyke House transport decant costs from Reserves. Reductions in the asset management feasibility budgets have also been achieved.

**One Off Costs Funded from Department Reserves**

These relate to the costs of the Schools Transformation Team and Dyke House decant transport costs.

**2011/2012 BUDGET - BEST VALUE UNIT: CENTRAL SUPPORT SERVICES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Central Support Services</b>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Total Direct Cost	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1,013.2	Support Recharges	1,038.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,038.5
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1,013.2	Gross Budget Requirement	1,038.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,038.5
0.0	Use Of Departmental Reserves								0.0	0.0
1,013.2	Net Budget Requirement	1,038.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,038.5

**2011/2012 BUDGET - BEST VALUE UNIT: CHILDREN & FAMILIES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Children &amp; Families</b>									
4,990.2	Direct costs - Employees	5,025.9	(137.5)	(8.3)	0.0	0.0	16.3	(66.4)	0.0	4,830.0
7,502.4	- Other	7,676.5	0.0	(59.8)	0.0	0.0	194.3	(364.7)	423.1	7,869.4
12,492.6	Total Direct Cost	12,702.4	(137.5)	(68.1)	0.0	0.0	210.6	(431.1)	423.1	12,699.4
119.2	Support Recharges	121.8	0.0	0.0	0.0	0.0	2.1	0.0	0.0	123.9
(393.5)	Income	(403.3)	0.0	(147.9)	0.0	0.0	49.7	0.0	0.0	(501.5)
12,218.3	Gross Budget Requirement	12,420.9	(137.5)	(216.0)	0.0	0.0	262.4	(431.1)	423.1	12,321.8
0.0	Use Of Departmental Reserves								(423.1)	(423.1)
12,218.3	Net Budget Requirement	12,420.9	(137.5)	(216.0)	0.0	0.0	262.4	(431.1)	0.0	11,898.7

**Business Transformation Savings**

The savings are part of the Social Care and Preventions Service Delivery Options previously approved by Members.

**Removal of WNF, ABG and Specific Grants**

The savings reflect the transfer of former ABG allocations (Teenage Pregnancy Prevention and Social Care Workforce) into the Early Intervention Grant as well as reductions in some former ABG allocations (eg. CAMHS, Carers and Care Matters) which have now been mainstreamed.

**Department Budget Pressures**

These mainly relate to increases in Direct Payments, Legal Fees and other various supplies and services budgets.

**Department Budget Reductions to Fund Pressures**

These mainly relate to the deletion of the Looked After Children contingency budget (£250k), training budgets and various supplies and services budgets.

**One Off Costs Funded from Department Reserves**

To reflect the fact that the base budget contingency has been deleted and based on latest estimates of Residential Placement numbers usage of the LAC Reserve is required in 2011/12.

**2011/2012 BUDGET - BEST VALUE UNIT: CHILDREN'S FUND**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Children's Fund</b>									
343.0	Direct costs - Employees	344.1	0.0	0.0	0.0	0.0	20.0	(11.1)	0.0	353.0
1,113.0	- Other	1,131.4	0.0	(130.3)	0.0	0.0	10.7	(19.6)	0.0	992.2
1,456.0	Total Direct Cost	1,475.5	0.0	(130.3)	0.0	0.0	30.7	(30.7)	0.0	1,345.2
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(876.5)	Income	(896.1)	0.0	(305.7)	0.0	0.0	0.0	0.0	0.0	(1,201.8)
579.5	Gross Budget Requirement	579.4	0.0	(436.0)	0.0	0.0	30.7	(30.7)	0.0	143.4
0.0	Use Of Departmental Reserves								0.0	0.0
579.5	Net Budget Requirement	579.4	0.0	(436.0)	0.0	0.0	30.7	(30.7)	0.0	143.4

**Removal of WNF, ABG and Specific Grants**

The Children's Fund ABG allocation has been transferred into the Early Intervention Grant (EIG) which has been reduced by 22%. Reductions have also been made to the Young Peoples Substance Misuse Grant. Decisions in respect of the final allocations within the EIG are still to be finalised.

**Department Budget Pressures**

These mainly relate to additional staffing costs within the Family Intervention Team offset by savings shown below.

**Department Budget Reductions to Fund Pressures**

The savings offset the above pressures and relate to some staffing savings within Youth Crime Action Plan and various supplies and services budget reductions.

**2011/2012 BUDGET - BEST VALUE UNIT: EARLY YEARS**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Early Years</b>									
2,147.0	Direct costs - Employees	2,149.4	0.0	(2.4)	0.0	0.0	175.3	(65.6)	0.0	2,256.7
3,562.3	- Other	3,645.3	0.0	(1,201.3)	0.0	0.0	13.1	(218.2)	45.3	2,284.2
5,709.3	Total Direct Cost	5,794.7	0.0	(1,203.7)	0.0	0.0	188.4	(283.8)	45.3	4,540.9
0.1	Support Recharges	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
(5,364.4)	Income	(5,448.4)	0.0	1,172.7	0.0	0.0	95.4	0.0	0.0	(4,180.3)
345.0	Gross Budget Requirement	346.4	0.0	(31.0)	0.0	0.0	283.8	(283.8)	45.3	360.7
0.0	Use Of Departmental Reserves								(45.3)	(45.3)
345.0	Net Budget Requirement	346.4	0.0	(31.0)	0.0	0.0	283.8	(283.8)	0.0	315.4

**Removal of WNF, ABG and Specific Grants**

The reduction in income reflects the fact that the General Sure Start Grant has been transferred into the Early Intervention Grant (EIG) with corresponding savings made to reflect the 22% reduction in EIG. Decisions in respect of the final allocations within the EIG are still to be finalised.

**Department Budget Pressures**

Pressures mainly relate to the staffing requirements at Children's Centres and are offset by corresponding savings within the Children's Centres.

**Department Budget Reductions to Fund Pressures**

The savings offset the above pressures and mainly relate to realigning of staffing budgets and reduction in external grants, recharges and activity budgets within Children's Centres.

**One Off Costs Funded from Department Reserves**

This reflects the funding required to fund the Promotion of Breast Feeding programme during 2011/12.

**2011/2012 BUDGET - BEST VALUE UNIT: INFORMATION SHARING & ASSESSMENT**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Information, Sharing &amp; Assessment</u>									
181.8	Direct costs - Employees	185.4	0.0	(24.7)	0.0	0.0	0.0	0.0	0.0	160.7
62.4	- Other	63.9	0.0	(12.4)	0.0	0.0	0.0	(17.7)	0.0	33.8
244.2	Total Direct Cost	249.3	0.0	(37.1)	0.0	0.0	0.0	(17.7)	0.0	194.5
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(36.8)	Income	(37.1)	0.0	37.1	0.0	0.0	0.0	0.0	0.0	0.0
207.4	Gross Budget Requirement	212.2	0.0	0.0	0.0	0.0	0.0	(17.7)	0.0	194.5
0.0	Use Of Departmental Reserves								0.0	0.0
207.4	Net Budget Requirement	212.2	0.0	0.0	0.0	0.0	0.0	(17.7)	0.0	194.5

**Removal of WNF, ABG and Specific Grants**

This reflects the cessation of the Contact Point grant.

**Department Budget Reductions to Fund Pressures**

The savings reflect reductions in ICT DMS charges and printing budgets.

**2011/2012 BUDGET - BEST VALUE UNIT: OTHER SCHOOL RELATED EXPENDITURE**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Other School Related Expenditure</u>									
876.2	Direct costs - Employees	890.3	0.0	0.0	0.0	0.0	13.3	(86.3)	0.0	817.3
4,040.5	- Other	1,713.1	0.0	0.0	0.0	0.0	8.8	(227.3)	0.0	1,494.6
4,916.7	Total Direct Cost	2,603.4	0.0	0.0	0.0	0.0	22.1	(313.6)	0.0	2,311.9
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(5,010.2)	Income	(2,659.7)	0.0	0.0	0.0	0.0	64.8	0.0	0.0	(2,594.9)
(93.5)	Gross Budget Requirement	(56.3)	0.0	0.0	0.0	0.0	86.9	(313.6)	0.0	(283.0)
0.0	Use Of Departmental Reserves								0.0	0.0
(93.5)	Net Budget Requirement	(56.3)	0.0	0.0	0.0	0.0	86.9	(313.6)	0.0	(283.0)

**Department Budget Pressures**

These mainly relate to reductions in Buy-Back Income from schools and increases in transport costs, both relating to the Schools Swimming Programme. These are offset by savings elsewhere within swimming as identified below.

**Department Budget Reductions to Fund Pressures**

There are savings within the Schools Swimming Programme arising from a staffing restructure and reduced expenditure on various supplies and services budgets. In addition, the base budget provision in respect of the former Brierton School site has been deleted as Dyke House are currently occupying the site.



**2011/2012 BUDGET - BEST VALUE UNIT: PLAY & CARE**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Play &amp; Care</b>									
275.1	Direct costs - Employees	275.4	0.0	0.0	0.0	0.0	0.0	(11.4)	0.0	264.0
193.0	- Other	197.8	0.0	(123.0)	0.0	0.0	0.0	0.0	0.0	74.8
468.1	Total Direct Cost	473.2	0.0	(123.0)	0.0	0.0	0.0	(11.4)	0.0	338.8
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(357.2)	Income	(364.6)	(80.0)	123.0	0.0	0.0	11.4	0.0	0.0	(310.2)
110.9	Gross Budget Requirement	108.6	(80.0)	0.0	0.0	0.0	11.4	(11.4)	0.0	28.6
0.0	Use Of Departmental Reserves								0.0	0.0
110.9	Net Budget Requirement	108.6	(80.0)	0.0	0.0	0.0	11.4	(11.4)	0.0	28.6

**Business Transformation Savings**

The savings are part of the Sure Start, Extended Schools and Early Years Service Delivery Options previously approved by Members.

**Removal of WNF, ABG and Specific Grants**

The savings reflect the cessation of the 'Play Matters for Us' and the 'Playbuilder' revenue grants.

**Department Budget Pressures**

This reflects an expected reduction in external income from fees and charges and is offset by savings elsewhere within the service.

**Department Budget Reductions to Fund Pressures**

The savings arise from reduced staffing costs and offset the above pressures.

**2011/2012 BUDGET - BEST VALUE UNIT: RAISING EDUCATIONAL ACHIEVEMENT**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>School Improvement</b>									
2,282.9	Direct costs - Employees	2,286.9	(26.2)	(709.4)	0.0	0.0	39.4	(85.0)	25.0	1,530.7
12,364.4	- Other	3,545.9	0.2	(1,874.2)	0.0	0.0	31.1	(63.0)	0.0	1,640.0
14,647.3	Total Direct Cost	5,832.8	(26.0)	(2,583.6)	0.0	0.0	70.5	(148.0)	25.0	3,170.7
10.8	Support Recharges	11.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.1
(12,785.7)	Income	(3,456.9)	0.0	1,426.3	0.0	0.0	142.1	(36.6)	0.0	(1,925.1)
1,872.4	Gross Budget Requirement	2,387.0	(26.0)	(1,157.3)	0.0	0.0	212.6	(184.6)	25.0	1,256.7
	<b>Curriculum Enrichment</b>									
496.3	Direct costs - Employees	498.2	0.0	(93.6)	0.0	0.0	0.0	(42.2)	31.9	394.3
399.9	- Other	409.3	0.0	(37.2)	0.0	0.0	0.0	(17.3)	5.9	360.7
896.2	Total Direct Cost	907.5	0.0	(130.8)	0.0	0.0	0.0	(59.5)	37.8	755.0
10.4	Support Recharges	10.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.7
(688.4)	Income	(702.7)	0.0	130.8	0.0	0.0	7.0	0.0	0.0	(564.9)
218.2	Gross Budget Requirement	215.5	0.0	0.0	0.0	0.0	7.0	(59.5)	37.8	200.8
2,090.6	Total Gross Budget Requirement	2,602.5	(26.0)	(1,157.3)	0.0	0.0	219.6	(244.1)	62.8	1,457.5
0.0	Use Of Departmental Reserves								(62.8)	(62.8)
2,090.6	Net Budget Requirement	2,602.5	(26.0)	(1,157.3)	0.0	0.0	219.6	(244.1)	0.0	1,394.7

**Business Transformation Savings**

The savings are part of the Social Inclusion / Vulnerable Children / SEN Service Delivery Options previously approved by Members.

**Removal of WNF, ABG and Specific Grants**

The savings reflect reductions in the School Advisors Service following cessation of Standards Fund grants and cessation of the Healthy Schools and Playing for Success initiatives. Neighbourhood Support Fund and Parenting Support have been transferred to the Early Intervention Grant (EIG) at a reduced allocation. Decisions in respect of the final allocations within the EIG are still to be finalised.

**Department Budget Pressures**

These mainly relate to the cessation of the ICT Co-ordinator programme (hence the Buy-Back Income will no longer be received) and reduced grants towards the Advisory Service.

**Department Budget Reductions to Fund Pressures**

The savings mainly relate to the deletion of the ICT Co-ordinator programme and reductions in the Advisory Service, Workforce Development and the LA budgets for Playing for Success and Healthy Schools.

**One Off Costs Funded from Department Reserves**

Usage of the Playing for Success Reserve to enable continuation of the service until the Summer 2011 and Workforce Development Grant brought forward from 2010/11.

**2011/2012 BUDGET - BEST VALUE UNIT: SPECIAL EDUCATIONAL NEEDS**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Special Educational Needs</b>									
1,254.4	Direct costs - Employees	1,260.7	15.0	0.0	0.0	0.0	78.5	(16.4)	0.0	1,337.8
3,650.6	- Other	3,667.4	(50.0)	(47.4)	0.0	0.0	126.7	(165.7)	0.0	3,531.0
4,905.0	Total Direct Cost	4,928.1	(35.0)	(47.4)	0.0	0.0	205.2	(182.1)	0.0	4,868.8
22.5	Support Recharges	22.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.5
(985.8)	Income	(1,002.7)	0.0	47.4	0.0	0.0	4.2	(33.8)	0.0	(984.9)
3,941.7	Gross Budget Requirement	3,947.9	(35.0)	0.0	0.0	0.0	209.4	(215.9)	0.0	3,906.4
0.0	Use Of Departmental Reserves								0.0	0.0
3,941.7	Net Budget Requirement	3,947.9	(35.0)	0.0	0.0	0.0	209.4	(215.9)	0.0	3,906.4

**Business Transformation Savings**

The savings are part of the Social Inclusion / Vulnerable Children / SEN Service Delivery Options previously approved by Members.

**Removal of WNF, ABG and Specific Grants**

This relates to the Targeted Mental Health in Schools grant which has now been transferred to the Early Intervention Grant (EIG) at a reduced allocation. Decisions in respect of the final allocations within the EIG are still to be finalised.

**Department Budget Pressures**

These relate to realigning the budgets of Dedicated Schools Grant (DSG) funded services, including Pupil Referral Unit, Independent School Fees and Individual Pupil Support to more accurately reflect service requirements. These are offset by the savings below.

**Department Budget Reductions to Fund Pressures**

The savings offset the above pressures and relate to the same DSG funded services reflecting a realignment of the budget to reflect service requirements.

**2011/2012 BUDGET - BEST VALUE UNIT: STRATEGIC MANAGEMENT**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Strategic Management</b>									
941.0	Direct costs - Employees	948.3	0.0	0.0	0.0	0.0	20.8	(0.2)	0.0	968.9
171.4	- Other	175.6	0.0	(1.7)	0.0	0.0	0.0	(3.0)	0.0	170.9
1,112.4	Total Direct Cost	1,123.9	0.0	(1.7)	0.0	0.0	20.8	(3.2)	0.0	1,139.8
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(213.3)	Income	(215.7)	0.0	1.7	0.0	0.0	42.0	(0.2)	0.0	(172.2)
899.1	Gross Budget Requirement	908.2	0.0	0.0	0.0	0.0	62.8	(3.4)	0.0	967.6
0.0	Use Of Departmental Reserves								0.0	0.0
899.1	Net Budget Requirement	908.2	0.0	0.0	0.0	0.0	62.8	(3.4)	0.0	967.6

**Department Budget Pressures**

These relate to a realignment of staffing budgets within the Administration Team, reduced Governors and Student Support Buy-Back Income and a reduction in temporary funding of a Commissioning post.

**Department Budget Reductions to Fund Pressures**

Savings mainly relate to reductions in various supplies and services budgets.

**2011/2012 BUDGET - BEST VALUE UNIT: WORKING NEIGHBOURHOODS FUND**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Working Neighbourhoods Fund</u>									
608.8	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	- Other	608.8	0.0	(608.8)	0.0	0.0	0.0	0.0	0.0	0.0
608.8	Total Direct Cost	608.8	0.0	(608.8)	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
608.8	Gross Budget Requirement	608.8	0.0	(608.8)	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Use Of Departmental Reserves								0.0	0.0
608.8	Net Budget Requirement	608.8	0.0	(608.8)	0.0	0.0	0.0	0.0	0.0	0.0

**Removal of WNF, ABG and Specific Grants**

All of the WNF funded schemes (including funding to schools and the On-Track project) have ceased following the abolition of WNF funding.

**2011/2012 BUDGET - BEST VALUE UNIT: YOUTH OFFENDING**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Youth Offending</u>									
913.8	Direct costs - Employees	914.3	0.0	(18.3)	0.0	0.0	74.1	(112.3)	0.0	857.8
349.1	- Other	357.9	0.0	(14.1)	0.0	0.0	245.1	(172.6)	0.0	416.3
1,262.9	Total Direct Cost	1,272.2	0.0	(32.4)	0.0	0.0	319.2	(284.9)	0.0	1,274.1
9.5	Support Recharges	9.7	0.0	(4.4)	0.0	0.0	13.0	(5.3)	0.0	13.0
(670.3)	Income	(681.7)	0.0	36.8	0.0	0.0	28.9	(71.8)	0.0	(687.8)
602.1	Gross Budget Requirement	600.2	0.0	0.0	0.0	0.0	361.1	(362.0)	0.0	599.3
0.0	Use Of Departmental Reserves								0.0	0.0
602.1	Net Budget Requirement	600.2	0.0	0.0	0.0	0.0	361.1	(362.0)	0.0	599.3

**Removal of WNF, ABG and Specific Grants**

This reflects reductions in the RAP and Prevention Fund grants.

**Department Budget Pressures**

These mainly relate to increases in activity budgets and ICT DMS charges, reduced recharge of grant income and a general realignment of budgets to reflect service requirements. These pressures are offset by the savings below.

**Department Budget Reductions to Fund Pressures**

These mainly relate to a reduction in staffing budgets within the core Youth Offending Team and reductions in Third Party Payments and supplies and services budgets. The savings offset the above pressures.

**2011/2012 BUDGET - BEST VALUE UNIT: INTEGRATED YOUTH SERVICE**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Integrated Youth Service</u>									
1,727.2	Direct costs - Employees	1,728.7	(34.5)	(214.0)	0.0	0.0	72.7	(60.4)	0.0	1,492.5
972.1	- Other	977.1	(92.3)	(4.4)	0.0	0.0	37.7	(38.7)	0.0	879.4
2,699.3	Total Direct Cost	2,705.8	(126.8)	(218.4)	0.0	0.0	110.4	(99.1)	0.0	2,371.9
3.4	Support Recharges	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5
(404.8)	Income	(407.3)	0.0	(1,173.3)	0.0	0.0	1.9	(1.0)	0.0	(1,579.7)
2,297.9	Gross Budget Requirement	2,302.0	(126.8)	(1,391.7)	0.0	0.0	112.3	(100.1)	0.0	795.7
0.0	Use Of Departmental Reserves								0.0	0.0
2,297.9	Net Budget Requirement	2,302.0	(126.8)	(1,391.7)	0.0	0.0	112.3	(100.1)	0.0	795.7

**Business Transformation Savings**

The savings are part of the Youth and Connexions Service Delivery Options previously approved by Members.

**Removal of WNF, ABG and Specific Grants**

The increase in income reflects the fact that the Connexions budget has been transferred from ABG into the Early Intervention Grant (EIG). Savings have also been made to reflect the 22% reduction in EIG. Decisions in respect of the final allocations within the EIG are still to be finalised.

**Department Budget Pressures**

Pressures mainly relate to staff increments, ICT DMS charges and increases in activity budgets

**Department Budget Reductions to Fund Pressures**

Savings mainly relate to reduced overtime and casual supply staff pay budgets, reduced expenditure on external training budgets and reductions in general supplies and services budgets.

**2011/2012 BUDGET - BEST VALUE UNIT: INDIVIDUAL SCHOOLS BUDGET**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
58,153.6	Individual Schools Budget (ISB)	69,599.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	69,599.9
0.0	Use Of Departmental Reserves								0.0	0.0
58,153.6	Net Budget Requirement	69,599.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	69,599.9

For 2011/12 a number of Standards Fund Grants (totalling approx. £12m) have been 'streamlined' into the DSG rather than be paid as separate grants. For budgeting purposes it has been assumed that this will all form part of the schools ISB, however the split between schools and LA will be determined at the March 2011 School Forum meeting.

Therefore, the 2011/12 budget is a provisional figure only based on an estimated Dedicated Schools Grant (DSG) assuming a 'cash freeze'.

The final ISB will be set using January 2011 pupil data in accordance with DfE and School Forum requirements.

**2011/2012 BUDGET - BEST VALUE UNIT: ADULT EDUCATION**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Adult Education</b>									
959.1	Direct costs - Employees	959.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	959.1
186.5	- Other	186.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	186.5
1,145.6	Total Direct Cost	1,145.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,145.6
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(1,145.6)	Income	(1,145.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1,145.6)
0.0	Gross Budget Requirement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Use Of Departmental Reserves							0.0		0.0
0.0	Net Budget Requirement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

**2011/2012 BUDGET - BEST VALUE UNIT: ARCHAEOLOGY**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Archaeology</b>									
171.3	Direct costs - Employees	172.7	(31.7)	0.0	0.0	0.0	0.0	0.0	0.0	141.0
49.5	- Other	50.8	(0.4)	0.0	0.0	0.0	0.0	0.0	0.0	50.4
220.8	Total Direct Cost	223.5	(32.1)	0.0	0.0	0.0	0.0	0.0	0.0	191.4
11.7	Support Recharges	12.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.0
(196.8)	Income	(201.8)	30.1	0.0	0.0	0.0	0.0	0.0	0.0	(171.7)
35.7	Gross Budget Requirement	33.7	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0	31.7
0.0	Use Of Departmental Reserves							0.0		0.0
35.7	Net Budget Requirement	33.7	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0	31.7

**Business Transformation Savings**

The savings are part of the Archaeology Service Delivery Options previously approved by Members.

**2011/2012 BUDGET - BEST VALUE UNIT: CARERS AND ASSISTIVE TECHNOLOGY**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Carers And Assistive Technology</b>									
47.2	Direct costs - Employees	45.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	45.2
373.8	- Other	376.4	0.0	16.0	0.0	0.0	0.0	(21.1)	0.0	371.3
421.0	Total Direct Cost	421.6	0.0	16.0	0.0	0.0	0.0	(21.1)	0.0	416.5
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(20.6)	Income	(21.1)	0.0	0.0	0.0	0.0	21.1	0.0	0.0	0.0
400.4	Gross Budget Requirement	400.5	0.0	16.0	0.0	0.0	21.1	(21.1)	0.0	416.5
0.0	Use Of Departmental Reserves							0.0		0.0
400.4	Net Budget Requirement	400.5	0.0	16.0	0.0	0.0	21.1	(21.1)	0.0	416.5

**Department Budget Pressures**

The pressure relates to the reduction of third party income in this area.

**Department Budget Reductions to Fund Pressures**

This reduction in expenditure is the spend no longer required to achieve third party outcomes.

