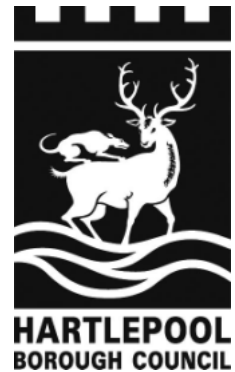


SCRUTINY CO-ORDINATING COMMITTEE AGENDA



13 January 2012

at 2.00pm

in the Council Chamber

MEMBERS: SCRUTINY CO-ORDINATING COMMITTEE:

Councillors C Akers-Belcher, S Akers-Belcher, Cook, Fenwick, Griffin, James, Loynes, A Marshall, Preece, Richardson, Rogan, Shaw, Shields, Thomas, Wells and Wilcox.

Resident Representatives: Maureen Braithwaite, Evelyn Leck and John Maxwell.

- 1. APOLOGIES FOR ABSENCE**
- 2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
- 3. MINUTES**
 - 3.1 To confirm the minutes of the meeting held on 11 November 2011
 - 3.2 To confirm the minutes of the meeting held on 25 November 2011
 - 3.3 To confirm the minutes of the meeting held on 2 December 2011
- 4. RESPONSES FROM THE COUNCIL, THE EXECUTIVE OR COMMITTEES OF THE COUNCIL TO REPORTS OF THE SCRUTINY COORDINATING COMMITTEE**

No items
- 5. CONSIDERATION OF REQUEST FOR SCRUTINY REVIEWS FROM COUNCIL, EXECUTIVE MEMBERS AND NON EXECUTIVE MEMBERS**

No items

6. FORWARD PLAN

No items

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

7.1 Medium Term Financial Strategy (MTFS) 2012/13 TO 2014/15 - Consultation
Proposals – *Chief Finance Officer*

8. CONSIDERATION OF FINANCIAL MONITORING/CORPORATE REPORTS

8.1 Quarter 2 – Revenue Financial Management Report 2011/2012 – Chief Finance
Officer

8.2 Quarter 2 – Capital Programme Monitoring Report 2011/2012 – Chief Finance
Officer

9. ITEMS FOR DISCUSSION

10. CALL-IN REQUESTS

11. ANY OTHER ITEMS WHICH THE CHAIRMAN CONSIDERS ARE URGENT

ITEMS FOR INFORMATION

**Date of Next Meeting 27 January 2012, commencing at 9.30am in the Council
Chamber**

SCRUTINY CO-ORDINATING COMMITTEE

MINUTES

11 November 2011

The meeting commenced at 2.00 pm in the Civic Centre, Hartlepool

Present:

Councillor: Marjorie James (In the Chair)

Councillors: Christopher Akers-Belcher, Rob Cook, Mick Fenwick, Brenda Loynes, Ann Marshall, Arthur Preece, Carl Richardson, Trevor Rogan, Jane Shaw, Linda Shields, Stephen Thomas, Ray Wells and Angie Wilcox.

Resident Representatives:

Maureen Braithwaite and John Maxwell

Officers:

Andrew Atkin, Assistant Chief Executive
Peter Turner, Performance and Consultation Manager
Peter Devlin, Chief Solicitor
Joanne Machers, Chief Customer and Workforce Services Officer
Christine Armstrong, Customer and Support Services Manager
John Morton, Assistant Chief Finance and Customer Services Officer
John Mennear, Assistant Director, Community Services
Mick Lavelle, Principal Recovery Officer
Angela Armstrong, Principal Democratic Services Officer

137. Apologies for Absence

Apologies for absence were received from Councillor Stephen Akers-Belcher.

138. Declarations of interest by Members

None.

139. Minutes

- (i) Minutes of the meeting held on 14 October 2011 – confirmed.
- (ii) Minutes of the meeting held on 17 October 2011 – confirmed.

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

None.

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

None.

142. Forward Plan – November 2011 to February 2012
(*Scrutiny Manager*)

The report provided Members with the opportunity to consider whether any items within the Executive's Forward Plan should be considered by this Committee or referred to a particular Scrutiny Forum.

Members were concerned that there appeared to be a lack of understanding in some Departments of the function of the Forward Plan. The Assistant Chief Executive confirmed that both he and the Democratic Services Team Manager had attended a number of departmental management team meetings to explain the purpose, importance and timeliness of key decision entries within the Forward Plan. In addition to this, officers had been reminded of the level of detail required within Forward Plan entries, particularly as the timing of the decision approached, as well as the implications of not including key decisions within the Forward Plan as a statutory part of the framework of governance. The importance of an effective Forward Plan was reiterated as it enabled dialogue and input from all Members prior to any key decisions being taken.

A Member highlighted that the Adult and Community Services Scrutiny Forum had noted that potential land transactions at Victoria Park was included within the Forward Plan for a decision to be taken in January 2012 (Forward Plan ref: RN90/11). Members questioned whether this allowed enough time for the appropriate consultation to be undertaken. In addition clarification was sought on who would be responsible for making any decisions in relation to this item. The Assistant Chief Executive indicated that clarification would be sought on Members questions and reported back to Members.

Clarification was sought on who would be included as part of the consultation arrangements for Forward Plan entry CAS 104/11: Moving Forward Together: The Vision for Adult Social Care in Hartlepool. The Assistant Chief Executive indicated that clarification will be sought and fed

back to Members.

Recommendation

- (i) The Forward Plan was noted.
- (ii) That clarification be provided at a future meeting on the timescales, consultation to be undertaken and responsibility for decision making for Forward Plan entry RN90/11 in relation to land transactions at Victoria Park.
- (iii) That clarification be provided at a future meeting on the consultation arrangements for Forward Plan entry CAS 104/11 in relation to Moving Forward Together: The Vision for Adult Social Care in Hartlepool.

143. Information Requested Following Consideration of Earlier Forward Plan *(Scrutiny Manager)*

The Scrutiny Manager presented a report that provided information and clarification on a number of issues identified following consideration of the September 2011 to December 2011 Forward Plan.

Recommendation

The report was noted.

144. Consideration of progress reports/budget and policy framework documents

None.

145. Consideration of financial monitoring/corporate reports – Hartlepool Partnership and Council Proposed Outcome Framework 2012/13 *(Assistant Chief Executive)*

The Assistant Chief Executive presented a report which provided the proposed outcome framework for 2012-13 which would be used as the framework for developing Departmental plans, the Corporate Plan and the Hartlepool Partnership Plan for 2012/13. The key steps and timetable involved were detailed in the report.

It was noted that the governance arrangements for the strategic partnership had been referred to Constitution Committee to facilitate further discussion with The Mayor. The Assistant Chief Executive confirmed that notwithstanding the practical issues of the referral, the aim of the outcomes framework was to look at governance arrangements and

the statement of ambition before being submitted back to Council. The aim of submitting the proposed framework to Scrutiny was to ascertain Members' views on what was or was not included in the framework and to reflect those views. Members were minded to accept the timetable in principle bearing in mind that there were outstanding governance arrangements to be resolved.

However, a Member questioned how the proposed framework intended to challenge and address the number of children in the borough living in poverty in a practical way. Other comments included that child poverty was not being challenged and addressed in a practical sense; needed to be clearly visible and strongly expressed; and that plans to address child poverty needed to be practical and measurable.

The Assistant Chief Executive noted that outcome 4 of Jobs and Economy referred to tackling financial inclusion and having fewer children experiencing the effects of poverty and that reference to the comments made by Scrutiny Co-ordinating Committee would be included in the feedback to Cabinet.

Members emphasised the importance of ensuring that the Council's commitment to eradicating child poverty in the town was reflected in all Council policies and strategies and be underpinned by budget and policy framework.

Recommended

- (i) The proposed outcome framework and timetable to develop the Department Plans, the Corporate Plan and the Hartlepool Partnership Plan for 2012/13 was agreed in principle subject to the inclusion of Members' comments noted above.
- (ii) That the Council referral to the Constitution Committee and The Mayor of the governance arrangements associated with the strategic partnership be resolved prior to the approval of the Hartlepool Partnership Plan 2011/12.

146. Review of Service Provision and Potential Divisional Restructure in Corporate Strategy – Budget Consultation – Scoping Report *(Scrutiny Manager/Assistant Chief Executive)*

The scoping report enabled Members to consider areas of reduction as part of their consideration of the 2012/13 budget items, chosen as part of the Work Programming process on 24 June 2011. The terms of reference were detailed in the report along with the proposed timetable of the budget process.

The Assistant Chief Executive gave a presentation which provided the

current Corporate Strategy Division's structure across pay, non-pay and income related budgets. It was highlighted that 91% of the Corporate Strategy Divisional budget was pay related. A number of key pressures and areas of concern for 2012/13 and beyond were identified within the presentation. The number of full time equivalent employees within each section of the Division were included and it was noted that whilst there had been an increase from 2009/10 to 2010/11 this was due to centralising ICT arrangements. This had since been reduced by three full time equivalent positions across the Division. The following additional savings/additional income were identified:

- Non-staffing costs – saving of £38k
- Income – approximate £17k
- ICT Support Officer (Vacant Band 8 post – Delete)
- ICT Support Assistant (Band 6 post – Delete)
- Scrutiny Support Officer (Band 10 post – Delete)
- Performance and Consultation Manager and Partnerships Manager (2 x Band 14 posts – Delete)
- Performance and Partnership Manager (Band 14 post – Create)
- Partnership Officer (Vacant Band 9 post – Delete)
- Research Officer (Band 10 post – Duties and responsibilities revised to Band 9 post)

A number of specific issues were identified as having implications for the Corporate Strategy Division and these were outlined within the presentation. In conclusion it was noted that the Division would need to find £220,000 for 2012/13.

A discussion ensued which included the following issues.

- (i) Clarification was sought on the staffing levels supporting the Community Partnerships and ICT. The Assistant Chief Executive confirmed that there were currently 2.6 members of staff supporting Community Partnerships with a previous saving of around £100k resulting from the removal of the Head of Community Strategy post. In addition, it was proposed to merge the Performance and Consultation, and Partnerships Teams resulting in the reduction of 1 team leader post.
- (ii) In relation to corporate ICT, it was noted that this was now a centralised function comprising of 14 staff and budgets transferred from across the authority. This was to reduce to 12 as a result of the ongoing savings proposals. It was noted that the ICT team provided infrastructure support as well as front end user support including the development of IT systems.
- (iii) It was clarified that the ICT section was completely separate to Northgate who were responsible for services/technical support and the movement of equipment etc.
- (iv) In response to a question from a Member, the Assistant Chief Executive confirmed that where posts became vacant due to the post holder leaving the authority, these positions were held open

- wherever possible to avoid further compulsory redundancies.
- (v) A Member sought clarification on the level of income from subsidies or grants received for Corporate ICT. The Assistant Chief Executive confirmed that there were no subsidies or grants received in relation to Corporate ICT.
 - (vi) Members acknowledged the importance of managing expectations in light of reducing resources and welcomed suggestions from members of the public for ways of saving money. It was noted that members of the public had queried the expenditure on a proposed graffiti wall in Ward Jackson Park as well as the daily levelling of the beach at Seaton when services were being cut elsewhere. The importance of communicating reasons for certain activities undertaken by the local authority was highlighted.
 - (vii) Clarification was sought on whether the level of ICT support provided had been reduced based on the reducing staff numbers. The Assistant Chief Executive confirmed that a reduction in the base fee for supporting desk tops had been negotiated with Northgate in view of a reduction in staff numbers. However, it was noted that the use of applications and services had not reduced in line with staffing reductions and still required support although the reduction in applications and effective use of ICT resources was continuously being looked at.
 - (viii) A Member requested more detail on the implications on service delivery of the suggested savings. The Assistant Chief Executive indicated that the proposals submitted to Cabinet identified what savings were required and the potential impact and implications of those savings. There was some concern expressed by Members at what they considered a lack of dialogue between Cabinet and Scrutiny Members in relation to the proposed savings and potential implications. The Assistant Chief Executive noted Members' concerns.
 - (ix) It was noted that no decision had yet been taken on the future structure of Scrutiny and Members were concerned that on this basis, it was difficult to assess the level of staffing required to adequately support the scrutiny and democratic arrangements of the Council.
 - (x) The potential implications of the reduction in the number of Members from April 2012 was referred to and the affect this would have on the political structure, especially in relation to the number of Executive and Scrutiny Members. It was suggested that an indication of the number of Executive Members likely to be appointed by the Mayor in May 2012 may help the further consideration of the detail of the new political structure. The Assistant Chief Executive indicated he would feed Members' comments back to the Mayor.

Recommended

- (i) The remit for the Scrutiny Co-ordinating Committee's consideration

of the 2012/13 budget proposal/project as outlined in paragraph 4.1 was agreed.

- (ii) Members commented noted above to be included within the proposals for/suggestions in relation to the generation of the required savings to be fed back to Cabinet in December 2011.
- (iii) The Assistant Chief Executive to forward Members comments on the implications on the political structure as a result of the reduction in Members from April 2012.

147. Scrutiny Co-ordinating Committee (Workforce Services Working Group) - Update *(Scrutiny Manager)*

The Scrutiny Co-ordinating Committee had previously approved the re-establishment and renewal of the Workforce Services Working Group and established the following membership:

Councillor James, Simmons, C Akers-Belcher, Preece, Richardson, Wells and Wilcox.

Following the take up of a Cabinet position by Councillor Simmons, a replacement labour Member was now sought to take up the vacant position on the Working Group.

Members were informed that all Cabinet Members had been invited to attend the meeting of the Workforce Services Working Group arranged for 11 November 2011 to enable Members' consideration of the terms and conditions of employees. However, no Cabinet Members were in attendance with apologies for absence only received from Councillor H Thompson. Members considered that without the input from Cabinet Members, it was inappropriate for scrutiny Members to consider a review of the terms and conditions of Council staff. It was therefore suggested that at the current time, there was no requirement for the Workforce Services Working Group to meet.

The Chief Customer and Workforce Services Officer informed Members that a reassurance was given to the Council Working Group that the Workforce Services Working Group would enable Members to gain a better understanding of the review of terms and conditions of employees and to feed into the Council Working Group discussions. It was noted that the aim of scrutiny was to consider formal referrals on the understanding that what was expected to be considered was made clear but not through an informal discussion/decision making process.

Recommended

- (i) The Workforce Services Working Group had no requirement to meet at the current time.
- (ii) The membership of the Working Group would be reconsidered at a time when it was considered appropriate.

148. Bailiff Car Parking Enforcement (Income) – Budget Consultation – Scoping Report *(Scrutiny Manage/Assistant Chief Finance and Customer Services Officer)*

The scoping report enabled Members to consider areas of reduction as part of their consideration of the 2012/13 budget items, chosen as part of the Work Programming process on 24 June 2011. The terms of reference were detailed in the report along with the proposed timetable of the budget process.

The Assistant Chief Finance and Customer Services Officer gave a presentation which provided the current structure of the Financial and Customer Services Team as well as details of the internal bailiff services provided to the council and other organisations. The 2012/13 savings target for the Financial and Customer Services Team was outlined within the presentation. Details were provided on the Council's annual Car Parking Income Budget of £1.81m which covers car park charges and PCN's, also information was provided on the number of PCN's issued each year and the number that fail to pay. Members were asked to note that it is estimated that around 2000 people per annum will fail to pay a PCN resulting in pursuit of a warrant. A breakdown of the recovery process and charges from the issue of a PCN to a warrant being approved and passed to the bailiff was detailed in the presentation.

The Assistant Chief Finance and Customer Services Officer answered a number of Members queries and a further discussion ensued which included the following issues.

- (i) Clarification was sought on the number of warrants issued. The Principal Recovery Officer commented that it was expected that 2,000 cases would be referred to the Bailiff Team each year. Through consultation with other local authorities it was noted that the average bailiff fee was £27.50. The Assistant Chief Finance and Customer Services Officer informed Members that the bailiff would levy charges on top of the debt, but that the bailiff only gets paid when any monies are received from the debtor.
- (ii) A Member questioned whether the bailiffs were employed by the local authority. The Principal Recovery Officer confirmed that the bailiffs were local authority employees paid on a wage and not by commission.
- (iii) In response to a question from a Member, the Principal Recovery Officer indicated that once a warrant was issued there was a time limit of 12 months for it to be enacted. A decision could be taken at any time on whether goods should be removed to recover the debt, depending on the circumstances and these goods were sold through a recognised arrangement with an auction house. However, bailiffs were mindful of how appropriate it was to seize goods and which goods to seize to avoid leaving someone feeling vulnerable or

- isolated.
- (iv) The Assistant Chief Finance and Customer Services Officer confirmed that individuals have numerous rights of appeal before the court process to obtain a warrant was instigated.
 - (v) A Member sought clarification on the use of the 'camera car' and where this was utilised. It was noted that this was a question for the Director of Regeneration and Neighbourhoods and a written response would be forwarded to the Member direct.
 - (vi) It was noted that there is no time limit on requesting a warrant so it is possible to look at old PCN records and request a warrant for old unpaid PCN's.
 - (vii) A Member questioned why the local authority did not use clamping as a means of enforcing car parking restrictions. It was noted that this was a question for the Director of Regeneration and Neighbourhoods and a written response would be forwarded to the Member direct.
 - (viii) In relation to the expansion of this pilot scheme and the potential for income generation, it was suggested that a full business case would need to be produced to ensure it would be an effective use of resources.
 - (ix) The Member involvement in 'writing-off' debts through car parking charges was questioned. It was noted that any debts owed to the Council proposed to be 'written-off' would be considered through the normal audit arrangements. A resident representative sought clarification on approximately how much debt was 'written-off' each year by the local authority and it was noted that a response would be provided to a future meeting of the Committee.

Members were mindful to support the principle of using bailiffs to recoup parking fines but did not support the extension of the bailiff arrangements to incorporate external bailiff companies. However, it was suggested that should this pilot scheme be extended, a meaningful business plan should be submitted to scrutiny including figures for any additional bailiffs and administrative support required along with associated costs, as well as the tipping point to employ additional bailiffs.

Recommended

- (i) The remit for the Scrutiny Co-ordinating Committee's consideration of the 2012/13 budget proposal/project as outlined in paragraph 4.1 was agreed.
- (ii) Members supported the use of local authority bailiffs in principle to recoup unpaid parking fines.
- (iii) Members did not support the use of external bailiff companies if internal bailiffs did not have the capacity to undertake this work.
- (iv) That should this scheme be extended, a full and meaningful business case be submitted to the Scrutiny Co-ordinating Committee as detailed above.
- (v) The Director of Regeneration and Neighbourhoods to provide

- clarification the use of the 'camera car' and the implications of using car clamping in relation to the enforcement of car parking restrictions.
- (vi) The Assistant Chief Finance and Customer Services Officer to provide details of how much debt was 'written-off' each year by the local authority.

149. Extended Customer and Support Services – Budget Consultation – Scoping Report *(Scrutiny Manager/Chief Customer and Workforce Services Officer)*

The scoping report enabled Members to consider areas of reduction as part of their consideration of the 2012/13 budget items, chosen as part of the Work Programming process on 24 June 2011. The terms of reference were detailed in the report along with the proposed timetable of the budget process.