**2011/2012 BUDGET - BEST VALUE UNIT: COMMISSIONING - ADULTS**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Commissioning - Adults</u>									
815.0	Direct costs - Employees	823.3	(91.9)	4.1	0.0	0.0	0.0	0.0	50.0	785.5
4,669.8	- Other	4,673.6	0.0	(892.6)	0.0	0.0	0.0	0.0	0.0	3,781.0
5,484.8	Total Direct Cost	5,496.9	(91.9)	(888.5)	0.0	0.0	0.0	0.0	50.0	4,566.5
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(583.1)	Income	(584.6)	0.0	523.2	0.0	0.0	0.0	0.0	0.0	(61.4)
4,901.7	Gross Budget Requirement	4,912.3	(91.9)	(365.3)	0.0	0.0	0.0	0.0	50.0	4,505.1
0.0	Use Of Departmental Reserves								(50.0)	(50.0)
4,901.7	Net Budget Requirement	4,912.3	(91.9)	(365.3)	0.0	0.0	0.0	0.0	0.0	4,455.1

**Business Transformation Savings**

The savings are part of the Commissioned Services Service Delivery Options previously approved by Members.

**Removal of WNF, ABG and Specific Grants**

The savings reflect the loss ABG Supporting People grant and the mainstreaming of Social Care Reform grant of which final allocation is still to be decided.

**One Off Costs Funded from Department Reserves**

This reflects the funding required for the remainder of a 2 year fixed term Putting People First project post.

**2011/2012 BUDGET - BEST VALUE UNIT: COMMISSIONING - MENTAL HEALTH**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Commissioning - Mental Health</u>									
246.5	Direct costs - Employees	245.4	(26.5)	0.0	0.0	0.0	0.0	0.0	0.0	218.9
1,502.4	- Other	1,536.2	0.0	0.0	0.0	0.0	41.0	(51.0)	0.0	1,526.2
1,748.9	Total Direct Cost	1,781.6	(26.5)	0.0	0.0	0.0	41.0	(51.0)	0.0	1,745.1
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(427.1)	Income	(437.8)	0.0	0.0	0.0	0.0	51.0	(41.0)	0.0	(427.8)
1,321.8	Gross Budget Requirement	1,343.8	(26.5)	0.0	0.0	0.0	92.0	(92.0)	0.0	1,317.3
0.0	Use Of Departmental Reserves							0.0		0.0
1,321.8	Net Budget Requirement	1,343.8	(26.5)	0.0	0.0	0.0	92.0	(92.0)	0.0	1,317.3

**Removal of WNF, ABG and Specific Grants**

The savings reflect the loss of specific Preserved Rights grant.

**Department Budget Pressures**

The pressure relates to mainly to community based packages within Mental Health services.

**Department Budget Reductions to Fund Pressures**

Additional contributions from individuals for support, offsets the above pressure.

**2011/2012 BUDGET - BEST VALUE UNIT: COMMISSIONING - OLDER PEOPLE**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Commissioning - Older People</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15,865.9	- Other	16,257.6	0.0	50.6	0.0	0.0	398.0	(62.6)	0.0	16,643.6
15,865.9	Total Direct Cost	16,257.6	0.0	50.6	0.0	0.0	398.0	(62.6)	0.0	16,643.6
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(6,436.6)	Income	(6,597.5)	0.0	0.0	0.0	0.0	18.3	(413.7)	0.0	(6,992.9)
9,429.3	Gross Budget Requirement	9,660.1	0.0	50.6	0.0	0.0	416.3	(476.3)	0.0	9,650.7
0.0	Use Of Departmental Reserves									0.0
9,429.3	Net Budget Requirement	9,660.1	0.0	50.6	0.0	0.0	416.3	(476.3)	0.0	9,650.7

**Removal of WNF, ABG and Specific Grants**

These adjustments reflect the reallocation of the Housing Strategy Grant and have been offset by the reduction in the Preserved Rights grant.

**Department Budget Pressures**

The pressure relates mainly to increased pressures in community based packages and residential placements.

**Department Budget Reductions to Fund Pressures**

Additional contributions from individuals for support offsets the above pressure.

**2011/2012 BUDGET - BEST VALUE UNIT: COMMISSIONING - WORKING AGE ADULTS**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Commissioning - Working Age Adults</u>									
35.1	Direct costs - Employees	33.5	0.0	(3.1)	0.0	0.0	0.0	0.0	0.0	30.4
8,794.5	- Other	9,006.9	0.0	(100.4)	0.0	0.0	449.5	0.0	0.0	9,356.0
8,829.6	Total Direct Cost	9,040.4	0.0	(103.5)	0.0	0.0	449.5	0.0	0.0	9,386.4
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(2,983.8)	Income	(3,058.4)	0.0	0.0	0.0	0.0	48.0	(497.5)	0.0	(3,507.9)
5,845.8	Gross Budget Requirement	5,982.0	0.0	(103.5)	0.0	0.0	497.5	(497.5)	0.0	5,878.5
0.0	Use Of Departmental Reserves							0.0		0.0
5,845.8	Net Budget Requirement	5,982.0	0.0	(103.5)	0.0	0.0	497.5	(497.5)	0.0	5,878.5

**Removal of WNF, ABG and Specific Grants**

The savings reflect the loss of specific Preserved Rights grant and ABG Learning Disability Development Fund.

**Department Budget Pressures**

The pressure relates mainly to increased pressures in community based packages.

**Department Budget Reductions to Fund Pressures**

Additional income for joint packages from the PCT and contributions from individuals for support offsets the above pressure.

**2011/2012 BUDGET - BEST VALUE UNIT: COMMUNITY CENTRES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Community Centres</b>									
221.3	Direct costs - Employees	221.0	(5.1)	0.0	0.0	0.0	0.0	0.0	0.0	215.9
64.9	- Other	66.5	5.6	0.0	0.0	0.0	0.0	0.0	0.0	72.1
286.2	Total Direct Cost	287.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	288.0
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(96.7)	Income	(99.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(99.1)
189.5	Gross Budget Requirement	188.4	0.5	0.0	0.0	0.0	0.0	0.0	0.0	188.9
	Use Of Departmental Reserves									0.0
189.5	Net Budget Requirement	188.4	0.5	0.0	0.0	0.0	0.0	0.0	0.0	188.9

**Business Transformation Savings**

The savings are part of the Library and Community Resources Service Delivery Options previously approved by Members.

**2011/2012 BUDGET - BEST VALUE UNIT: COMPLAINTS, INVESTIGATIONS & PUBLIC INFORMATION**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Complaints, Investigations &amp; Public Information</b>									
163.0	Direct costs - Employees	163.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	163.5
103.3	- Other	103.4	0.0	(13.0)	0.0	0.0	0.0	0.0	0.0	90.4
266.3	Total Direct Cost	266.9	0.0	(13.0)	0.0	0.0	0.0	0.0	0.0	253.9
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
266.3	Gross Budget Requirement	266.9	0.0	(13.0)	0.0	0.0	0.0	0.0	0.0	253.9
0.0	Use Of Departmental Reserves								0.0	0.0
266.3	Net Budget Requirement	266.9	0.0	(13.0)	0.0	0.0	0.0	0.0	0.0	253.9

**Removal of WNF, ABG and Specific Grants**

The savings reflect the loss of ABG for LINKs (Local Involvement Network)



**2011/2012 BUDGET - BEST VALUE UNIT: CULTURAL SERVICES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Cultural Services</u>									
985.6	Direct costs - Employees	985.6	3.3	0.0	0.0	0.0	0.0	0.0	0.0	988.9
503.0	- Other	515.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	514.5
1,488.6	Total Direct Cost	1,501.1	3.3	0.0	0.0	0.0	0.0	(1.0)	0.0	1,503.4
0.7	Support Recharges	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8
(661.4)	Income	(678.0)	0.0	0.0	0.0	0.0	10.0	(9.0)	0.0	(677.0)
827.9	Gross Budget Requirement	823.9	3.3	0.0	0.0	0.0	10.0	(10.0)	0.0	827.2
0.0	Use Of Departmental Reserves							0.0		0.0
827.9	Net Budget Requirement	823.9	3.3	0.0	0.0	0.0	10.0	(10.0)	0.0	827.2

**Business Transformation Savings**

The savings are part of the Management Structure savings.

**2011/2012 BUDGET - BEST VALUE UNIT: DEPARTMENTAL RUNNING COSTS**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Departmental Running Costs</u>									
591.5	Direct costs - Employees	612.7	(43.7)	0.0	0.0	0.0	0.0	0.0	0.0	569.0
232.0	- Other	237.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	237.8
823.5	Total Direct Cost	850.5	(43.7)	0.0	0.0	0.0	0.0	0.0	0.0	806.8
8.2	Support Recharges	8.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.4
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
831.7	Gross Budget Requirement	858.9	(43.7)	0.0	0.0	0.0	0.0	0.0	0.0	815.2
0.0	Use Of Departmental Reserves							0.0		0.0
831.7	Net Budget Requirement	858.9	(43.7)	0.0	0.0	0.0	0.0	0.0	0.0	815.2

**Removal of WNF, ABG and Specific Grants**

The savings reflect the loss of ABG for LINKs (Local Involvement Network)

**Business Transformation Savings**

The savings are part of the Management Structure savings previously approved by Members.

**2011/2012 BUDGET - BEST VALUE UNIT: DIRECT CARE & SUPPORT TEAM**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Direct Care &amp; Support Team</u>									
1,545.2	Direct costs - Employees	1,549.7	(95.2)	0.0	0.0	0.0	0.0	(6.9)	0.0	1,447.6
148.6	- Other	152.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	152.3
1,693.8	Total Direct Cost	1,702.0	(95.2)	0.0	0.0	0.0	0.0	(6.9)	0.0	1,599.9
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(275.7)	Income	(282.6)	0.0	0.0	0.0	0.0	6.9	0.0	0.0	(275.7)
1,418.1	Gross Budget Requirement	1,419.4	(95.2)	0.0	0.0	0.0	6.9	(6.9)	0.0	1,324.2
0.0	Use Of Departmental Reserves							0.0		0.0
1,418.1	Net Budget Requirement	1,419.4	(95.2)	0.0	0.0	0.0	6.9	(6.9)	0.0	1,324.2

## Business Transformation Savings

The savings are part of the Operational Provider Services Service Delivery Options previously approved by Members.

**2011/2012 BUDGET - BEST VALUE UNIT: GRANTS TO COMMUNITY & VOLUNTARY ORGANISATIONS**

[illegible]

**2011/2012 BUDGET - BEST VALUE UNIT: LEARNING DISABILITY & TRANSITIONS SOCIAL WORK TEAMS**

[illegible]

**2011/2012 BUDGET - BEST VALUE UNIT: LIBRARIES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Libraries</b>									
1,182.5	Direct costs - Employees	1,184.2	(77.2)	0.0	0.0	0.0	0.0	0.0	0.0	1,107.0
534.9	- Other	548.2	(24.0)	0.0	0.0	0.0	0.0	0.0	2.0	526.2
1,717.4	Total Direct Cost	1,732.4	(101.2)	0.0	0.0	0.0	0.0	0.0	2.0	1,633.2
5.2	Support Recharges	5.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.3
(74.3)	Income	(76.2)	1.7	0.0	0.0	0.0	0.0	0.0	0.0	(74.5)
1,648.3	Gross Budget Requirement	1,661.5	(99.5)	0.0	0.0	0.0	0.0	0.0	2.0	1,564.0
0.0	Use Of Departmental Reserves							0.0	(2.0)	(2.0)
1,648.3	Net Budget Requirement	1,661.5	(99.5)	0.0	0.0	0.0	0.0	0.0	0.0	1,562.0

**Business Transformation Savings**

The savings are part of the Library and Community Resources Service Delivery Options previously approved by Members.

**One Off Costs Funded from Department Reserves**

This reflects the funding required for low level refurbishment at Throston Grange Library.

**2011/2012 BUDGET - BEST VALUE UNIT: LOCALITY & SAFEGUARDING SOCIAL WORK TEAMS**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Locality &amp; Safeguarding Social Work Teams</b>									
2,223.7	Direct costs - Employees	2,238.9	0.0	(12.0)	0.0	0.0	(80.4)	0.0	0.0	2,146.5
222.3	- Other	226.0	0.0	0.0	0.0	0.0	32.3	(3.0)	10.0	265.3
2,446.0	Total Direct Cost	2,464.9	0.0	(12.0)	0.0	0.0	(48.1)	(3.0)	10.0	2,411.8
0.6	Support Recharges	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
(227.4)	Income	(230.9)	0.0	87.2	0.0	0.0	85.8	(34.7)	0.0	(92.6)
2,219.2	Gross Budget Requirement	2,234.6	0.0	75.2	0.0	0.0	37.7	(37.7)	10.0	2,319.8
0.0	Use Of Departmental Reserves							0.0	(10.0)	(10.0)
2,219.2	Net Budget Requirement	2,234.6	0.0	75.2	0.0	0.0	37.7	(37.7)	0.0	2,309.8

**Removal of WNF, ABG and Specific Grants**

The income reduction reflects the mainstreaming of the Stroke Services grant. The expenditure reduction reflects the reduction in the allocation by government.

**One Off Costs Funded from Department Reserves**

This reflects the funding required to fund Stroke clubs which provide a preventative service within the town.

**2011/2012 BUDGET - BEST VALUE UNIT: MENTAL HEALTH SERVICES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Mental Health Services</u>									
752.1	Direct costs - Employees	765.2	(32.7)	0.0	0.0	0.0	0.0	(12.1)	0.0	720.4
119.9	- Other	122.0	0.0	(1.0)	0.0	0.0	0.0	0.0	0.0	121.0
872.0	Total Direct Cost	887.2	(32.7)	(1.0)	0.0	0.0	0.0	(12.1)	0.0	841.4
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(166.5)	Income	(170.5)	0.0	7.0	0.0	0.0	12.1	0.0	0.0	(151.4)
705.5	Gross Budget Requirement	716.7	(32.7)	6.0	0.0	0.0	12.1	(12.1)	0.0	690.0
0.0	Use Of Departmental Reserves								0.0	0.0
705.5	Net Budget Requirement	716.7	(32.7)	6.0	0.0	0.0	12.1	(12.1)	0.0	690.0

### Business Transformation Savings

The savings are part of the Mental Health Service Delivery Options previously approved by Members.

### Removal of WNF, ABG and Specific Grants

The income reduction reflects the mainstreaming of the Aids Support Grant. The expenditure reduction reflects the reduction in the allocation by government.

**2011/2012 BUDGET - BEST VALUE UNIT: OCCUPATIONAL THERAPY SERVICES & DISABILITY EQUIPMENT**

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## 2011/2012 BUDGET - BEST VALUE UNIT: RENAISSANCE IN THE REGIONS

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**2011/2012 BUDGET - BEST VALUE UNIT: SOCIAL CARE WORKFORCE PLANNING & DEVELOPMENT**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Social Care Workforce Planning &amp; Development</u>									
247.0	Direct costs - Employees	245.1	(19.4)	0.0	0.0	0.0	0.0	0.0	0.0	225.7
103.2	- Other	103.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	103.7
350.2	Total Direct Cost	348.8	(19.4)	0.0	0.0	0.0	0.0	0.0	0.0	329.4
46.4	Support Recharges	46.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	46.5
(82.1)	Income	(83.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(83.4)
314.5	Gross Budget Requirement	311.9	(19.4)	0.0	0.0	0.0	0.0	0.0	0.0	292.5
	Use Of Departmental Reserves								0.0	0.0
314.5	Net Budget Requirement	311.9	(19.4)	0.0	0.0	0.0	0.0	0.0	0.0	292.5

**Business Transformation Savings**

The savings are part of the Management Structure savings previously approved by Members.

**2011/2012 BUDGET - BEST VALUE UNIT: SPORT, LEISURE & RECREATIONAL FACILITIES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Sport, Leisure &amp; Recreational Facilities</u>									
1,450.1	Direct costs - Employees	1,455.7	(111.2)	0.0	0.0	0.0	0.0	0.0	0.0	1,344.5
392.3	- Other	402.1	(8.3)	0.0	0.0	0.0	0.0	0.0	31.4	425.2
1,842.4	Total Direct Cost	1,857.8	(119.5)	0.0	0.0	0.0	0.0	0.0	31.4	1,769.7
1.0	Support Recharges	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
(635.5)	Income	(651.4)	19.7	0.0	0.0	0.0	0.6	(0.6)	0.0	(631.7)
1,207.9	Gross Budget Requirement	1,207.4	(99.8)	0.0	0.0	0.0	0.6	(0.6)	31.4	1,139.0
0.0	Use Of Departmental Reserves								(31.4)	(31.4)
1,207.9	Net Budget Requirement	1,207.4	(99.8)	0.0	0.0	0.0	0.6	(0.6)	0.0	1,107.6

**Business Transformation Savings**

The savings are part of the Sport, Leisure & Recreation Service Delivery Options previously approved by Members.

**One Off Costs Funded from Department Reserves**

This reserve relates to monies received from the PCT to be awarded by HBC in grants to the community and voluntary sector.

**2011/2012 BUDGET - BEST VALUE UNIT: WORKING AGE ADULTS DAY SERVICES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Working Age Adults Day Services</u>									
968.4	Direct costs - Employees	974.2	(10.1)	0.0	0.0	0.0	0.0	0.0	0.0	964.1
442.8	- Other	453.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	453.8
1,411.2	Total Direct Cost	1,428.0	(10.1)	0.0	0.0	0.0	0.0	0.0	0.0	1,417.9
3.3	Support Recharges	3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4
(86.3)	Income	(88.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(88.4)
1,328.2	Gross Budget Requirement	1,343.0	(10.1)	0.0	0.0	0.0	0.0	0.0	0.0	1,332.9
0.0	Use Of Departmental Reserves									0.0
1,328.2	Net Budget Requirement	1,343.0	(10.1)	0.0	0.0	0.0	0.0	0.0	0.0	1,332.9

**Business Transformation Savings**

The savings are part of the Adult Social Operation Provider Service Delivery Options previously approved by Members.

**2011/2012 BUDGET - BEST VALUE UNIT: WORKING NEIGHBOURHOODS FUND**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Working Neighbourhoods Fund</u>									
61.2	Direct costs - Employees	61.2	0.0	(61.2)	0.0	0.0	0.0	0.0	0.0	0.0
187.8	- Other	187.8	0.0	(187.8)	0.0	0.0	0.0	0.0	0.0	0.0
249.0	Total Direct Cost	249.0	0.0	(249.0)	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
249.0	Gross Budget Requirement	249.0	0.0	(249.0)	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Use Of Departmental Reserves									0.0
249.0	Net Budget Requirement	249.0	0.0	(249.0)	0.0	0.0	0.0	0.0	0.0	0.0

**Removal of WNF, ABG and Specific Grants**

All of the WNF funded schemes have ceased following the abolition of WNF funding.

## **REGENERATION & NEIGHBOURHOODS**

### **DETAILED REVENUE BUDGET 2011/12**

**2011/2012 BUDGET - REGENERATION AND NEIGHBOURHOODS SUMMARY**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000		(9) £'000	(10) £'000
37.2	Building Control	31.6	(37.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(5.4)
78.5	CADCAM	80.4	0.0	0.0	0.0	0.0	0.0	0.0	38.5	(38.5)	80.4
(1,019.4)	Car Parks	(1,051.3)	0.0	38.3	0.0	0.0	0.0	0.0	0.0	0.0	(1,013.0)
413.2	Community Regeneration	421.9	0.0	(242.2)	0.0	0.0	0.0	0.0	0.0	0.0	179.7
740.7	Consumer Services	761.1	(55.1)	4.0	0.0	0.0	0.0	0.0	0.0	0.0	710.0
1,203.7	Crime & Disorder	1,208.7	0.0	(832.0)	0.0	0.0	0.0	0.0	0.0	0.0	376.7
(64.4)	Development Control	(65.9)	0.0	0.0	0.0	0.0	0.0	0.0	87.0	(87.0)	(65.9)
147.3	Drugs and Alcohol	148.1	0.0	(118.0)	0.0	0.0	0.0	0.0	0.0	0.0	30.1
1,165.2	Economic Development	1,179.3	0.0	(11.6)	0.0	0.0	0.0	0.0	385.6	(385.6)	1,167.7
518.9	Engineering Consultancy	523.0	(60.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	463.0
57.6	Environmental Protection	59.0	(15.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	43.9
(58.5)	Environmental Standards	(60.0)	(22.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(82.8)
459.4	Facilities Management	375.1	(278.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	97.1
31.2	General Allotments	32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32.0
37.8	Grounds Maintenance	38.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	38.7
5,700.8	Highways, Traffic & Transportation	5,866.1	0.0	382.7	0.0	0.0	0.0	0.0	0.0	0.0	6,248.8
152.6	Housing Regeneration & Policy	154.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	154.8
742.2	Integrated Transport Unit (ITU)	736.7	0.0	(204.0)	0.0	0.0	0.0	0.0	0.0	0.0	532.7
329.9	Landscape Planning and Conservation	333.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	333.1
2.4	Logistics	(4.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(4.6)
2,310.2	Neighbourhood Management	2,339.0	(54.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,284.1
2,450.2	Parks & Countryside	2,468.4	(93.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,375.3
303.7	Private Sector Housing & Special Housing Needs	303.6	(54.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	249.0
268.4	Property Services	242.5	(77.8)	0.0	0.0	0.0	0.0	0.0	43.5	(43.5)	164.7
134.6	Purchasing Unit	133.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	133.2
16.0	Reprographics	13.2	(34.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(20.8)
707.6	Social Behaviour & Housing	713.4	0.0	(66.0)	0.0	0.0	0.0	0.0	39.5	(39.5)	647.4
(199.3)	Staff Savings	(196.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(196.9)
1,284.4	Strategic Management & Admin	1,272.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,272.4
50.3	Sustainable Development Policy	52.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.7
536.5	Urban & Planning Policy	543.9	(40.7)	0.0	0.0	0.0	0.0	0.0	94.0	(94.0)	503.2
5,075.1	Waste & Environmental Services	5,181.8	(297.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,884.7
2,470.0	Working Neighbourhoods Fund	2,470.0	0.0	(2,470.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>26,084.0</b>	<b>Net Budget Requirement</b>	<b>26,305.0</b>	<b>(1,120.2)</b>	<b>(3,518.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>688.1</b>	<b>(688.1)</b>	<b>21,666.0</b>



**2011/2012 BUDGET - BEST VALUE UNIT: BUILDING CONTROL**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Management &amp; Service Account</u>									
288.9	Direct costs - Employees	289.6	(37.0)	0.0	0.0	0.0	0.0	0.0	0.0	252.6
18.5	- Other	19.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.0
307.4	Total Direct Cost	308.6	(37.0)	0.0	0.0	0.0	0.0	0.0	0.0	271.6
9.0	Support Recharges	9.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.2
(279.2)	Income	(286.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(286.2)
37.2	Gross Budget Requirement	31.6	(37.0)	0.0	0.0	0.0	0.0	0.0	0.0	(5.4)
0.0	Use Of Departmental Reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
37.2	Net Budget Requirement	31.6	(37.0)	0.0	0.0	0.0	0.0	0.0	0.0	(5.4)

**Business Transformation Savings**

Relates to removal of a post as part of the SDO for this service

**2011/2012 BUDGET - BEST VALUE UNIT: CADCAM**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Management &amp; Service Account</u>									
78.5	Direct costs - Employees	80.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	80.4
	- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	38.5	38.5
78.5	Total Direct Cost	80.4	0.0	0.0	0.0	0.0	0.0	0.0	38.5	118.9
	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
78.5	Gross Budget Requirement	80.4	0.0	0.0	0.0	0.0	0.0	0.0	38.5	118.9
0.0	Use Of Departmental Reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(38.5)	(38.5)
78.5	Net Budget Requirement	80.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	80.4

**One-off Costs Funded From Reserves**

Relates ongoing liability for rent and building costs

**2011/2012 BUDGET - BEST VALUE UNIT: CAR PARKS**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Car Parking General</u>									
306.4	Direct costs - Employees	307.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	307.7
434.3	- Other	445.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	445.1
740.7	Total Direct Cost	752.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	752.8
46.1	Support Recharges	47.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	47.2
(1,806.2)	Income	(1,851.3)	0.0	38.3	0.0	0.0	0.0	0.0	0.0	(1,813.0)
(1,019.4)	Gross Budget Requirement	(1,051.3)	0.0	38.3	0.0	0.0	0.0	0.0	0.0	(1,013.0)
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	0	0.0
(1,019.4)	Net Budget Requirement	(1,051.3)	0.0	38.3	0.0	0.0	0.0	0.0	0.0	(1,013.0)

**Removal of WNF, ABG & Specific Grants**

Use of new Transport Grant funding to offset the increased income target resulting from the inflation factor applied to income.