The Chief Customer and Workforce Services Officer gave a presentation which provided the current Customer and Support Services structure which was detailed into pay, non-pay and income related budgets. It was highlighted that 77.4% of the Customer and Support Services budget was pay related. A number of pressures and challenges for 2012/13 and beyond were identified within the presentation. The number of full time equivalent employees within each section were included.

A number of potential options for delivery of budget savings within Customer and Support Services were outlined within the presentation. In conclusion it was noted that the Division would need to find £146,000 from across the function.

The Chief Customer and Workforce Services Office responded to a number of questions and issues of clarification. A discussion ensued which included the following issues.

- (i) Clarification was sought on the arrangements with Hartlepool College of Further Education to employ modern apprentices. The Chief Customer and Workforce Services Officer confirmed that the agreement was for the College to recruit apprentices, which resulted in a lower cost to the authority enabling the number of placements available to be increased. The scheme was well delivered across the Council including the provision of support for managers. Members were concerned that the qualification requirements for a modern apprenticeship course at the College debarred some young people from applying. The Chief Customer and Workforce Services Officer informed Members that the arrangement with the College was a one year trial period to ascertain if the College could deliver what the Council was unable to do internally due to a reduction in resources.
- (ii) In addition to the above, the Portfolio Holders with the responsibility for Children's Services, Adult Services and Jobs and the Economy

were asked to respond to the Committee's concerns outlining what opportunities were being made available to the young people of Hartlepool to ensure a clear pathway was available for young people to access job opportunities.

- (iii) A Member commented that other avenues should be explored to provide modern apprenticeships to the local authority including the Adult Education Service and a number of external providers.

Recommended

- (i) The remit for the Scrutiny Co-ordinating Committee's consideration of the 2012/13 budget proposal/project as outlined in paragraph 4.1 was agreed.
- (ii) That the Portfolio Holders with the responsibility for Children's Services, Adult Services and Jobs and the Economy be asked to respond collectively to Members concerns outlining what they were doing to ensure a clear pathway was in place to enable young people to access job opportunities.
- (iii) The Chief Customer and Workforce Services Officer to provide the proposed amended staffing structure of Customer and Support Services to Members.

150. Review of the Community Pool Grant - Proposals (Assistant Director, Child and Adult Services)

The report provided Members with an update on the review of the Community Grants Pool and sought views on the final proposals for the future use of the Pool. The Assistant Director emphasised the importance of consortia type bids in preventing the submission of stand alone bids that could prevent the sharing of funding. It was confirmed that categories 1-4 would follow this approach encouraging joined up working through consortia proposals with the caveat that procurement rules be adhered to and individual organisation were not precluded from applying.

A discussion ensued which included the following issues.

- (i) Members emphasised the importance of ensuring that services were provided on as local a basis as possible whilst ensuring that demands placed upon those seeking support in terms of finance and time be minimised as far as possible. The Assistant Director, Community Services confirmed that the commissioning process would clearly identify the outcomes expected through set parameters. It was suggested that Members were given the opportunity to be involved in setting the parameters before they were finalised.
- (ii) The Assistant Director, Communities Services confirmed that the proposal to Cabinet would indicate that individual allocations had not been identified for specific categories to enable the provision of a single pot from which funding could be allocated by Cabinet against

individual bids. However, Members were concerned that this could result in one provider or category taking all the available funds. Whilst this was considered unlikely, it would be necessary to make it clear that submissions were being sought across four areas across multiple providers with the aim of achieving a flexible balance.

- (iii) A Member queried how organisations would meet the requirements for quality marks given their resources. Members were reassured that whilst it was recognised that accreditation could be quite costly for smaller community groups, allocations had been identified to cover the costs within a nominal £8k per year of meeting these quality standards.
- (iv) Clarification was sought whether there was any flexibility in place to allow smaller groups that do not meet the criteria be part of a consortia to submit bids. The Assistant Director, Community Services confirmed that within a consortia, it was likely that the lead organisation would need to meet the criteria although all individual elements would not to meet the requirements. However, there needed to be an acceptance that in reality, some groups unfortunately would fail to meet the criteria.
- (v) A Member queried when the information about the review of the community pool criteria would be available to the wider community. The Assistant Director, Community Services confirmed that a report would be submitted to Cabinet on 21 November 2011 focussing on the overall principle of the review. Details of the scheme and its implementation had yet to be finalised.

Recommended

The report was noted and Members comments would be forwarded to Cabinet.

151. Scrutiny Officer/Member Network Meeting - Feedback *(Chair of Scrutiny Co-ordinating Committee)*

The report updated Members on the issues discussed at the recent Scrutiny Officer/Member Network meeting held on 21 October 2011. Members were informed that there were two training sessions to be held on 31 January 2012 and 16 March 2012, location yet to be confirmed. Members were asked to let either the Chair of Scrutiny Co-ordinating Committee or the Scrutiny Manager know if they wished to attend either or both events.

Recommended

The report was noted and any Members wishing to attend either or both events, to contact either the Chair of Scrutiny Co-ordinating Committee or the Scrutiny Manager.

152. Local Government (Access to Information) (Variation) Order 2006

Under Section 100(A)(4) of the Local Government Act 1972, the press and public were excluded from the meeting for the following items of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 2 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

Minute 153 – Call-In of Decision – Temporary Cover Arrangements – Child and Adult Services Department - Update - This item contains exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely information relating to any individual – Para 1.

153. Call-In of Decision – Temporary Cover Arrangements – Child and Adult Services

Department – Update (*Chief Solicitor/Scrutiny Manager*) This item contains exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely information relating to any individual – Para 1.

The Chief Solicitor presented a report which provided an update on the outcome of an additional meeting of the Mayor's Portfolio on 19 October 2011 in relation to the provision of temporary cover arrangements in the Child and Adult Services Department and the Council meeting on 27 October 2011.

Whilst Members acknowledged that the Call-in had been dealt with and enacted they remained concerned at the decision making responsibility of such arrangements and noted that this would be looked at further by the Constitution Committee.

Recommended

- (i) The Call-in request had been dealt with and enacted, it was subsequently withdrawn.
- (ii) That the issue of the decision making responsibility of similar arrangements and responsibility be examined further by the Constitution Committee.

154. Call-In Requests

None.

155. Any Other Items which the Chairman Considers are Urgent

None.

The meeting concluded at 5.05 pm

CHAIR

SCRUTINY CO-ORDINATING COMMITTEE

MINUTES

25 November 2011

The meeting commenced at 9.00 am in the Civic Centre, Hartlepool

Present:

Councillor: Marjorie James (In the Chair)

Councillors: Christopher Akers-Belcher, Rob Cook, Sheila Griffin, Brenda Loynes, Carl Richardson, Linda Shields, Stephen Thomas and Ray Wells

In accordance with Council Procedure Rule 4.2 (ii), Councillor Allan Barclay was in attendance as substitute for Councillor Angie Wilcox

Resident Representatives:

Maureen Braithwaite

Also Present:

The Mayor, Stuart Drummond, Portfolio Holder for Community Safety and Planning

Jonathan Brash, Portfolio Holder for Housing and Transitions

Pamela Hargreaves, Portfolio Holder for Transport and Neighbourhoods

Chris Simmons, Portfolio Holder for Children's Services

Officers:

Andrew Atkin, Assistant Chief Executive

Dave Stubbs, Director of Regeneration and Neighbourhoods

Joan Stevens, Scrutiny Manager

Angela Armstrong, Principal Democratic Services Officer

156. Apologies for Absence

Apologies for absence were received from Councillors Mick Fenwick, Ann Marshall, Arthur Preece and Angie Wilcox as well as Cabinet Members Councillor Peter Jackson, Portfolio Holder for Regeneration, Economic Development and Skills, Councillor Payne, Portfolio Holder for Finance and Procurement and Councillor Hilary Thompson, Portfolio Holder for Performance.

157. Declarations of interest by Members

None.

158. Minutes

None.

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

None.

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

None.

161. Forward Plan

None.

162. Consideration of progress reports/budget and policy framework documents

None.

163. Consideration of financial monitoring/corporate reports

None.

164. Items for discussion

None.

165. Call-In Requests – Call-In of Decision: Delivery of Support to Members and to the Council, Executive, Non-Executive and Scrutiny Functions *(Scrutiny Manager)*

Members were provided with the relevant information from the Call-In of the decision taken by Cabinet on 7 November 2011 in relation to the 'Delivery of Support to Members and to the Council, Executive, Non Executive and Scrutiny Functions'.

The report and subsequent decision record from Cabinet were attached as

Appendix A and B respectively. In addition, a copy of the Call-In notice was attached at Appendix C. Having considered the notice circulated, Members accepted the Call-In of the decision.

It was noted that the decision record was divided into three sections with recommendation one (i) to (vi) referred to Scrutiny Co-ordinating Committee for a report back to Cabinet before Christmas, recommendation two (i) to (viii) to be implemented forthwith and recommendation 3 (i) to (ii) to be implemented after the May 2012 local elections.

In considering the referral element of the Call-in (recommendation one (i) to (vi)), the Committee expressed the following concerns regarding:

- The duplication of work that the referral would create, given that the Constitution / General Purposes Committee Task and Finish Group is already looking at the potential structure of the Council and its Committees post 2012 and that the issue has also been included on the agenda for the next Council Working Group; and
- The impossible nature of the deadline for the referral (i.e. to be reported back to Cabinet before Christmas) especially given the current workload of the Scrutiny Co-ordinating Committee as part of the budget consultation process.

The Committee was clear in its wish to fulfil its role and respond fully to the referral and in doing this it was recommended that:

- The activities of the Constitution / General Purposes Committee Task and Finish Group, Council Working Group and Scrutiny Co-ordinating Committee should be co-ordinated / combined to enable the formulation of a well informed response to the Cabinet referral;
- The issues raised as part of the Cabinet referral should be referred to the Constitution / General Purposes Committee Task and Finish Group and Council Working Group for consideration, with the resulting views / comments to be fed back to Scrutiny for consideration in the formulation of a full response to Cabinet; and
- A more achievable timetable needed to be devised to enable the involvement of the Task and Finish Group and Council Working Group (as detailed above) to consider and feed back its views and suggestions in relation to the issues / suggestions raised in the referral back to Scrutiny, to enable a full response to be formulated.

The Chair sought clarification from the Chairmen of the Constitution Committee, Council Working Group and General Purposes Committee as to whether they would welcome the route suggested to enable the co-ordination / combination of work, in order to prevent the duplication of activities. The Chairs confirmed that they supported the proposed action to allow the Task and Finish and Working Group to feed into the a response to

Cabinet.

The reasons identified in the Call-In Notice covered both categories of call-in (i.e. were Outside the Budget and Policy Framework and Contravened the Principles of Decision Making).

In considering the first part of the Call-In notice which identified that the proposed decision was outside the Budget and Policy Framework, the Committee expressed the following views

Decision 2 (v) – That a ‘freeze to be introduced in respect of attendance at conferences where conference costs are incurred. In exceptional circumstances that attendance at conferences is justified, the Member attending the Conference is required to feedback to all Members of the Council in both written and verbal form.

Members noted that a Cabinet decision had been taken to ‘freeze’ Member attendances at conferences where costs would be incurred. However, as this appeared to be a change to the Council’s current policy of appointing Member representatives to attend outside bodies on behalf of the Council, this would require a decision of full Council and could therefore not be enacted. The Mayor confirmed that the current process included the submission of all requests for Member attendance at conferences for consideration and approval to both the Acting Chief Executive and himself. However, it Cabinet were mindful that the freeze of all Member attendances was an easy saving to make within view of the current financial difficulties being faced by the Council and the costs associated with such attendances. The Mayor confirmed that when considering the decision to freeze Member attendances, no specific conferences were included in Cabinet’s considerations. However, Members considered that this decision contravened the Budget and Policy Framework as those Members had been appointed to outside bodies as Council representatives in line with the Council’s Constitution and policy. Confirmation had been received from the Section 151 Officer that this was not, in his professional opinion, the case. In accordance with the Constitution, the Committee was required to accept this advice.

It was highlighted that a request had been received for two Members to attend the Annual General Meeting of the National Association of Councillors and that this request had subsequently been refused due the cost associated with attendance at this event. However, the Mayor indicated that he had since reversed his decision in relation to the Members’ attendance at the Annual General Meeting of the National Association of Councillors and approval had now been given for both Council representatives to attend this event.

Members considered that the decision to freeze Member attendances at conferences was flawed as it was against Council policy and prevented Members from being forward thinking, accessing new information and networking with Members from other local authority areas. In addition

Members were of the view that to implement the decision forthwith without any consultation with back bench Members and without a Council decision to change the current policy, was at the very least discourteous. In addition, Members considered that in the exceptional circumstance of a Member being able to attend a conference, the requirement to feed back in to Council in both written and verbal form would utilise the savings Cabinet were proposing from freezing Members attendances at conferences, through the officer time that would be required to support the Member in producing the report as well as associated printing costs.

The Mayor reiterated that in the current economic climate, officers were doing their utmost to produce in-year savings and due to excellent budget management were approximately £1.2m ahead in projected underspend and Cabinet Members considered that Members needed to do likewise by making savings and protecting jobs. It was suggested by Members that from the 2012/13 municipal year, the Council should limit the appointment of Council representatives to one per organisation but that funding be provided for that individual to undertake any meetings, conferences or training where necessary. It was suggested that this decision be referred to Council for further consideration. The Assistant Chief Executive and Scrutiny Manager to explore the most appropriate way of referring the issue to the next meeting of Council.

The Mayor, Cabinet Members and Assistant Chief Executive provided clarification and responses to a number of Member questions.

In relation to recommendation one (i) to (vi), it was noted that joint working group of Constitution Committee and General Purposes Committee had been appointed by Council on 27 October 2011 to examine the political structure of the Council and its Committees post May 2012. This would be a duplication of effort should Scrutiny Co-ordinating Committee also consider the items referred to in recommendation 1 (i) to (vi). Members therefore felt that the appointed Constitution/General Purposes Working Group continue with the task given to it by Council without any duplication of effort from Scrutiny Co-ordinating Committee whilst taking into account the following comments:

Decision 1(i) – That the constitution be reviewed annually through the Monitoring Officer and that the Constitution Committee be abolished, following the 2012 elections.

Members supported the continuation of the Constitution Committee as it made recommendations on changes to the Council's Constitution and how it was applied, which were subsequently and usually unanimously agreed by Council, including any changes to committee memberships and remits. It was therefore suggested that this be referred to the Constitution/General Purposes Working Group.

Decision 1 (ii) – That the functions of the Standards Committee be extended to include monitoring of attendance of Members at induction

and training sessions.

A Member referred to requests for induction and training sessions not being fulfilled by officers and suggested monitoring be undertaken of all Member requests for induction or training sessions, including whether the requested was fulfilled. It was suggested that issue form part of the considerations of the Constitution/General Purposes Working Group.

Decision 1 (iii) – That the General Purposes (Appeals and Staffing) Committee become a standalone committee with a fixed membership.

It was suggested that all Members could be part of the membership of the General Purposes (Appeals and Staffing) Committee. However, this would be given further consideration at the Constitution/General Purposes Working Group.

Decision 1(iv) – That the remaining General Purposes Committee functions be combined with the functions of Audit Committee to form one expanded “Operations Committee” with exclusively backbench membership.

This decision to be referred to the Constitution/General Purposes Working Group to be considered as part of the review of the political structure.

Decision 2 (iii) – That Task and Finish Groups be conducted in public, except where the information being discussed is exempt under the Local Government (Access to Information) (Variation) Order 2006.

It appeared that there was a clear separation within the decision between Task and Finish Groups and Working Groups and Members suggested that if Working Groups were not subject to the above decision, all Task and Finish Groups be renamed Working Groups and not be conducted in public. It was noted that the Executive had Informal Briefings that were not open to the public.

It was noted that previously several references had been made to Herefordshire Council who operate their scrutiny arrangements through one scrutiny committee. However, this was in turn supported by hundreds of non-public task and finish groups being held throughout the year and Scrutiny Members did not feel this was a transparent, efficient or effective way to operate. There were concerns from the Executive that the resulting reduction in Member numbers post May 2012 would make it extremely difficult to continue to support the current political structures. It was reiterated that the Constitution/General Purposes Working Group would examine all elements of the political structures bearing in mind the forthcoming reduction in Member numbers.

Decision 1 (v) – That the Contract Scrutiny Committee be abolished and the functions relating to contracts/tenders be undertaken by the executive

There were concerns expressed at the involvement of Executive Members in the functions relating to contracts and tenders as they were already involved in the commissioning process. It was suggested that this decision be referred to the Constitution/General Purposes Working Group for further discussion was around the restrictions and limitations of the process to ensure this process was formalised before a decision was enacted.

Decision 1 (vi) – That the number of Scrutiny Forums be reduced from six to four through the merging of neighbourhood services and regeneration and planning forums and health to be combined with Adult Services to reflect the Council's new public health role

Members were reminded that the Health Scrutiny Forum and separate Adult and Community Services Forum had been formed as a result of a Council decision to divide the responsibilities up of the previous Adult, Community Services and Health Scrutiny Forum. This had been proposed as the Forum had such scrutinising health issues and taking up so much of the Forum's time that the Adult and Community Services responsibilities of the Forum were unable to be fulfilled. In addition to the above comments, at a time when the local authority were taking on responsibility for public health, Members considered that it was even more vital to enable the fully scrutiny of health issues to be undertaken within a dedicated scrutiny forum. Members were also concerned at the high level of workload across both the Children's Services Scrutiny Forum and the Adult and Community Services Scrutiny Forum and felt merging these two forums would present an unmanageable remit and workload. It was suggested that the Constitution/General Purposes Working Group may wish to examine the reconfiguration of the scrutiny forums taking into account Members comments noted above.

It was suggested that at the meeting of Scrutiny Co-ordinating Committee on 2 December 2011, further consideration can be given to the issues and a timetable for the Committee to feed back to Cabinet.

The Assistant Chief Executive acknowledged that there was a huge amount of work involved in the review of the political structure and reiterated the need for a revised Constitution to be agreed prior to the 2012/2013 municipal year. In addition, Members were asked to be mindful of the timescales of the Call-in of the Cabinet decisions to enable a constructive resolution to be found and the decisions subsequently enacted within the required timescales.

Members considered the recommendations contained within section 2 and made the following comments.

Decision 2 (i) – That Members' Seminars be deleted from the Council diary and replaced with ad hoc briefing/training sessions, to be organised following identification of issues by Members/Officers and be held immediately in advance of meetings of full Council

It was noted that the Constitution stated that Council meetings must be held at 7.00 pm on Thursdays. Current working practices of political groups was that group meetings were held immediately prior to the current Council meetings. There were concerns that the implementation of seminars immediately prior the Council meetings would displace these group meetings resulting in Members having to either rescheduling caring responsibilities or having to leave their place of employment even earlier to enable group meetings to be held prior to Council. A number of options were discussed, including allowing flexibility in the start time of Council meetings to enable a seminar to be held immediately prior to Council where necessary and for Council to commence at a later time. Members were of the view that this issue and all possible options should be considered by the Council Working Group prior to the implementation of the decision.