**2011/2012 BUDGET - BEST VALUE UNIT: COMMUNITY REGENERATION**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Community Regeneration</u>									
210.4	Direct costs - Employees	218.9	0.0	(47.0)	0.0	0.0	0.0	0.0	0.0	171.9
64.9	- Other	65.1	0.0	(57.4)	0.0	0.0	0.0	0.0	0.0	7.7
278.3	Total Direct Cost	284.0	0.0	(104.4)	0.0	0.0	0.0	0.0	0.0	179.6
137.9	Support Recharges	137.9	0.0	(137.8)	0.0	0.0	0.0	0.0	0.0	0.1
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
416.2	Gross Budget Requirement	421.9	0.0	(242.2)	0.0	0.0	0.0	0.0	0.0	179.7
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	0.0	0.0
416.2	Net Budget Requirement	421.9	0.0	(242.2)	0.0	0.0	0.0	0.0	0.0	179.7

**Removal of WNF, ABG & Specific Grants**

Defunding of WNF funded expenditure.

**2011/2012 BUDGET - BEST VALUE UNIT: CONSUMER SERVICES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Consumer Services</u>									
639.9	Direct costs - Employees	658.7	(21.0)	0.0	0.0	0.0	0.0	0.0	0.0	637.7
198.5	- Other	201.9	(24.1)	0.0	0.0	0.0	0.0	0.0	0.0	177.8
838.4	Total Direct Cost	860.6	(45.1)	0.0	0.0	0.0	0.0	0.0	0.0	815.5
15.4	Support Recharges	15.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.7
0.7	Recharges	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
(328.9)	Income	(337.1)	(10.0)	4.0	0.0	0.0	0.0	0.0	0.0	(343.1)
525.6	Gross Budget Requirement	539.9	(55.1)	4.0	0.0	0.0	0.0	0.0	0.0	488.8
	<u>Environmental Standards</u>									
176.7	Direct costs - Employees	181.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	181.8
3.1	- Other	3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2
179.8	Total Direct Cost	185.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	185.0
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35.3	Income	36.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	36.2
215.1	Gross Budget Requirement	221.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	221.2
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	0	0.0
740.7	Net Budget Requirement	761.1	(55.1)	4.0	0.0	0.0	0.0	0.0	0.0	710.0

**Business Transformation Savings**

Staff salary savings have been achieved as a consequence of the SDO.

Other savings have been achieved from third party payments where the service is no longer required.

Additional income will be achieved from increased fees to market stall holders and introduction of a concessionary rate for the treatment of mice.

**Grants**

Animal Welfare Grant will be received.

**2011/2012 BUDGET - BEST VALUE UNIT: CRIME & DISORDER**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Community Safety</b>									
186.0	Direct costs - Employees	190.4	0.0	(3.8)	0.0	0.0	0.0	0.0	0.0	186.6
885.9	- Other	888.0	0.0	(802.4)	0.0	0.0	0.0	0.0	0.0	85.6
1,075.9	Total Direct Cost	1,078.4	0.0	(806.2)	0.0	0.0	0.0	0.0	0.0	272.2
25.8	Support Recharges	25.8	0.0	(25.8)	0.0	0.0	0.0	0.0	0.0	0.0
(89.8)	Income	(92.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(92.0)
1,011.9	Gross Budget Requirement	1,012.2	0.0	(832.0)	0.0	0.0	0.0	0.0	0.0	180.2
	<b>CCTV Town Centre</b>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
186.0	- Other	190.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	190.6
186.0	Total Direct Cost	190.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	190.6
13.0	Support Recharges	13.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.3
(7.2)	Income	(7.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(7.4)
191.8	Gross Budget Requirement	196.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	196.5
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0	0	0.0
1,203.7	Net Budget Requirement	1,208.7	0.0	(832.0)	0.0	0.0	0.0	0.0	0.0	376.7

**Removal of WNF, ABG & Specific Grants**

Defunding of Area Based Grant funded expenditure.

**2011/2012 BUDGET - BEST VALUE UNIT: DEVELOPMENT CONTROL**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Management &amp; Service Account</b>									
307.2	Direct costs - Employees	315.0	0.0	0.0	0.0	0.0	0.0	0.0	37.0	352.0
49.7	- Other	51.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	51.0
363.9	Total Direct Cost	366.0	0.0	0.0	0.0	0.0	0.0	0.0	37.0	403.0
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(421.3)	Income	(431.9)	0.0	0.0	0.0	0.0	0.0	0.0	50.0	(381.9)
(57.4)	Gross Budget Requirement	(65.9)	0.0	0.0	0.0	0.0	0.0	0.0	87.0	21.1
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	(87.0)	(87.0)
(57.4)	Net Budget Requirement	(65.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(65.9)

**One-off Costs Funded From Reserves**

Surplus income from previous years used to ease the temporary pressure on this budget because of the economic downturn.  
Also includes the funding of a post for a year.

**2011/2012 BUDGET - BEST VALUE UNIT: DRUGS AND ALCOHOL**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Drugs and Alcohol</b>									
285.9	Direct costs - Employees	285.9	0.0	(28.1)	0.0	0.0	0.0	0.0	0.0	257.8
1,989.0	- Other	1,989.8	0.0	(149.2)	0.0	0.0	0.0	0.0	0.0	1,840.6
2,274.9	Total Direct Cost	2,275.7	0.0	(177.3)	0.0	0.0	0.0	0.0	0.0	2,098.4
20.0	Support Recharges	20.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0
(2,147.6)	Income	(2,147.6)	0.0	59.3	0.0	0.0	0.0	0.0	0.0	(2,088.3)
147.3	Gross Budget Requirement	148.1	0.0	(118.0)	0.0	0.0	0.0	0.0	0.0	30.1
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	0.0	0.0
147.3	Net Budget Requirement	148.1	0.0	(118.0)	0.0	0.0	0.0	0.0	0.0	30.1

**Removal of WNF, ABG & Specific Grants**

Defunding of Are Based Grant funded expenditure.

**2011/2012 BUDGET - BEST VALUE UNIT: ECONOMIC DEVELOPMENT**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Economic Development</b>									
1,932.2	Direct costs - Employees	1,937.2	0.0	(1,200.7)	0.0	0.0	0.0	0.0	0.0	736.5
2,153.7	- Other	2,161.2	0.0	(1,796.0)	0.0	0.0	0.0	0.0	385.6	750.8
4,085.9	Total Direct Cost	4,098.4	0.0	(2,996.7)	0.0	0.0	0.0	0.0	385.6	1,487.3
16.4	Support Recharges	16.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.8
(3,252.9)	Income	(3,259.6)	0.0	2,985.1	0.0	0.0	0.0	0.0	0.0	(274.5)
849.4	Gross Budget Requirement	855.6	0.0	(11.6)	0.0	0.0	0.0	0.0	385.6	1,229.6
	<b>Contribution to Sub Regional Partnership Structures</b>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
315.8	- Other	323.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	323.7
315.8	Total Direct Cost	323.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	323.7
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
315.8	Gross Budget Requirement	323.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	323.7
0.0	Use Of Departmental Reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(385.6)	(385.6)
1,165.2	Net Budget Requirement	1,179.3	0.0	(11.6)	0.0	0.0	0.0	0.0	0.0	1,167.7

**Removal of WNF, ABG & Specific Grants**

Defunding of WNF funded expenditure.

**One-off Costs Funded From Reserves**

Relates to grant funding earmarked for the specific projects, including Intermediate Labour Market ( ILM) and construction employment integration.  
Also includes 'Jobs and the Economy' Area Based Grant funding earmarked for the purposes of the grant.

**2011/2012 BUDGET - BEST VALUE UNIT: ENGINEERING CONSULTANCY**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Coast Protection</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
342.3	- Other	350.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	350.9
342.3	Total Direct Cost	350.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	350.9
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(4.0)	Income	(4.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(4.1)
338.3	Gross Budget Requirement	346.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	346.8
	<u>Engineering Consultancy</u>									
454.9	Direct costs - Employees	457.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	457.2
89.5	- Other	91.8	(22.7)	0.0	0.0	0.0	0.0	0.0	0.0	69.1
544.4	Total Direct Cost	549.0	(22.7)	0.0	0.0	0.0	0.0	0.0	0.0	526.3
10.4	Recharges	10.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.7
31.4	Support Recharges	32.2	(22.0)	0.0	0.0	0.0	0.0	0.0	0.0	10.2
(405.6)	Income	(415.7)	(15.3)	0.0	0.0	0.0	0.0	0.0	0.0	(431.0)
180.6	Gross Budget Requirement	176.2	(60.0)	0.0	0.0	0.0	0.0	0.0	0.0	116.2
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0	0	0.0
518.9	Net Budget Requirement	523.0	(60.0)	0.0	0.0	0.0	0.0	0.0	0.0	463.0

**Business Transformation Savings**

Savings achieved from reduced maintenance and support service staff costs.

Increased income will be achieved from BT process efficiency savings and increased charges to external clients.

**2011/2012 BUDGET - BEST VALUE UNIT: ENVIRONMENTAL PROTECTION**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Environmental Protection - Pest Control</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
77.7	- Other	79.6	(13.0)	0.0	0.0	0.0	0.0	0.0	0.0	66.6
77.7	Total Direct Cost	79.6	(13.0)	0.0	0.0	0.0	0.0	0.0	0.0	66.6
0.6	Recharges	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
(20.7)	Income	(21.2)	(2.1)	0.0	0.0	0.0	0.0	0.0	0.0	(23.3)
57.6	Gross Budget Requirement	59.0	(15.1)	0.0	0.0	0.0	0.0	0.0	0.0	43.9
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0	0	0.0
57.6	Net Budget Requirement	59.0	(15.1)	0.0	0.0	0.0	0.0	0.0	0.0	43.9

**Business Transformation Savings**

Savings from Out of Hours Noise Service through implementation of reduced staff payments through Single Status Agreement.

**2011/2012 BUDGET - BEST VALUE UNIT: ENVIRONMENTAL STANDARDS**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Outdoor Markets</b>									
0.1	Direct costs - Employees	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
35.7	- Other	36.6	(15.0)	0.0	0.0	0.0	0.0	0.0	0.0	21.6
35.8	Total Direct Cost	36.7	(15.0)	0.0	0.0	0.0	0.0	0.0	0.0	21.7
0.0	Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(94.3)	Income	(96.7)	(7.8)	0.0	0.0	0.0	0.0	0.0	0.0	(104.5)
(58.5)	Gross Budget Requirement	(60.0)	(22.8)	0.0	0.0	0.0	0.0	0.0	0.0	(82.8)
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0	0	0.0
(58.5)	Net Budget Requirement	(60.0)	(22.8)	0.0	0.0	0.0	0.0	0.0	0.0	(82.8)

**Business Transformation Savings**

Reduction in internal costs for market cleaning.

Additional income will be achieved from increased fees.

**2011/2012 BUDGET - BEST VALUE UNIT: FACILITIES MANAGEMENT**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Facilities Management</b>									
1,102.8	Direct costs - Employees	1,104.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,104.3
219.1	- Other	224.6	(7.9)	0.0	0.0	0.0	0.0	0.0	0.0	216.7
1,321.9	Total Direct Cost	1,328.9	(7.9)	0.0	0.0	0.0	0.0	0.0	0.0	1,321.0
114.2	Support Recharges	115.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	115.5
(1,283.7)	Income	(1,289.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1,289.7)
152.4	Gross Budget Requirement	154.7	(7.9)	0.0	0.0	0.0	0.0	0.0	0.0	146.8
	<b>Security</b>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
510.0	- Other	522.7	(55.3)	0.0	0.0	0.0	0.0	0.0	0.0	467.4
510.0	Total Direct Cost	522.7	(55.3)	0.0	0.0	0.0	0.0	0.0	0.0	467.4
46.8	Support Recharges	47.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	47.9
(409.2)	Income	(419.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(419.4)
147.6	Gross Budget Requirement	151.2	(55.3)	0.0	0.0	0.0	0.0	0.0	0.0	95.9
	<b>Building Maintenance</b>									
176.9	Direct costs - Employees	177.4	(79.1)	0.0	0.0	0.0	0.0	0.0	0.0	98.3
2,209.5	- Other	2,264.7	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2,266.7
2,386.4	Total Direct Cost	2,442.1	(79.1)	0.0	0.0	0.0	0.0	0.0	2.0	2,365.0
1,448.4	Support Recharges	1,458.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,458.0
(3,878.8)	Income	(3,952.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(3,952.0)
(44.0)	Gross Budget Requirement	(51.9)	(79.1)	0.0	0.0	0.0	0.0	0.0	2.0	(129.0)
	<b>Building Cleaning</b>									
1,951.8	Direct costs - Employees	1,954.7	(37.8)	0.0	0.0	0.0	0.0	0.0	0.0	1,916.9
219.8	- Other	225.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	225.3
2,171.6	Total Direct Cost	2,180.0	(37.8)	0.0	0.0	0.0	0.0	0.0	0.0	2,142.2
137.2	Support Recharges	140.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	140.7
(2,226.2)	Income	(2,281.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2,281.9)
82.6	Gross Budget Requirement	38.8	(37.8)	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	<b>School Catering</b>									
1,753.4	Direct costs - Employees	1,756.8	(62.4)	0.0	0.0	0.0	0.0	0.0	0.0	1,694.4
1,519.6	- Other	1,557.6	(35.5)	0.0	0.0	0.0	0.0	0.0	0.0	1,522.1
3,273.0	Total Direct Cost	3,314.4	(97.9)	0.0	0.0	0.0	0.0	0.0	0.0	3,216.5
170.8	Support Recharges	174.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	174.8
(3,405.5)	Income	(3,490.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(3,490.6)
38.3	Gross Budget Requirement	(1.4)	(97.9)	0.0	0.0	0.0	0.0	0.0	0.0	(99.3)
	<b>Public Conveniences</b>									
44.5	Direct costs - Employees	44.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.7
20.0	- Other	20.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.5
64.5	Total Direct Cost	65.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	65.2
18.0	Support Recharges	18.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.5
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
82.5	Gross Budget Requirement	83.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	83.7
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	(2.0)	(2.0)
459.4	Net Budget Requirement	375.1	(278.0)	0.0	0.0	0.0	0.0	0.0	0.0	97.1

**Business Transformation Savings**

Staff salary savings have been achieved as a consequence of the SDO.

**2011/2012 BUDGET - BEST VALUE UNIT: HIGHWAYS, TRAFFIC AND TRANSPORTATION**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Bus Shelter Maintenance</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21.9	- Other	22.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.5
21.9	Total Direct Cost	22.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.5
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21.9	Gross Budget Requirement	22.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.5
	<u>Concessionary Fares</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2,117.2	- Other	2,161.3	0.0	(1.8)	0.0	0.0	0.0	0.0	0.0	2,159.5
2,117.2	Total Direct Cost	2,161.3	0.0	(1.8)	0.0	0.0	0.0	0.0	0.0	2,159.5
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(351.8)	Income	(351.8)	0.0	351.8	0.0	0.0	0.0	0.0	0.0	0.0
1,765.4	Gross Budget Requirement	1,809.5	0.0	350.0	0.0	0.0	0.0	0.0	0.0	2,159.5
	<u>Gullies</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
166.6	- Other	170.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	170.8
166.6	Total Direct Cost	170.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	170.8
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
166.6	Gross Budget Requirement	170.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	170.8
	<u>Highways &amp; Transportation</u>									
522.9	Direct costs - Employees	538.7	0.0	55.6	0.0	0.0	0.0	0.0	0.0	594.3
19.2	- Other	19.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.7
542.1	Total Direct Cost	558.4	0.0	55.6	0.0	0.0	0.0	0.0	0.0	614.0
24.7	Support Recharges	25.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.3
(172.1)	Income	(176.4)	0.0	8.1	0.0	0.0	0.0	0.0	0.0	(168.3)
394.7	Gross Budget Requirement	407.3	0.0	63.7	0.0	0.0	0.0	0.0	0.0	471.0
	<u>Highways Liability - Insurance Claims</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
628.7	- Other	644.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	644.5
628.7	Total Direct Cost	644.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	644.5
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
628.7	Gross Budget Requirement	644.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	644.5
	<u>Highways Maintenance</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1,164.1	- Other	1,208.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,208.9
1,179.8	Total Direct Cost	1,208.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,208.9
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1,179.8	Gross Budget Requirement	1,208.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,208.9
	<u>Highways Trading</u>									
815.2	Direct costs - Employees	823.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	823.3
1,874.6	- Other	1,921.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,921.4
2,689.8	Total Direct Cost	2,744.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,744.7
969.3	Support Recharges	978.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	978.9
(3,847.3)	Income	(3,910.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(3,910.7)
(188.2)	Gross Budget Requirement	(187.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(187.1)
	<u>Network Infrastructure</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
215.0	- Other	220.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	220.4
215.0	Total Direct Cost	220.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	220.4
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
215.0	Gross Budget Requirement	220.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	220.4
	<u>Non Highways Maintenance</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Total Direct Cost	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.2	Support Recharges	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.2	Gross Budget Requirement	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
	<u>Public Transport Co-ordination</u>									
25.4	Direct costs - Employees	26.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.0
0.0	- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.4	Total Direct Cost	26.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.0
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.4	Gross Budget Requirement	26.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.0
	<u>Rural Bus Subsidy Grant</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31.0	- Other	31.0	0.0	(31.0)	0.0	0.0	0.0	0.0	0.0	0.0
31.0	Total Direct Cost	31.0	0.0	(31.0)	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31.0	Gross Budget Requirement	31.0	0.0	(31.0)	0.0	0.0	0.0	0.0	0.0	0.0

## 2011/2012 BUDGET - BEST VALUE UNIT: HIGHWAYS, TRAFFIC AND TRANSPORTATION - CONTINUED

	<u>Section 38's</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Total Direct Cost	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(108.2)	Income	(110.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(110.9)
(108.2)	Gross Budget Requirement	(110.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(110.9)
	<u>Street Lighting</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
961.2	- Other	985.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	985.2
961.2	Total Direct Cost	985.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	985.2
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
961.2	Gross Budget Requirement	985.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	985.2
	<u>Supported Bus Services</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
359.4	- Other	367.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	367.5
359.4	Total Direct Cost	367.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	367.5
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(3.0)	Income	(3.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(3.0)
356.4	Gross Budget Requirement	364.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	364.5
	<u>Traffic Management</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13.9	- Other	14.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.2
13.9	Total Direct Cost	14.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.2
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13.9	Gross Budget Requirement	14.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.2
	<u>Winter Maintenance</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
252.7	- Other	259.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	259.1
252.7	Total Direct Cost	259.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	259.1
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
252.7	Gross Budget Requirement	259.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	259.1
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	0.0	0.0
5,716.5	Net Budget Requirement	5,866.1	0.0	382.7	0.0	0.0	0.0	0.0	0.0	6,248.8

### Removal of WNF, ABG & Specific Grants

Removal of Rural Bus Subsidy Grant.

Removal of the Concessionary Fares Grant which is has now being mainstreamed..

**2011/2012 BUDGET - BEST VALUE UNIT: HOUSING REGENERATION & POLICY**

[illegible]



**2011/2012 BUDGET - BEST VALUE UNIT: INTEGRATED TRANSPORT UNIT (ITU)**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Passenger Transport</b>									
640.5	Direct costs - Employees	643.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	643.6
386.0	- Other	395.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	395.7
1,026.5	Total Direct Cost	1,039.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,039.3
18.6	Support Recharges	19.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.0
(869.6)	Income	(891.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(891.3)
175.5	Gross Budget Requirement	167.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	167.0
	<b>Dial A Ride</b>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
266.8	- Other	273.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	273.4
266.8	Total Direct Cost	273.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	273.4
27.1	Recharges	27.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.7
(84.9)	Income	(87.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(87.0)
209.0	Gross Budget Requirement	214.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	214.1
	<b>ITU Road Safety</b>									
138.9	Direct costs - Employees	142.6	0.0	(24.5)	0.0	0.0	0.0	0.0	0.0	118.1
49.1	- Other	49.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	49.8
188.0	Total Direct Cost	192.4	0.0	(24.5)	0.0	0.0	0.0	0.0	0.0	167.9
0.0	Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(29.6)	Income	(29.8)	0.0	24.5	0.0	0.0	0.0	0.0	0.0	(5.3)
158.4	Gross Budget Requirement	162.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	162.6
	<b>Strategic Management</b>									
33.8	Direct costs - Employees	33.8	0.0	(33.8)	0.0	0.0	0.0	0.0	0.0	0.0
1.2	- Other	1.2	0.0	(1.2)	0.0	0.0	0.0	0.0	68.7	68.7
35.0	Total Direct Cost	35.0	0.0	(35.0)	0.0	0.0	0.0	0.0	68.7	68.7
0.0	Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35.0	Gross Budget Requirement	35.0	0.0	(35.0)	0.0	0.0	0.0	0.0	68.7	68.7
	<b>ITU Vehicle Fleet</b>									
363.2	Direct costs - Employees	364.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	364.6
2,674.2	- Other	2,741.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,741.1
3,037.4	Total Direct Cost	3,105.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,105.7
675.1	Recharges	692.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	692.0
641.6	Support Recharges	651.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	651.0
(4,555.7)	Income	(4,655.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(4,655.7)
(201.6)	Gross Budget Requirement	(207.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(207.0)
	<b>NDORS</b>									
33.4	Direct costs - Employees	33.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	33.4
437.3	- Other	447.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	447.6
470.7	Total Direct Cost	481.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	481.0
0.0	Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(470.7)	Income	(482.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(482.4)
0.0	Gross Budget Requirement	(1.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.4)
	<b>Safety Cameras</b>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
169.0	- Other	169.0	0.0	(169.0)	0.0	0.0	0.0	0.0	0.0	0.0
169.0	Total Direct Cost	169.0	0.0	(169.0)	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
169.0	Gross Budget Requirement	169.0	0.0	(169.0)	0.0	0.0	0.0	0.0	0.0	0.0
	<b>School Crossing Patrol</b>									
194.1	Direct costs - Employees	194.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	194.6
2.8	- Other	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.8
196.9	Total Direct Cost	197.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	197.4
0.0	Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
196.9	Gross Budget Requirement	197.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	197.4
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0	(68.7)	(68.7)
742.2	Net Budget Requirement	736.7	0.0	(204.0)	0.0	0.0	0.0	0.0	0.0	532.7

**Removal of WNF, ABG & Specific Grants**

Area Based Grants for Road Safety and Regional School Travel Advisors has been withdrawn.

Regional School Travel Advisor Grant removed.

**2011/2012 BUDGET - BEST VALUE UNIT: GENERAL ALLOTMENTS**

[illegible]

**2011/2012 BUDGET - BEST VALUE UNIT: GROUNDS MAINTENANCE**

[illegible]

**2011/2012 BUDGET - BEST VALUE UNIT: LANDSCAPE PLANNING AND CONSERVATION**

[illegible]

**2011/2012 BUDGET - BEST VALUE UNIT: LOGISTICS**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Logistics</u>									
398.6	Direct costs - Employees	399.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	399.7
450.3	- Other	461.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	461.7
848.9	Total Direct Cost	861.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	861.4
271.6	Support Recharges	274.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	274.0
(1,118.1)	Income	(1,140.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1,140.0)
2.4	Gross Budget Requirement	(4.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(4.6)
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	0	0.0
2.4	Net Budget Requirement	(4.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(4.6)

**2011/2012 BUDGET - BEST VALUE UNIT: NEIGHBOURHOOD MANAGEMENT**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Neighbourhood Forums</u>									
721.9	Direct costs - Employees	723.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	723.2
3.0	- Other	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1
724.9	Total Direct Cost	726.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	726.3
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(721.9)	Income	(723.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(723.2)
3.0	Gross Budget Requirement	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1
	<u>Street Cleansing</u>									
128.1	Direct costs - Employees	128.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	128.6
1,044.4	- Other	1,070.5	(54.9)	0.0	0.0	0.0	0.0	0.0	0.0	1,015.6
1,172.5	Total Direct Cost	1,199.1	(54.9)	0.0	0.0	0.0	0.0	0.0	0.0	1,144.2
855.1	Support Recharges	858.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	858.8
(139.4)	Income	(143.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(143.0)
1,888.2	Gross Budget Requirement	1,914.9	(54.9)	0.0	0.0	0.0	0.0	0.0	0.0	1,860.0
	<u>Derelict Building Investigation</u>									
20.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- Other	20.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.5
20.0	Total Direct Cost	20.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.5
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20.0	Gross Budget Requirement	20.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.5
	<u>Neighbourhood Management Team</u>									
377.1	Direct costs - Employees	378.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	378.1
1.6	- Other	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6
378.7	Total Direct Cost	379.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	379.7
20.3	Support Recharges	20.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.8
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
399.0	Gross Budget Requirement	400.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	400.5
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	0.0	0.0
2,310.2	Net Budget Requirement	2,339.0	(54.9)	0.0	0.0	0.0	0.0	0.0	0.0	2,284.1

**Business Transformation Savings**

SDO savings have been achieved by reducing the purchase of litter/dog foul bins and reduced vehicle costs.

**2011/2012 BUDGET - BEST VALUE UNIT: PARKS & COUNTRYSIDE**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Parks &amp; Countryside</b>									
1,627.4	Direct costs - Employees	1,631.5	(93.1)	0.0	0.0	0.0	0.0	0.0	0.0	1,538.4
3,207.3	- Other	3,287.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,287.5
4,834.7	Total Direct Cost	4,919.0	(93.1)	0.0	0.0	0.0	0.0	0.0	0.0	4,825.9
219.1	Support Recharges	224.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	224.6
(2,741.8)	Income	(2,810.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2,810.3)
2,312.0	Gross Budget Requirement	2,333.3	(93.1)	0.0	0.0	0.0	0.0	0.0	0.0	2,240.2
	<b>Beach Safety/Foreshore</b>									
146.9	Direct costs - Employees	147.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	147.2
13.6	- Other	13.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.9
160.5	Total Direct Cost	161.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	161.1
	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(5.8)	Income	(5.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(5.9)
154.7	Gross Budget Requirement	155.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	155.2
	<b>Cems &amp; Cems</b>									
141.7	Direct costs - Employees	142.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	142.0
426.1	- Other	436.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	436.8
567.8	Total Direct Cost	578.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	578.8
18.4	Support Recharges	18.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.9
(602.7)	Income	(617.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(617.8)
(16.5)	Gross Budget Requirement	(20.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(20.1)
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0	0	0.0
2,450.2	Net Budget Requirement	2,468.4	(93.1)	0.0	0.0	0.0	0.0	0.0	0.0	2,375.3

**Business Transformation Savings**

The SDO for this service has resulted in staffing reductions.

**2011/2012 BUDGET - BEST VALUE UNIT: PROPERTY SERVICES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Property Services</b>									
1,459.0	Direct costs - Employees	1,463.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,463.0
167.5	- Other	171.7	(36.7)	0.0	0.0	0.0	0.0	0.0	43.5	178.5
1,626.5	Total Direct Cost	1,634.7	(36.7)	0.0	0.0	0.0	0.0	0.0	43.5	1,641.5
826.9	Support Recharges	847.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	847.5
(2,185.0)	Income	(2,239.7)	(41.1)	0.0	0.0	0.0	0.0	0.0	0.0	(2,280.8)
268.4	Gross Budget Requirement	242.5	(77.8)	0.0	0.0	0.0	0.0	0.0	43.5	208.2
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0	(43.5)	(43.5)
268.4	Net Budget Requirement	242.5	(77.8)	0.0	0.0	0.0	0.0	0.0	0.0	164.7

**Business Transformation Savings**

The Asset Management SDO has resulted in savings being identified from the reduction of operating costs and increased income from Legionella control. In addition, increased rental income will be obtained from non- operational property.

**One-off Costs Funded From Reserves**

Relates to an amount set aside to fund feasibility studies for capital projects., which will be recharged to the capital scheme if it goes ahead.

**2011/2012 BUDGET - BEST VALUE UNIT: HOUSING SERVICES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Private Sector Housing &amp; Special Needs Housing</u>									
514.3	Direct costs - Employees	519.5	(54.6)	0.0	0.0	0.0	0.0	0.0	0.0	464.9
72.0	- Other	73.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	73.8
590.3	Total Direct Cost	593.3	(54.6)	0.0	0.0	0.0	0.0	0.0	0.0	538.7
51.3	Support Recharges	52.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.6
(333.9)	Income	(342.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(342.3)
307.7	Gross Budget Requirement	303.6	(54.6)	0.0	0.0	0.0	0.0	0.0	0.0	249.0
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	0	0.0
307.7	Net Budget Requirement	303.6	(54.6)	0.0	0.0	0.0	0.0	0.0	0.0	249.0

**Business Transformation Savings**

The Housing SDO savings have been achieved by the removal of two posts.

**2011/2012 BUDGET - BEST VALUE UNIT: PURCHASING UNIT**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Purchasing Unit</u>									
209.0	Direct costs - Employees	209.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	209.5
(0.8)	- Other	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.9)
208.2	Total Direct Cost	208.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	208.6
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(73.6)	Income	(75.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(75.4)
134.6	Gross Budget Requirement	133.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	133.2
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	0.0	0.0
134.6	Net Budget Requirement	133.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	133.2

**2011/2012 BUDGET - BEST VALUE UNIT: REPROGRAPHICS**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Reprographics</u>									
132.3	Direct costs - Employees	132.4	(44.3)	0.0	0.0	0.0	0.0	0.0	0.0	88.1
231.2	- Other	237.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	237.0
363.5	Total Direct Cost	369.4	(44.3)	0.0	0.0	0.0	0.0	0.0	0.0	325.1
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(347.5)	Income	(356.2)	10.3	0.0	0.0	0.0	0.0	0.0	0.0	(345.9)
16.0	Gross Budget Requirement	13.2	(34.0)	0.0	0.0	0.0	0.0	0.0	0.0	(20.8)
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	0.0	0.0
16.0	Net Budget Requirement	13.2	(34.0)	0.0	0.0	0.0	0.0	0.0	0.0	(20.8)

**Business Transformation Savings**

The SDO for this service area has been achieved from the removal of 2 posts.

**2011/2012 BUDGET - BEST VALUE UNIT: SOCIAL BEHAVIOUR & HOUSING**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>ASB Team</u>									
370.1	Direct costs - Employees	370.7	0.0	(66.0)	0.0	0.0	0.0	0.0	0.0	304.7
221.7	- Other	222.9	0.0	(81.3)	0.0	0.0	0.0	0.0	0.0	141.6
591.8	Total Direct Cost	593.6	0.0	(147.3)	0.0	0.0	0.0	0.0	0.0	446.3
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(236.2)	Income	(236.5)	0.0	81.3	0.0	0.0	0.0	0.0	0.0	(155.2)
355.6	Gross Budget Requirement	357.1	0.0	(66.0)	0.0	0.0	0.0	0.0	0.0	291.1
	<u>Housing Advice - Floating Support Team</u>									
303.0	Direct costs - Employees	304.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	304.8
257.7	- Other	264.1	0.0	0.0	0.0	0.0	0.0	0.0	39.5	303.6
560.7	Total Direct Cost	568.9	0.0	0.0	0.0	0.0	0.0	0.0	39.5	608.4
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(208.7)	Income	(212.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(212.6)
352.0	Gross Budget Requirement	356.3	0.0	0.0	0.0	0.0	0.0	0.0	39.5	395.8
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	(39.5)	(39.5)
707.6	Net Budget Requirement	713.4	0.0	(66.0)	0.0	0.0	0.0	0.0	0.0	647.3

### One-off Costs Funded From Reserves

Relates to IT system related expenditure.

## 2011/2012 BUDGET - BEST VALUE UNIT: STRATEGIC MANAGEMENT &amp; ADMIN

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**2011/2012 BUDGET - BEST VALUE UNIT: SUSTAINABLE DEVELOPMENT POLICY**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Sustainable Development Policy</u>									
45.0	Direct costs - Employees	47.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	47.2
5.3	- Other	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.5
50.3	Total Direct Cost	52.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.7
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
50.3	Gross Budget Requirement	52.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.7
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0.0	0.0	0.0
50.3	Net Budget Requirement	52.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.7

**2011/2012 BUDGET - BEST VALUE UNIT: URBAN & PLANNING POLICY**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<u>Local Plan Review</u>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
46.6	- Other	47.8	0.0	0.0	0.0	0.0	0.0	0.0	32.0	79.8
46.6	Total Direct Cost	47.8	0.0	0.0	0.0	0.0	0.0	0.0	32.0	79.8
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
46.6	Gross Budget Requirement	47.8	0.0	0.0	0.0	0.0	0.0	0.0	32.0	79.8
	<u>Major Regeneration Projects</u>									
174.2	Direct costs - Employees	178.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	178.6
0.0	- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	62.0	62.0
174.2	Total Direct Cost	178.6	0.0	0.0	0.0	0.0	0.0	0.0	62.0	240.6
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
174.2	Gross Budget Requirement	178.6	0.0	0.0	0.0	0.0	0.0	0.0	62.0	240.6
	<u>Planning Policy &amp; Regen Management</u>									
366.7	Direct costs - Employees	368.7	(40.7)	0.0	0.0	0.0	0.0	0.0	0.0	328.0
(2.3)	- Other	(2.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2.3)
364.4	Total Direct Cost	366.4	(40.7)	0.0	0.0	0.0	0.0	0.0	0.0	325.7
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(48.7)	Income	(48.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(48.9)
315.7	Gross Budget Requirement	317.5	(40.7)	0.0	0.0	0.0	0.0	0.0	0.0	276.8
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0	(94.0)	(94.0)
536.5	Net Budget Requirement	543.9	(40.7)	0.0	0.0	0.0	0.0	0.0	0.0	503.2

**Business Transformation Savings**

The savings relate to the removal of a post as part of the Regeneration & Neighbourhoods SDO.

**One-off Costs Funded by Reserves**

Amount originally set aside for the Victoria Harbour . The final proposed use of this reserve is under review.  
Also shown is the use of the Local Plan Reserve which will be used as and when studies are agreed.

**2011/2012 BUDGET - BEST VALUE UNIT: WASTE & ENVIRONMENTAL SERVICES**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Environmental Stewardship</b>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.9	- Other	12.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.3
11.9	Total Direct Cost	12.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.3
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(2.0)	Income	(2.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2.1)
9.9	Gross Budget Requirement	10.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.2
	<b>Waste</b>									
223.0	Direct costs - Employees	237.6	(85.0)	0.0	0.0	0.0	0.0	0.0	0.0	152.6
4,014.1	- Other	4,113.2	(65.0)	0.0	0.0	0.0	0.0	0.0	0.0	4,048.2
4,237.1	Total Direct Cost	4,350.8	(150.0)	0.0	0.0	0.0	0.0	0.0	0.0	4,200.8
1,154.6	Support Recharges	1,163.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,163.7
(685.7)	Income	(702.8)	(110.0)	0.0	0.0	0.0	0.0	0.0	0.0	(812.8)
4,706.0	Gross Budget Requirement	4,811.7	(260.0)	0.0	0.0	0.0	0.0	0.0	0.0	4,551.7
	<b>Abandoned Vehicles</b>									
0.0	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.6	- Other	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.8
9.6	Total Direct Cost	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.8
0.0	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(5.5)	Income	(5.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(5.7)
4.1	Gross Budget Requirement	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.1
	<b>Environmental Action</b>									
333.1	Direct costs - Employees	334.0	(37.1)	0.0	0.0	0.0	0.0	0.0	0.0	296.9
35.0	- Other	35.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.9
368.1	Total Direct Cost	369.9	(37.1)	0.0	0.0	0.0	0.0	0.0	0.0	332.8
45.5	Support Recharges	46.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	46.7
(173.6)	Income	(178.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(178.0)
240.0	Gross Budget Requirement	238.6	(37.1)	0.0	0.0	0.0	0.0	0.0	0.0	201.5
	<b>Dog Warden Services</b>									
56.6	Direct costs - Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
56.6	- Other	58.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	58.0
56.6	Total Direct Cost	58.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	58.0
(13.3)	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(13.3)	Income	(13.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(13.7)
43.3	Gross Budget Requirement	44.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.3
	<b>Pride in Hartlepool</b>									
32.4	Direct costs - Employees	32.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32.5
45.5	- Other	46.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	46.7
77.9	Total Direct Cost	79.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	79.2
(6.1)	Support Recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(6.1)	Income	(6.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(6.3)
71.8	Gross Budget Requirement	72.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	72.9
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0	0	0.0
5,075.1	Net Budget Requirement	5,181.8	(297.1)	0.0	0.0	0.0	0.0	0.0	0.0	4,884.7

**Business Transformation Savings**

Staff savings have been achieved as a consequence of the SDO.

Savings have been achieved from reduced Waste disposal costs.

Income will be achieved through the introduction of charges for Bulky Waste Collection.

**2011/2012 BUDGET - BEST VALUE UNIT: WORKING NEIGHBOURHOODS FUND**

Approved Budget 2010/2011	Best Value Units	Budget Projection 2011/2012	Business Transformation Savings	Removal of WNF, ABG & Specific Grants	Corporate Budget Pressures	Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs Funded From Depts Reserves	Total Budget 2011/2012 (2+3+4+5 +6+7+8+9)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000
	<b>Working Neighbourhoods Fund</b>									
699.0	Direct costs - Employees	699.0	0.0	(699.0)	0.0	0.0	0.0	0.0	0.0	0.0
1,808.0	- Other	1,808.0	0.0	(1,808.0)	0.0	0.0	0.0	0.0	0.0	0.0
2,507.0	Total Direct Cost	2,507.0	0.0	(2,507.0)	0.0	0.0	0.0	0.0	0.0	0.0
40.0	Support Recharges	40.0	0.0	(40.0)	0.0	0.0	0.0	0.0	0.0	0.0
(77.0)	Income	(77.0)	0.0	77.0	0.0	0.0	0.0	0.0	0.0	0.0
2,470.0	Gross Budget Requirement	2,470.0	0.0	(2,470.0)	0.0	0.0	0.0	0.0	0.0	0.0
0.0	Use Of Departmental Reserves	0	0	0	0	0	0	0	0	0.0
2,470.0	Net Budget Requirement	2,470.0	0.0	(2,470.0)	0.0	0.0	0.0	0.0	0.0	0.0

**Removal of WNF, ABG & Specific Grants**

Relates to the removal of WNF Funding, not included within other specific service areas.



# COUNCIL REPORT

10<sup>th</sup> February 2011



**Report of:** The Cabinet

**Subject:** MEDIUM TERM FINANCIAL STRATEGY – BUDGET AND POLICY FRAMEWORK 2011/2012 TO 2014/2015 – SUPPLEMENTARY REPORT

## 1. PURPOSE OF REPORT

- 1.1 To present details of the final Medium Term Financial Strategy (MTFS) proposals following the Cabinet meeting on 7<sup>th</sup> February 2011.

## 2. CONSIDERATION OF BUDGET PROPOSALS BY COUNCIL

- 2.1 As indicated in the report issued with the main agenda papers for this meeting a copy of the detailed 2011/12 to 2014/15 MTFS report was provided to enable all Members to familiarise themselves with the issues affecting next years budget.
- 2.2 As indicated in the main budget report additional consultation has been undertaken as part of the equality impact assessment of the budget proposals. Details of feedback from this consultation were reported to Cabinet on 7<sup>th</sup> February in a supplementary report. This document also provided an overview of the legal duties upon councils in relation to equality impact assessments and this is attached at **Appendix 1** to this report for consideration as part of the budget process before decisions are made.
- 2.3 At the Cabinet meeting on 7<sup>th</sup> February 2011 it was recommended that a number of the proposed cuts should not be implemented next year. The total value of these items, including a marginal reduction in the final Formula Grant, is £187,000. Cabinet have also recommended that these issues should be funded from a combination of the uncommitted resources identified in the Cabinet Report of £119,000 and the remaining balance from the Transitional Grant. These issues are summarised below:

	<u>Savings</u> <u>Increase/</u> <u>(decrease)</u> <u>£'000</u>
Reduction in provisional Formula Grant	(5)
Reduction in proposed Community and Voluntary Sector Grants budget from £134,000 (a 30% cut) to £50,000 (a 10% cut)	(84)

	Additional savings from the UNITE service	11
	Implement an alternative Democratic Services saving of £26,000 to largely replace the proposed Scrutiny saving of £34,000	(8)
	Delay closure of West View Library for 9 months	<u>(24)</u>
	Sub total	(110)
	Delete Children's Fund Early Intervention Grant saving	<u>(77)</u>
	Total impact of revised proposals	(187)
	Available Uncommitted Resources	<u>119</u>
	Amounted to be funded from Transitional Grant	<u>(68)</u>
2.4	Cabinet also recommended that the reserve for replacing the Mayoral Chains of £46,000 should be reallocated to fund the running costs of the 3 Community Centres identified for closure for up to 9 months (or an earlier date if practical and achievable) to provide an opportunity to transfer these assets to community organisations.	
2.5	Finally Cabinet recommended the reallocation of the Seaton Carew Management Committee Reserve towards projects arising from the Seaton Carew master plan.	
2.6	It was also noted that the schedule of proposed savings detailed in <b>Appendix C</b> of the Cabinet report already anticipated that the General Fund saving on the Children's Fund of £43,000 would not be implemented.	
2.7	Cabinet also noted that the Chief Finance Officer reported details of a letter issued on 2 <sup>nd</sup> February 2011 by the Chartered Institute of Public Finance and Accountancy (CIPFA) reminding Chief Finance Officers (CFO's) in local authorities of their responsibilities in respect of the budget process. The letter was issued to assist CFO's and authorities as they make difficult choices in balancing budgets, whilst ensuring their legal and professional responsibilities are fulfilled. The letter specifically reminded CFO's of their responsibilities to formally report to the Council on the robustness of the budget and adequacy of reserves. The Chief Finance Officer highlighted the advice detailed in paragraph 12 of the MTFs report, which also needs to be considered by Council before decisions on the budget are made.	

### 3. PROPOSALS

- 3.1 The proposals which Cabinet wishes Council to consider were detailed in Section 8 of the Cabinet report. These items are repeated below and have been amended to include the issues detailed in paragraphs 2.2 to 2.5 above. Where reference is made to a paragraph number or appendix this refers to the document in the separate booklet circulated with the main agenda, unless otherwise stated.

**3.2 2011/12 Revenue Budget**

- 3.3 Approve the proposed corporate permanent and temporary reductions detailed in **Appendix A**, totalling £4.1m which partly mitigate the 2011/12 budget deficit.
- 3.4 Approve the proposed net pressures detailed in **Appendix B**, totalling £1.066m.
- 3.5 Approve the proposed saving of £75,000 from removing the Cabinet Contingency and Project budgets.
- 3.6 Approve the proposed savings detailed in **Appendix C** and the following amendments to these proposals, which will commit £105,000 of the uncommitted resources of £114,000 detailed in the main Cabinet report (gross uncommitted resources of £119,000 net of the £5,000 reduction in the actual 2011/12 Formula Grant allocation), leaving £9,000 to support the proposal detailed at 3.8 below:

	<u>Savings</u> <u>Increase/</u> <u>(decrease)</u> <u>£'000</u>
Proposed Saving detailed in Appendix C	5,471
<u>Additional savings identified</u>	
Additional savings from the UNITE service	11
<u>Proposed saving which will not be implemented</u>	
Reduction in proposed Community and Voluntary Sector Grants budget for £134,000(a 30% cut) to £50,000 (a 10% Cut)	(84)
Implement an alternative Democratic Services saving of £26,000 to largely replace the proposed Scrutiny saving of £34,000	(8)
Delay closure of West View Library for 9 months (or an earlier date if practical and achievable)	(24)
Net Savings	<u>5,366</u>

- 3.7 Approve the proposed funding allocations for services transferred into the core Formula Grant from specific grants or the Area Based Grant, totalling £6.626m as detailed in **Appendix D**.
- 3.8 Approve the proposed funding allocations for services transferred into the Early Intervention Grant from specific grants or the Area Based Grant, totalling £6.935m as detailed in **Appendix E**, excluding the reduction in the Children's Fund of £77,000. The cost pressure from not funding this

proposed reduction will be partly funded from the net uncommitted resources of £9,000, detailed in 3.6 above, and the remaining balance from the Transitional Grant.

- 3.9 Approve the proposal to fund 2011/12 redundancy costs of £1.6m from the Transitional Grant.
- 3.10 Approve the proposal to earmark the residual balance of the Transitional Grant not needed for redundancy costs or to support the withdrawal of the Children's Fund reduction detailed in 3.8 of £178,000 and the additional income from the increased Council Tax base of £250,000 for projects agreed on by Cabinet approving individual business cases (such as leisure trust, asset backed vehicle) which may require investigation to ascertain if they provide any future benefits. Cabinet noted that establishing an asset backed vehicle could cost in the region of £500,000 if the business case demonstrates this option will have future budget benefits.
- 3.11 Approve a Council Tax freeze for 2011/12 in order to secure the payment of the Council Tax freeze grant of £0.991m for 2011/12 and the following 3 years.
- 3.12 Approve the proposal to reallocate the reserve for replacing the Mayoral Chains of £46,000 to fund the running costs of the 3 Community Centres identified for closure for up to 9 months (or an earlier date if practical and achievable) to provide an opportunity to transfers these assets to community organisations.
- 3.13 Approve the proposal to reallocate the Seaton Carew Management Committee Reserve of £108,000 towards projects arising from the Seaton Carew master plan.
- 3.14 Note the budget risks, mitigation strategy and robustness of the budget forecasts advice (sections 11 and 12).
- 3.15 Approve the proposal to undertake an audit of the Councils artefacts and report back the finding as part of the 2012/13 budget process.
- 3.16 2012/13 to 2014/15 Revenue Budget**
- 3.17 Approve the proposal to partly mitigate the risk of achieving the annual £0.5m revenue savings by capitalising expenditure (i.e. transferring revenue expenditure to capital and funding from prudential borrowing) by reducing this amount to £0.25m per year and funding the reduction from the increase in the Council Tax base.
- 3.18 Approve indicative annual Council Tax increases of 2.5% for 2012/13, 2013/14 and 2014/15.

**3.19 Capital Programme 2011/12**

- 3.20 Approve the proposal to passport Government capital allocations.
- 3.21 Approve the proposal to use Prudential Borrowing of £1.2m to establish a 'Council Capital Fund' and the detailed proposals for using this fund as detailed in **Appendix J**.

**3.22 2010/11 Outturn Strategy**

- 3.23 Approve the proposal to allocate the one off rates refund of £0.2m to meet the 2011/12 Carbon Reduction Commitment (CRC) liability.
- 3.24 Approve the proposal to fund financial liabilities identified in paragraph 17.4 from the resources identified in the same paragraph and to carry forward the residual uncommitted resources of £46,000 to assist the 2012/13 budget.