Decision 2 (ii) – That the introduction of Task and Finish/Working Groups be monitored to ensure they are resourceable

Members were mindful to accept this decision as long as there was sufficient time and resources to ensure the business of Council was not delayed unduly if there were no officers available to take the minutes at a meeting. The importance of being able to act in a timely manner with the creation of a Task and Finish/Working Group to consider particular issues was emphasised. The Assistant Chief Executive confirmed that as far as he was aware, there had never been an occasion when the resources had not been made available to arrange and service a Task and Finish/Working Group. However, in view of the reducing resources, it was important to monitor the volume of all meetings. It was suggested that this decision be referred to Council Working Group for further consideration.

Decision 2 (iv) – That Committee/Forum/Group Chairs be advised of their responsibility in ensuring that only those additional meetings that were unavoidable were called in light of the additional workload the number of additional meetings over and above the agreed Council diary were creating

Members were well aware of the burden of additional meetings placed on officers as the same burden was placed on them. As a result, additional meetings were not requested lightly. It was suggested that this decision be referred to Council Working Group for further consideration.

Decision 2 (vi) – That a review of Members accommodation be undertaken involving all Councillors based on the principle of need

It was noted that Members' accommodation had been reviewed and reduced on several different occasions and clarification was sought on exactly what this review would entail. Members commented that the current Members' room was not appropriate for their use and suggested that returning to the room that was now utilised as the press office seemed like the most appropriate use of space within the civic suite. It was suggested

that a discussion be facilitated between the Assistant Director, Resources and the Chair of Scrutiny Co-ordinating Committee as well as the Leaders of political groups, Cabinet Members and the Chair of Council to examine the options.

Decision 2 (vii) – That further consideration be given to improving Members' ICT with the aim of reducing costs and simplifying its use and that all Councillors be encouraged to utilise the systems available to them

Members were keen for the provision of ICT to Members to be reviewed with a number of options being suggested for examination, including ipads, blackberries or something similar to provide an email communication with the facility to open attachments as well being able to access agenda documentation for committee meetings and internal facilities such as the Council's intranet. It was however, felt that the implementation of this decision 'forthwith' without consultations with Members was a real concern. It was considered appropriate for the same group of Members examining the review of Members' accommodation to look at the options for improving Members' ICT provision.

Decision 2 (viii) – That the practice of producing summary sheets for reports cease as soon as practicable and that appendices to reports were not customarily printed but available electronically, on request and in the Members' Library

This was not an issue as it was tied in with issues of services provided for Members and needs further discussion and should be referred to the group of Members looking at provision of Members' ICT and accommodation.

Decision 3 (i) – That the size of all committees/forums established/reappointed after May 2012 reflect the reduction in the overall size of Council.

Decision 3 (ii) – The Mayor to consider the potential options for the size of the Cabinet and any associated savings in line with the parameters set out in legislation and the Constitution.

Decision 3 in its entirety was referred to the Constitution/General Purposes Working Group for discussion as part of the review of the political structure.

A discussion ensued on the possible make up of Cabinet and Executive Members as this would impact on the number of back bench members available to participate in scrutiny forums. Members considered it imperative that the Mayor provided an indication of the number of Executive Members he was likely to appoint post May 2012 elections to enable a clear view on how many Members could be appointed to scrutiny forums to allow for effective scrutiny arrangements.

The Scrutiny Manager indicated that the aim of the Call-In was to feedback

to Cabinet a proposed timetable for the referral, including the meetings of the Council Working Group, Constitution/General Purposes Committee Working Group and the group of Members meeting to discuss Members' support arrangements in terms of ICT, accommodation and the production of reports.

Recommendation

- 1) That the Call-in was upheld, the reason for which were detailed within the Call-in Notice.
- 2) That the following decision be referred to Council for further consideration taking into account Members' comments noted above:

Decision 2 (v) – That a 'freeze' to be introduced in respect of attendance at conferences where conference costs are incurred. In exceptional circumstances that attendance at conferences is justified, the Member attending the Conference is required to feedback to all Members of the Council in both written and verbal form.

- 3) That the following decisions were referred to Council Working Group for further consideration taking into account Members' comments noted above:

Decision 2 (i) – That Members' Seminars be deleted from the Council diary and replaced with ad hoc briefing/training sessions, to be organised following identification of issues by Members/Officers and be held immediately in advance of meetings of full Council

Decision 2 (ii) – That the introduction of Task and Finish/Working Groups be monitored to ensure they are resourceable

Decision 2 (iv) – That Committee/Forum/Group Chairs be advised of their responsibility in ensuring that only those additional meetings that were unavoidable were called in light of the additional workload the number of additional meetings over and above the agreed Council diary were creating

- 4) That the following decisions be referred to Constitution/General Purposes Working Group for further consideration taking into account Members' comments noted above:

Decision 1 (i) – That the constitution be reviewed annually through the Monitoring Officer and that the Constitution Committee be abolished, following the 2012 elections.

Decision 1 (ii) – That the functions of the Standards Committee be extended to include monitoring of attendance of Members at induction and training sessions.

Decision 1 (iii) – That the General Purposes (Appeals and Staffing) Committee become a standalone committee with a fixed membership.

Decision 1 (iv) – That the remaining General Purposes Committee functions be combined with the functions of Audit Committee to form one expanded “Operations Committee” with exclusively backbench membership.

Decision 1 (v) – That the Contract Scrutiny Committee be abolished and the functions relating to contracts/tenders be undertaken by the executive

Decision 1 (vi) – That the number of Scrutiny Forums be reduced from six to four through the merging of neighbourhood services and regeneration and planning forums and health to be combined with Adult Services to reflect the Council’s new public health role

Decision 2 (iii) – That Task and Finish Groups be conducted in public, except where the information being discussed is exempt under the Local Government (Access to Information) (Variation) Order 2006.

Decision 3 (i) – That the size of all committees/forums established/reappointed after May 2012 reflect the reduction in the overall size of Council.

Decision 3 (ii) – The Mayor to consider the potential options for the size of the Cabinet and any associated savings in line with the parameters set out in legislation and the Constitution.

- 5) That the Chair of Scrutiny Co-ordinating Committee to invite the Assistant Director, Resources to a meeting with the Chair of Council, Cabinet Members and the Leaders of political groups to discuss the following decisions:

Decision 2 (vi) – That a review of Members accommodation be undertaken involving all Councillors based on the principle of need.

Decision 2 (vii) – That further consideration be given to improving Members’ ICT with the aim of reducing costs and simplifying its use and that all Councillors be encouraged to utilise the systems available to them.

Decision 2 (viii) – That the practice of producing summary sheets for reports cease as soon as practicable and that appendices to reports were not customarily printed but available electronically, on request and in the Members’ Library.

- 6) That an outline timetable be devised and, subject to the approval of the Scrutiny Co-ordinating Committee on 2 December 2011, included in the referral response (requesting an extension to the referral deadline) to be

forwarded to Cabinet on 5 December 2011.

166. Any Other Items which the Chairman Considers are Urgent

None.

The meeting concluded at 11.13 am

CHAIR

SCRUTINY CO-ORDINATING COMMITTEE

MINUTES

2 December 2011

The meeting commenced at 2.00 pm in the Civic Centre, Hartlepool

Present:

Councillor: Marjorie James (In the Chair)

Councillors: Christopher Akers-Belcher, Stephen Akers-Belcher, Rob Cook, Sheila Griffin, Brenda Loynes, Ann Marshall, Arthur Preece, Carl Richardson, Trevor Rogan, Linda Shields, Ray Wells and Angie Wilcox.

Resident Representatives:

Maureen Braithwaite and John Maxwell

Also Present:

The Mayor, Portfolio Holder for Community Safety and Planning
Councillor Jonathan Brash, Portfolio Holder for Housing and Transitions
Councillor Peter Jackson, Portfolio Holder for Regeneration, Economy and Skills
Councillor Hilary Thompson, Portfolio Holder for Performance

Officers:

Andrew Atkin, Assistant Chief Executive
Dave Stubbs, Director of Regeneration and Neighbourhoods
Chris Little, Chief Finance Officer
John Morton, Assistant Chief Finance and Customer Services Officer
Joan Stevens, Scrutiny Manager
Angela Armstrong, Principal Democratic Services Officer

167. Apologies for Absence

Apologies for absence were received from Councillors Mick Fenwick, Jane Shaw and Stephen Thomas. Also from Councillors Pamela Hargreaves, Portfolio Holder for Transport and Neighbourhoods, Robbie Payne, Portfolio Holder for Finance and Procurement and Chris Simmons, Portfolio Holder for Children's Services.

168. Declarations of interest by Members

None.

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

None.

170. Consideration of request for scrutiny reviews from Council, Executive Members and Non Executive Members – Referral from Cabinet – Delivery of Support to Members and to the Council, Executive, Non Executive and Scrutiny Functions *(Scrutiny Manager)*

At its meeting on 11 November 2011, Scrutiny Co-ordinating Committee considered a referral made by Cabinet on 7 November 2011. A supplementary report had been circulated which updated Members on the discussions from 11 November and sought approval for the submission of a response to the referral, including proposals for an amended timetable to enable proper consideration by Scrutiny of the questions/issues referred by Cabinet.

Members were referred to paragraphs 3.2 and 3.3 of the report which detailed the key issues raised by Members along with a suggested way forward to enable both the Constitution/General Purposes Task and Finish Group and the Council Working Group to give full consideration and provide a more rounded response to the issues raised. It was suggested that a subsequent extension to the timeframe be agreed as Members considered that the timescale prescribed by Cabinet was tight and did not allow the full consideration of all the issues contained within the referral. As such, a formal request to extend the timeframe for the consideration of the referral would be submitted to Cabinet at its meeting on 5 December 2011.

Recommendation

- (i) The referral from Cabinet of the decisions taken on 7 November 2011 was received.
- (ii) The outcome of the discussions at the Scrutiny Co-ordinating Committee on 25 November 2011 were approved for inclusion in the report to Cabinet as follows:
 - (a) A delay in the deadline for consideration of the referral be requested.
 - (b) The amended process as detailed in section 3.3 of the report be agreed.
 - (c) The proposed timetable for consideration of the referral be agreed as suggested in section 3.5 of the report.

171. Forward Plan

None.

172. Consideration of progress reports/budget and policy framework documents – Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 – Initial Consultation Proposals – Chief Executive's Department *(Scrutiny Manager)*

The Scrutiny Manager presented a report which provided the Committee with the opportunity, as part of the consultation process in relation to the development of the Council's Medium Term Financial Strategy (MTF) for 2012/13 to 2014/15, to consider initial proposals in relation to the Chief Executive's Department. The key areas highlighted for consideration were included within Appendices E to I.

The Chief Finance Officer gave a comprehensive presentation which looked at the financial position of the local authority across the next three years including one-off 'strategic costs' of £14m a proposed funding strategy for these costs which will rely on achieving capital receipts of £4.5m over the next 3 years. Members were asked to note that the revised budget deficit total across the next three years was £15.083m. A number of proposed savings were identified across the Chief Executive's Department which totalled £646,000. The Chief Finance Officer and The Mayor provided responses and clarification to a number of issues raised by Members.

Members expressed concern regarding the potential long term implications of taking the government grants and freezing the Council Tax base rate for 2012/13. The Mayor indicated that four other Tees Valley authorities had indicated that they were minded not to accept the government grant and raise their council tax levels between 3 and 3.5%. However, Cabinet was of the view that it would be very difficult in Hartlepool not to accept the government grant and freeze council tax. The Mayor welcomed any comments and feedback from Scrutiny on this issue and the ramifications from any proposed decisions. The importance was emphasised of ensuring that extensive work/communication should be undertaken to raise residents' understanding of the issue (with clear practical examples of the impact of the implications).

It was noted that the Government would legislate to protect pensioners when implementing changes to the council tax benefit system which could result in families being faced with up to a 20% cut in their Council Tax benefit. Members were reminded that Scrutiny had already requested that the issue of prioritising benefits and the local determination of some issues that affect the calculation of benefits be examined further with the input from local organisations within the town that deliver benefits type advice.

Concern was also expressed regarding the 2 year freeze in local government pay and the recent announcement of a 1% maximum increase after that. It was estimated that by the end of the 4 year period, take home pay of local government employees will have dropped by at least 15%.

A Member expressed concern regarding the practical implications and effects on morale of the re-employment of revenues and benefits staff recently made redundant in order to address the backlog of work. Members highlighted the negative impact this had on staff that were 'at risk' and felt that the possibility of utilising staff from the redundancy pool should be explored. They also felt strongly that extensive work must be undertaken in terms of future staffing reductions in this or any other service area, to ensure that this situation does not occur again. Concerns were also expressed regarding the impact of successful Job Evaluation Appeals on the Chief Executive's Departmental budget. The Committee welcomed clarification that any budgetary implications would be dealt with corporately and that, as and when appeals were heard and upheld, funding would be released by the Portfolio Holder.

The Director of Regeneration and Neighbourhoods provided responses and clarification to a number of issues raised by Members in relation to capital receipts and lease agreements. Details of which were as follows:-

- Park Towers. It was confirmed that the benefits of coming out of the lease had been considered, however, it was a five year lease with a rent that could potentially be held static or renegotiated. As such it was not viable to leave the lease at this time and dispose of the property.
- Brierton Sports Centre. Members felt that this was a major area of concern and that work needed to be undertaken with Catcote School in terms of a potential 'master plan' / business case that would provide a solution for the use of the whole site, including the potential for Springwell to also come on to the site (also bringing a replacement for the current Brierton). This would enable the provision of special needs support on site, also hydrotherapy, and the potential for training and enterprise support arrangements on rest of the land and possible disabled housing.

Members welcomed indications that a 'master plan' was being developed and looked forward to receiving details of it in due course, as part of a bigger jigsaw in terms of the management of Hartlepool's land / building assets and capital receipts. Members were supportive of this and the need for a wider strategic vision for the future.

An early discussion with Members about the Brierton Sports Centre and the potential for clawback and future usage to be instigated as soon as possible, via Full Council.

- Some of the properties on the schedule of property sales could take some time to dispose of and could be earning rental income if leased out over the next 5/10 years. Members were aware that there was some interest

in some of them, potentially to make into flats, apartments etc and to meet the needs particularly of younger people for their own homes. Members welcomed indications that this was being looked into with the aim of generating an income stream.

In considering the implications of government changes to Council Tax funding arrangements, Members questioned if under the current economic climate the 100% disregard of some income eg war widows pension could be sustained. Members felt that whilst this may be very sensitive there was a need to re-evaluate such decisions in light of Government cuts.

In relation to corporate budget pressures, the Committee reiterated previous year's concerns regarding the level of car park income. Members were advised that this year's shortfall would be offset from the reserves earmarked to manage this risk and from 2012/13 the income budget is being reduced they remained concerned regarding its continued implications.

In relation to the New Homes Bonus, Members queried how much the new homes bonus would equate to over the next 5 years and were advised that it would depend on what happens locally and nationally. Members felt that the Council should be considering involvement in the delivery of mortgage, and procurement of houses, and supported the work being undertaken to explore the viability of this. A report on which was to be submitted to Members.

In addition, the Director of Regeneration and Neighbourhoods confirmed that discussions were ongoing in relation to the future use of the Brierton School site with a full master plan for the whole area being developed for submission to Members at a later date. It was noted that the original vision for the development of the Brierton site was to develop a special needs education and employment hub or village with the possible inclusion of a hydrotherapy pool and this vision should not be given up on too fast. The Director of Regeneration and Neighbourhoods confirmed that the development of this site was part of an overall jigsaw of developments to be submitted to Members which may release land for social housing.

A Member questioned the timing of the Independent Remuneration Panel meeting to consider a review of Members' allowances, which was usually after the budget was set. It was suggested that it may be useful for the Independent Remuneration Panel to meet in the autumn, prior to budget setting, which would enable the Panel's deliberations to be considered as part of the budget consultation process. The Chief Finance Officer confirmed that previously, allowances were agreed for a three year period and linked to the pay awards for Council employees but took Members' comments on board.

In response to a number of issues raised by a Member relating to Appendix F, the Schedule of Property Land Sales 2011/12 – 2014/15, the Director of Regeneration and Neighbourhoods confirmed that a report would be submitted for Member consideration early in the new year which would

include a list of all appropriate council owned buildings along with proposals to invite tenants to take up leases and create a revenue income stream.

Members had concerns that the General Fund could potentially be utilised to balance the outturn, at a point when the final outturn was not finalised. This resulted in any deficit balance being taken from the General Fund and any favourable balances being allocated to the Executive to determine. Members believed strongly that any excesses identified through the outturn should be returned to Council to enable appropriate adjustments to be made in the budget where possible. The Chief Finance Officer confirmed that last year's outturn was unusual as it was significantly different to the forecast, which reflected the focus on developing proposals to address a significant cut in grants.

Members were informed that the initial underspend identified in the 2011/12 outturn was submitted to Cabinet on 10 October 2011 (and referred to SCC on 14 October 2011). A further update is to be reported to Cabinet on 19 December 2011 and would subsequently be referred to Scrutiny and Council. The Outturn strategy examines both forecast outturns and ongoing financial risks which need to be funded from outturns, which includes spillage of expenditure from one financial year to the next. Members were reassured that every effort was made to forecast the outturn as accurately as possible and ensure all Members were involved in any decisions. The Mayor commented that it was Council's responsibility to set the budget and Cabinet's responsible to monitor and implement that budget and he understood that the outturn was part of the monitoring and implementation. However, Members requested that the potential for a change to the constitution to allow favourable outturns to be placed in the General Fund, with the responsibility for their allocation to be given to Council be explored. The issue was referred to Constitution Committee for consideration.

In relation to the Furniture Project included within the reserves balances to be reviewed, it was noted that this scheme had been developed in conjunction with Members to enable the provision of anti poverty arrangements and the inclusion of the necessary budgetary allocation to enable the scheme to be implemented was supported.

Clarification was sought on the level of support provided to fund the school meals shortfall. The Mayor responded that this issue had been discussed on a number of occasions highlighting that the take up of the service was not as high as it could be. Members were reminded that the catering service provided one of the healthiest menus for schools in the country but unfortunately just about broke even financially resulting in the need for additional financial support. Members were reminded of the importance of taking up Local Authority Governor positions on schools to ensure they were part of the decision making process when buying back local authority services was discussed. It was suggested that further examination of partnership working be explored to support the schools meals service.

In terms of the provision of Concessionary Bus Passes, Members queried

the indicated cost of replacing concessionary passes for buses. Whilst it was noted that individuals were charged for replacement passes, it was ascertained that this did not cover the full issue cost. In light of this, Members felt that this issue needed further examination in terms of the frequency of pass replacement and the potential for an extension to the lifespan of passes (with the resultant financial saving).