**4. SUPPORTING STATUTORY RESOLUTIONS**

- 4.1 Approve the following supporting amounts which must be calculated by the Council for 2011/2012 in accordance with Section 32 to 36 of the Local Government Finance Act 1992 and relevant regulations:

- i) Approve the net budgeted requirement of £91,886,857 for the purposes of Section 32(2), (3) and (4) of the Local Government Finance Act 1992, the following amounts be approved: -

	£
Aggregate Expenditure	284,570,643
Aggregate Income	<u>(192,683,786)</u>
Budget Requirement (inc Parish Precepts)	<u>91,886,857</u>

- ii) Being the aggregate of the sums which the Council estimates will be payable into the General Fund in respect of Revenue Support grant £12,280,418 and redistributed Business Rate Grant £39,729,223, increased by the amount the Council estimates will be transferred from the Collection Fund to the General Fund as its surplus in respect of Council Tax as at 31<sup>st</sup> March, 2011, £208,268 in accordance with Section 97 (3) of the Local Government Finance Act 1988 and the Local Government Changes for England (Collection Fund Surpluses and Deficits) Regulations 1995 as amended.
- iii) Being the amount calculated by the Council in accordance with Section 33 of the Act, as the basic amount of Council Tax for the year of £1,419.62.
- iv) Approve the contributions made towards the expenses of Dalton Piercy, Elwick Greatham and Hart Parish Councils to enable them to carry out the associated concurrent functions; and formally accept the Precepts in

relation to non concurrent functions and approve the aggregate amount of all special items referred to in Section 34(1) of the Act as set below:-

	<u>Concurrent Functions</u>	<u>Precepts</u>
	<u>£</u>	<u>£</u>
Dalton Piercy	2,839	5,813
Elwick	6,043	5,152
Greatham	1,385	3,201
Hart	3,060	3,250
Headland	0	8,000
Newton Bewley	<u>0</u>	<u>244</u>
Total Concurrent functions	13,327	
Aggregate Amount (Section 34 (i))		25,660

- v) Being the basic Council Tax for 2011/2012 calculated in accordance with Section 34(2) for dwellings in those areas that have no parish precepts or other special items of £1,418.70.
  - vi) The basic Council Tax for 2011/2012 calculated in accordance with Section 34(3) for dwellings in those areas that have parish precepts be as set out in **Appendix 2**, Table 1 (to this report).
  - vii) The amounts of Council Tax at items (iv) and (v) multiplied by the proportions applicable to each category of dwelling in its area, in accordance with Section 36 of the Act be as set out in **Appendix 2**, Table 2 (to this report).
- 4.2 Approve indicative Council Tax increases for 2012/2013 and 2014/2015 of 2.5%.

## Appendix 1

### Supplementary papers for Cabinet report

#### Equality Impact Assessments of Budget Proposals

##### 1. Public Sector Equality Duties

The Council has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality with regard (currently) to race, disability and gender, including gender reassignment, as well as to promote good race relations. From April 2011 the duty extends to age, sexual orientation, pregnancy and maternity and religion or belief.

Equalities legislation requires that this duty to pay 'due regard' be demonstrated in the Council's decision making processes. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show 'due regard'.

In addition, the Council also has a duty to ensure that local people have greater opportunities to have their say under the Local Government and Public Involvement in Health Act 2007. The aspiration for the duty is to embed a culture of engagement and empowerment across an authority's functions.

These duties become particularly relevant when the organisation proposes to make any decision to reduce or withdraw the services it provides. To help demonstrate that the organisation is paying 'due regard' as required the council should document how it assessed the impact that such decisions could have on equality groups and show how those assessment documents have fed into the decision-making process before any final decisions are taken and the outcomes.

Attached as Appendix A is a publication from the Equality and Human Rights Commission, "Using the equality duties to make fair financial decision: A guide for decision-makers" which explains Members' responsibilities in more detail.

##### 2. What this requires the Council to do

The Council is required to undertake an equality impact assessment on proposals at a formative stage so that the assessment is an integral part of the development of a proposal, rather than a later justification of a policy that has already been adopted.

Cabinet received feedback from initial budget consultation in October and November with the assurance that further information in relation to the results of equality impact assessments would be provided with this report.

The outcome of an equality impact assessment is likely to fall into one of four categories.

Category 1 - that no major change is required to the proposal as no potential for discrimination or adverse impact has been identified and all opportunities to promote equality have been taken.

Category 2 - that adjustments should be made to the proposal to remove barriers identified by the equality impact assessment or to promote better equality.

Category 3 - that the proposals should continue despite having identified some potential for adverse impact or missed opportunities to promote equality.

Category 4 - that the proposals should be stopped and rethought as the equality impact assessment shows actual or potential unlawful discrimination.

An assessment of the equality impact of the budget proposals has been undertaken. Most proposals have been assessed as falling into Category 1 and 2 outcomes. Where required appropriate adjustments have or will be made to the proposals to alleviate or where possible, remove any negative impact on equality groups. Three specific proposals potentially fall into Category 3 and therefore are brought to Cabinet's attention for consideration. No proposals have been assessed as Category 4 outcomes.

### **3. Issues for Cabinet to consider**

- 3.1 Proposals in relation to transport were assessed as having some potential for adverse impact and therefore additional consultations were undertaken. The Health & Wellbeing Partnership Committee and Children's Board were both consulted further on the transport proposals involving Dial-a-Ride and the supported H1 hospital service. No comments have been received in response to the consultation exercise which would help identify alternatives to the proposals under consideration or to mitigate any negative impact. Arrangements will be put in place to monitor the impact of the proposals once implemented.
- 3.2 Additional consultations were also undertaken in relation to a range of services within child and adult services which were assessed as having some potential for adverse impact. The Health & Wellbeing Partnership Committee and Children's Board were consulted on proposals affecting commissioning services for adults and children, community facilities and support services for children and young people. No comments have been received in response to the consultation exercise which would help identify alternatives to the proposals under consideration or to mitigate any impact. Arrangements will be put in place to monitor the impact of the proposals once implemented.
- 3.3. Proposals in relation to the budget for diversity services were assessed as having some potential for adverse impact and therefore additional consultations were undertaken. It is proposed to reduce the diversity budget from £53,000 to £13,000 which will result in the deletion of one full-time permanent post.

The comments received are in relation to one aspect of the role of the post i.e. interface with the public. The majority of the post's responsibilities are to provide internal corporate support to the organisation e.g. policy and procedure development, good practice advice, performance monitoring, increase staff equalities awareness and skills, etc.

The Talking with Communities Group were consulted further on the budget proposals in relation to diversity services and Council consultation more generally. Attached at Appendix B are the replies received by the response deadline of 28 January 2011.

The responses are summarised as follows

- a perception that there is a proposal to close the Talking with Communities group.

*Assessment of impact:* It is not specifically proposed to close the Talking with Communities group. It is recognised that the Talking with Communities group has, for a number of years, provided an effective forum for information sharing and consultation



feedback. Members of the group report benefits from the unique opportunity to meet each other and share experiences and knowledge. With reduced budgets across the whole Council for community engagement and consultation, work is on-going to review the Council's arrangements for working with and consulting groups to identify where there may be duplication or gaps. This review includes both Council arranged activities and those undertaken with other groups. The remaining budget enables the group or a revised version of it to continue.

- members of different ethnic communities require a single point of contact who will represent their needs and is able to listen and provide help.

*Assessment of impact:* The Council continues to increase the awareness and skills of staff to plan for and respond to all customer care needs e.g. at first point of contact, at the point of service delivery or wider service issues. There are on-going developments within Hartlepool Connect and service departments to provide more specialist support for services users, customers, etc. as required. This will change who might resolve specific issues on behalf of the equality group members of Hartlepool but not the standard of response.

- the Diversity Officer has clearly provided a personal source of support which is valued by the Talking with Communities group and other members of diverse groups across Hartlepool. Many comments have been received in relation to the postholder's personal skills and attributes.

*Assessment of impact:* As with any employee of the Council there is always a risk that the current postholder could leave the post e.g. to take up other career opportunities. This potential of this impact cannot therefore be avoided.

#### **4. Decision making**

The equality duties do not prevent the Council from making difficult decisions such as reorganisations and relocations, redundancies and service reductions nor do they stop the local authority from making decisions which may affect one group more than another.

What the equality duties do is enable the Council to demonstrate that financial decisions are made in a fair, transparent and accountable way, considering the needs and rights of different members of the community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on different equality groups.

## Appendix 2

**2011/12 Council Tax Levels****TABLE 1 - Council Tax For Parish Councils 2011/2012**

	Precept (1)	Parish Tax Base (2)	Parish Council Tax (3) [=(1)/(2)]	Basic Council Tax (4)	Billing Authority's Council Tax (5) [=(3)+(4)]
Parishes	£ p		£ p	£ p	£ p
Dalton Piercy	5,813	103.7	56.06	1,418.70	1,474.76
Elwick	5,152	435.8	11.82	1,418.70	1,430.52
Greatham	3,201	667.7	4.79	1,418.70	1,423.49
Hart	3,250	304.7	10.67	1,418.70	1,429.37
Headland	8,000	983.7	8.13	1,418.70	1,426.83
Newton Bewley	244	33.1	7.37	1,418.70	1,426.07

**TABLE 2 - Council Taxes For Each Property Band 2011/2012  
(Excluding Police Authority & Fire Authority)**

Parishes	Council Tax Bands							
	A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Dalton Piercy	983.17	1,147.03	1,310.89	1,474.76	1,802.48	2,130.20	2,457.93	2,949.51
Elwick	953.68	1,112.63	1,271.58	1,430.52	1,748.42	2,066.31	2,384.20	2,861.04
Greatham	949.00	1,107.16	1,265.33	1,423.49	1,739.83	2,056.16	2,372.49	2,846.99
Hart	952.91	1,111.73	1,270.55	1,429.37	1,747.00	2,064.64	2,382.28	2,858.73
Headland	951.22	1,109.76	1,268.30	1,426.83	1,743.91	2,060.98	2,378.05	2,853.67
Newton Bewley	950.71	1,109.17	1,267.62	1,426.07	1,742.98	2,059.88	2,376.79	2,852.14
Areas without a Parish Council	945.80	1,103.43	1,261.07	1,418.70	1,733.97	2,049.23	2,364.50	2,837.40



Equality and Human Rights Commission

# Using the equality duties to make fair financial decisions

A guide for decision-makers



Equality and  
Human Rights  
Commission



## **Introduction**

With major reductions in public spending, organisations in Britain may be required to make difficult financial decisions. This guide sets out what is expected of you as a decision-maker and leader of a public authority responsible for delivering key services at a national, regional and/or local level, in order to make such decisions as fair as possible.

The equality duties do not prevent you from making difficult decisions such as reorganisations and relocations, redundancies, and service reductions nor do they stop you from making decisions which may affect one group more than another. What the equality duties do is enable you to demonstrate that you are making financial decisions in a fair, transparent and accountable way, considering the needs and the rights of different members of your community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on different equality groups.

Assessing the impact of proposed changes to policies, procedures and practices is not just something the law requires, it is a positive opportunity for you as public authority leaders to ensure you make better decisions based on robust evidence.

## **What the law requires now**

Under equality legislation, your authority has legal duties to pay 'due regard' to the need to eliminate discrimination and promote equality with regard to race, disability and gender, including gender reassignment, as well as to promote good race relations.

The law requires that this duty to pay 'due regard' be demonstrated in the decision-making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show 'due regard'.

It is also important to note that public authorities subject to the equality duties are also likely to be subject to the obligations under the Human Rights Act. We would therefore recommend public authorities should consider the potential impact their decisions could have on human rights.

## **What the law will require from April 2011**

The Equality Act 2010 introduces a new public sector duty which extends this coverage to age, sexual orientation, pregnancy and maternity, and religion or belief.

In preparation for these new duties coming into force, we would recommend that you start to assess the impact your financial decisions might have on the new protected groups where relevant and proportionate.

## **Aim of this guide**

This guide aims to assist decision-makers in ensuring that:

- the process followed to assess the equality impact of financial proposals is robust, and
- the impact financial proposals could have on equality groups is thoroughly considered before any decisions are arrived at.

We have also produced detailed practical guidance for those responsible for assessing the equality impact of policies, which is available from our website. You can access this guidance at:

[www.equalityhumanrights.com/financialdecisions](http://www.equalityhumanrights.com/financialdecisions)

## **The benefits of carrying out Equality Impact Assessments (EIAs)**

By law an assessment must:

- contain sufficient information to enable a public authority to show it has paid 'due regard' to the equality duties in its decision-making
- identify methods for mitigating or avoiding any adverse impact.

Such assessment does not necessarily have to take the form of one document called an Equality Impact Assessment (EIA), although this is what we recommend for reasons explained below. If you choose not to undertake an EIA, then some alternative form of analysis which systematically assesses any adverse impact of a change in policy, procedure or practice will be required.

An impact assessment is not an end in itself and should be tailored to and proportionate to the decision that is being made. Whether it is proportionate for an authority to conduct an assessment of a financial decision depends on its relevance to the authority's particular function and its likely impact.



We recommend using a formal EIA document when developing financial proposals as it is likely to help you to:

- **ensure you have a written record of the equality considerations** you have taken into account
- **ensure that your decision includes a consideration of the actions that would help to avoid or mitigate any unfair impact on particular equality groups.** Individual decisions should also be informed by the wider context of decisions in your own and other relevant public bodies, so that particular groups are not unduly affected by the cumulative effects of different decisions
- **make your decisions based on evidence:** a decision which is informed by relevant local and national data about equality is a better quality decision. EIAs provide a clear and systematic way to collect, assess and put forward relevant evidence
- **make the decision-making process more transparent:** a process which involves those likely to be affected by the policy, and which is based on evidence, is much more open and transparent. This should also help you secure better public understanding of the difficult decisions you will be making in the coming months
- **comply with the law:** the duties are legal obligations which should remain a top priority, even in times of economic difficulty. Failure to meet the duties may result in authorities being exposed to costly, time-consuming and reputation-damaging legal challenges.

### **When should assessments be carried out?**

An assessment of impact must be carried out at a formative stage so that the assessment is an integral part of the development of a proposed policy, not a later justification of a policy that has already been adopted.

Financial proposals which are relevant to equality such as those likely to impact on equality for your workforce and/or for your community should always be subject to a thorough assessment. This includes proposals to outsource or procure any of your organisation functions. The assessment should form part of the proposal, and you should consider it carefully **before** making your decision.

If you are presented with a proposal that has not been assessed for equality impact, you should question whether this enables you to consider fully the proposed change and its likely impact. Decisions not to



impact assess should be fully documented, along with the reasons and the evidence used to come to this conclusion. This is important as authorities may need to rely on this documentation if the decision is challenged.

It is also important to remember that potential impact is not just about numbers. Evidence of a serious impact that may affect a small number of individuals is just as important as a potential impact affecting many people.

### **What should I be looking for in an assessment?**

An assessment needs to be based on relevant data and sufficient analysis to enable the decision-maker to understand the equality implications of a decision and any alternative options or proposals.

As with everything, proportionality is a key principle. Assessing the impact of a major financial proposal is likely to need significantly more effort, and resources dedicated to ensuring effective consultation and involvement, than a simple assessment of a proposal to save money by changing staff travel arrangements. There is no prescribed format for an EIA, however the following questions and answers provide guidance to assist you in determining whether you consider that an EIA is robust enough to rely on:

- **Is the purpose of the financial proposal clearly set out?**  
A robust EIA will set out the reasons for the change; how this change can impact on equality groups, as well as who it is intended to benefit; and the intended outcome. You should also think about how individual financial proposals might relate to one another. This is because a series of changes to different policies or services could have a severe impact on particular equality groups. Joint working with your public authority partners will also help you to consider thoroughly the impact of decisions on the people you collectively serve.

**Example:** A local authority takes separate decisions to limit the eligibility criteria for community care services; increase charges for respite services; scale back its accessible housing programme; and cut concessionary travel. Each separate decision may have a significant effect on the lives of disabled residents, and the cumulative impact of these decisions may be considerable. This combined impact would not be apparent where the decisions are considered in isolation.

- **Has the EIA considered available evidence?**  
Public authorities should consider the data and research already available locally and nationally. The assessment should be underpinned by up-to-date and reliable information about the different groups the proposal is likely to affect. A lack of data is not a sufficient reason to conclude that there is no impact.<sup>1</sup>
- **Have those likely to be affected by the proposal been consulted and involved?**  
Involvement and consultation are crucial to the EIA process. There is an explicit requirement to consult different ethnic groups under race relations law in the context of an EIA but, as a matter of best practice and in order to improve your evidence, applying the same principle to other groups should be considered. No-one can give you a better insight into how proposed changes will affect, for example, disabled people, than disabled people themselves.
- **Have potential positive and negative impacts been identified?**  
It is not enough to state simply that a policy will affect everyone equally; there should be a more in-depth consideration of available evidence to see if particular equality groups are more likely to be affected than others. Equal treatment does not always produce equal outcomes; sometimes authorities will have to take specific steps for particular groups to address an existing disadvantage or to meet differing needs.
- **What course of action does the EIA suggest I take? Is it justifiable?**  
The EIA should clearly identify the option(s) chosen, and their potential impacts, and document the reasons for this decision. There are four possible outcomes of an EIA. More than one may apply to a single proposal:

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<sup>1</sup> Where there is no detailed quantitative data available, there may often be national statistics or qualitative studies on the relevant policy area. These can be supplemented by local informal consultation. Providing evidence that your organisation has looked for data will improve the quality and transparency of your EIA. For longer-term monitoring of impact, you can include your plans to collect data in the EIA action plan.



- **Outcome 1: No major change required** when the EIA has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken.
- **Outcome 2: Adjustments to remove barriers identified by the EIA or to better promote equality.** Are you satisfied that the proposed adjustments will remove the barriers identified?
- **Outcome 3: Continue despite having identified some potential for adverse impact or missed opportunities to promote equality.** In this case, the justification should be included in the EIA and should be in line with the duty to have 'due regard'. For the most important relevant policies, compelling reasons will be needed. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact, as discussed below.
- **Outcome 4: Stop and rethink** when an EIA shows actual or potential unlawful discrimination.<sup>2</sup>
- **Are there plans to alleviate any negative impact?**  
Where the assessment indicates a potential negative impact, consideration should be given to means of reducing or mitigating the negative effects. This will in practice be supported by the development of an action plan to reduce impact that identifies the responsibility for delivering each action and the associated timescales for implementation. Considering what action you could take to avoid any negative impact is crucial, to reduce the likelihood that the difficult decisions you will have to take in the near future do not create or perpetuate inequality.

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<sup>2</sup> The relevant Codes of Practice and guidance on the public sector duties provide information about what constitutes unlawful discrimination. More information is available on the Commission's website <http://www.equalityhumanrights.com>.

**Example:** A University decides to close down its childcare facility to save money, particularly given that it is currently being underused. It identifies that doing so will have a negative impact on women and individuals from different racial groups, both staff and students.

In order to mitigate such impact, the University designs an action plan to ensure relevant information on childcare facilities in the area is disseminated to staff and students in a timely manner and to develop partnership working with its local authority and ensure sufficient and affordable childcare facilities remains accessible to its students and staff.

- **Are there plans to monitor the actual impact of the proposal?**  
Although an EIA will help to anticipate a proposal's likely effects on different communities and groups, in reality the full impact of a decision will only be known once it is introduced. It is therefore important to set out arrangements for reviewing the actual impact of the proposals once they have been implemented.

### **What happens if you don't properly assess the impact of relevant decisions?**

If you have not carried out an assessment of the proposal, or have not done so thoroughly, you risk leaving yourself open to legal challenges, which are both costly and time-consuming. Recent legal cases have shown what can happen when authorities do not consider their equality duties when making decisions.<sup>3</sup>

**Example:** A court recently overturned a decision by Haringey Council to consent to a large-scale building redevelopment in Wards Corner in Tottenham, on the basis that the council had not considered the impact of the proposal on different racial groups before granting planning permission.

However, the result can often be far more fundamental than a legal challenge. If people feel that an authority is acting high-handedly or without properly involving its service users or employees, or listening to their concerns, they are likely to become disillusioned with you. Above all, authorities which fail to carry out robust assessments risk making

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<sup>3</sup> See relevant case law on our webpage at <http://www.equalityhumanrights.com/financialdecisions>

poor and unfair decisions that could discriminate against particular equality groups and perpetuate or worsen inequality.

As part of its regulatory role to ensure compliance with the equality duties, the Commission will monitor financial decisions with a view to ensuring that these have been taken in compliance with the equality duties and have taken into account the need to mitigate impact where possible.



# Contacts

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Monday to Friday 8am–6pm.

Calls from BT landlines are charged at local rates, but calls from mobiles and other providers may vary.

Calls may be monitored for training and quality purposes.

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**2011/12 Council Tax Levels****TABLE 1 - Council Tax For Parish Councils 2011/2012**

	Precept (1)	Parish Tax Base (2)	Parish Council Tax (3) [=(1)/(2)]	Basic Council Tax (4)	Billing Authority's Council Tax (5) [=(3)+(4)]
Parishes	£ p		£ p	£ p	£ p
Dalton Piercy	5,813	103.7	56.06	1,418.70	1,474.76
Elwick	5,152	435.8	11.82	1,418.70	1,430.52
Greatham	3,201	667.7	4.79	1,418.70	1,423.49
Hart	3,250	304.7	10.67	1,418.70	1,429.37
Headland	8,000	983.7	8.13	1,418.70	1,426.83
Newton Bewley	244	33.1	7.37	1,418.70	1,426.07

**TABLE 2 - Council Taxes For Each Property Band 2011/2012  
(Excluding Police Authority & Fire Authority)**

Parishes	Council Tax Bands							
	A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Dalton Piercy	983.17	1,147.03	1,310.89	1,474.76	1,802.48	2,130.20	2,457.93	2,949.51
Elwick	953.68	1,112.63	1,271.58	1,430.52	1,748.42	2,066.31	2,384.20	2,861.04
Greatham	949.00	1,107.16	1,265.33	1,423.49	1,739.83	2,056.16	2,372.49	2,846.99
Hart	952.91	1,111.73	1,270.55	1,429.37	1,747.00	2,064.64	2,382.28	2,858.73
Headland	951.22	1,109.76	1,268.30	1,426.83	1,743.91	2,060.98	2,378.05	2,853.67
Newton Bewley	950.71	1,109.17	1,267.62	1,426.07	1,742.98	2,059.88	2,376.79	2,852.14
Areas without a Parish Council	945.80	1,103.43	1,261.07	1,418.70	1,733.97	2,049.23	2,364.50	2,837.40



**COUNCIL**  
10<sup>th</sup> February 2011



**Report of:** Executive

**Subject:** LOCAL DEVELOPMENT FRAMEWORK – ANNUAL  
MONITORING REPORT 2009/10

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**1. PURPOSE OF REPORT**

- 1.1 This report seeks Council approval to the Local Development Framework Annual Monitoring Report for 2009/10.

**2. BACKGROUND**

- 2.1 Under the Planning and Compulsory Purchase Act 2004, Local Planning Authorities are required to prepare a number of documents which together form the Local Development Framework (LDF) for an area. These documents include:-
- a) a Local Development Scheme (LDS) setting out a rolling programme for the preparation of planning policy documents,
  - b) a Statement of Community Involvement (SCI) setting out the standards to be achieved in involving the community in the preparation of planning documents included in the LDS, and
  - c) an Annual Monitoring Report (AMR) assessing the progress of preparation work against key milestones identified in the LDS and the effectiveness of existing planning policies.
- 2.2 This report is concerned with the last of these three documents and covers the period April 1<sup>st</sup> 2009 to March 31<sup>st</sup> 2010. The report can be accessed through the Council's website [www.hartlepool.gov.uk](http://www.hartlepool.gov.uk) and copies are also available in the members room.
- 2.3 As mentioned above, the AMR includes an assessment of performance against key milestones. The assessment confirms that the majority of key milestones were reached. Two milestones were not achieved. Firstly, the publication of the Joint Minerals and Waste Core Strategy and Site Allocations Development Plan Documents was delayed as efforts were made to resolve objections raised to these Tees Valley wide plans.



Secondly, Victoria Harbour Supplementary Planning Document was not adopted as, following discussions with the port owners it was decided to focus development of this area on port-related and offshore wind energy infrastructure activities, rather than as a mixed-use development site.

- 2.4 In term of assessing the effectiveness of existing planning policies, the policies assessed relate to the Hartlepool Local Plan which was adopted in 2006. As the Local Plan was adopted relatively recently most of the policies are confirmed as being up to date and still relevant, although in October 2006, a list of 'saved' policies was agreed by the Secretary of State, and these will remain in effect until they are replaced by the new Core Strategy policies. Those policies which were not 'saved' are no longer in force.
- 2.5 It is a statutory requirement that the AMR is submitted to the Secretary of State by 31<sup>st</sup> December each year. Following approval by Cabinet, a draft AMR has been submitted to Government Office for the North East (GONE) with an indication that the document requires formal endorsement by Council, as it forms part of the Budget and Policy Framework. Because of the scheduling of Council meetings it has not been possible to secure Council approval before the end of December, but GONE has confirmed that submission of the draft report would be acceptable in fulfilling the Government's requirements.

### **3. RECOMMENDATIONS**

- 3.1 Council is requested to approve the 2009/10 Local Development Framework Annual Monitoring Report.

### **4. BACKGROUND PAPERS**

Local Development Framework Annual Monitoring Report.

### **5. CONTACT OFFICER**

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**COUNCIL**  
10<sup>th</sup> February 2011



**Report of:** Chief Executive

**Subject:** BUSINESS REPORT

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**1. TALL SHIPS – ADDITIONAL EVALUATION**

- 1.1 On 28 October 2010, Council considered a report referring to the financial outturn for the Tall Ships event. Council resolved that:  
A report be submitted to a future meeting of Council detailing:
- (i) The reasons why the car parking and associated income were over-estimated;
  - (ii) What further steps could have been taken to maximise entrepreneurial advantage for people in the town.

Spirul Ltd, the company which undertook the original analysis and evaluation of the overall event, has been commissioned to carry out the additional analysis, at the same rates as charged for the overall evaluation. They expect to have their report prepared by the end of February 2011. The cost of this work is £6,500.

**Recommended that:**

Council identifies from where this cost will be met.

**2. TREASURY MANAGEMENT STRATEGY**

**2.1 BACKGROUND AND OBJECTIVES**

- 2.1.1 The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA Prudential Code and to set prudential indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.
- 2.1.2 The Act therefore requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came

into force on 1<sup>st</sup> April, 2004. This guidance recommends that all Local Authorities produce an Annual Investment Strategy that is approved by full Council, which is also included in this report.

2.1.3 Revised editions of the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice were issued in November 2009. The main changes arising from the new guidance were process related and made it compulsory to adopt practices that the authority already had in place.

2.1.4 This report outlines the Authority's Treasury Management Strategy for 2011/2012, which includes Prudential Indicators for 2011/2012 – 2013/2014. The report also sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

- The reporting of Prudential Indicators based on expected capital activities.
- The Authority's Minimum Revenue Provision (MRP) Policy, which sets out how the Authority will pay for capital assets through revenue each year.
- The Treasury Management Strategy Statement which sets out the planned borrowing and investment strategies and the limitations on treasury activity by the use of treasury prudential indicators.
- The Investment Strategy which sets out the Authority's criteria for investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the Department of Communities and Local Government (CLG) Investment Guidance.

2.1.5 The above policies and parameters provide an approved framework within which officers undertake the day to day capital and treasury activities.

2.1.6 This report covers the following areas:

- Review of the Treasury Management Strategy by the Audit Committee;
- Outlook for Interest Rates;
- Prudential Indicators and Treasury Limits;
- Capital Financing Requirement and Borrowing Strategy; and,
- Investment Strategy.

## **2.2. REVIEW OF THE TREASURY MANAGEMENT STRATEGY BY THE AUDIT COMMITTEE**

2.2.1 The revised treasury management guidance requires councils to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to Council. This responsibility has been allocated to the Audit Committee.

2.2.2 The revised Code increases the responsibility of Members' in this area. Training was provided to Members of the Audit Committee in October 2010 to enable Members to fulfil their responsibilities.

- 2.2.3 The Treasury Management Strategy 2011/2012 was considered by the Audit Committee on 3 December 2010. At the time of the Audit Committee the Government had not announced capital allocations which meant it was not possible to calculate a number of technical Prudential Indicators. However, as the Treasury Management Strategy outlines the key principles covering the operation of the Authority's borrowing and investment strategy the unavailability of this information did not prevent the Audit Committee considering and scrutinising the proposed strategy.
- 2.2.4 The Audit Committee endorsed the Treasury Management Strategy and approved that it should be referred to Council, noting that the prudential indicators would be included within the report to Council.

## 2.3. OUTLOOK FOR INTEREST RATES

- 2.3.1 The table below provides the latest interest rate forecasts provided by Butlers.

Annual Average %	Bank Rate	Money Rates		PWLB Rates		
		3 month	1 year	5 year	25 year	50 year
2010/11	0.5	0.7	1.5	2.6	4.6	4.7
2011/12	0.7	1.0	1.8	3.3	5.3	5.4
2012/13	1.7	2.0	2.8	4.2	5.5	5.6
2013/14	3.1	3.2	3.7	4.8	5.6	5.7
2014/15	4.0	4.2	4.5	5.6	5.6	5.8
2015/16	4.0	4.2	4.2	5.3	5.5	5.5

- 2.3.2 Short-term rates are expected to remain on hold for a considerable time. The recovery in the economy had seemingly commenced with growth data for the second quarter of the financial year coming in at the high side of expectations. However, as recent reports from the Bank of England have shown, this trend was reversed in the third quarter where there was a contraction in the economy of 0.5%. This demonstrates the continued uncertainty surrounding the sustainability of the economic recovery.
- 2.3.3 The Office for Budget Responsibility has presented a realistically downbeat view of the economy's recovery prospects over the short and medium term, projecting that growth will struggle to exceed its trend rate in the current parliament. There is a risk that cuts in public spending may be a drag upon activity in the medium term.
- 2.3.4 The void left by significant cuts in public spending will have to be filled by a number of alternatives – corporate investment, rising exports and consumer expenditure. In terms of sheer magnitude, the latter is the most important and a strong recovery in this area is by no means certain. The combination of the desire to reduce the level of personal debt and continued job uncertainty is likely to weigh heavily upon spending. This will be amplified by fiscal policy

tightening, outlined in the Budget and expanded upon in the October Comprehensive Spending Review. Without a rebound in personal spending, any recovery in the economy is set to be weak and protracted.

- 2.3.5 The Bank of England admits that inflation will remain above target until 2012. Inflation performance remains a key risk to the future course of interest rates. Nevertheless, the perceived need to counter the fiscal squeeze via accommodative monetary policy suggests that barring a deterioration from the current situation, the Monetary Policy Committee will be prepared to hold rates at very low levels until the latter stages of 2011.
- 2.3.6 The outlook for long-term interest rates is favourable in the near term but is set to deteriorate in the latter part of 2011. Yields will be suppressed by continued investor demand for safe haven instruments following the uncertainties and unfolding tensions within the entire Euro-zone. In addition to this, the market has been underpinned by evidence of decelerating activity in major economies and public sector spending cuts. These two factors will restrict any deterioration in gilt market performance in the near term.
- 2.3.7 However, while the UK's fiscal burden will almost certainly ease, it will be a lengthy process and deficits over the next two to three financial years will still require a very heavy programme of gilt issuance. The latest Bank Inflation Report suggests the market will not be able to rely upon Quantitative Easing indefinitely to alleviate this enormous burden.
- 2.3.8 Eventually, the absence of the Bank of England as the largest buyer of gilts will shift the balance between supply and demand in the gilt-edged market. Other investors will almost certainly require some incentive to continue buying government gilts. This incentive will take the form of higher interest rates.

## **2.4. PRUDENTIAL INDICATORS AND TREASURY LIMITS**

- 2.4.1 The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and set prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity, and reflects the outcome of the Authority's underlying capital appraisal systems.
- 2.4.2 Details of the proposed prudential limits are set out in the following sections. The specific prudential indicators relating to the Borrowing and Investment strategy are detailed in sections 2.5 and 2.6.
- 2.4.3 CIPFA Treasury Management Code of Practice**
- 2.4.4 The first prudential indicator is confirmation that the Authority has adopted the CIPFA Treasury Management Code of Practice.
- 2.4.5 Capital Expenditure**

2.4.6 A certain level of local authority capital expenditure was previously supported by the Government through supported prudential borrowing. These allocations will now all be funded from capital grants. This avoids future budget pressures as the Council does not need to make provision for corresponding loan repayment costs. The authority plans to finance local investment not deemed to be a priority by the Government using unsupported prudential borrowing. This includes the proposed 'Council Capital Fund.' The revenue consequences of unsupported prudential borrowing will need to be paid for from the Authority's revenue budget and appropriate provision has been made within the revenue budget for 2011/2012

2.4.7 The Council needs to have regard to the following when approving unsupported prudential borrowing proposals:

- Service objectives (e.g. strategic planning);
- Stewardship of assets (e.g. asset management planning);
- Value for money (e.g. option appraisal);
- Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
- Affordability (e.g. implications for the Council Tax);
- Practicality (e.g. the achievability of the forward plan).

#### 2.4.8 Affordability Prudential Indicators

2.4.9 These indicators are detailed below and are intended to give an indication of the affordability of the planned capital expenditure financed by borrowing.

#### Incremental Impact of Capital Expenditure on Council Tax

This indicator identifies the revenue costs associated with new schemes included in the three year Capital Programme recommended in the budget strategy report compared to the Authority's existing approved commitments and current plans

	Forward Projection 2010/11 £'000	Forward Projection 2011/12 £'000	Forward Projection 2012/13 £'000	Forward Projection 2013/14 £'000
<b>Council Tax - Band D</b>	£4.62	£3.63	£4.22	£1.62

#### Ratio of Financing Costs to Net Revenue Stream

This shows the net cost of capital borrowing as a percentage of the net budget, which is spent on servicing debt. Whilst the authority's CFR is going to fall as a result of reduced supported borrowing allocations this indicator is expected to increase because of the decrease in the revenue budget owing to Government grant cuts. This is effectively a technical change and will not impact on the revenue budget as this includes provision for interest and repayment costs remaining stable for the next three years.

%	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Ratio	7.21%	7.10%	7.72%	7.68%

## 2.5. CAPITAL FINANCING REQUIREMENT AND BORROWING STRATEGY

### 2.5.1 The Council's Borrowing Need (the Capital Financing Requirement)

2.5.2 The Authority's Borrowing Strategy is driven by the Capital Financing Requirement (CFR) and the Authority's view of interest rates. The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's underlying borrowing need and at 31 March 2010 the Authority's CFR was £86.035m. As part of the Medium Term Financial Strategy the Council is required to approve the 2011/12 capital programme as summarised below.

Capital Expenditure	2010/11 Original £'000	2010/11 Revised £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
Capital Expenditure	34,167	52,039	21,025	7,832	7,725
<b>Financed by:</b>					
Capital grants and contributions	20,559	38,580	17,739	4,407	6,225
Capital Receipts	0	257	0	0	0
Revenue	0	0	600	300	300
<b>Net Capital Expenditure to be funded from Prudential Borrowing</b>	<b>13,608</b>	<b>13,459</b>	<b>2,686</b>	<b>3,125</b>	<b>1,200</b>

The estimated capital finance requirement is shown in the table overleaf.

	2010/11 Original £'000	2010/11 Revised £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
<b>CFR b/f</b>	<b>92,829</b>	<b>86,035</b>	<b>95,230</b>	<b>93,380</b>	<b>92,088</b>
Capital Expenditure Financed by Borrowing	13,608	13,459	2,686	3,125	1,200
Less MRP/VRP and other financing movements	4,476	4,264	4,536	4,417	4,261
<b>CFR c/f</b>	<b>101,960</b>	<b>95,230</b>	<b>93,380</b>	<b>92,088</b>	<b>89,027</b>

2.5.3 The Authority is required to pay off an element of the CFR each year through a revenue charge called the Minimum Revenue Provision (MRP), although it is also allowed to undertake additional Voluntary Revenue Payments (VRP).

2.5.4 CLG Regulations require the Council to approve **an MRP Statement** in advance of each year. The Council is recommended to approve the following MRP Statement

- For capital expenditure incurred before 1<sup>st</sup> April, 2008 the Council's MRP policy is to calculate MRP in accordance with former CLG Regulations. This is 4% of the Capital Financing Requirement except where the Council makes Voluntary Revenue Payments for Departmental Prudential

Borrowing, which is in excess of the amount required by these regulations, based on asset life.

- From 1<sup>st</sup> April, 2008 the Council calculates MRP based on asset life for all assets or where prudential borrowing is financed by a specific annuity loan, MRP will be calculated according to the actual loan repayments.

#### 2.5.5 Borrowing Strategy

2.5.6 In the short term it is proposed that the Authority will maximise the use of its balance sheet resources to finance 'Under Borrowing'. This reduces investment counterparty risk and shelters against the estimated low level of investments returns. The ability to do this is limited by the level of these resources which are temporary in nature.

2.5.7 The key risk of deferring long term borrowing is that when the Authority does need to borrow it is not at too high a rate. Long-term fixed interest rates are at risk of being higher over the medium term, and short term rates are expected to rise but from a historically low level. The Authority needs to ensure that it achieves benefits from those historically low short term rates whilst retaining the flexibility to lock into longer term rates before they rise significantly. In these circumstances not only is the level of interest rate a factor but the speed at which it is changing. If any of the Authority's LOBOs (Lenders Option Borrowers Option loans) are recalled they will need to be refinanced which will also be from internal resources in the first instance (if available) and then temporary loans until the Authority is confident that the timing is right to obtain long term borrowing. The Chief Finance Officer, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast earlier in the report.

2.5.8 Following the Chancellor's announcement of the Spending Review on 20<sup>th</sup> October, 2010, HM Treasury instructed PWLB to:

- i) Increase the interest rate on all new loans to 1% above the Government's cost of borrowing. This change took immediate effect;
- ii) Publish at the end of each month a list of individual loans it has made to local authorities, including the type, amount, term and rate applying to each loan.

2.5.9 HM Treasury has indicated "that the interest rates increase is based on the Government having to make difficult choices around borrowing and capital investment. To ensure that the rate at which loans are made available to local authorities better reflects the availability of capital funding post-spending review and encourages optional borrowing and investment decisions". Interestingly, the increase in PWLB rates will generate a surplus to the Treasury. This increase is reflected in the interest forecast detailed in paragraph 2.3.1.



2.5.10 Local authorities will still be able to finance capital expenditure requirements by borrowing monies from banks. However, commercial banks will use PWLB interest rates as a benchmark and increase interest rates accordingly. The increase in PWLB interest rates therefore increases borrowing costs for local authorities at a time of reducing revenue grant funding. In the short term this is manageable owing to short term interest rates. However, in the medium term this change increases risk to the Authority and this position will need to be managed carefully to protect the Authority's longer term financial position.

2.5.11 HM Treasury have also indicated that publishing details of new PWLB loans is designed to increase transparency of decisions made by local authorities. In the view of the Chief Finance Officer this is simply another layer of bureaucracy as the prudential code and associated reporting requirements already provide comprehensive arrangements for reporting on treasury management issues.

2.5.12 This change will also make PWLB debt rescheduling more problematic in the future.

#### 2.5.13 Debt and Investment Projections 2011/12 – 2013/14

2.5.14 The table overleaf sets out the Authority's projected borrowing requirement and level of debt.

Debt and Investment Projections	2010/11 Revised £'000	2011/12 Estimated £'000	2012/13 Estimated £'000	2013/14 Estimated £'000
Long Term Borrowing 1 April	46,821	46,821	46,821	73,672
Expected change in Long Term Debt	0	0	15,000	0
Short Term Borrowing 1 April	8,942	25,798	24,586	11,851
Expected change in Short Term Debt	16,856	(1,212)	(12,735)	(9,846)
<b>Debt at 31 March</b>	<b>72,619</b>	<b>71,407</b>	<b>73,672</b>	<b>75,677</b>
<b>Capital Finance Requirement (CFR)</b>	<b>95,230</b>	<b>93,380</b>	<b>92,088</b>	<b>89,027</b>
<b>Under Borrowing</b>	<b>(22,611)</b>	<b>(21,973)</b>	<b>(18,416)</b>	<b>(13,350)</b>

2.5.15 The table shows that it is unlikely that new long term borrowing will be necessary in 2011/2012 as the authority can defer long term borrowing by continuing to use its balance sheet resources and use short term borrowing. This reduces investment counterparty risk and shelters against the low investment returns.

2.5.16 The Chief Finance Officer, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time.

#### 2.5.17 Limits to Borrowing Activity

2.5.18 Within the prudential indicators there are a number of key indicators to ensure the Authority operates its activities within well defined limits.

2.5.19 The Authority needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2011/2012 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. The table below demonstrates that net borrowing will not exceed the CFR.

External Debt	2010/11 Revised £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
Gross Borrowing	72,619	71,407	73,672	75,677
Investments	10,000	5,000	5,000	5,000
<b>Net Borrowing / (Investment)</b>	<b>62,619</b>	<b>66,407</b>	<b>68,672</b>	<b>70,677</b>
<b>Capital Finance Requirement (CFR)</b>	<b>95,230</b>	<b>93,380</b>	<b>92,088</b>	<b>89,027</b>

2.5.20 The table below shows two key limits for the monitoring of debt. The Operational Limit is the likely limit the Authority will require and is aligned closely with the actual CFR on the assumption that cash flow is broadly neutral. The Authorised Limit for External Debt is a further key prudential indicator to control the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Council. In practice it needs to take account of the range of cash flows that might occur for the Authority in addition to the CFR. This also includes the flexibility to enable advance refinancing of existing loans.

Borrowing Limits	2010/11 Revised £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
Operational Limit	102,000	102,000	100,000	95,000
Authorised limit	115,000	115,000	110,000	105,000

2.5.21 The Chief Finance Officer reports that the Authority complied with these prudential indicators in the current year and does not envisage difficulties for the future.

2.5.22 The Authority has some flexibility to borrow funds this year for use in future years. The Chief Finance Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Chief Finance Officer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Any borrowing in advance of need will be reported to the Council in the next treasury management report.

## 2.6. INVESTMENT STRATEGY

2.6.1 The primary objectives of the Authority's investment strategy in order of importance are:

- safeguarding the re-payment of the principal and interest of its investments on time;
- ensuring adequate liquidity;
- investment return.

2.6.2 Following the economic background above, the current investment climate has one over-riding risk consideration which is that of **counterparty security risk**. As a result of these underlying concerns officers are implementing an operational investment strategy which nets down investments and borrowing. It also tightens the controls already in place in the approved investment strategy. This strategy restricts both the institutions the authority will invest in and the period of investment. It is recommended that the authority continues to invest on a short term basis and restricts counterparties to the current investment list as detailed later in the report.

### 2.6.3 Investment Projections 2011/12 – 2013/14

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

Year End Resources	2009/10 Outturn £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
Balances and Reserves	33,744	23,611	19,973	16,416	16,350
Provisions	3,115	3,000	2,000	2,000	2,000
Unapplied Grants	11,934	5,000	5,000	5,000	0
Unapplied Capital Receipts	891	1,000	0	0	0
<b>Total Core Funds</b>	<b>49,684</b>	<b>32,611</b>	<b>26,973</b>	<b>23,416</b>	<b>18,350</b>
Working Capital*	9,396	0	0	0	0
<b>Resources Available for Investment</b>	<b>59,080</b>	<b>32,611</b>	<b>26,973</b>	<b>23,416</b>	<b>18,350</b>
(Under)/over borrowing	(39,214)	(22,611)	(21,973)	(18,416)	(13,350)
<b>Expected Investments</b>	<b>19,866</b>	<b>10,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>

\* The working capital balance is based on debtors and creditors at year end and it is not possible to estimate as this can vary greatly depending upon the timing of payments and receipts around the end of the financial year.

2.6.5 The table assumes that there will be new long and short term borrowing undertaken between 2011/12 and 2013/14.

### 2.6.6 Benchmarking

2.6.7 A development in the revised Codes and the CLG consultation paper is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Security and liquidity benchmarks are new requirements to the Member reporting and benchmarks in these areas are significantly less developed. The application of these is also more subjective in nature.

2.6.8 These benchmarks are simple targets (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is to assist monitoring and illuminate

any changes to the strategy. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

2.6.9 The benchmark for monitoring security is based on the historical risk of default associated with the credit rating of an organisation. The higher rated counterparties have a lower rate of historic default.

2.6.10 The table below sets out the historic default percentages for each type of credit rated institution and the period of deposit.

	Maturity Period				
Years	1	2	3	4	5
AAA	0.00%	0.01%	0.05%	0.10%	0.17%
AA	0.03%	0.06%	0.08%	0.14%	0.20%
A	0.08%	0.22%	0.37%	0.52%	0.70%
BBB	0.24%	0.68%	1.19%	1.79%	2.42%
BB	1.22%	3.24%	5.34%	7.31%	9.14%
B	4.06%	8.82%	12.72%	16.25%	19.16%
CCC	24.03%	31.91%	37.73%	41.54%	45.22%

2.6.11 The Authority has an extremely cautious investment strategy and this has avoided investment default. As a result the Authority has never suffered investment loss as institutions such as Icelandic banks have not been on the approved investment list. It is expected that the continuation of this investment strategy will avoid investment default. However the Authority still needs to set a formal limit. It is therefore suggested that the Authority will aim to ensure that the historic default probability of its investment portfolio will not exceed 0.2%.

2.6.12 An additional proposed benchmark is the average risk of default. This is based on the historic risk of default multiplied by the value of each investment. It does not constitute the actual expectation of loss. Rather it is intended to give a guide as to the relative security of investments. For the forthcoming year this is expected not to exceed £100,000.

2.6.13 To ensure adequate Liquidity the Authority maintains a bank overdraft facility of £1.5m. In addition the Authority will make use of call accounts to enable cash to be obtained with immediate notice. The proposed benchmark for monitoring liquidity is 'Weighted Average Life'. This reflects the average number of days to maturity for investments and therefore gives an indication of the liquidity profile of investments held. For the forthcoming year because of the lack of value obtainable for deposits exceeding 12 months and the need to ensure maximum security this benchmark is expected to be 0.5 years, with a maximum of 3 years.

#### 2.6.14 Investment Counterparty Selection Criteria

2.6.15 The Authority's criteria for providing a pool of high quality investment counterparties is as follows:

- **Banks** – the Authority will use UK banks which have at least the following Fitch (or Moody's and Standard and Poors equivalent) ratings (where rated):
  - Short Term: F1
  - Long Term: A-
  - Individual / Financial Strength: C (Fitch / Moody's only)
  - Support: 3 (Fitch only)
- **Building Societies** – the Authority will invest with building societies where they have asset base of more than £1bn and form part of the HM Treasury Guarantee scheme, or where societies meet the ratings for banks outlined above. These are currently excluded from the operational counterparty list as a result of reduced credit ratings in the sector generally but are included in the Authority's criteria on the basis that they may be reinstated if ratings improve.
- **Other Local Authorities.**
- **Debt Management Office** – this is a UK Government Agency which manages debt on behalf of the Government.

2.6.16 The rating criteria uses the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Authority's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Authority's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March, 2009 and the CIPFA Treasury Management Code of Practice.

2.6.17 Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered on a daily basis before investments are made. For instance a negative rating watch applying to a counterparty at the minimum Authority criteria will be suspended from use, with all others being reviewed in light of market conditions.

2.6.18 Note that the above criteria only includes UK institutions and therefore has never included Icelandic banks, owing to the risk that if these banks ran into financial difficulties the Icelandic Government may not have been able to underwrite depositors funds.

2.6.19 The criteria is different to that used to define Specified and Non-Specified investments which is the classification used by CLG regulations. This is because it is intended to create a pool of high quality counterparties for the

Authority to use rather than defining what its investments are. Further details of the Specified/Non Specified criteria are contained at Appendix A.

2.6.20 From February 2009 the Council ‘pooled’ its investments with Cleveland Fire Authority to help spread counterparty risk. As a result of this collaboration both organisations shared the same Treasury Management Strategies and criteria determining approved investment counter-parties. During 2010/2011 it was agreed to unwind the ‘pooled’ fund as the investment and borrowing needs of two authorities now differ. The Chief Finance Officer, using delegated powers, has revised the individual counterparty limits for the Council in order to assist the unwinding of the fund.