The Scrutiny Manager referred Members to Appendix I which included a Cabinet decision of 24 October 2011 to reinstate the security presence in the Civic Centre and Members' views were sought. Members considered that it was the wrong decision to remove the security presence from a public, employee and Member viewpoint and agreed that this service should be reinstated.

Recommendation

- (i) That the Constitution Committee examine, in conjunction with the Chief Solicitor, whether the determination of any deficit or favourable outturn was a policy or financial framework decision.
- (ii) That there be further examination of the possibility of working with external partners to provide support for the provision of the school meals service.
- (iii) That the possibility of renewing concessionary fares on a five-yearly basis as opposed to tri-annually be explored.
- (iv) That the security presence in the Civic Centre be reinstated as stated within the Cabinet decision of 24 October 2011.
- (v) That retraining of existing employees be explored further to avoid the requirement to re-employ officers previously made redundant.
- (vi) That the above comments be used to inform a formal response to be presented to Cabinet on 19 December 2011.

173. Consideration of financial monitoring/corporate reports – Quarter 2 – Council Overview of Performance and Risk 2011/12 *(Corporate Management Team)*

The Assistant Chief Executive presented a report which detailed the progress made against the Council's suite of 2011/12 Departmental Plans, for the period ending 30 September 2011. Members were informed that Cabinet had considered these issues on 21 November 2011 and the report submitted to Cabinet was attached at Appendix 1.

A Member referred to the recently established Shadow Health and Well-Being Board and sought clarification on whether this would be included within the annual proportionality considerations for allocations to Committees etc. It was confirmed that the Shadow Board was purely an executive function and did not have provision for the input or engagement of back bench Members. In view of this, the arrangements for overview and scrutiny were questioned. The Assistant Chief Executive confirmed that definitive guidance was still awaited in relation to the powers of the Board,

who should participate in the Board and how it would operate. Members were reassured that the operation of a Shadow Board would enable these issues to be resolved and developed in time to fit in with the Council's constitutional arrangements. Members were informed that the guidance around Health and Well Being arrangements changed regularly and once the expectations of the guidance were made clear, it would be reported to Members.

In relation to the absence of overview and scrutiny arrangements in relation to the Shadow Board, it was confirmed that the Shadow Board was not a decision making body. A Member was, however, of the view that:

- The operation of the Shadow HWBB had been classified as an 'Executive' function and under the Council's Constitution, an overview and scrutiny function was in place for Executive decision making to ensure accountability and provide a challenge, where required. A Member also felt strongly that decisions were being made by the Board in terms of 'how' and 'when' it operates. As such, the implementation of a shadow overview and scrutiny arrangement should be introduced as soon as possible to ensure that the Shadow Board was accountable; and
- The Board was not simply a 'Shadow'. Hartlepool was in fact a 'Pathfinder' authority and as such had a role to play in the development of the best route and mechanism for the implementation / operation of the Health and Well Being Board's, feeding back to government to assist in the development of guidance. Hartlepool should not be waiting for guidance to act.

A Member referred to RND R056 – Failure of service providers to focus resources on neighbourhood renewal areas (Actively Managed). Whilst the resourcing issue was acknowledged, it was difficult to draw the line between 5% and 10% whilst ensuring the appropriate protection was in there. Neighbourhoods were a conglomeration of streets and Members had concerns that pockets of deprivation contained within larger neighbourhoods may be missed. The Assistant Chief Executive indicated he would provide a response for Members.

The Assistant Chief Finance and Customer Services Officer indicated that the average number of days taken to process new claims had improved from 31.88 calendar days to 17.1 days. Although there had been a significant backlog, officers had responded to the challenge and through working overtime and operating changed arrangements had managed the workload. Members were reassured that all new claims would be looked at within 24 hours of receipt with any problems communicated to the claimant directly. Members reiterated their earlier concerns and disappointment (see minute 172 decision (vi)) at re-employing officers previously made redundant to cope with the pressure of the backlog, especially in light of the redundancy risks currently being faced by permanent staff.

Recommendation

- (i) Members noted the report.
- (ii) The implementation of a shadow overview and scrutiny arrangement be explored to ensure the Shadow Board was accountable.
- (iii) That further information be provided on how the development of Ward Plans Option be undertaken to ensure that no deprived communities were disadvantaged.

174. Consideration of financial monitoring/corporate reports – Hartlepool Partnership Plan Quarter 2 (2011/12) Summary of Performance *(Assistant Chief Executive)*

The report provided Members with an update on performance against the Hartlepool Partnership Plan for 2011/12 at the end of quarter 2, September 2011. However, it was acknowledged that discussions were ongoing with the Constitution Committee and the Mayor as a result of the referral from Council on the future of the Local Strategic Partnership and community involvement.

Whilst the Assistant Chief Executive acknowledged this, Members were asked to note the actions currently being undertaken in terms of the Partnership Plan and the contribution of other agencies.

Recommendation

The report was noted.

175. Consideration of progress reports/budget and policy framework documents – Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 – Feedback from the Overview and Scrutiny Committees *(Chairs of the Overview and Scrutiny Committees)*

The report included the collective responses of the four standing Scrutiny Forums (with the views of the Health Scrutiny Forum included in the Adult and Community Services Scrutiny Forum response) following their recent consideration of the Executive's Budget and Policy Framework Initial proposals for 2012/13.

The Scrutiny Manager confirmed that the comments would be combined along with the comments received earlier in the meeting in relation to the Chief Executive's Department and reported to Cabinet as the formal response from Overview and Scrutiny to the initial budget proposals on 19 December 2011.

Recommendation

That the formal response from Overview and Scrutiny be reported to Cabinet for consideration at its meeting on 19 December 2011.

176. Items for discussion

None.

177. Call-In Requests

None.

178. Minutes of the meetings held on 11 November 2011 and 25 November 2011

Deferred for consideration at the next meeting of the Committee.

179. Any Other Items which the Chairman Considers are Urgent

None.

The meeting concluded at 4.34 pm

CHAIR

SCRUTINY CO-ORDINATING COMMITTEE

13 January 2012



Report of: Chief Finance Officer

Subject: MEDIUM TERM FINANCIAL STRATEGY
(MTFS) 2012/2013 TO 2014/2015 –
CONSULTATION PROPOSALS

1. PURPOSE OF REPORT

- 1.1 To receive the Executive's finalised Medium Term Financial Strategy (MTFS) 2012/2013 to 2014/2015 proposals and to consider in particular the proposals for the Chief Executive's Department.

2. BACKGROUND INFORMATION

- 2.1 In accordance with the requirements of the Council's Constitution the Executive is required to consult on the draft Budget and Policy Framework for the coming year.
- 2.2 The initial consultation was successfully achieved through consideration of the initial budget proposals on a departmental basis across each of the Scrutiny Forums. These comments were fed back into Scrutiny Co-ordinating Committee on 2 December 2011. Following detailed discussions of these, Scrutiny Co-ordinating Committee agreed Scrutiny's response to Cabinet, which was fed back to Cabinet on 19 December 2011. Cabinet response to these issues is detailed in **Appendix 1**.
- 2.3 Following consideration of Scrutiny's response to the initial budget proposals the Executive finalised / agreed its budget proposals at the meeting of Cabinet on 19 December 2011 (Report and Minutes attached at **Appendix 2 and 3** respectively).
- 2.4 In relation for the forecasts 2011/12 General Fund Outturn the report outlines the latest position, which is an increased underspend, and proposals for allocating these resources. Similarly information is provided on the forecast 2011/12 outturns for the Capital Programme, Early Intervention Grant and existing Housing projects.

- 2.5 In relation to the 2012/13 budget the report provides updates where appropriate and outlines additional proposals for bridging the 2012/13 budget gap. As Members will recall from the previous MTFS report the 2012/13 budget gap is approximately £6.8m. Reductions in departmental budget of £5.4m reduced this gap to £1.4m and the report Cabinet on 19 December 2012 outlines proposals for managing this remaining gap.
- 2.6 The Chief Finance Officer provided a verbal update at Cabinet on recent announcements made by the Government relating to:
- Local Government Grant Settlement 2012/13 – which confirmed grant cuts for 2012/13 will be implemented. Therefore, no change in budget deficit for 2012/13;
 - Council Tax Referendum arrangements – which the Government are implementing for 2012/13, which is a year earlier than expected.
- 2.7 In relation to the level of Council Tax for 2012/13 Cabinet considered the alternatives for 2012/13, the implications on individual households and on the Councils financial position in 2013/14. Cabinet have determined to seek views on the proposal to freeze Council Tax for 2012/13, which will enable the Council to access the Government's Council Tax freeze grant for 2012/13.
- 2.8 Whilst this Committee will receive the entire Budget and Policy Framework proposals including Cabinet proposals for a range of detailed issues, which also includes Cabinet's referral of the Early Intervention Strategy attached at **Appendix 4**, the main purpose of today's meeting is for this Committee to consider the budget proposals for the Chief Executive's Department, in addition to a number of corporate areas / issues.
- 2.9 Details of the proposals in relation to the Chief Executives Department and other corporate areas / issues, which Cabinet have referred to Scrutiny for consideration, are outlined within the following appendices. Please note that these departmental issues are unchanged from the initial proposals referred to the Scrutiny Co-ordinating Committee in October 2011:-

Appendix 5 - Details of the overall corporate revised outturn and proposal to earmark:-

- a) £50,000 to provide a cash backed fund for the completion of housing works in default;
- b) between £29,000 and £359,000 to support the 2012/13 budget; and

- c) the remaining 2011/12 outturn balance of £867,000 to £1,197,00 to be carried forward to 2013/14 to either support the 2013/14 budget, or to provide a transitional scheme to partly mitigate the impact of changes to the Council Tax Benefit regime.

Appendix 6 - Proposed pressures;

Appendix 7 - Revised corporate planning assumptions;

Appendix 8* - Proposed Savings (Chief Executives Department Business Transformation (BT) Programme Budget Reductions); and

Appendix 9 - Review of Reserves.

*Please note that this now summarises the savings on a project basis to reflect the detailed reports submitted to Cabinet and specific Scrutiny Forums on individual projects.

2.10 Cabinet is also seeking a specific response from Scrutiny in relation to the following:-

- a) The use of the 2011/12 savings of £76,848 from the Acting Chief Executive arrangements and £21,402 from the joint Head of HR role.
- b) The use of the one-off saving arising from the Industrial Action based on an estimated value of £50,000.
- c) The level of Council Tax for 2012/13 (i.e. the proposal to freeze Council Tax for 2012/13, which will enable the Council to access the Government's Council Tax freeze grant for 2012/13 and the acceptance or not of the).
- d) The proposed strategy for funding the increased costs on the PCP capital schemes detailed in paragraph 4.12.
- e) The proposal to create a capital investment fund of between £0.8m and £1.0m to develop a business case to buy and refurbish existing properties to provide affordable houses. . This will also need to consider the impact of Section 106 monies secured on the Wynyard development of £1.2m. It is anticipated these monies will be phased over a few years and will increase the total resources to £2.2m.
- f) The allocation of the available Furniture Project reserve of £50,000 to kick start this project.
- g) The proposed removal of the Major Regeneration Capital budget of £0.39m which will achieve a revenue saving of £39,000, subject to the Director of Regeneration and Neighbourhoods providing additional information. .

- h) The proposal to demolish the Brierton 'top site' building and ancillary buildings.
- i) The proposed purchase of the Ambulance Station.

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

- (a) Neighbourhood Services Scrutiny Forum - 18 January 2012;
- (b) Children's Services Scrutiny Forum - 17 January 2012;
- (c) Adult & Community Services & Health Scrutiny Forum - 16 January 2012 (members of the Health Scrutiny Forum invited to attend this meeting); and
- (d) Regeneration and Planning Services Scrutiny Forum - 19 January 2012.

2.12 Following the Forums' consideration of the Executive's Medium Term Financial Strategy (MTFS) 2012/2013 To 2014/2015 proposals, the Scrutiny Co-ordinating Committee at its meeting on 27 January 2012 will determine its formal response (based on the written comments of the Scrutiny Forums considered earlier in that meeting) to be presented to the Cabinet on 6 February 2012.

3. RECOMMENDATION

3.1 That the Scrutiny Co-ordinating Committee:-

- i) Notes this report; and
- ii) Formulates a response in relation to the following, for inclusion in the overall Scrutiny response to the Executive's Medium Term Financial Strategy (MTFS) 2012/2013 To 2014/2015 proposals:-
 - a) The Chief Executive Department's Budget and Policy Framework proposals **(as detailed in Appendix 8)**;
 - b) The Revised Outturn, Proposed pressures, Revised Planning Assumptions, Proposed Savings and Review of Reserves **(as detailed in Appendices 5, 6, 7 and 9)**;
 - c) The questions posed by Cabinet **(as detailed in 2.10 of this report)**; and
 - d) The Early Intervention Strategy proposals **(as detailed in Appendix 4 – Report and Appendix 3 – Cabinet Minute)**

4. BACKGROUND PAPERS

The following background paper was used in the preparation of this report:-

- (i) Report to Cabinet by the Chief Finance Officer - 19 December 2012 entitled 'Medium Term Financial Strategy (MTFS) 2012/2013 to 2014/2015'.
- (ii) Report to Cabinet from the Scrutiny Co-ordinating Committee - 19 December 2011 entitled 'Formal Response to the Executive's Medium Term Financial Strategy (MTFS) 2012/2013 to 2014/2015 – Initial Budget Consultations'.
- (iii) Report to Cabinet from the Children's Services and Health Scrutiny Forums - 19 December 2011 entitled Early Intervention Strategy – Scrutiny Response '.
- (iv) Report to Cabinet from Director of Child and Adult Services - 19 December 2011 entitled 'Early Intervention Strategy'.

5. CONTACT OFFICER

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Chief Executive's Department
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SUMMARY OF SCRUTINY FEEDBACK ON BUDGET PROPOSALS AND CABINET RESPONSE

Scrutiny Comments on Cabinet Proposal	Cabinet Response to Scrutiny
Children's Services Scrutiny Forum 1 November	
<u>BT Programmes</u>	
<p><u>Social Care Commissioning – Looked After Children Nurse</u></p> <p>The Forum reaffirmed their views expressed in the report considered by Cabinet on 5th December 2011 in relation to this area. Members emphasised the need for the Looked After Children Nurse position to be retained once the PCT ceased to exist. Members reiterated the importance of this being relayed to new Clinical Commissioning Group and endorsed by Health and Wellbeing Board.</p>	<p>Comments noted and this will be taken forward with Clinical Commissioning Group.</p>
<p><u>Review of Divisional Management Structure</u></p> <p>The Forum reaffirmed their views expressed in the report considered by Cabinet on 5th December 2011 in relation to this area, where it was suggested that the option of a secondment from the third sector to undertake the Head of Service role for youth offending be explored.</p>	<p>Comments noted, this option will be explored as part of consideration of long term service delivery model for youth offending service.</p>
<p><u>Reduction in Youth Support Commissioning</u></p> <p>Members did not support this reduction and reaffirmed their views expressed in the report considered by Cabinet on 5th December 2011 in relation to this area. Members emphasised the need to advise all service providers that the service would not be withdrawn on 1st April 2012 and would continue for up to 6 months until a new contract was introduced/awarded.</p>	<p>This message is being communicated to existing providers and tenders for services will be progressed subject to Cabinet approval of the Early Intervention Grant Strategy on 19/12/11.</p> <p>Existing providers will be eligible to submitted tenders. Transitional funding will be provided where appropriate.</p>

<p><u>Pressures</u> <u>School Catering</u></p> <p>Members, as Corporate Parents could not agree to a pressure of this magnitude until the position was clear with regards to what is happening with the Learning Disability and Health Improvement Grant and whether this money could be used to fulfil this pressure. Members also requested that clarification be sought from schools on whether the Healthy Eating Grant would be used to subsidise school meals or it would be used for another purpose.</p>	<p>Cabinet would comment that the £140,000 pressure is a known issue arising from the Dedicated Schools Grant subsidy not continuing. Pressure has been included to protect this service.</p> <p>The Learning Disability and Health Improvement Grant relates solely to adults and is a ring fenced transfer of resource from the PCT for named individuals with a learning disability who were previously resettled from long stay institutions and now live in the community in Hartlepool.</p> <p>With regard to the Healthy Eating Grant this issue will be referred to the School Forum in January for consideration and decision. Officers will attend this meeting to outline the Councils case.</p>
<p><u>Reserves to be reviewed</u> <u>City Learning Centre</u></p> <p>With regard to the long term use of the building, it was suggested that the possibility of soft market testing be pursued. Concerns were raised by Members regarding the costs incurred in funding redundancy costs for a facility that was not Council owned given the current budgetary situation and a query was raised regarding the Council's legal position in terms of funding such costs. The decision to be followed by meaningful consultation.</p>	<p>Cabinet will consider the proposal to use this reserve to meet any one-off costs which arise in relation to Brierton Sports Centre. Cabinet does not consider it prudent to use the reserve to meet the ongoing Brierton pressure which needs to be included in the revenue budget.</p> <p>In relation to any uncommitted reserve Cabinet would suggest that this is specifically retained for any essential works which may arise at Mill House.</p> <p>The legal position is that all staff currently employed at the CLC are Council employees. This dates back to the start of the CLCs in the 1990s so if schools no longer wish to allocate a budget share to sustain the provision, the Council would not be in</p>

	a position to fund it and staff would need to be made redundant
Regeneration and Planning Services Scrutiny Forum Comments 3 November 2011	
<u>Restructure of Economic Development</u> Members raised concerns regarding the loss of 3 posts in the restructure of Economic Development, due to the cessation of Government Grants. Members felt that this would reduce the ability of the department to respond quickly to opportunities to secure grant funding when required. The department is also a resource used by Community Partners in particular who are seeking a statutory/community response to need, this work will be diminished by the reduction proposed and therefore will have the potential to weaken the towns overall economy and will impact disproportionately in deprived neighbourhoods.	The comment is noted in respect of the delivery of the service and the issues raised
Adult and Community Services Scrutiny Forum 8 November 2011	
<u>Reserves to be Reviewed</u>	
In relation to the Mill House reserve of 146K, Members suggested that 100k of this be used to support the 100k pressure created by Brierton Sports Centre. Members were of the opinion that the Sports Centre needs to be retained and income generation maximised. Members were also of the view that any unwanted reserves be transferred back into the general fund.	There are a number of opportunities and risks involved with both sites. Funding may be required to contribute to any re-development opportunity at Mill House – including the refurbishment/renewal of the Indoor Bowls Club which is supported by the Portfolio Holder. Funding of developer/consultants for Mill House site also needs to be considered. There are also risks in operating costs of the transferred Brierton Sports Centre. There is an emerging issue that Dyke House School may have a claim for deficit in running the centre. The Centre also needs an