2.6.21 The table below shows the revised limits proposed for the Council:

	<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Counterparty Limit</b>	<b>Time Limit</b>
Upper Limit Category	F1+/AA-	P-1/Aa3	A-1+/AA-	£7.5m	3 years
Middle Limit Category	F1/A-	P-1/A3	A-1/A-	£1.75m	364 days
Lower Limit Category	Unrated bank subsidiaries and building societies with assets over £1bn			£1.5m	6 months
Other Limits	Other Local Authorities			No Limit	3 years
	Nationalised Banks			£7.5m	3 years
	Debt Management Office			£15m	3 years
	UK Banks covered by UK Government Guarantee			£7.5m	3 years

2.6.22 The above limits set the overall framework for investment. In practice the Chief Finance Officer uses his delegated powers to set operational limits which further tighten the lending criteria as necessary in response to developments caused by the Global ‘credit crunch’. These actions reflect the Chief Finance Officer’s assessment of risk which is particularly important as credit ratings are not a guarantee of an organisation’s financial strength and can only provide a starting point for assessing risk. This flexibility is needed to take advantage of opportunities arising where maximum security can be obtained to reduce the risk of financial loss, while still benefitting from competitive rates of return.

2.6.23 In the normal course of the Authority’s cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.

2.6.24 The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where the Authority’s liquidity requirements are safeguarded. This will also be limited by the longer term investment limits.

## 2.6.25 Economic Investment Considerations

- 2.6.26 Expectations on shorter-term interest rates, on which investment decisions are based, show the likelihood of the current 0.5% Bank Rate remaining flat but with the possibility of a rise towards the end of 2011. The Authority's investment decisions are based on comparisons between the rises priced into market rates against the Authority's and advisers own forecasts.
- 2.6.27 There is an operational difficulty arising from the current economic climate. There is currently little value investing longer term whilst credit quality is uncertain/reduced. Whilst some selective options do provide additional yield uncertainty over counterparty creditworthiness suggests shorter term investments would provide better security.
- 2.6.28 The criteria for choosing counterparties set out above provides a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve the base criteria above, under the exceptional current market conditions the Chief Finance Officer may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal" conditions. Similarly the time periods for investments will be restricted.
- 2.6.29 In these circumstances the authority would make greater use of the Debt Management Deposit Account Facility (DMADF) – a Government body which accepts local Authority deposits, Money Market Funds, guaranteed deposit facilities and strongly rated institutions offered support by the UK Government. The credit criteria have been amended to reflect these facilities.
- 2.6.30 Following the increased risk and uncertainty arising from the unprecedented recent economic crisis the Chief Finance Officer has continued to adopt an even more vigilant approach resulting in what is effectively a 'named' list. This consists of a very select number of counterparties that are considered to be the lowest risk. This has involved the Council temporarily suspending making new deposits with all building societies except the Nationwide, which has a financial standing rating equivalent to the major clearing banks.
- 2.6.31 The Council's approach of suspending building societies from the counterparty list has proven prudent as the ratings for all building societies (except Nationwide) have recently been downgraded owing to continuing concerns about their financial stability and exposure to property loans.
- 2.6.32 The Authority has also continued to exclude all foreign banks, including Irish banks from the investment list owing to the Chief Financial Officer's assessment of risk. Again this action has proven appropriate as evidence by the downgrading of the countries sovereign rating.

### 2.6.33 Sensitivity to Interest Rate Movements

2.6.34 The Authority will be required to disclose in its Statement of Accounts the impact of risks on the Authority's treasury management activity. Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. The table overleaf highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. These forecasts are based on a prudent view of a +/- 1% change in interest rates for the full CFR. Equally for investments they are based on a prudent view of the total amount invested. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by short interest rate changes.

<b>Impact on Revenue Budgets</b>	<b>2011/12 Estimated 1% £'000</b>	<b>2011/12 Estimated -1% £'000</b>
Interest on Borrowing	934	(934)
Investment income	(50)	50
<b>Net General Fund Borrowing Cost</b>	<b>884</b>	<b>(884)</b>

### 2.6.35 Treasury Management Limits on Activity

2.6.36 There are four further treasury activity limits and the purpose of these are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance.

2.6.37 The limits are:

- i) Upper limits on variable interest rate exposure – This identifies a maximum limit for the percentage of the Authority's borrowing and investments that are held with variable interest rates. The proposed limits are detailed in the table below.

<b>Limits on Variable Interest Rates</b>	<b>2011/12 Upper £'000</b>	<b>2012/13 Upper £'000</b>	<b>2013/14 Upper £'000</b>
Borrowing	76,000	75,000	72,000
Investments	60,000	50,000	40,000

- ii) Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit for the percentage of the Authority's borrowing and investments that are held with fixed interest rates.



Limits on Fixed Interest Rates	2011/12 Upper £'000	2012/13 Upper £'000	2013/14 Upper £'000
Borrowing	102,000	100,000	95,000
Investments	60,000	50,000	40,000

iii) Maturity structure of borrowing – this limit is detailed in paragraph 2.6.38 below.

iv) Maximum principal sums invested – this limit is detailed in paragraph 2.6.40 below.

2.6.38 Limits for the 'Maturity Structure of Borrowing' are intended to reduce exposure to large fixed rate sums falling due for refinancing. In the opinion of the Chief Finance Officer limits on fixed and variable rates for **borrowing** are unhelpful and could lead to unnecessary higher costs of borrowing. Previous experience has shown that it is possible to move from a position of predominantly fixed rate borrowing to variable rate borrowing and then back to fixed rate borrowing over a period of two years. In my opinion this proactive management of investments and borrowing continues to provide the most cost effective strategy for the authority, whilst not exposing the authority to unnecessary risk. The Authority should ensure maximum flexibility to minimise costs to the revenue budget in the medium term. These limits are detailed in the table below.

Maturity Structure of fixed interest rate borrowing 2011/12				
	2010/11 £000 Lower Limit	2010/11 £000 Upper Limit	2011/12 £000 Lower Limit	2011/12 £000 Upper Limit
Under 12 months	0	93,000	0	93,000
12 months to 2 years	0	102,000	0	102,000
2 years to 5 years	0	102,000	0	102,000
5 years to 10 years	0	102,000	0	102,000
10 years to 20 years	0	102,000	0	102,000
20 years to 30 years	0	102,000	0	102,000
30 years to 40 years	0	102,000	0	102,000
40 years to 50 years	0	102,000	0	102,000
50 years to 60 years	0	102,000	0	102,000
60 years to 70 years	0	102,000	0	102,000

2.6.39 The limits allow for borrowing up to the Capital Financing Requirement at either variable or fixed rates. The intention is to move to fixed rate borrowing when rates are at an appropriate level and may require the temporary use of variable rate borrowing in the interim.

2.6.40 Total principal funds invested for greater than 364 days – These limits are set with regard to the Authority's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

<b>Limit for Maximum Principal Sums Invested &gt; 364 days</b>			
	<b>1 year £000</b>	<b>2 years £000</b>	<b>3 years £000</b>
Maximum	30,000	20,000	15,000

## 2.6.41 Performance Indicators

2.6.42 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. The Authority will produce the following performance indicators for information and explanation of previous treasury activity:

- Average rate of borrowing for the year compared to average available
- Debt – Average rate movement year on year
- Investments – returns above the 7 day LIBID rate

## 2.6.43 Treasury Management Advisers

2.6.44 The authority uses Butlers as its treasury management consultants (Butlers have recently been taken over by Sector). The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings/market information service comprising the three main credit rating agencies;

2.6.45 Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Authority. This service is subject to regular review.

## 2.7. CONCLUSION

2.7.1 The report provides the Council with the Treasury Management Strategy for 2011/2012, as required by legislation.

2.7.2 It is recommended that the Council continues to net down investments and borrowing as this is expected to provide the lowest cost and minimises risk. The strategy also recommends that if the interest outlook changes unexpectedly the Chief Finance Officer may seek to undertake longer term borrowing to protect the Authority's financial position.

2.7.3 Where investments need to be made the Council will continue to limit the institutions the Council will invest with and the period of investment.

## **2.8. RECOMMENDATIONS**

2.8.1 It is recommended that Members consider the report and approve:

- i) The Prudential Indicators and Limits relating to Capital Expenditure for 2011/2012 to 2013/2014 as detailed in sections 2.4.
- ii) The Borrowing Strategy for 2011/2012 to 2012/2013 and related Treasury Prudential Indicators including the Minimum Revenue Provision (MRP) Statement in section 2.5.
- iii) The Investment Strategy for 2011/2012 to 2012/2013 and related Treasury Prudential Indicators in section 2.6.
- iv) The Investment Strategy Counterparty Criteria contained in section 2.6.

## **3. APPOINTMENT TO OUTSIDE BODIES - NORTH EASTERN INSHORE FISHERIES AND CONSERVATION AUTHORITY**

3.1 An Order, made under the Marine and Coastal Access Act 2009, established the North Eastern Inshore Fisheries and Conservation district and corresponding Authority. The Authority is one of 10 similar Authorities that are responsible for the English Coast, its estuaries and 6 nautical miles off shore. NEIFCA comprises 30 members including the following “relevant Councils”, 15 general members (appointed by the Marine Management Organisation) and two additional members (1 from the Environment Agency and 1 from Natural England)–

Durham County Council – 1 Member  
 East Riding of Yorkshire Council – 2 Members  
 Hartlepool Borough Council – 1 Member  
 Hull City Council – 1 Member  
 North Yorkshire County Council – 2 Members  
 North East Lincolnshire Council – 1 Member  
 North Lincolnshire Council – 1 Member  
 Redcar and Cleveland Borough Council – 1 Member  
 South Tyneside Metropolitan Borough Council – 1 Member  
 Stockton-on-Tees Borough Council – 1 Member  
 Sunderland City Council – 1 Member

3.2 IFCA's will operate with limited powers and duties in parallel with Sea Fisheries Committees (SFCs) until April 2011; SFCs will continue their role in the day-to-day management of inshore fisheries so the IFCA's can concentrate

on annual and financial planning. A further commencement Order will also abolish SFCs.

- 3.3 Political Groups have been advised of the changes to the organisation and requested to nominate a Member to be appointed to the new body to represent the Council. Two nominations have been received; Councillor Geoff Lilley (AIC) and Councillor Stephen Thomas (Labour).

Council's instructions as to the nomination to be forwarded to the North Eastern Inshore Fisheries and Conservation Authority are requested.

**Appendix A****Credit And Counterparty Risk Management**

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below.

The key intention of the Guidance is to maintain the current requirement for authorities to invest prudently and that priority is given to security and liquidity before interest return. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and applies its principles to all investment activity. In accordance with the Code, the Chief Finance Officer has produced its treasury management practices covering investment counterparty policy which requires approval each year.

**Annual Investment Strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for decision making on investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The strategy proposed for approval by Members is set out below.

**Strategy Guidelines** – The main strategy guidelines are contained in the body of the Treasury Strategy Statement.

**Specified Investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within twelve months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

1. The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Other Councils.

3. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.
4. A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society. This covers bodies with a minimum rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is:

	Fitch	Moody's	Standard & Poors	Limit for Investment Fund	Time Limit
Upper Limit Category	F1+/AA-	P-1/Aa3	A-1+/AA-	£10m	364 days
Middle Limit Category	F1/A-	P-1/A3	A-1/A-	£7m	364 days
Other Institution Limits	Other Local Authorities			No Limit	364 days
	Nationalised Banks			£10m	364 days
	Debt Management Office			£20m	364 days
	UK Banks covered by UK Government			£10m	364 days

**Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any investments with:

- **Building societies not meeting the basic security requirements under the specified investments.** The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Investment Fund may use building societies with assets over £1bn. These will be limited to £2.5m over 3 months.
- Any **bank or building society** that has a minimum long term credit rating of A- for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).

	<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Money Limit</b>	<b>Time Limit</b>
Upper Limit Category	F1+/AA-	P-1/Aa3	A-1+/AA-	£10m	3 years
Other Local Authorities				No limit	3 years
Nationalised Banks				£7m	3 years
Building Societies				£2m	
Debt Management Office				£20m	3 years
UK Banks covered by UK Government				£7m	3 years

**The Monitoring of Investment Counterparties** - The credit rating of counterparties will be monitored regularly. The Council receives credit rating advice from its advisers, Butlers, on a daily basis, and as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Finance Officer and if required new counterparties which meet the criteria will be added to the list.

**COUNCIL**  
10<sup>th</sup> February 2011



**Report of:** Chief Executive

**Subject:** BUSINESS REPORT

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**1. TALL SHIPS – ADDITIONAL EVALUATION**

- 1.1 On 28 October 2010, Council considered a report referring to the financial outturn for the Tall Ships event. Council resolved that:  
A report be submitted to a future meeting of Council detailing:
- (i) The reasons why the car parking and associated income were over-estimated;
  - (ii) What further steps could have been taken to maximise entrepreneurial advantage for people in the town.

Spirul Ltd, the company which undertook the original analysis and evaluation of the overall event, has been commissioned to carry out the additional analysis, at the same rates as charged for the overall evaluation. They expect to have their report prepared by the end of February 2011. The cost of this work is £6,500.

**Recommended that:**

Council identifies from where this cost will be met.

**2. TREASURY MANAGEMENT STRATEGY**

**2.1 BACKGROUND AND OBJECTIVES**

- 2.1.1 The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA Prudential Code and to set prudential indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.
- 2.1.2 The Act therefore requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came



into force on 1<sup>st</sup> April, 2004. This guidance recommends that all Local Authorities produce an Annual Investment Strategy that is approved by full Council, which is also included in this report.

2.1.3 Revised editions of the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice were issued in November 2009. The main changes arising from the new guidance were process related and made it compulsory to adopt practices that the authority already had in place.

2.1.4 This report outlines the Authority's Treasury Management Strategy for 2011/2012, which includes Prudential Indicators for 2011/2012 – 2013/2014. The report also sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

- The reporting of Prudential Indicators based on expected capital activities.
- The Authority's Minimum Revenue Provision (MRP) Policy, which sets out how the Authority will pay for capital assets through revenue each year.
- The Treasury Management Strategy Statement which sets out the planned borrowing and investment strategies and the limitations on treasury activity by the use of treasury prudential indicators.
- The Investment Strategy which sets out the Authority's criteria for investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the Department of Communities and Local Government (CLG) Investment Guidance.

2.1.5 The above policies and parameters provide an approved framework within which officers undertake the day to day capital and treasury activities.

2.1.6 This report covers the following areas:

- Review of the Treasury Management Strategy by the Audit Committee;
- Outlook for Interest Rates;
- Prudential Indicators and Treasury Limits;
- Capital Financing Requirement and Borrowing Strategy; and,
- Investment Strategy.

## **2.2. REVIEW OF THE TREASURY MANAGEMENT STRATEGY BY THE AUDIT COMMITTEE**

2.2.1 The revised treasury management guidance requires councils to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to Council. This responsibility has been allocated to the Audit Committee.

2.2.2 The revised Code increases the responsibility of Members' in this area. Training was provided to Members of the Audit Committee in October 2010 to enable Members to fulfil their responsibilities.

- 2.2.3 The Treasury Management Strategy 2011/2012 was considered by the Audit Committee on 3 December 2010. At the time of the Audit Committee the Government had not announced capital allocations which meant it was not possible to calculate a number of technical Prudential Indicators. However, as the Treasury Management Strategy outlines the key principles covering the operation of the Authority's borrowing and investment strategy the unavailability of this information did not prevent the Audit Committee considering and scrutinising the proposed strategy.
- 2.2.4 The Audit Committee endorsed the Treasury Management Strategy and approved that it should be referred to Council, noting that the prudential indicators would be included within the report to Council.

## 2.3. OUTLOOK FOR INTEREST RATES

- 2.3.1 The table below provides the latest interest rate forecasts provided by Butlers.

Annual Average %	Bank Rate	Money Rates		PWLB Rates		
		3 month	1 year	5 year	25 year	50 year
2010/11	0.5	0.7	1.5	2.6	4.6	4.7
2011/12	0.7	1.0	1.8	3.3	5.3	5.4
2012/13	1.7	2.0	2.8	4.2	5.5	5.6
2013/14	3.1	3.2	3.7	4.8	5.6	5.7
2014/15	4.0	4.2	4.5	5.6	5.6	5.8
2015/16	4.0	4.2	4.2	5.3	5.5	5.5

- 2.3.2 Short-term rates are expected to remain on hold for a considerable time. The recovery in the economy had seemingly commenced with growth data for the second quarter of the financial year coming in at the high side of expectations. However, as recent reports from the Bank of England have shown, this trend was reversed in the third quarter where there was a contraction in the economy of 0.5%. This demonstrates the continued uncertainty surrounding the sustainability of the economic recovery.
- 2.3.3 The Office for Budget Responsibility has presented a realistically downbeat view of the economy's recovery prospects over the short and medium term, projecting that growth will struggle to exceed its trend rate in the current parliament. There is a risk that cuts in public spending may be a drag upon activity in the medium term.
- 2.3.4 The void left by significant cuts in public spending will have to be filled by a number of alternatives – corporate investment, rising exports and consumer expenditure. In terms of sheer magnitude, the latter is the most important and a strong recovery in this area is by no means certain. The combination of the desire to reduce the level of personal debt and continued job uncertainty is likely to weigh heavily upon spending. This will be amplified by fiscal policy

tightening, outlined in the Budget and expanded upon in the October Comprehensive Spending Review. Without a rebound in personal spending, any recovery in the economy is set to be weak and protracted.

- 2.3.5 The Bank of England admits that inflation will remain above target until 2012. Inflation performance remains a key risk to the future course of interest rates. Nevertheless, the perceived need to counter the fiscal squeeze via accommodative monetary policy suggests that barring a deterioration from the current situation, the Monetary Policy Committee will be prepared to hold rates at very low levels until the latter stages of 2011.
- 2.3.6 The outlook for long-term interest rates is favourable in the near term but is set to deteriorate in the latter part of 2011. Yields will be suppressed by continued investor demand for safe haven instruments following the uncertainties and unfolding tensions within the entire Euro-zone. In addition to this, the market has been underpinned by evidence of decelerating activity in major economies and public sector spending cuts. These two factors will restrict any deterioration in gilt market performance in the near term.
- 2.3.7 However, while the UK's fiscal burden will almost certainly ease, it will be a lengthy process and deficits over the next two to three financial years will still require a very heavy programme of gilt issuance. The latest Bank Inflation Report suggests the market will not be able to rely upon Quantitative Easing indefinitely to alleviate this enormous burden.
- 2.3.8 Eventually, the absence of the Bank of England as the largest buyer of gilts will shift the balance between supply and demand in the gilt-edged market. Other investors will almost certainly require some incentive to continue buying government gilts. This incentive will take the form of higher interest rates.

## **2.4. PRUDENTIAL INDICATORS AND TREASURY LIMITS**

- 2.4.1 The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and set prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity, and reflects the outcome of the Authority's underlying capital appraisal systems.
- 2.4.2 Details of the proposed prudential limits are set out in the following sections. The specific prudential indicators relating to the Borrowing and Investment strategy are detailed in sections 2.5 and 2.6.
- 2.4.3 CIPFA Treasury Management Code of Practice**
- 2.4.4 The first prudential indicator is confirmation that the Authority has adopted the CIPFA Treasury Management Code of Practice.
- 2.4.5 Capital Expenditure**

2.4.6 A certain level of local authority capital expenditure was previously supported by the Government through supported prudential borrowing. These allocations will now all be funded from capital grants. This avoids future budget pressures as the Council does not need to make provision for corresponding loan repayment costs. The authority plans to finance local investment not deemed to be a priority by the Government using unsupported prudential borrowing. This includes the proposed 'Council Capital Fund.' The revenue consequences of unsupported prudential borrowing will need to be paid for from the Authority's revenue budget and appropriate provision has been made within the revenue budget for 2011/2012

2.4.7 The Council needs to have regard to the following when approving unsupported prudential borrowing proposals:

- Service objectives (e.g. strategic planning);
- Stewardship of assets (e.g. asset management planning);
- Value for money (e.g. option appraisal);
- Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
- Affordability (e.g. implications for the Council Tax);
- Practicality (e.g. the achievability of the forward plan).

#### 2.4.8 Affordability Prudential Indicators

2.4.9 These indicators are detailed below and are intended to give an indication of the affordability of the planned capital expenditure financed by borrowing.

#### Incremental Impact of Capital Expenditure on Council Tax

This indicator identifies the revenue costs associated with new schemes included in the three year Capital Programme recommended in the budget strategy report compared to the Authority's existing approved commitments and current plans

	Forward Projection 2010/11 £'000	Forward Projection 2011/12 £'000	Forward Projection 2012/13 £'000	Forward Projection 2013/14 £'000
<b>Council Tax - Band D</b>	£4.62	£3.63	£4.22	£1.62

#### Ratio of Financing Costs to Net Revenue Stream

This shows the net cost of capital borrowing as a percentage of the net budget, which is spent on servicing debt. Whilst the authority's CFR is going to fall as a result of reduced supported borrowing allocations this indicator is expected to increase because of the decrease in the revenue budget owing to Government grant cuts. This is effectively a technical change and will not impact on the revenue budget as this includes provision for interest and repayment costs remaining stable for the next three years.

%	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Ratio	7.21%	7.10%	7.72%	7.68%

## 2.5. CAPITAL FINANCING REQUIREMENT AND BORROWING STRATEGY

### 2.5.1 The Council's Borrowing Need (the Capital Financing Requirement)

2.5.2 The Authority's Borrowing Strategy is driven by the Capital Financing Requirement (CFR) and the Authority's view of interest rates. The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's underlying borrowing need and at 31 March 2010 the Authority's CFR was £86.035m. As part of the Medium Term Financial Strategy the Council is required to approve the 2011/12 capital programme as summarised below.

Capital Expenditure	2010/11 Original £'000	2010/11 Revised £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
Capital Expenditure	34,167	52,039	21,025	7,832	7,725
<b>Financed by:</b>					
Capital grants and contributions	20,559	38,580	17,739	4,407	6,225
Capital Receipts	0	257	0	0	0
Revenue	0	0	600	300	300
<b>Net Capital Expenditure to be funded from Prudential Borrowing</b>	<b>13,608</b>	<b>13,459</b>	<b>2,686</b>	<b>3,125</b>	<b>1,200</b>

The estimated capital finance requirement is shown in the table overleaf.

	2010/11 Original £'000	2010/11 Revised £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
<b>CFR b/f</b>	<b>92,829</b>	<b>86,035</b>	<b>95,230</b>	<b>93,380</b>	<b>92,088</b>
Capital Expenditure Financed by Borrowing	13,608	13,459	2,686	3,125	1,200
Less MRP/VRP and other financing movements	4,476	4,264	4,536	4,417	4,261
<b>CFR c/f</b>	<b>101,960</b>	<b>95,230</b>	<b>93,380</b>	<b>92,088</b>	<b>89,027</b>

2.5.3 The Authority is required to pay off an element of the CFR each year through a revenue charge called the Minimum Revenue Provision (MRP), although it is also allowed to undertake additional Voluntary Revenue Payments (VRP).

2.5.4 CLG Regulations require the Council to approve **an MRP Statement** in advance of each year. The Council is recommended to approve the following MRP Statement

- For capital expenditure incurred before 1<sup>st</sup> April, 2008 the Council's MRP policy is to calculate MRP in accordance with former CLG Regulations. This is 4% of the Capital Financing Requirement except where the Council makes Voluntary Revenue Payments for Departmental Prudential

Borrowing, which is in excess of the amount required by these regulations, based on asset life.

- From 1<sup>st</sup> April, 2008 the Council calculates MRP based on asset life for all assets or where prudential borrowing is financed by a specific annuity loan, MRP will be calculated according to the actual loan repayments.

#### 2.5.5 **Borrowing Strategy**

2.5.6 In the short term it is proposed that the Authority will maximise the use of its balance sheet resources to finance 'Under Borrowing'. This reduces investment counterparty risk and shelters against the estimated low level of investments returns. The ability to do this is limited by the level of these resources which are temporary in nature.