	operating/maintenance budget to be set and funded.
Neighbourhood Services Scrutiny Forum Comments 9 November 2011	
<u>Housing Services</u> Members raised concern regarding the impact of the savings on the capacity to deliver private sector housing services going forward. Members were concerned that the good work which had been carried out to date being lost.	The comment is noted
<u>Income Generation</u> Members expressed a view that income generation activities must never impact detrimentally on the delivery of core services.	Cabinet note comment and will ensure income generation is based on a robust business case and does not impact on the delivery of core services.
<u>Land Acquisition</u> Members felt that the Council should only acquire land to realise income in the future where the acquisition did not place the authority in a position of financial risk.	Cabinet agreed with comment and would comment that any land purchases will be based on robust business cases and either included in the budget proposals referred to Council in February 2011, or separate reports to Council.
Scrutiny Co-ordinating Committee (14 October 2011 and 2 December 2011)	
<u>Relocation of Staff</u> - Members expressed concern regarding the cost associated with the, short term relocation of staff to various council offices, including the transfer of the Registrars' Team to the Civic and relocation of Unison into the Registrar's Office. Members felt that this should be avoided where at all possible and that there needed to be better planning and co-ordination of moves to keep costs to a minimum.	Incidents of this nature have been minimised via accommodation /rationalisation Planning. There may still be some occasional "double moves" to satisfy logistical/timing requirements but it is expected that this will be minimal in the future.
<u>Concessionary Bus Passes</u> - Members queried the indicated cost of replacing concessionary passes for buses. Whilst it was noted that individuals were charged for replacement passes, it was ascertained that this did not cover the full issue cost. In light of this, Members felt that this issue needed	During 2012-13 a mass renewal of Concessionary bus passes is due. This is because the scheme was first introduced 5 years ago when there was a mass issue of the initial passes. Proposals are being looked at to eventually equalise distribution over five years, but this cannot be

further examination in terms of the frequency of pass replacement and the potential for an extension to the lifespan of passes.	done at once because of the DfT's strict 5 year limit on pass life. Implicit in moving over to a date of birth and equalised system will be issuing cards with expiry dates of less than 5 years in order to distribute renewals over a 5 year period. The best we can maybe achieve next year is to get half the bill delayed until the following financial year – but all passes will have to be replaced.
<u>Low Cost Travel to Young People through an Extended Concessionary Fare Scheme</u> - It was suggested that, as part of the budget consultation proposals, the provision of low cost travel to young people through a concessionary fare scheme (with those on school meals receiving full support and sliding levels of support to others - dependant on the level of household income) should be explored as part of the Council's commitment to eradicating child poverty. The potential of such a scheme was to be explored by the Neighbourhood Services Scrutiny Forum, on the 30 January 2011, with the aim of providing greater detail to Cabinet as part of the second round of the budget consultation process.	<p>The ITU is working with young people through the Transport Champion Forum in order to explore opportunities to provide cost effective transport to young people. It is anticipated that the Yellow Bus Strategy will be the most appropriate way forward as most Public Operators will require additional financial support in order to provide a reduce rate fare.</p> <p>Further consideration will be given to pupil welfare schemes in order to ensure maximum opportunity</p>
<u>Impact of Successful Job Evaluation Appeals</u> - Members expressed concern regarding the impact of successful job evaluation appeals on the Chief Executives Departmental budget. The committee welcomed clarification that any budgetary implications would be dealt with corporately and that, as and when appeals were heard and upheld, funding would be released by the Portfolio Holder.	Comment noted.
<u>Freezing the Council Tax Base Rate for 2012/13</u> - Members expressed concern regarding the potential long term implications of taking the governments grant and freezing the Council Tax base rate for 2012/13. It was indicated that four other tees	Comment note and Cabinet share concerns arising from the Governments proposal to pay a 1 year Council Tax freeze grant for 2012/13 and impact in 2013/14.

<p>valley authorities had indicated that they were minded not to accept the government grant, and raise their council tax levels between 3 and 3.5%, however, it was emphasised that in Hartlepool this would be a very difficult decision to justify to residents. Despite this, the Committee was of the view that given the potential long term implications of taking the grant, extensive work / communications should be undertaken to raise residents understanding of the issue (with clear practical examples of the impact of the implications).</p> <p>Concern was also expressed regarding the 2 year freeze in local government pay and the recent announcement of a 1% maximum increase after that. It was estimated that by end of the 4 year period, take home pay of local government employees will have dropped by at least 15%.</p>	<p>Cabinet have explored other ways of protecting local residents from paying higher Council Tax in 2012/13, whilst still protecting the Council Tax income base for future years. Unfortunately this is not possible under existing regulations.</p> <p>Therefore, Cabinet will be seeking views on whether to increase, or freeze Council Tax, before making a recommendation to Cabinet in February.</p>
<p><u>Re-employment of Redundant Staff</u> – Members were concerned regarding the practical implications and effects on morale of the re-employment of revenues and benefits staff recently made redundant in order to address the backlog in work. Members highlighted the negative impact this had on staff that were ‘at risk’ and felt that the possibility of utilising staff from the redundancy pool should be explored. They also felt strongly that extensive work must be undertaken in terms of future staffing reductions in this or any other service area, to ensure that this situation does not occur again.</p>	<p>This comment is noted in terms of the changes which the authority will face over the next few years and will build on the successful redeployment policies and practices currently in place</p>
<p><u>Capital Receipts</u> - In terms of capital receipts, Members considered the land and properties included in the appendices provided and discussed in detail:</p> <p>- Park Towers. It was confirmed that the benefits of coming out of the</p>	<p>Future use of Park Towers will be considered as both the Housing</p>

<p>lease had been considered, however, it was a five year lease with a rent that could potentially be held static or renegotiated. As such it was not viable to leave the lease at this time and dispose of the property.</p>	<p>Service and accommodation strategy is reviewed over time.</p>
<p>- Brierton Sports Centre. Members felt that this is a major area of concern and that work needed to be undertaken with Catcote in terms of a potential 'master plan' / business case that would provide a solution for the use of the whole site, including the potential for Springwell to also come on to the site (also bringing a replacement for the current Brierton). This would special needs support on site, also hydrotherapy, and the potential for training and enterprise support arrangements on rest of the land and disabled housing.</p>	<p>A range of options will be considered in the master planning of the Brierton Site and this will include the suggestions from SCC.</p>
<p>- Members welcomed indications that a 'master plan' was being developed and looked forward to receiving details of it in due course, as part of a bigger jigsaw in terms of the management of Hartlepool's land / building assets and capital receipts. Members were supportive of this and the need for a wider strategic vision for the future.</p> <p>An early discussion with members about the Brierton Sports Centre and the potential for clawback and future usage to be instigated a.s.a.p. via Full Council.</p>	<p>The master plan for the site will integrate with the wider asset management plan for the town.</p>
<p>- Some of the properties on the schedule of property sales, could take some time to dispose of and could be earning rental income if leased out over the next 5/10 years. Members are aware that there is some interest in some of them, potentially to make into flats,</p>	<p>Opportunities to utilise empty Council properties will be considered together with the purchase, refurbishment and management of empty homes. The latter will be part of the Council's Acquisition/Development Strategy</p>

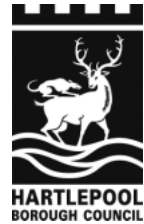
apartments etc and to meet the needs particularly of younger people for their own homes. Members welcomed indications that this was being looked into with the aim of generating an income stream.	
<u>Council Tax funding arrangements</u> - In considering the implications of government changes to Council Tax funding arrangements, Members questioned if under the current economic climate the favourable arrangement in relation to war widows could be sustained. Members felt that this needed to be re-evaluated.	Comment noted and this issue will need to be taken into account when further details of the changes to the Council Tax Benefit regime are known and the Council develops its own local Council Tax Benefit scheme, with 10% less Government funding.
<u>Car Park Income</u> - In relation to corporate budget pressures, the Committee reiterated previous year's concerns regarding the level of car park income. Whilst Members were advised that this year's shortfall would be offset in the same way as other risks (i.e. equal pay and equal value) they remained concerned regarding its continued implications.	The pressure included in the 2012/13 budget proposals for car parking income should address this issue.
<u>New Homes Bonus</u> - Members queried how much the new homes bonus would equate to over the next 5 years and were advised that it would depend on what happens locally and nationally. Members felt that the Council should be considering involvement in the delivery of mortgage, and procurement of houses, and supported the work being undertaken to explore the viability of this.	Comment noted. The New Homes Bonus has been built into the Medium Term Financial Strategy and is part of the overall financial strategy. The updated MTFS report (referred to Cabinet on 19.12.11) identified proposals for investing in housing.
<u>Member's allowances</u> - In relation to Members allowances, Members suggested that the Independent Remuneration Panel should meet earlier to enable the outcome of discussions to be incorporated in to the budget process.	Comments Noted
<u>Favourable Outturns</u> - In terms of the outturn information, Members requested that the potential for a change to the constitution to allow favourable outturns to be placed in the General Fund, with the	The budget proposals include detailed proposal for allocating the 2012/13 underspend to support the medium term financial position of the Council. These details will be reported to Council in February 2011.

<p>responsibility for their allocation to be given to Council be explored. The issue was referred to the Constitution Committee for consideration.</p>	<p>The final outturn often involves Cabinet effectively noting actions to approve carrying forward monies at the year end to meet commitments falling due in the following year, either as a result of expenditure slippage or external funders paying money in advance, which the Council holds to benefit Hartlepool.</p>
<p><u>White Goods Project</u> - Members supported the inclusion of the necessary budgetary allocation to enable the scheme to be implemented.</p>	<p>The latest MTFS includes this proposal.</p> <p>The target audience for the scheme would be those who are more likely to be affected by financial exclusion; these individuals and families could be in private rented accommodation or be owner occupiers. Priority customers were defined as households on low income and/or in receipt of benefits, single parents, over 60s, young adults, people with disabilities and additional learning needs, people who are homeless and refugees and asylum seekers.</p> <p>The initial focus for exploration following the Scrutiny Co-ordinating Committee's investigation into Child Poverty and Financial Inclusion was for the provision of household white goods/furniture to families, but when working up the Business Case it became apparent that it would be necessary to broaden the customer base in order for the scheme to be sustainable in the long-term. It was also noted that there may be additional demand on the scheme from people who would have not used a service of this kind in the past who are facing financial difficulties, as a result of the current economic climate, for example, people who have been made redundant.</p> <p>Whilst the scheme was presented as a town wide initiative, as mentioned above, the focus will be to assist</p>

	those who are affected by financial exclusion; not everyone would be eligible and qualify as a priority
<u>Security Arrangements</u> - Members supported the inclusion of the necessary budgetary allocation to enable the reinstatement of the security presence in the Civic Centre.	The latest MTFS includes this proposals

CABINET

19th December 2011



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY
(MTFS) 2012/13 TO 2014/15

SUMMARY

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to update the MTFS and to enable Cabinet to refer formal budget proposals to Scrutiny Co-ordinating Committee.

2. SUMMARY OF CONTENTS

- 2.1 Previous budget reports have advised Members that the Government have provided a 4 year Spending Review for the Public Sector. For Local Government this only provided detailed Grant allocations for individual councils for two years (2011/12 and 2012/13) and headline Grant cuts in total Local Government funding for a further two years (2013/14 and 2014/15). These grant cuts are front loaded, with the greatest cuts in 2011/12 and then 2012/13.
- 2.2 The Government measured grant reductions in terms of reductions in 'spending power'. On this basis the cut in Hartlepool's Formula Grant per person in the first two years of the Spending Review is more than twice the national average. In cash terms the reductions in the Council's Grants in 2011/12 and 2012/13 are significant, as summarised below.

	2010/11 Grant	2011/12 Grant cut		Cumulative Grant Cut by 2012/13 from 2010/11 base	
		£'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%

- 2.3 As a result of these grant cuts the Council will need to make cuts of **£15.103m** (previous forecast £14.7m) by the start of 2014/15, including **£6.786m** for 2012/13.
- 2.4 Detailed proposals for balancing the 2012/13 budget have been identified which includes making cuts of £5.387m and £1.040m of corporate benefits which do not impact on services. These measures leave a residual gap of £0.359m. If Members approve the ICT / Revenues and Benefits proposals this saving largely eliminates the gap and leaves a small residual deficit to fund from the 2011/12 outturn. If the ICT / Revenues and Benefits proposal is not approved the whole of the remaining gap will need to be funded from the 2011/12 outturn. Whilst this will enable the 2012/13 budget to be balanced it will increase the deficit in 2013/14.
- 2.5 Depending on the decision on ICT / Revenues and Benefits the Council will have between £0.867m and £1.197m of uncommitted resources from the 2011/12 outturn. These resources could be available to provide temporary support for the 2013/14 budget and offset the loss of Council Tax freeze grant (if Council Tax for 2012/13 is frozen), or to provide transitional protection when the Government implement the new Council Tax Benefit system in 2013/14.
- 2.6 Cabinet needs to determine if it wishes to formally consult on whether Council Tax is increased to protect the medium term financial position, or is frozen to access the Government Council Tax freeze grant. This is a significant decision which will affect the ongoing Council Tax base and future budgets.
- 2.7 The Council also needs to fund one-off strategic costs, including redundancy/early retirement costs and Housing Market Renewal (HMR) commitments, which it is estimated will total **£14m**. Funding of **£9.424m** has been identified for these one-off costs from reviewing reserves, the initial 2011/12 forecast outturn and capital receipts already achieved, leaving a funding shortfall of **£4.576m**.
- 2.8 It is anticipated that a package of additional land sales over the next few years should address this shortfall. As these one-off strategic costs will be phased over the next three years it is anticipated that a capital receipts strategy can be developed which matches the annual need for resources with the achievement of capital receipts. This will include the purchase of land for resale within the next three years where there is a robust business case and this does not increase financial risk.
- 2.9 Assuming these land sales can be achieved within the required timescale this will avoid a revenue budget pressure from having to use Prudential Borrowing to fund the shortfall.

- 2.10 In summary the report advises Members that the Council faces a very difficult financial position over the next three years, both in addressing an ongoing budget deficit of **£15.103m** and the need to fund unavoidable one-off strategic costs of **£14m**. The ongoing budget deficit needs to be addressed on an annual basis as deferring cuts is not an option as the position would become unmanageable and expose the Council to an unsustainable level of financial risk. The report outlines proposals to address the 2012/13 budget deficit, including detailed proposals for departmental savings and corporate benefits which do not affect services. In relation to the unavoidable one-off strategic costs these need to be funded as far as possible from one-off resources to avoid these costs falling on the main revenue budget, which would increase the level of cuts which need to be made over the next three years.

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

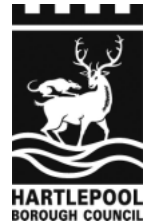
- 4.1 Budget and Policy Framework.

5. DECISION MAKING ROUTE

- 5.1 Cabinet 19th December 2011 and 5th February 2012 and Council 9th February 2011.

6. DECISION(S) REQUIRED

- 6.1 It is recommended that Cabinet:
- i) Note the report;
 - ii) Approve the consultation issues detailed in section 14.



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY
(MTFS) 2012/13 TO 2014/15

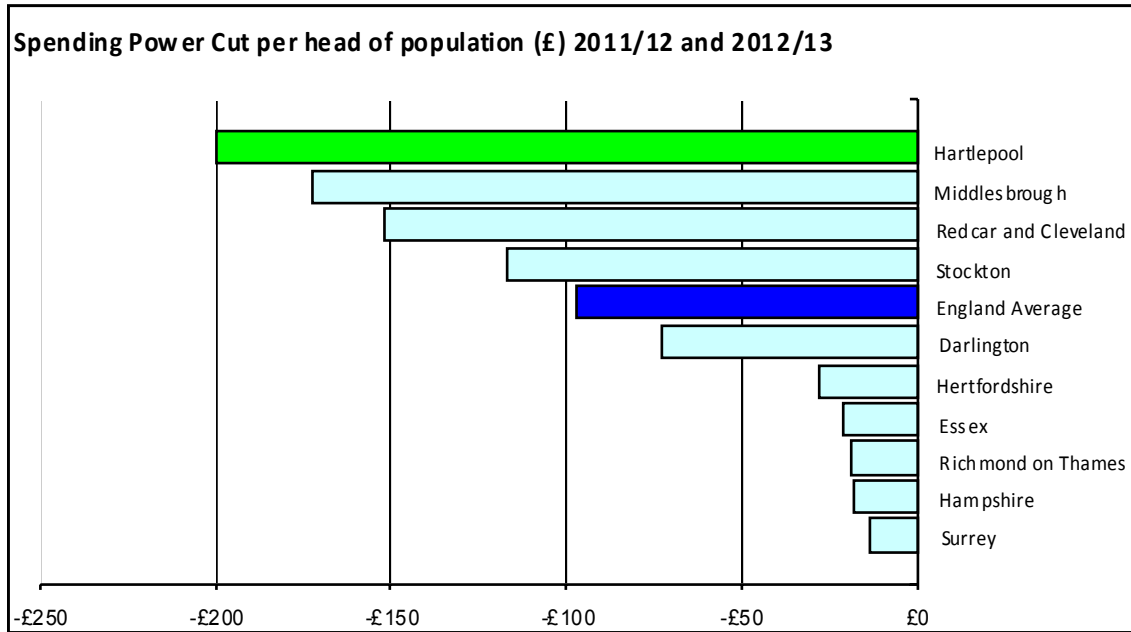
SUMMARY

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to update the MTFS and to enable Cabinet to refer formal budget proposals to Scrutiny Co-ordinating Committee.

2. BACKGROUND

- 2.1 A comprehensive report was submitted to Cabinet on 10 October 2011 and referred to Scrutiny Co-ordinating Committee on 14 October 2011.
- 2.2 The report advised Members that the public sector and the Council are facing the greatest financial challenge which has existed in the past 50 years. This position reflects both national financial issues reflecting the Governments deficit reduction plan and locally the impact of demographic pressures.
- 2.3 As reported previously the Governments deficit reduction plan reduces total support for local authorities by 26% over the four years up to 2014/15. These cuts are front loaded and have the greatest impact on councils with greatest reliance on Government grant, which includes Hartlepool and the other 11 North East Councils. This position is illustrated in the table below which summarises 'spending power cuts' for 2011/12 and 2012/13.



2.4 The recent publication of reports by the OECD (Organisation for Economic Co-operation and Development) the OBR (Office for Budget Responsibility) and the Chancellor's Autumn Statement all confirm the serious economic challenges facing the UK. These reports indicate that economic growth is lower than expected and the economy will take longer to recover. As a result the Government will need to borrow more and it will take longer to address the national budget deficit. This position increases the risk of a further phase of public sector austerity before, and continuing after, the next election. For Hartlepool this increases the risk that the actual grant cuts for 2013/14 and 2014/15 could be greater than the MTFS forecasts.