2.5.7 The key risk of deferring long term borrowing is that when the Authority does need to borrow it is not at too high a rate. Long-term fixed interest rates are at risk of being higher over the medium term, and short term rates are expected to rise but from a historically low level. The Authority needs to ensure that it achieves benefits from those historically low short term rates whilst retaining the flexibility to lock into longer term rates before they rise significantly. In these circumstances not only is the level of interest rate a factor but the speed at which it is changing. If any of the Authority's LOBOs (Lenders Option Borrowers Option loans) are recalled they will need to be refinanced which will also be from internal resources in the first instance (if available) and then temporary loans until the Authority is confident that the timing is right to obtain long term borrowing. The Chief Finance Officer, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast earlier in the report.

2.5.8 Following the Chancellor's announcement of the Spending Review on 20<sup>th</sup> October, 2010, HM Treasury instructed PWLB to:

- i) Increase the interest rate on all new loans to 1% above the Government's cost of borrowing. This change took immediate effect;
- ii) Publish at the end of each month a list of individual loans it has made to local authorities, including the type, amount, term and rate applying to each loan.

2.5.9 HM Treasury has indicated "that the interest rates increase is based on the Government having to make difficult choices around borrowing and capital investment. To ensure that the rate at which loans are made available to local authorities better reflects the availability of capital funding post-spending review and encourages optional borrowing and investment decisions". Interestingly, the increase in PWLB rates will generate a surplus to the Treasury. This increase is reflected in the interest forecast detailed in paragraph 2.3.1.

2.5.10 Local authorities will still be able to finance capital expenditure requirements by borrowing monies from banks. However, commercial banks will use PWLB interest rates as a benchmark and increase interest rates accordingly. The increase in PWLB interest rates therefore increases borrowing costs for local authorities at a time of reducing revenue grant funding. In the short term this is manageable owing to short term interest rates. However, in the medium term this change increases risk to the Authority and this position will need to be managed carefully to protect the Authority's longer term financial position.

2.5.11 HM Treasury have also indicated that publishing details of new PWLB loans is designed to increase transparency of decisions made by local authorities. In the view of the Chief Finance Officer this is simply another layer of bureaucracy as the prudential code and associated reporting requirements already provide comprehensive arrangements for reporting on treasury management issues.

2.5.12 This change will also make PWLB debt rescheduling more problematic in the future.

#### 2.5.13 Debt and Investment Projections 2011/12 – 2013/14

2.5.14 The table overleaf sets out the Authority's projected borrowing requirement and level of debt.

Debt and Investment Projections	2010/11 Revised £'000	2011/12 Estimated £'000	2012/13 Estimated £'000	2013/14 Estimated £'000
Long Term Borrowing 1 April	46,821	46,821	46,821	73,672
Expected change in Long Term Debt	0	0	15,000	0
Short Term Borrowing 1 April	8,942	25,798	24,586	11,851
Expected change in Short Term Debt	16,856	(1,212)	(12,735)	(9,846)
<b>Debt at 31 March</b>	<b>72,619</b>	<b>71,407</b>	<b>73,672</b>	<b>75,677</b>
<b>Capital Finance Requirement (CFR)</b>	<b>95,230</b>	<b>93,380</b>	<b>92,088</b>	<b>89,027</b>
<b>Under Borrowing</b>	<b>(22,611)</b>	<b>(21,973)</b>	<b>(18,416)</b>	<b>(13,350)</b>

2.5.15 The table shows that it is unlikely that new long term borrowing will be necessary in 2011/2012 as the authority can defer long term borrowing by continuing to use its balance sheet resources and use short term borrowing. This reduces investment counterparty risk and shelters against the low investment returns.

2.5.16 The Chief Finance Officer, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time.

#### 2.5.17 Limits to Borrowing Activity

2.5.18 Within the prudential indicators there are a number of key indicators to ensure the Authority operates its activities within well defined limits.

2.5.19 The Authority needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2011/2012 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. The table below demonstrates that net borrowing will not exceed the CFR.

External Debt	2010/11 Revised £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
Gross Borrowing	72,619	71,407	73,672	75,677
Investments	10,000	5,000	5,000	5,000
<b>Net Borrowing / (Investment)</b>	<b>62,619</b>	<b>66,407</b>	<b>68,672</b>	<b>70,677</b>
<b>Capital Finance Requirement (CFR)</b>	<b>95,230</b>	<b>93,380</b>	<b>92,088</b>	<b>89,027</b>

2.5.20 The table below shows two key limits for the monitoring of debt. The Operational Limit is the likely limit the Authority will require and is aligned closely with the actual CFR on the assumption that cash flow is broadly neutral. The Authorised Limit for External Debt is a further key prudential indicator to control the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Council. In practice it needs to take account of the range of cash flows that might occur for the Authority in addition to the CFR. This also includes the flexibility to enable advance refinancing of existing loans.

Borrowing Limits	2010/11 Revised £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
Operational Limit	102,000	102,000	100,000	95,000
Authorised limit	115,000	115,000	110,000	105,000

2.5.21 The Chief Finance Officer reports that the Authority complied with these prudential indicators in the current year and does not envisage difficulties for the future.

2.5.22 The Authority has some flexibility to borrow funds this year for use in future years. The Chief Finance Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Chief Finance Officer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Any borrowing in advance of need will be reported to the Council in the next treasury management report.

## 2.6. INVESTMENT STRATEGY

2.6.1 The primary objectives of the Authority's investment strategy in order of importance are:



- safeguarding the re-payment of the principal and interest of its investments on time;
- ensuring adequate liquidity;
- investment return.

2.6.2 Following the economic background above, the current investment climate has one over-riding risk consideration which is that of **counterparty security risk**. As a result of these underlying concerns officers are implementing an operational investment strategy which nets down investments and borrowing. It also tightens the controls already in place in the approved investment strategy. This strategy restricts both the institutions the authority will invest in and the period of investment. It is recommended that the authority continues to invest on a short term basis and restricts counterparties to the current investment list as detailed later in the report.

### 2.6.3 Investment Projections 2011/12 – 2013/14

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

Year End Resources	2009/10 Outturn £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
Balances and Reserves	33,744	23,611	19,973	16,416	16,350
Provisions	3,115	3,000	2,000	2,000	2,000
Unapplied Grants	11,934	5,000	5,000	5,000	0
Unapplied Capital Receipts	891	1,000	0	0	0
<b>Total Core Funds</b>	<b>49,684</b>	<b>32,611</b>	<b>26,973</b>	<b>23,416</b>	<b>18,350</b>
Working Capital*	9,396	0	0	0	0
<b>Resources Available for Investment</b>	<b>59,080</b>	<b>32,611</b>	<b>26,973</b>	<b>23,416</b>	<b>18,350</b>
(Under)/over borrowing	(39,214)	(22,611)	(21,973)	(18,416)	(13,350)
<b>Expected Investments</b>	<b>19,866</b>	<b>10,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>

\* The working capital balance is based on debtors and creditors at year end and it is not possible to estimate as this can vary greatly depending upon the timing of payments and receipts around the end of the financial year.

2.6.5 The table assumes that there will be new long and short term borrowing undertaken between 2011/12 and 2013/14.

### 2.6.6 Benchmarking

2.6.7 A development in the revised Codes and the CLG consultation paper is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Security and liquidity benchmarks are new requirements to the Member reporting and benchmarks in these areas are significantly less developed. The application of these is also more subjective in nature.

2.6.8 These benchmarks are simple targets (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is to assist monitoring and illuminate

any changes to the strategy. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

2.6.9 The benchmark for monitoring security is based on the historical risk of default associated with the credit rating of an organisation. The higher rated counterparties have a lower rate of historic default.

2.6.10 The table below sets out the historic default percentages for each type of credit rated institution and the period of deposit.

	Maturity Period				
Years	1	2	3	4	5
AAA	0.00%	0.01%	0.05%	0.10%	0.17%
AA	0.03%	0.06%	0.08%	0.14%	0.20%
A	0.08%	0.22%	0.37%	0.52%	0.70%
BBB	0.24%	0.68%	1.19%	1.79%	2.42%
BB	1.22%	3.24%	5.34%	7.31%	9.14%
B	4.06%	8.82%	12.72%	16.25%	19.16%
CCC	24.03%	31.91%	37.73%	41.54%	45.22%

2.6.11 The Authority has an extremely cautious investment strategy and this has avoided investment default. As a result the Authority has never suffered investment loss as institutions such as Icelandic banks have not been on the approved investment list. It is expected that the continuation of this investment strategy will avoid investment default. However the Authority still needs to set a formal limit. It is therefore suggested that the Authority will aim to ensure that the historic default probability of its investment portfolio will not exceed 0.2%.

2.6.12 An additional proposed benchmark is the average risk of default. This is based on the historic risk of default multiplied by the value of each investment. It does not constitute the actual expectation of loss. Rather it is intended to give a guide as to the relative security of investments. For the forthcoming year this is expected not to exceed £100,000.

2.6.13 To ensure adequate Liquidity the Authority maintains a bank overdraft facility of £1.5m. In addition the Authority will make use of call accounts to enable cash to be obtained with immediate notice. The proposed benchmark for monitoring liquidity is 'Weighted Average Life'. This reflects the average number of days to maturity for investments and therefore gives an indication of the liquidity profile of investments held. For the forthcoming year because of the lack of value obtainable for deposits exceeding 12 months and the need to ensure maximum security this benchmark is expected to be 0.5 years, with a maximum of 3 years.

#### 2.6.14 Investment Counterparty Selection Criteria

2.6.15 The Authority's criteria for providing a pool of high quality investment counterparties is as follows:

- **Banks** – the Authority will use UK banks which have at least the following Fitch (or Moody's and Standard and Poors equivalent) ratings (where rated):
  - Short Term: F1
  - Long Term: A-
  - Individual / Financial Strength: C (Fitch / Moody's only)
  - Support: 3 (Fitch only)
- **Building Societies** – the Authority will invest with building societies where they have asset base of more than £1bn and form part of the HM Treasury Guarantee scheme, or where societies meet the ratings for banks outlined above. These are currently excluded from the operational counterparty list as a result of reduced credit ratings in the sector generally but are included in the Authority's criteria on the basis that they may be reinstated if ratings improve.
- **Other Local Authorities.**
- **Debt Management Office** – this is a UK Government Agency which manages debt on behalf of the Government.

2.6.16 The rating criteria uses the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Authority's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Authority's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March, 2009 and the CIPFA Treasury Management Code of Practice.

2.6.17 Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered on a daily basis before investments are made. For instance a negative rating watch applying to a counterparty at the minimum Authority criteria will be suspended from use, with all others being reviewed in light of market conditions.

2.6.18 Note that the above criteria only includes UK institutions and therefore has never included Icelandic banks, owing to the risk that if these banks ran into financial difficulties the Icelandic Government may not have been able to underwrite depositors funds.

2.6.19 The criteria is different to that used to define Specified and Non-Specified investments which is the classification used by CLG regulations. This is because it is intended to create a pool of high quality counterparties for the

Authority to use rather than defining what its investments are. Further details of the Specified/Non Specified criteria are contained at Appendix A.

2.6.20 From February 2009 the Council ‘pooled’ its investments with Cleveland Fire Authority to help spread counterparty risk. As a result of this collaboration both organisations shared the same Treasury Management Strategies and criteria determining approved investment counter-parties. During 2010/2011 it was agreed to unwind the ‘pooled’ fund as the investment and borrowing needs of two authorities now differ. The Chief Finance Officer, using delegated powers, has revised the individual counterparty limits for the Council in order to assist the unwinding of the fund.

2.6.21 The table below shows the revised limits proposed for the Council:

	<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Counterparty Limit</b>	<b>Time Limit</b>
Upper Limit Category	F1+/AA-	P-1/Aa3	A-1+/AA-	£7.5m	3 years
Middle Limit Category	F1/A-	P-1/A3	A-1/A-	£1.75m	364 days
Lower Limit Category	Unrated bank subsidiaries and building societies with assets over £1bn			£1.5m	6 months
Other Limits	Other Local Authorities			No Limit	3 years
	Nationalised Banks			£7.5m	3 years
	Debt Management Office			£15m	3 years
	UK Banks covered by UK Government Guarantee			£7.5m	3 years

2.6.22 The above limits set the overall framework for investment. In practice the Chief Finance Officer uses his delegated powers to set operational limits which further tighten the lending criteria as necessary in response to developments caused by the Global ‘credit crunch’. These actions reflect the Chief Finance Officer’s assessment of risk which is particularly important as credit ratings are not a guarantee of an organisation’s financial strength and can only provide a starting point for assessing risk. This flexibility is needed to take advantage of opportunities arising where maximum security can be obtained to reduce the risk of financial loss, while still benefitting from competitive rates of return.

2.6.23 In the normal course of the Authority’s cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.

2.6.24 The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where the Authority’s liquidity requirements are safeguarded. This will also be limited by the longer term investment limits.

## 2.6.25 Economic Investment Considerations

- 2.6.26 Expectations on shorter-term interest rates, on which investment decisions are based, show the likelihood of the current 0.5% Bank Rate remaining flat but with the possibility of a rise towards the end of 2011. The Authority's investment decisions are based on comparisons between the rises priced into market rates against the Authority's and advisers own forecasts.
- 2.6.27 There is an operational difficulty arising from the current economic climate. There is currently little value investing longer term whilst credit quality is uncertain/reduced. Whilst some selective options do provide additional yield uncertainty over counterparty creditworthiness suggests shorter term investments would provide better security.
- 2.6.28 The criteria for choosing counterparties set out above provides a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve the base criteria above, under the exceptional current market conditions the Chief Finance Officer may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal" conditions. Similarly the time periods for investments will be restricted.
- 2.6.29 In these circumstances the authority would make greater use of the Debt Management Deposit Account Facility (DMADF) – a Government body which accepts local Authority deposits, Money Market Funds, guaranteed deposit facilities and strongly rated institutions offered support by the UK Government. The credit criteria have been amended to reflect these facilities.
- 2.6.30 Following the increased risk and uncertainty arising from the unprecedented recent economic crisis the Chief Finance Officer has continued to adopt an even more vigilant approach resulting in what is effectively a 'named' list. This consists of a very select number of counterparties that are considered to be the lowest risk. This has involved the Council temporarily suspending making new deposits with all building societies except the Nationwide, which has a financial standing rating equivalent to the major clearing banks.
- 2.6.31 The Council's approach of suspending building societies from the counterparty list has proven prudent as the ratings for all building societies (except Nationwide) have recently been downgraded owing to continuing concerns about their financial stability and exposure to property loans.
- 2.6.32 The Authority has also continued to exclude all foreign banks, including Irish banks from the investment list owing to the Chief Financial Officer's assessment of risk. Again this action has proven appropriate as evidence by the downgrading of the countries sovereign rating.

### 2.6.33 Sensitivity to Interest Rate Movements

2.6.34 The Authority will be required to disclose in its Statement of Accounts the impact of risks on the Authority's treasury management activity. Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. The table overleaf highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. These forecasts are based on a prudent view of a +/- 1% change in interest rates for the full CFR. Equally for investments they are based on a prudent view of the total amount invested. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by short interest rate changes.

Impact on Revenue Budgets	2011/12 Estimated 1% £'000	2011/12 Estimated -1% £'000
Interest on Borrowing	934	(934)
Investment income	(50)	50
<b>Net General Fund Borrowing Cost</b>	<b>884</b>	<b>(884)</b>

### 2.6.35 Treasury Management Limits on Activity

2.6.36 There are four further treasury activity limits and the purpose of these are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance.

2.6.37 The limits are:

- i) Upper limits on variable interest rate exposure – This identifies a maximum limit for the percentage of the Authority's borrowing and investments that are held with variable interest rates. The proposed limits are detailed in the table below.

Limits on Variable Interest Rates	2011/12 Upper £'000	2012/13 Upper £'000	2013/14 Upper £'000
Borrowing	76,000	75,000	72,000
Investments	60,000	50,000	40,000

- ii) Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit for the percentage of the Authority's borrowing and investments that are held with fixed interest rates.

Limits on Fixed Interest Rates	2011/12 Upper £'000	2012/13 Upper £'000	2013/14 Upper £'000
Borrowing	102,000	100,000	95,000
Investments	60,000	50,000	40,000

iii) Maturity structure of borrowing – this limit is detailed in paragraph 2.6.38 below.

iv) Maximum principal sums invested – this limit is detailed in paragraph 2.6.40 below.

2.6.38 Limits for the 'Maturity Structure of Borrowing' are intended to reduce exposure to large fixed rate sums falling due for refinancing. In the opinion of the Chief Finance Officer limits on fixed and variable rates for **borrowing** are unhelpful and could lead to unnecessary higher costs of borrowing. Previous experience has shown that it is possible to move from a position of predominantly fixed rate borrowing to variable rate borrowing and then back to fixed rate borrowing over a period of two years. In my opinion this proactive management of investments and borrowing continues to provide the most cost effective strategy for the authority, whilst not exposing the authority to unnecessary risk. The Authority should ensure maximum flexibility to minimise costs to the revenue budget in the medium term. These limits are detailed in the table below.

Maturity Structure of fixed interest rate borrowing 2011/12				
	2010/11 £000 Lower Limit	2010/11 £000 Upper Limit	2011/12 £000 Lower Limit	2011/12 £000 Upper Limit
Under 12 months	0	93,000	0	93,000
12 months to 2 years	0	102,000	0	102,000
2 years to 5 years	0	102,000	0	102,000
5 years to 10 years	0	102,000	0	102,000
10 years to 20 years	0	102,000	0	102,000
20 years to 30 years	0	102,000	0	102,000
30 years to 40 years	0	102,000	0	102,000
40 years to 50 years	0	102,000	0	102,000
50 years to 60 years	0	102,000	0	102,000
60 years to 70 years	0	102,000	0	102,000

2.6.39 The limits allow for borrowing up to the Capital Financing Requirement at either variable or fixed rates. The intention is to move to fixed rate borrowing when rates are at an appropriate level and may require the temporary use of variable rate borrowing in the interim.

2.6.40 Total principal funds invested for greater than 364 days – These limits are set with regard to the Authority's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

<b>Limit for Maximum Principal Sums Invested &gt; 364 days</b>			
	<b>1 year £000</b>	<b>2 years £000</b>	<b>3 years £000</b>
Maximum	30,000	20,000	15,000

## 2.6.41 Performance Indicators

2.6.42 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. The Authority will produce the following performance indicators for information and explanation of previous treasury activity:

- Average rate of borrowing for the year compared to average available
- Debt – Average rate movement year on year
- Investments – returns above the 7 day LIBID rate

## 2.6.43 Treasury Management Advisers

2.6.44 The authority uses Butlers as its treasury management consultants (Butlers have recently been taken over by Sector). The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings/market information service comprising the three main credit rating agencies;

2.6.45 Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Authority. This service is subject to regular review.

## 2.7. CONCLUSION

2.7.1 The report provides the Council with the Treasury Management Strategy for 2011/2012, as required by legislation.

2.7.2 It is recommended that the Council continues to net down investments and borrowing as this is expected to provide the lowest cost and minimises risk. The strategy also recommends that if the interest outlook changes unexpectedly the Chief Finance Officer may seek to undertake longer term borrowing to protect the Authority's financial position.



2.7.3 Where investments need to be made the Council will continue to limit the institutions the Council will invest with and the period of investment.

## **2.8. RECOMMENDATIONS**

2.8.1 It is recommended that Members consider the report and approve:

- i) The Prudential Indicators and Limits relating to Capital Expenditure for 2011/2012 to 2013/2014 as detailed in sections 2.4.
- ii) The Borrowing Strategy for 2011/2012 to 2012/2013 and related Treasury Prudential Indicators including the Minimum Revenue Provision (MRP) Statement in section 2.5.
- iii) The Investment Strategy for 2011/2012 to 2012/2013 and related Treasury Prudential Indicators in section 2.6.
- iv) The Investment Strategy Counterparty Criteria contained in section 2.6.

## **3. APPOINTMENT TO OUTSIDE BODIES - NORTH EASTERN INSHORE FISHERIES AND CONSERVATION AUTHORITY**

3.1 An Order, made under the Marine and Coastal Access Act 2009, established the North Eastern Inshore Fisheries and Conservation district and corresponding Authority. The Authority is one of 10 similar Authorities that are responsible for the English Coast, its estuaries and 6 nautical miles off shore. NEIFCA comprises 30 members including the following “relevant Councils”, 15 general members (appointed by the Marine Management Organisation) and two additional members (1 from the Environment Agency and 1 from Natural England)–

Durham County Council – 1 Member  
 East Riding of Yorkshire Council – 2 Members  
 Hartlepool Borough Council – 1 Member  
 Hull City Council – 1 Member  
 North Yorkshire County Council – 2 Members  
 North East Lincolnshire Council – 1 Member  
 North Lincolnshire Council – 1 Member  
 Redcar and Cleveland Borough Council – 1 Member  
 South Tyneside Metropolitan Borough Council – 1 Member  
 Stockton-on-Tees Borough Council – 1 Member  
 Sunderland City Council – 1 Member

3.2 IFCA's will operate with limited powers and duties in parallel with Sea Fisheries Committees (SFCs) until April 2011; SFCs will continue their role in the day-to-day management of inshore fisheries so the IFCA's can concentrate

on annual and financial planning. A further commencement Order will also abolish SFCs.

- 3.3 Political Groups have been advised of the changes to the organisation and requested to nominate a Member to be appointed to the new body to represent the Council. Two nominations have been received; Councillor Geoff Lilley (AIC) and Councillor Stephen Thomas (Labour).

Council's instructions as to the nomination to be forwarded to the North Eastern Inshore Fisheries and Conservation Authority are requested.

**Appendix A****Credit And Counterparty Risk Management**

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below.

The key intention of the Guidance is to maintain the current requirement for authorities to invest prudently and that priority is given to security and liquidity before interest return. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and applies its principles to all investment activity. In accordance with the Code, the Chief Finance Officer has produced its treasury management practices covering investment counterparty policy which requires approval each year.

**Annual Investment Strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for decision making on investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The strategy proposed for approval by Members is set out below.

**Strategy Guidelines** – The main strategy guidelines are contained in the body of the Treasury Strategy Statement.

**Specified Investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within twelve months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

1. The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Other Councils.

3. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.
4. A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society. This covers bodies with a minimum rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is:

	Fitch	Moody's	Standard & Poors	Limit for Investment Fund	Time Limit
Upper Limit Category	F1+/AA-	P-1/Aa3	A-1+/AA-	£10m	364 days
Middle Limit Category	F1/A-	P-1/A3	A-1/A-	£7m	364 days
Other Institution Limits	Other Local Authorities			No Limit	364 days
	Nationalised Banks			£10m	364 days
	Debt Management Office			£20m	364 days
	UK Banks covered by UK Government			£10m	364 days

**Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any investments with:

- **Building societies not meeting the basic security requirements under the specified investments.** The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Investment Fund may use building societies with assets over £1bn. These will be limited to £2.5m over 3 months.
- Any **bank or building society** that has a minimum long term credit rating of A- for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).

	<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Money Limit</b>	<b>Time Limit</b>
Upper Limit Category	F1+/AA-	P-1/Aa3	A-1+/AA-	£10m	3 years
Other Local Authorities				No limit	3 years
Nationalised Banks				£7m	3 years
Building Societies				£2m	
Debt Management Office				£20m	3 years
UK Banks covered by UK Government				£7m	3 years

**The Monitoring of Investment Counterparties** - The credit rating of counterparties will be monitored regularly. The Council receives credit rating advice from its advisers, Butlers, on a daily basis, and as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Finance Officer and if required new counterparties which meet the criteria will be added to the list.

**COUNCIL**  
10<sup>th</sup> February 2011



**Report of:** Chief Executive

**Subject:** BUSINESS REPORT (2)

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**4. HARTLEPOOL CREDIT UNION**

- 4.1 At the Council meeting on 9 December 2010 (minute no. 104 refers) Members nominated four Councillors to act as council representatives on the Board of the Hartlepool Credit Union; Councillors C Akers-Belcher, Hargreaves, James and Wells.
- 4.2 Councillor Wells has subsequently indicated that he no longer wishes to have his name forwarded as a nominee to the Board and Council is therefore requested to nominate an alternative Member. Council is reminded each Councillor appointed to the Board is subject to Financial Services Authority Regulations.