2.5 The previous MTFS report covered the following issues;

- Budget Deficit 2012/13 to 2014/15
- One off strategic financial issues
- Review of reserves and risks
- Forecast outturn 2011/12
- Initial assessment of Government proposals to re-localise Business Rates and Council Tax Benefit changes from 2013/14
- Changes in grant regimes
- Risks

2.6 The previous report identified two key financial issues facing the Council over the next 3 years.

- i) the need to address a £15.083m budget deficit on the current net general fund budget of £91.8m.

- ii) the need to fund one-off strategic costs of £14m, mainly relating to redundancy/ early retirement costs and unfunded Housing Market Renewal commitments.

2.7 This report provides an update on these issues and other factors relevant to the budget strategy for the next 3 years.

3.0 Settlement Announcement 2012/13

3.1 Existing legislation requires the Government to formally make an annual settlement announcement regarding the allocation of grants to individual Councils. The 2012/13 settlement had not been announced by the Government when this report was prepared and was expected to be issued late on 8th December 2011. If there are any changes to the provisional grant allocation previously announced by the Government details will be circulated before the Cabinet meeting.

3.2 The following table summarises the grant cuts previously reported to Members for 2011/12 and 2012/13.

	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%

3.3 The grant position for 2013/14 and 2014/15 is still uncertain and for planning purposes it is anticipated that the national grant cuts will apply at a local level. As reported previously this is anticipated to be an optimistic planning assumption as changes to the grant system are likely to disproportionately disadvantage Hartlepool. In addition, the Chancellors recent Autumn Statement outlines a longer period of public sector austerity which could result in higher grant cuts for local authorities in 2013/14 and 2014/15 than currently planned. This is likely to mean actual grant cuts for Hartlepool for these years will be higher than the current MTFS planning assumptions.

4.0 Forecast 2011/12 Outturn

4.1 General Fund Budget

4.2 The previous MTFS report provided an initial assessment of the forecast outturn based on work undertaken in the summer and forecast an underspend of £1.98m. This mainly reflected the early achievement of sustainable savings for 2012/13 and the temporary benefit from

netting down investments and borrowings, which is not sustainable. Cabinet agreed with the proposal to allocate these resources towards the funding strategy for one-off strategic costs.

- 4.3 A comprehensive update of the forecast outturn has been prepared based on a detailed analysis of current expenditure levels, expected trends for the remainder of the financial year and a review of strategic issues, including the national decision not to have a pay award for April 2011. The outturn forecasts also reflect the continued action by departments to manage expenditure robustly to maximise financial flexibility and to assist the achievement of the budget reductions which will be required next year (2012/13). This includes keeping posts vacant to either enable permanent savings to be made, or to enable staff to be redeployed and avoiding other expenditure where this can be achieved without an adverse impact on services in the current year.
- 4.4 As detailed in Appendix A an additional year end underspend of £1.276m is forecast. This figure includes a saving of £0.5m against the budget provision allocated to meet the costs of paying a flat rate £250 increase to staff earning below £21,000 which is now not needed.
- 4.5 Cabinet need to determine a strategy for using the additional uncommitted under spend. It would be prudent to allocate £50,000 to provide a cash backed fund for the completion of works in default on empty homes. This fund will operate on an imprest basis and will be repaid when costs are recovered from property owners. Assuming Members approve this proposal there is forecast to be a net underspend of £1.256m and a strategy for using these resources will need to be developed. The following options are identified for Members consideration:
- i) Allocate to reduce the £4.5m funding shortfall on one off strategic costs;
 - ii) Allocate to support the 2013/14 budget to address the loss of Council Tax freeze grant in 2013/14 if Council Tax is frozen in 2012/13. The option would not address the permanent reduction in Council Tax income of £1m and would simply defer this problem to 2014/15 – which is already likely to be the most difficult budget year.
 - iii) Allocate to provide a local transitional scheme to partly mitigate the impact of the Government's Council Tax Benefit change in 2013/14.
- 4.6 The decision to determine the preferred options needs to reflect the overall financial position of the Council and issues detailed in this report. These issue is considered in more detail later in the report.
- 4.7 The outturn forecasts do not include the 2011/12 savings arising from the temporary Acting Chief Executive and associated roles of £76,848. Council has previously resolved it wishes to determine how this one-off

underspend (and any recurring underspend in 2012/13 from the current temporary arrangements being extended if this arises). Similarly the 2011/12 forecast outturn does not include the saving of £21,402 from the joint Head of HR role with Darlington. Members will need identify proposals to be referred to Council for using these resources.

- 4.8 The outturn forecast also excludes the one-off saving arising from the Industrial Action on 30 November. Owing to the shorter timescales for preparing the December payroll the detailed calculation of this saving will be completed in late January/early February. The level of saving will depend on the actual mix of staff who took Industrial Action. The last time there was Industrial Action in 2008 the saving was £50,000 for each day, which is appropriate planning figure at this stage.

4.9 Forecast Capital Outturn 2011/12

- 4.10 The current capital programme consists of 346 schemes with a total value of £49.3m. A detailed assessment of the capital programme has also been completed and most schemes are progressing as planned.
- 4.11 The Council secured funding from the previous Governments Primary Capital Programme (PCP) for the first phases of a major investment in primary schools. This funding has enabled major schemes to be undertaken at Rossmere and Jesmond Road schools, which had a total capital budget of £8.4m. The designs for the schools have transferred BSF experience into the primary sector and have been well received by the schools in terms of the look and functionality of the buildings and the way that teaching and learning have been transformed. The withdrawal of the PCP funding has left these two projects in isolation in both financial and estate transformation terms.
- 4.12 These schemes were innovative and path finding designs. The cost of these schemes has exceeded the available PCP funding and the termination of this grant regime means the Council will not receive any additional funding. Therefore the additional cost of £0.670m will need to be funded by the Council, from the following funding sources:

- | | £'000 |
|--|--------------|
| • Child and Adult services revenue contribution. This contribution has been reflected in the forecast revenue outturn. | 120 |
| • Reinstated and release of 'Property Services and Facilities Management' reserve. This reserve was created from the surplus generated by Trading Accounts in previous years and allocated to cover the costs of potential remedial works and / or to protect against income volatility. The overall review of risks and reserves completed in the summer proposed releasing this reserve to help fund the | 100 |

strategic one off costs. It is now proposed this reserve is reinstated, which will reduce funding for strategic one off costs from £9.5m to £9.4m.

- Council Capital Fund. A number of schemes have cost less than forecast and the existing programme has been reassessed. These measures release funding of £0.45m.

670

4.13 Early Intervention Grant 2011/12 Forecast Outturn

- 4.14 There is a separate report on today's agenda on the Early Intervention Strategy which outlines proposals for remodelling the services for future delivery. The current financial year is therefore very much a transitional year with a number of services either ceasing and/or being put on hold subject to the outcome of this review. This review has resulted in an anticipated net underspend of £0.274m against the existing grant. This is 'one-off' and the service strategy report will outline proposals for using these monies.

4.15 Housing Scheme Forecast Outturn

- 4.16 This scheme involved the construction of 82 houses at Gladys Worthy Court, Golden Meadows and Charles Street which were funded from a combination of Homes and Communities Agency (HCA) grant and Prudential Borrowing. These schemes were only financially viable as a result of the HCA grant which reduced the level of borrowing to be repaid from rental income.
- 4.17 The Business Case for this scheme assumed a prudent level for interest rates on the required Prudential Borrowing to reflect uncertainty in the financial markets and the lead time before approving the scheme and the need to actually borrow monies.
- 4.18 As part of the overall Treasury Management Strategy for the Council the borrowing for this scheme has been delayed and in the current year this provides a one-off saving of £200,000. It is planned to take out a specific loan for this scheme before the end of the financial year. The action taken to delay the borrowing decision will enable the scheme to benefit from fixing the interest rate at a lower level than expected when the business case was prepared. This decision will then provide an ongoing saving of £60,000 which would support Prudential Borrowing.
- 4.19 In line with Cabinet's earlier guidance allocating both the one-off resources of £200,000 and the ongoing saving of £60,000 will create a capital investment fund of between £0.8m and £1.0m to develop a business case to buy and refurbish existing properties to provide

affordable houses. This will also need to consider the impact of Section 106 monies secured on the Wynyard development of £1.2m. It is anticipated these monies will be phased over a few years and will increase the total resources to £2.2m.

5.0 General Fund Budget 2012/13 to 2014/15

- 5.1 The initial planning assumptions reported in February 2011 had been reviewed to reflect actual pressures identified against the budget headroom and a range of other changes. In overall terms these issues increased the budget deficit for the next three years from £14.7m to £15.083m, as summarised below;

	Original Deficit (February 2011)	Revised Deficit (October 2011)
	£ m	£ m
2012/13	6.600	6.767
2013/14	2.900	3.118
2014/15	5.200	5.198
	14.700	15.083

The above deficits assume annual Council Tax increases of 2.5% from 2012/13 to 2014/15. If Council Tax is frozen in 2012/13 there will be no change in the deficit, as the Council Tax freeze grant will offset the loss of income from freezing Council Tax for a year. However, as the Council Tax freeze grant will only be paid for 1 year the 2013/14 deficit would increase from £3.118m to £4.118m. The implications of increasing, or freezing Council Tax for 2012/13 are considered in more detail in section 6.

- 5.2 The revised deficits also included an assessment of budget pressures, revised planning assumptions and proposed savings for 2012/13. The latest position on these issues is set out below.

5.3 Budget Pressures 2012/13

- 5.4 Pressures previously identified totalled £1.711m, which exceeds the budget headroom of £1m, as detailed in Appendix B.

- 5.5 The initial pressures include £0.45m for older people commissioning to cover demographic pressures and renegotiation of fees for older people's care home provision. Initial work on future fee levels is underway and early indications are that pressure in this area may be higher. It is anticipated that any increase in fees will be phased in over a period of time and the pressure for 2012/13 capped at £0.45m. This is not yet guaranteed and depends on the successful completion of negotiations with providers. The strategy of phasing the increase will commit part of the budget headroom for 2013/14, which will reduce flexibility to manage other pressures which may arise without

increasing future years' deficits. A detailed report on quality in care homes and care fees is on the agenda for today's meeting

- 5.6 The initial pressures did not include provision for additional security costs which have been identified following a health and safety review of security arrangements in a number of buildings accessed by the public. The health and safety review has identified a specific concern relating to the Civic Centre and identified a range of potential options to address these concerns. Cabinet determined that a pressure of £19,000 should be included in the budget proposals for security arrangements in the Civic Centre.

5.7 **Review of Planning Assumptions**

- 5.8 The previous review of planning assumptions identified a reduction in costs for 2012/13 of £0.544m. These issues have been reviewed and this reduction will still be achieved as detailed in Appendix C.

5.9 **Proposed 2012/13 Departmental Savings**

- 5.10 Detailed reports covering a wide range of saving proposals have been considered by Cabinet, which in total will save £5.387m from April 2012, as detailed in Appendix D. The planning, management and implementation of some of these measures in the current year provides a one-off benefit. More importantly these measures provide a robust financial base for 2012/13, which will be challenging given the scale of cuts implemented in the current year and further reductions required from April 2012.

5.11 **Revised Budget Deficit 2012/13**

- 5.12 On the basis of the issues detailed in the previous paragraphs the Council still needs to bridge a deficit next year of £1.399m.

	£ m
Gross 2012/13 Deficit	6.767
Increase Pressure – Security Issue	0.019
Departmental savings	(5.387)
Deficit still to be bridged	1.399

5.13 **Strategy for managing 2012/13 net Deficit of £1.399m.**

- 5.14 As indicated in the previous MTFS report it was anticipated that the remaining deficit would hopefully be bridged from projects, including a significant contribution from the proposed ICT / Revenues and Benefits procurement.

- 5.15 There is a comprehensive report on the ICT / Revenues and Benefits procurement on the agenda for this meeting which provides a comprehensive assessment of the bids received. If Members approve the award of this contract there will be greater saving from one of the bids for 2012/13, with increasing annual savings over the lifetime of the contract. These savings will provide significant contributions towards reducing the budget deficits over the next three years and help avoid cuts in other areas. If this contract is not awarded these savings will not be available and alternative cuts will need to be identified.
- 5.16 The achievement of the ICT / Revenues and Benefits savings will require the Council to fund some one-off costs. These costs need to be assessed in the context of the overall savings over the lifetime of the contract and the delivery of increasing annual savings in each year of the contract. The one-off costs could either be spread over the first 4 years of the contract on a loan basis and cash backed from reserves (a longer repayment period would not be prudent given commitments against reserves and the Council's deteriorating financial position), or funded upfront from one off resources. It is recommended that these costs are funded upfront as this will maximise the savings which can be taken towards reducing the budget deficits and avoid carry a debt into future years. It is suggested that these one-off costs are funded from the release of Job Evaluation appeal resources not now needed for back-dated costs, as detailed in paragraph 5.23.
- 5.17 **Additional Changes to Planning Assumptions**
- 5.18 The potential ICT / Revenues and Benefits saving will not eliminate the remaining budget deficit for 2012/13. Therefore, a number of planning assumptions have now been reviewed to reflect information not available earlier in the year when the original budget proposals were developed. The key issues are detailed in the following paragraphs and provide ongoing benefits which can be built into the base budget and implemented without an adverse impact on services.
- 5.19 A review of the provision included in the 2012/13 base budget for pay awards has been completed. This provision includes resources for the ongoing impact of a £250 flat rate increase for staff earning below £21,000 from April 2011, which would be in line with the Government's national pay policy for the public sector. However, at a national level the Local Government Employers Organisation has now determined that this arrangement will not apply to local authority staff and there will be no pay award for any staff. This will be the second year (third for Chief Officers) there has been a pay freeze. As a result of this decision the provision for paying a flat rate increase of £250 to staff earning below £21,000 will not be needed and can be taken out of the 2012/13 base budget.
- 5.20 The position on potential pay awards for April 2012 remains uncertain. Nationally Trade Unions have submitted a substantial pay claim for

Local Government services employees (Green book) to address the impact of inflation and pay freezes in the previous two years. The Chancellor's Autumn Statement set out the Government position on pay awards and states that for 2013 and 2014 the Government expects average public sector pay awards to be capped at 1%. The Government also indicated that public sector pay needs to reflect regional variations in labour markets.

- 5.21 Against this background it is difficult to anticipate the level of budget provision needed for a potential April 2012 pay award. However, the provision included in the MTFS has already been reduced to a minimal level (broadly equivalent to the cost of funding a £250 flat rate increase for staff earning below £21,000). It would be prudent to retain this provision. The position for 2013/14 is even more difficult. The Chancellor's statement of a 1% average pay cap for 2013 and 2014 pay awards is lower than the provisions included in the MTFS. Therefore, if these arrangements are applied to local government staff there could potentially be saving in 2013/14 and 2014/15. However, the Government may claw these savings back through higher reductions in the Formula Grant for these years. Therefore, at this stage it would not be prudent to change the existing planning assumptions until the position is clearer and the 2013/14 budget is being prepared. At that time the Council will also need to consider a further reduction in the staff turnover allowance, as achieving the turnover targets is an increasing risk owing to the Council cutting vacant posts and reduced alternative employment with other councils and / or public sector employers. This risk increases each year as budgets are cut and could result in an overspend if the position is not managed.
- 5.22 The Government announced details of New Home Bonus allocations on 1 December 2011 and the Council will receive £0.21m more than previously anticipated. This income is sustainable for 6 years and can therefore be built into the current MTFS. As previously reported there is a risk that future national allocations of New Home Bonus exceed available funding. The Government have stated any shortfall will be funded by reducing the national allocation for Formula Grant (the main revenue grant paid to local authorities). Whilst, this has not happened for 2012/13, this is a continuing risk and will increase the longer the New Home Bonus exists.
- 5.23 The financial position on Job Evaluation appeals has now been reviewed to reflect the substantial completion of appeals. In many cases the appeal has confirmed the original evaluation result and therefore there is no financial impact. However, this is a complex area and some appeals have been successful, which increases costs on a permanent basis and resulted in one-off costs from back dating appeals to April 2007. In other cases appeals have actually resulted in grades reducing, which over the period 2007/08 to 2010/11 is financially neutral as salary protection was paid for this period.

- 5.24 In terms of the ongoing provision included in the base budget for potential appeals of £0.4m it is currently anticipated that there will be a reduction in this cost. The value of this reduction will not be known until the remaining appeals have been agreed and approved by the Portfolio holders. This position is after reflecting the results of appeals and the implementation of Job Evaluation for 'Red Book' employees (i.e. plumbers and electricians). Cabinet has previously agreed that employees who had their appeals dealt with under the original appeals process can have their appeals reconsidered under the revised appeals process, which allows employees to present their case verbally to the appeals panel. As these appeals relate to jobs where the grade reduced it would be prudent to maintain the uncommitted budget until the results of these appeals are known. This process will not be completed until after the 2012/13 budget is set. Therefore, if this budget is not needed in 2012/13 there could be an in-year saving. There is also a risk of other potential Job Evaluation costs arising in 2012/13 as other groups of employees may need to be brought within Job Evaluation in the same way as 'Red Book' employees. This risk is currently being assessed and until this work is complete it would be prudent to retain the uncommitted budget to avoid, or reduce, any additional permanent budget pressure.
- 5.25 In terms of back-dated Job Evaluation appeal costs these are less than previously anticipated. Annual provision of £0.4m had been set aside for these potential costs. This funding is now not all needed as the ongoing cost of appeals for 'Green Book' employees (i.e. staff originally covered by Job Evaluation) is less than originally forecast. In addition, the costs of 'Red Book' appeals were not backed under the agreement reached with the Trade Unions. After reflecting these issues there is a one-off benefit of £1m from releasing the resources earmarked for this risk. This position could not have been identified earlier as most Job Evaluation appeals have only been completed in the current year.
- 5.26 There is also a potential net ongoing benefit of £0.21m from removing the 50% Council Tax exemption for vacant domestic properties. There is a possibility that the Government may legislate to implement this change from 2013/14. By acting a year early the Council will receive this benefit for 2012/13 and potentially lock this benefit into the base line the Government will use for calculating 'tariff and top-up' payments for the reformed Business Rates system. If Cabinet approve this proposal a report will need to be submitted to the Finance Portfolio in January for a formal decision as this is a statutory determination which needs to be made before 31 January.
- 5.27 The impact of the above factors is summarised in the following table, which shows that the 2012/13 can be balanced if:
- The proposed cuts of £5.387m are all implemented:

- The other measures detailed in the previous paragraphs are implemented;
- The ICT / Revenue and Benefits contract is awarded; and
- Temporary funding of between £29,000 and £359,000 is allocated from the 2011/12 outturn.

2012/13 Budget Summary

	2012/13 With ICT/Revenues and Benefits saving £'000	2012/13 Without ICT/Revenues and Benefits saving £'000
Deficit still to be bridged	1,399	1,399
ICT/Revenues and Benefits Year 1 contract saving	(330)	0
April 2011 pay award saving	(500)	(500)
Increase in Council Tax income - Removal of 50% exemption for empty properties, net of actual Tax Base being lower than MTFS forecast	(210)	(210)
Designated Authority	(50)	(50)
National Insurance Saving	(50)	(50)
Car Allowance	(20)	(20)
New Home Bonus (01.12.11)	(210)	(210)
Net Deficit	29	359

Impact on uncommitted 2011/12 forecast outturn

	2012/13 With ICT/Revenues and Benefits saving £'000	2012/13 Without ICT/Revenues and Benefits saving £'000
Uncommitted 2011/12 Outturn	1,226	1,226
Allocated to fund 2012/12 net deficit	(29)	(359)
Net Uncommitted 2011/12 outturn	1,197	867

5.28 The above table indicates that if the ICT / Revenues and Benefits contract is not awarded the Council faces a deficit of £0.359m. Given the scale of budget cuts already planned for next year and the detailed work undertaken to plan and deliver these cuts it would be extremely difficult to identify further reductions at this stage. Particularly if this involved additional redundancies. It is therefore proposed that if the

ICT / Revenue and Benefits contract is not awarded that this element of the deficit is funded from the 2011/12 outturn for one year.

- 5.29 This proposal does not provide a permanent solution and simply defers an additional deficit of £0.359m to 2013/14. It also needs to be recognised that the budget position for 2013/14 and future years will not benefit from the ongoing and increasing ICT / Revenues and Benefits contract savings. This will compound the level of alternative permanent cuts which need to be made in 2013/14 and future years, as detailed in below:-

	Forecast budget deficits			
	2012/13 £'m	2013/14 £'m	2014/15 £'m	Total £'m
Gross Deficit without ICT / Revenues and Benefits saving	6.787	3.118	5.198	15.103
Gross Deficit net of ICT / Revenues and Benefits saving	6.457	2.912	4.944	14.313

6.0 Council Tax 2012/13 and impact on 2013/14 and 2014/15 budget deficits

- 6.1 The forecasts detailed in the previous paragraphs are based on the existing planning assumption of annual Council Tax increases of 2.5% for 2012/13 and the following two years. These proposals reflected Members recognition of the need to balance future Council Tax income available to fund services, against significant and sustained cuts in grant funding and pressure on household budgets.
- 6.2 As requested by Cabinet the Chief Finance Officer and Chief Solicitor have investigated whether the existing Council Tax regulations provide the legal basis for implementing a Council Tax increase for 2012/13 to protect the Council Tax income base for future years, and then provide a one-off rebate / refund to all Council Tax payers for 2012/13 to offset the increase in the Councils' element of the overall Council Tax. This arrangement would mean that the Council was not eligible to receive the Council Tax freeze grant for 2012/13. However, the Council would then effectively provide a local freeze for 2012/13 by funding a one-off Council Tax reduction from the uncommitted 2011/12 underspend identified earlier in the report.
- 6.3 As this is a complex area of Council Tax legislation the Chief Finance Officer and Chief Solicitor sought Counsels' opinion on their initial assessment of the legislation. Counsel has confirmed that this proposal is not permitted under existing Council Tax regulations (The Local Government Act 2003, Section 76), which only provides the legal power to reduce Council Tax for defined groups after the level of Council Tax has been set (which is governed by the Local Government Finance Act 1992). Therefore, a local Council Tax refund cannot be made for all properties using the 2003 Act.

- 6.4 The Government's proposal to provide a Council Tax freeze does not rely on these regulations, as they are based on providing a specific grant if individual authorities freeze Council Tax, which is governed by the Local Government Finance Act 1992. Under the 1992 Act individuals authorities have the ability to freeze Council Tax for any year. This power is generally not used as it freezes the level of Council Tax income. However, to access the Council Tax freeze grant this is a decision authorities have to make, whilst recognising that the decision reduces the ongoing Council Tax income base in future years.
- 6.5 The Government have announced funding to provide a one-year Council Tax freeze for 2012/13. This is different to the Council Tax freeze scheme implemented by the Government for 2011/12 which provides a grant for 4 years to offset the permanent loss in Council Tax income from implementing a freeze in 2011/12. All authorities froze Council Tax for 2011/12 and will face a loss of funding in 2015/16 when this grant is removed.
- 6.6 The 2012/13 Council Tax freeze grant will equate to the amount of income which would have been raised from a 2.5% Council Tax increase. For Fire and Police authorities the grant is 3%. The proposal for a second Council Tax freeze with a specific grant recognises that authorities need to increase income to protect services, but increases local authority dependency on Central Government funding. The 2012/13 Council Tax freeze arrangements only provide a temporary solution. Experience of multi-year Council Tax freezes in Scotland illustrates the financial problems this stores up for future years for both individual local authorities and the national Government. In Scotland the devolved Government has addressed this issue by continuing to provide additional grants to local authorities. This option is not anticipated to be available in England owing to the overall position of the Public Finances and the Government's clear statement that the 2012/13 Council Tax freeze grant is one-off, funded from in-year savings.
- 6.7 The 2012/13 Council Tax freeze regime makes financial and service planning even more difficult as local authorities are only being provided funding for one year, which will be removed in 2013/14. This is a more immediate challenge for all authorities, particularly given the requirement to hold a Council Tax referendum from 2013/14. Detailed regulations, including the trigger point for a Council Tax referendum have not been issued by the Government and will probably not be issued until this time next year. However, it is anticipated that the trigger point will be set at a low level. This will mean that any authority seeking to offset the loss of the 2012/13 Council Tax freeze grant by increasing Council Tax above the threshold will need to gain public support for a Council Tax increase through a legally binding Council Tax referendum. Authorities will also have to fund the costs of holding the Council Tax referendum. Gaining public support to increase

Council Tax will be extremely challenging and a significant risk for financial planning.

- 6.8 If Members determine to freeze Council Tax for 2012/13 the Council will receive a one-off Council Tax freeze grant of approximately £1m, to offset the loss of additional income from a planned 2.5% Council Tax increase. Therefore, there will be no impact on the budget deficit for 2012/13.
- 6.9 However, as the 2012/13 Council Tax freeze grant is only payable for 1 year the ongoing level of Council Tax income will reduce by £1m. As it is very unlikely that the Council will be able to recover this income in 2013/14 by implementing a higher Council Tax increase this would increase the budget deficit for 2013/14.
- 6.10 To enable Members to assess the impact of different Council Tax options for 2012/13 the following table compares the current planning assumption of annual Council Tax increases with three alternative scenarios:
- Alternative option 1 - this shows the impact of taking the freeze grant in 2012/13 and then implementing annual Council Tax increases of 2.5%. This option increases the 2013/14 budget gap by around £1m and therefore the total savings over the next three years increase to £16m. In addition, the ongoing Council Tax base in 2014/15 is £1m lower than the current planning assumption.
 - Alternative option 2 - this shows how the impact of freezing Council Tax in 2012/13 could potentially be mitigated by higher Council Tax increases in 2013/14 and 2014/15. It is anticipated these proposed increases would be subject to a Council Tax referendum, so cannot be guaranteed. This option broadly keeps the cumulative savings at £15m.
 - Alternative option 3 - this shows impact of moving from annual Council Tax increases of 2.5% to 3.5%. It is anticipated these proposed increases would be subject to a Council Tax referendum, so cannot be guaranteed. This option reduces the cumulative deficit by £1.2m and increases ongoing Council Tax base in 2014/15 by £1.2m

The following table summarises the above options and highlights the cumulative budget deficits over the next three years and the 2014/15 base Council Tax income. The table illustrates the impact of the different Council Tax options without a saving from ICT / Revenues and Benefits.

	Council Tax increase			Forecast Budget Deficits				2014/15 Base Council Tax income £'m
	2012/13	2013/14	2014/15	2012/13 £'m	2013/14 £'m	2014/15 £'m	Cumulative £'m	
Current planning forecasts	2.5%	2.5%	2.5%	6.786	3.118	5.199	15.103	42.9
Alternative Option 1	0% Freeze grant accessed	2.5%	2.5%	6.786	4.143	5.224	16.153	41.8
Alternative Option 2	0% Freeze grant accessed	3.5%	4.0%	6.786	3.744	4.595	15.125	42.9
Alternative Option 3	3.5%	3.5%	3.5%	6.389	2.696	4.751	13.836	44.1

6.11 When considering the above options Cabinet also needs to consider the uncommitted 2011/12 under-spend and how this funding is allocated towards assisting the overall financial challenges facing the Council in 2013/14. The maximum financial flexibility would be achieved by increasing Council Tax for 2012/13 by 2.5% as this would enable the majority of the 2011/12 uncommitted underspend of £0.867m to £1.197m (range depends on ICT / Revenues and Benefits decision) to be carried forward to 2013/14. This money could then either be used:

- to provide a local transition scheme to phase in reductions in Council Tax Benefits for groups suffering the greatest reductions as result of Government changes to this regime, including a 10% overall funding cut; or
- to provide one-off support for the 2013/14 and / or 2014/15 budget including managing the risk from changes to the Business Rates system, which could result in higher grants cuts than currently built into the MTFS.

6.12 However, this option would place an additional burden on Council Tax payers for 2012/13 and the Council will need to explain why it has chosen not to take the Governments Council Tax Freeze grant.

6.13 Alternatively if Council Tax is frozen for 2012/13 Cabinet may wish to allocate the 2011/12 uncommitted underspend to offset the loss of Council Tax freeze grant in 2013/14. This option would not solve the impact of a permanent reduction in the Council Tax income base and would simply defer an additional budget problem until 2014/15 – which is already the most difficult of the next 3 years. This option would also mean that this funding is not available either to provide a local transition scheme to phase in reduction in Council Tax Benefit or to provide one-off support for the budget in either 2013/14 or 2014/15.

7.0 One-off Strategic Financial Issues and funding strategy

7.1 The previous MTFS report provided a comprehensive analysis of one-off strategic costs for the next three years covering:

- Redundancy and early retirement costs arising from cutting the revenue by £15m before the start of 2014/15;
- Housing Market Renewal costs;
- Land Remediation costs;
- Capital Investment requirements.

7.2 The assessment of Housing Market Renewal commitments anticipated the Councils bid for transitional funding of £2m being successful. The Government have recently confirmed allocations of transitional funding and Hartlepool will receive £2m. There have been no changes affecting the net value of the other commitments and the Council will need to earmark funding of £14m for these issues.

7.3 As reported previously funding of £9.5m had been identified towards meeting these costs. This funding has reduced to £9.424m as follows:

- Review of Reserves and Risks £5.944m

The comprehensive review of Reserves and the risk being managed from reserves initially identified £6.050m of reserves which could be released. This has been reduced by £0.1m to reflect the reinstatement of 'Property Services and Facilities Management' reserve to partly fund commitments detailed in paragraph 4.12. Appendix E provides a detailed schedule of the reserves, including details of reserves which can be released, and explanation of the reasons individual reserves need to be maintained.

- 2011/12 Initial Outturn (reported 10 October 2011) £1.980m

This funding is still available and earmarked to partly fund one-off Strategic costs.

- Capital Receipts already achieved £1.500m

This funding is still available and earmarked to partly fund one-off Strategic costs.

7.4 The one-off Strategic costs exceed the resources identified above by £4.576m. It is anticipated this shortfall can be bridged from additional capital receipts over the next three years. Achieving this level of capital receipts in the current climate will be challenging and need careful management. The Director of Regeneration and Neighbourhoods indicates that whilst this will be challenging there is demand from developers for smaller development sites across Hartlepool. Therefore, the sites identified for disposal are expected to be attractive and should achieve the required capital receipts. If capital receipts are not achieved as forecast costs may need to be

funded from Prudential Borrowing, either on a short-term or long term basis. This would have a revenue costs.

- 7.5 The proposal to dispose of the Foggy Furze site will be dependant upon allocating up to £60,000 of the capital receipt to re-provide the bowling green.
- 7.6 Capital receipts will mainly be achieved in 2012/13 and 2013/14 and it is anticipated the monies will be received to meet phased expenditure commitments as summarised in the table below. Business cases will also be developed on a case by case basis for asset purchases which provide increased capital receipts through 'marriage values' and / or property rationalisation. This position will need to be managed carefully and regular progress reports will be submitted to Cabinet. A detailed property acquisition / development strategy report will be presented to the next Cabinet, including the first potential project to purchase the Ambulance Station.

	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000
<u>Expenditure Commitments</u>				
Revenue				
Redundancy and Early Retirement costs	3,300	1,500	2,700	7,500
<u>Capital</u>				
Housing Market Renewal	1,400	2,700	400	4,500
Land Remediation costs	1,000	0	0	1,000
Council Capital Fund	1,000	0	0	1,000
Total forecast expenditure commitments	6,700	4,200	3,100	14,000
<u>Less Available Funding</u>				
<u>Revenue</u>				
Review of reserves	(2,080)	(1,170)	(2,694)	(5,944)
2011/12 Forecast Outturn	(1,650)	(330)	0	(1,980)
	(3,730)	(1,500)	(2,694)	(7,924)
<u>Capital</u>				
Capital Receipts already achieved	(1,500)	0	0	(1,500)
Total available funding	(5,230)	(1,500)	(2,694)	(9,424)
Unfunded forecast expenditure commitments to be funded from future capital receipts	1,470	2,700	406	4,576

8.0 Furniture Solutions Project

- 8.1 The Director of Regeneration and Neighbourhoods submitted a comprehensive report to Cabinet on 10 October outlining proposals for developing a Furniture Solutions Project. The report proposed using the available Furniture Project reserve of £50,000, over two years to

kick start the scheme, with the intention of the operator working to sustain the scheme beyond 2013/14.

- 8.2 Cabinet needs to determine if they wish to include this proposal in the budget proposals to be referred for formal scrutiny.

9.0 Capital Issues

- 9.1 There are a number of capital issues which need addressing as detailed in the following paragraphs:

- 9.2 Major Regeneration Capital budget of £390,000

This budget provision was originally allocated to match fund major Regeneration Projects and will be funded from Prudential Borrowing if used. This budget had provisionally been allocated for the potential Church Square scheme. As this scheme has been put on hold Cabinet needs to determine if they wish to retain a major Regeneration Projects capital projects budget, which would only be released if Cabinet and Council approved individual projects.

Alternatively Cabinet may wish to remove the capital budget permanently which would provide a revenue saving of £39,000 as the budget for supporting Prudential Borrowing would not be needed.

- 9.3 Brierton Site

A detailed master plan needs to be developed setting out the potential options for this site and it is expected this will be reported to Members in June 2012. There is a more immediate need to make a decision on the 'top site' building and ancillary buildings which will not be needed. Estimated cost £0.2m. It is recommended that this building is demolished as soon as practical. Demolition costs will need to be funded from existing capital receipts and need to be quantified to enable this issue to be reflected in the final budget proposals to be referred to Council in February. If this building is not demolished provision will need to be made for security costs and these will need to be funded from the uncommitted 2011/12 revenue outturn. This would reduce the value of these resources which can be carried forward to 2013/14 to assist manage the financial challenges of that year.

- 9.4 Seaton Carew Coastal Strategy

The previous MTFS report identified a potential capital match funding commitment requirement for this scheme to secure Environment Agency grant funding. It is anticipated that a match funding commitment from the Council of £0.5m will be required to secure an Environment Agency grant of £3.2m.

As reported previously the Council's contribution will be funded from Prudential Borrowing and the loan repayment costs paid for from the existing Coast Protection revenue budget.

10.0 Risks

- 10.1 The previous MTFS report indicated that the Council will need to manage an increasing number of financial and non-financial risks.
- 10.2 Internally the financial risks cover a range of issues and the report outlines proposals for managing and funding these risks, which cover:
- Implementing significant sustainable budget reductions in each of the next three years;
 - Managing significant one-off costs, including redundancy/early retirement costs and HMR commitments;
 - Continuing demand lead and demographic pressures.
- 10.3 Significant external financial risks arise from the Government's proposals to re-localise Business Rates and to transfer responsibility for Council Tax Benefits to councils. These proposals are fundamental changes in the system for funding local authorities and will have a significant impact for 2013/14 and future years. The exact impact will not be known until the Government issue final proposals.
- 10.4 There are also potential risks from a range of other Government proposals and these are highlighted below to advise Cabinet of the complex financial issues facing the Council. At this stage no provision is made within the MTFS for these issues as there is insufficient information to assess these risks and the potential financial impact:
- The Early Intervention Grant and the level of floor damping currently being paid to Hartlepool, which if removed could lead to a further reduction in this grant of £2.5m. It is anticipated this grant will be rolled up into the main Formula Grant from 2013/14, which would complicate the position and make changes in grant levels more difficult to track;
 - Land Charges – a national court case could require all Councils to refund previous land charges and these costs could exceed the resources previously earmarked to manage this risk;
 - Legal Aid, Sentencing and Punishment of Offenders Bill – the devolution of funding responsibility for the costs of youth remands is a complex issue. The Local Government Association is currently working with the Government to ensure the full, true cost of youth remands is transferred to council budgets, including a realistic estimate of the reductions in young people remanded to secure custody as a result of changes in the Bill.
- 10.5 On a more positive note the Government recently published the NHS Operating Framework and confirmed that health funding for social care will continue in 2013/14 and 2014/15. The previous guarantee only

went up to March 2013. This announcement removes the risk of this funding not continuing beyond 2012/13, although detailed agreements still needs to be reached at a local level to continue existing use of these resources.

- 10.6 Non-financial risks are equally significant and will also need to be managed, and include:
- capacity of the organisation to manage the budget position over the next few years and the unavoidable budget reductions. This also includes capacity to set up new ways of working, such as trust and partnership working with other councils;
 - capacity of the organisation to manage legislative changes, such as implementing a local Council Tax Benefit system and responding to other Government initiatives.

11 Consultation

- 11.1 Details of feedback on the initial proposals from Scrutiny Co-ordinating Committee are provided in a separate report. Cabinet needs to determine a response to this initial feedback.
- 11.2 Minutes of the consultation meetings held with the Trade Unions and Representatives of the Business Sector are provided in Appendix F.

12 Equality Impact Assessments

Cabinet will be aware of the importance of assessing the impact of any budget proposals on diverse communities. Equality impact assessments have been undertaken on the individual review of services which are part of the 2012/13 budget proposals. A copy of the template Equality Impact Assessment which has been used is attached as Appendix G. A review of each impact assessment is currently being undertaken which involves internal challenge and an overall assessment to determine the cumulative impact on each individual “protected characteristic” to determine where specific consultation requirements are needed. Stakeholder consultation groups will be arranged in January and feedback, analysis and appropriate revised options will be submitted to Cabinet and Council for consideration in February.

13 CONCLUSION

- 13.1 Whilst the report expresses the financial position and financial risks facing the Council over the next three years in monetary terms, these issues are fundamentally about the future nature and shape of the Council and services – sustainability, levels and methods of delivery.
- 13.2 The financial challenges facing the public sector and councils are greater than anything which has existed in the past 50 years. This position was underlined by the Chancellor's Autumn Statement which

anticipates higher borrowing, lower growth and a longer period of public sector austerity. These factors increase the risk that grant cuts for 2013/14 and 2014/15 could be higher than currently forecast.

- 13.3 Addressing this position will require the Council to adopt a range of measures including reassessing priorities, new ways of working, including issues such as joint working with other councils/organisations, trading companies and trusts where these provide financial savings and protect services.
- 13.4 The budget deficits will need to be addressed through a series of measures, some of which will have much longer lead in times running over more than one financial year. Therefore, some decisions may need to be taken by Cabinet and Council outside the traditional budget cycle to ensure financial benefits can be achieved within the required timescales. This will include making difficult decisions in advance of when cuts are reflected in the MTFS to provide time, where appropriate, to complete detailed consultation on proposals (which may be governed by statutory requirements – increasingly equality impact assessments), to enable the new service delivery methods to be worked up to ensure implementation is safe and sustainable, and to address legal issues, such as the impact of TUPE regulations.
- 13.5 The revised forecasts require the Council to make aggregate cuts of **£15.103m** by the start of 2014/15. These cuts need to be made on an annual basis as deferring cuts is not an option as the position would become unmanageable.
- 13.6 Detailed proposals for balancing the 2012/13 budget have been identified which includes making cuts of £5.387m and £1.040m of corporate benefits which do not impact on services. These measures leave a residual gap of £0.359m. If Members approve the ICT / Revenues and Benefits proposals this saving largely eliminates the gap and leaves a small residual deficit to fund from the 2011/12 outturn. If the ICT / Revenues and Benefits proposal is not approved the whole of the remaining gap will need to be funded from the 2011/12 outturn. Whilst this will enable the 2012/13 budget to be balanced it will increase the deficit in 2013/14.
- 13.7 Depending on the decision on ICT / Revenues and Benefits the Council will have between £0.867m and £1.197m of uncommitted resources from the 2011/12 outturn.
- 13.8 Cabinet needs to determine if it wishes to formally consult on whether Council Tax is increased to protect the medium term financial position, or is frozen to access the Government Council Tax freeze grant. This is a significant decision which will affect the ongoing Council Tax base.
- 13.9 In financial terms increasing Council Tax by 2.5% (or a higher amount, although the capping risk would increase) will protect the ongoing

Council Tax base, but would mean the Council is not eligible to receive the Council Tax freeze grant. This would increase the pressure on household budgets and could be a difficult issue to explain to residents.

- 13.10 Alternatively, if Council Tax is frozen the Council will be eligible to receive the Council Tax freeze grant. The downside to this option is that this income is not sustainable and in 2013/14 will increase the cuts which need to be made by £1 million.
- 13.11 The 2011/12 outturn is expected to provide an underspend of between £0.867m to £1.197m, which could be available to provide temporary support for the 2013/14 budget and offset the loss of Council Tax freeze grant. This would not be a permanent solution and would simply defer cuts until 2014/15 – which is already the most difficult year of the MTFS. Alternatively, Members may wish to allocate these one off resources to provide transitional protection when the Government implemented the new Council Tax Benefit system in 2013/14. As insufficient information is currently available this position will need to be reviewed as part of the 2013/14 budget process. An informed decision on the use of this one-off money can then be made when the 2013/14 budget is prepared.
- 13.12 The Council also needs to fund one-off strategic costs, including redundancy/early retirement costs and HMR commitments. These costs need to be funded from one-off resources to avoid having to make higher cuts in the revenue budget. An assessment of these costs has been made and indicates total costs could be **£14m**. This estimate reflects the Government announcement that the Council will receive HMR transitional funding of £2m and will have to fund HMR costs of £4.5m from its own resources. The HMR shortfall needs to be funded over the next 3 years and this commitment is included in the MTFS proposals. The HMR funding shortfall equates to nearly 6 times the amount of New Homes Bonus the Council will receive in 2012/13. The redundancy/early retirement costs could be higher if schools do not buy-back existing services as further redundancies would be unavoidable.
- 13.13 Funding of **£9.424m** has been identified for these one-off costs from reviewing reserves, the forecast outturn and capital receipts already achieved. This leaves a funding shortfall of **£4.576m**. It is anticipated that a package of additional land sales over the next few years should address this shortfall. Assuming these land sales can be achieved within the required timescale this will avoid a revenue budget pressure from having to use Prudential Borrowing. Achieving capital receipts in the current economic climate will be challenging and this position will need to be managed carefully to avoid having to use Prudential Borrowing, which would increase the revenue budget cuts that will need to be made.

- 13.14 Cabinet note the proposals for assessing the impact of the budget proposals on diverse communities and to receive further information before making any final decisions in February.

14 Consultation Issues

- 14.1 It is suggested that the following issues be referred to Scrutiny Co-ordinating Committee for formal scrutiny:

1. Details of revised outturn detailed in Appendix A and proposal to earmark
 - a. £50,000 to provide a cash backed fund for the completion of housing works in default;
 - b. between £29,000 and £359,000 to support the 2012/13 budget; and
 - c. the remaining 2011/12 outturn balance of £867,000 to £1,197,00 to be carried forward to 2013/14 to either support the 2013/14 budget, or to provide a transitional scheme to partly mitigate the impact of changes to the Council Tax Benefit regime.
2. Seek views on the use of the 2011/12 savings of £76,848 from the Acting Chief Executive arrangements and £21,402 from the joint Head of HR role.
3. Seek views on the use of the one-off saving arising from the Industrial Action based on an estimated value of **£50,000**.
4. Proposed pressures detailed in Appendix B.
5. Revised planning assumptions detailed in Appendix C.
6. Proposed savings detailed in Appendix D.
7. Review of Reserves detailed in Appendix E.
8. Seek views the level of Council Tax for 2012.13.
9. Seek views in the proposed strategy for funding the increased costs on the PCP capital schemes detailed in paragraph 4.12.
10. Seek views on the proposal to create a capital investment fund of between £0.8m and £1.0m to develop a business case to buy and refurbish existing properties to provide affordable houses. . This will also need to consider the impact of Section 106 monies secured on the Wynyard development of £1.2m. It is anticipated these monies will be phased over a few years and will increase the total resources to £2.2m.

11. Seek views on the allocation of the available Furniture Project reserve of £50,000 to kick start this project.
12. Seek views on whether the Major Regeneration Capital budget of £0.39m should be retained, or the budget should be deleted and a revenue saving of £39,000 taken by removing the Prudential Borrowing repayment budget.
13. Seek views on the proposal to demolish the Brierton 'top site' building and ancillary buildings.
14. Seek views on the proposed purchase of the Ambulance Station.

ADDITIONAL CORPORATE ISSUES IDENTIFIED SINCE 10 OCTOBER 2011

	2011/12 Saving/ (cost) £'000	Comment on forecast outturn
<u>Local issues</u>		
Forecast Departmental Underspend	181	Since the start of the current year Departments have, as a result of the continuing need to make significant ongoing budget reductions over the next 3 years, continued to manage expenditure robustly to maximise financial flexibility and to assist the achievement of the budget reductions which will be required next year (2012/13). This includes keeping posts vacant to either enable permanent savings to be made, or to enable staff to be redeployed and avoiding other expenditure where this can be achieved without an adverse impact on services in the current year. These measures are anticipated to provide a one-off underspend against departmental budgets in the current year of £0.181m.
Additional Income Shortfalls	(154)	An assessment of forecast income shortfalls for the shopping centre, car parking and land charges income has also been completed. In total these shortfalls are anticipated to be £0.728m in the current year, which is £0.154m more than the reserves set aside to manage this shortfall. The 2012/13 budget forecasts include a pressure of £0.668m to address these issues on a permanent basis.
Additional Advance 2012/13 Savings	180	The position on the achievement of savings in advance of next year has also been reviewed and in the current year these savings total £1.08m. This is slightly higher than the initial estimate reported on 10th October 2011 of £0.9m and reflects the ongoing effective planning, management and delivery of the programme designed to achieve savings next year.
IT Contract payments	150	Prudent accruals for outstanding contract variances had been made in previous years accounts on the assumption that these amounts would be needed. Following the agreement of outstanding issues there is a one-off benefit of £150,000.
Pensions/Designated Authority costs	50	The outturn reflects a minor reduction in the employers overall pension contribution and small reduction in designated authority costs. Both will continue into 2012/13 and future years.
Energy Savings	150	Energy price increases in the current year are less than anticipated owing to the proactive energy procurement strategy pursued by NEPO to buy the 2011/12 energy requirement in advance of need. This is not expected to be sustainable as current energy prices already exceed the prices paid in 2011/12 and further increases are expected in 2012/13.
Discretionary Rate Relief	50	Applicants for discretionary rate relief from businesses is less than expected and this trend is expected to continue
Benefit Subsidy Income	200	The current benefit subsidy regime is expected to provide a one-off benefit in 2011/12. This is not sustainable as the Government have already indicated that when Council Tax Benefit is localised there will be a 10% grant cut. It is anticipated that this will be preceded in 2012/13 with cut in the benefit subsidy regime.
Church Square Loan Repayment	39	Following the deferral of this project there will be a one-off saving in the 2011/12 loan repayment costs. This could become a permanent saving if Members determine to permanently delete the Prudential Borrowing budget of £390,000 from the capital programme.
Provision for Mayoral Referendum	(70)	One off costs of holding a referendum.
<u>National Issues</u>		
April 2011 pay award saving	500	The base budget for 2011/12 included a significantly reduced provision for a cost of living pay award in April 2011 which assumed the national agreement of a flat rate increase for public sector employees earning less than £21,000 of £250. It is now expected that this arrangement will not apply to local authority staff. If this is the case there will be a one-off saving in 2011/12 and a continuing saving from 2012/13. This issues continues to be a risk and it would be prudent to maintain this provision until the national position is clearer.
Total All Issues	1,276	

SCHEDULE OF 2012/13 BUDGET PRESSURES - Corporate items

Budget Area	Value of Pressure £'000	Description of Pressure	Comment
Income Shortfalls:-		Adverse income trends have now continued for over 2 years for these areas and now need to be recognised as permanent budget pressures.	
- Car Park Income	392		
- Shopping Centre	146		
-Land Charges	130		
	668		

SCHEDULE OF 2012/13 BUDGET PRESSURES - Child and Adult Services

Budget Area	Value of Pressure £'000	Description of Pressure	Comment
Older People Commissioning	450	There are two elements within this above inflationary pressure. The first relates to increased demographic pressures owing to an ageing population and increased prevalence of dementia, resulting in more older people requiring care and support with increasingly complex needs. The second element relates to fees payable to older people care home providers which are due for renegotiation from October 2011. These fees need to be set at a level which is comparative with other councils and ensures that local providers remain economically viable and able to invest in the sector locally. An initial assessment of these pressures has been made and this will need to be reviewed when detailed negotiations have been completed and a new cost of care model developed. It is worth noting that Hartlepool currently pays the lowest care home fees (for older people) in the North East region. There is potential to stage increases should the model identify a significant uplift in fees, although this would commit part of the headroom included in future years budget forecasts for pressures. A more detailed report on older peoples care home fees will be presented to Cabinet in November / December.	Pressure may be higher and further work is needed to quantify this issue - detailed report to Cabinet in Nov / Dec 2011.
School Catering	140	The 2011/12 base budget anticipated a £0.14m subsidy for this service from the Dedicated Schools Grant (DSG). This level of subsidy will not be possible in 2011/12 and a £0.07m pressures has been recognised in the 2011/12 outturn strategy. From 2012/13 there will be no DSG subsidy for this service. Alternative measures for funding this pressure for 2012/13 are being investigated and will be reported to a future Cabinet. At this stage it is prudent to make provision for this potential pressure.	
Brierton Sports Centre	100	Brereton Sports Centre has been run since it's inception as a Community Facility managed by Brierton School. Since the closure of Brierton School and the decant of Dyke House School the facility has been managed directly by Dyke House School. Dyke House School have advised that after December 2011 (when they return to the Dyke House site) they will relinquish their management of the site. Early indications show that there would be a potential revenue cost of circa £100K per annum to maintain the facility for community use. In relation to the part year pressure in the current year this can be covered by a virement within existing budgets. There is a review underway of the future of the Brierton site - there is potential for an additional £100K capital pressure if equipment funded by Dyke House is removed from the site.	
	690		

SCHEDULE OF 2012/13 BUDGET PRESSURES - Regeneration and Neighbourhoods Department

Budget Area	Value of Pressure £'000	Description of Pressure	Comment
Concessionary Fares	113	Above inflation increase in the cost of providing Concessionary Fares.	
Waste Collection DERV	25	Projected costs for 2012 /13 based on 189,000 litres @ £1.18/litre = £223,000. Budget for 2012 / 13 (current +2.5%)	
Street Cleansing DERV	33	on same basis as above	
Domestic Violence Co-ordinator	17	SBC previously contributed towards the funding of the DV Co-ordinator as part of their efficiency drive they have revisited their structure and will no longer contribute towards this post.	
Waste Disposal (other)	165	Increase in Landfill Tax and gate fee, which includes rateable value increase and legislative change of law increase.	
	353		
Total All Areas Headroom included in budget forecasts	1,711 (1,000)		
Additional Pressures	711		

APPENDIX CSCHEDULE OF CHANGES IN PLANNING ASSUMPTIONS 2012/13 to 2014/15Factors reducing the forecast budget deficiti) External Audit Fees reduction

The Audit Commission announced reductions in current fees after the 2011/12 budget was set. For planning purposes it is assumed that these reductions will be sustainable. There is a risk that when responsibility for appointing External Auditors transfers to individual authorities these reductions may not be sustainable. This position will need to be kept under review.

ii) Insurance Renewal saving

A tendering exercise for the renewal of external insurance has recently been completed with Redcar and Cleveland Council. It had not been expected that this would produce a saving owing to the national and international position of the insurance market and trends towards higher premiums. It had been hoped that the Council's claims record would result in premiums being frozen at the 2010/11 for 3 years. Owing to the particularly competitive premiums submitted for Public Liability Insurance a 30% reduction in overall external premiums has been achieved. Assuming there is not an adverse change in the Council's claims experience this saving should be sustainable for 3 years. There is also an option to extend the contract for a further 2 years, if both parties agree.

iii) New Homes Bonus

Since the 2011/12 budget was set the Government have provided details of how the New Homes Bonus will work. This benefit can now be built into the MTFS. As indicated previously there is a risk that if more funding is needed for the New Homes Bonus at a national level as a result of higher than expected housing growth this additional funding will be top sliced from the main revenue grant for Local Authorities. This situation would lead to higher core grant cuts as it would be driven by higher levels of house building in the South East than other areas of the country.

New Homes Bonus is paid for 6 years and funding will peak in 2016/17, before falling back on an annual basis over the next 6 years. This assumes there are no future changes in the scheme, which cannot be guaranteed. However, for the period of the current MTFS the anticipated income is expected to be sustainable. The position will need to be reviewed on an annual basis as part of the budget process.

iv) Members Allowances

Assuming there are no changes in the Basic Allowance and the value and / or number of Special Responsibility Allowances when the number of Councillors reduces from 47 to 33 there will be saving in the total cost of allowances.

Factors increasing the Budget Deficitv) Increase in pressures

Pressures identified exceed the headroom included in the MTFS. Further details are provided in Appendix B.

vi) Land Tax Allowance Scheme termination

The Government have announced that this scheme will terminate in 2013/14. The income generated by the Council from this scheme will not be sustainable and needs to be built into the MTFS.

vii) Benefit Subsidy Income reduction

The existing MTFS forecast includes an annual benefit of £0.3m from the existing Benefit Subsidy system. This has been used to support the overall budget and protect front line services. The introduction of the 'Universal Credit' and the transfer of Council Tax Benefits to councils mean that this income will not be sustainable. This needs to be built into the MTFS from 2013/14.

viii) Reduction in Formula Grant – Academies Programme

In 2011/12 the Government top-sliced funding transferring into the Formula Grant to fund the national academy programme. The Government have recently issued consultation proposals to make a further top slicing of the Formula Grant in 2012/13. The Council's response to the consultation has suggested that this approach is unfair as it does not take account of the number of new academies in an area. Therefore, it was suggested funding should only be taken from those authorities with new academies and this should be based on a fixed amount per academy. As it is unlikely the Government will change the consultation proposals provision for this funding loss needs to be made in the budget forecasts.

Factors with no net impact on the MTFSviii) Salary Turnover Savings and Pay Awards

The base budget assumes that there will be staff turnover and therefore the Council does not budget for 100% of salary costs. As budgets are reduced and there are less employment opportunities in other councils and the wider economy this position is not sustainable. This risk was recognised on a

temporary basis when the 2011/12 budget was set and is being managed through the Strategic Risk Reserve in 2011/12. A permanent solution is needed to significantly reduce this risk for 2013/14 and to hopefully remove it entirely by 2014/15. The base figure is £1.3m and it is proposed to reduce this to £0.65m for 2012/13.

This reduction will be offset by reducing the provision included in the base budget for cost of living pay awards, which it is expected will be lower than previously anticipated. This proposal will reduce the ongoing provision to a marginal level which will be sufficient to cover the payment of the flat rate increase of £250 for employees earning less than £21,000. The MTFS for 2013/14 assumes there will be increased pressure for a cost of living pay award from April 2013 as pay levels will have been constrained for a number of years at a time of relatively high inflation. At this stage the provision for April 2013 is at a prudent level, albeit still very significantly below current inflation levels. In the event that the whole of this provision is not needed it would be prudent to make a further reduction in the salary turnover allowance as part of the 2013/14 budget process.

SUMMARY OF CHANGES IN PLANNING ASSUMPTIONS 2012/13 AND 2014/15

	2012/13 £'M	2013/14 £'M	2014/15 £'M
Gross Cumulative Deficit	7.780	11.680	18.230
Indicative Annual Council Tax increases of 2.5%	(1.180)	(2.180)	(3.530)
Gross Cumulative Deficit net indicative Council Tax increases	6.600	9.500	14.700
<u>Increase in Budget Pressures</u>			
Budget Pressures identified	1.711	1.711	1.711
less Headroom for pressure	(1.000)	(1.000)	(1.000)
Net additional to budget	0.711	0.711	0.711
<u>Changes in planning assumptions</u>			
External Audit Fees reduction	(0.090)	(0.090)	(0.090)
Insurance Renewal saving	(0.110)	(0.110)	(0.110)
New Homes Bonus			
- Year 1 Payment	(0.278)	(0.278)	(0.278)
- Year 2 Payment	(0.280)	(0.280)	(0.280)
- Year 3 Payment	0.000	(0.280)	(0.280)
Members allowances saving	(0.066)	(0.068)	(0.070)
Landfill Allowance Trading Scheme termination	0.000	0.200	0.200
Benefit Subsidy income reduction	0.000	0.300	0.300
Reduction in Formula Grant - Academies Programme	0.280	0.280	0.280
Total cost/(reduction) of changes in Planning assumptions	(0.544)	(0.326)	(0.328)
Revised Cumulative Deficit	6.767	9.885	15.083
2012/13 Departmental Savings targets	(5.387)	0.000	0.000
Ongoing savings achieved in previous years (assumes annual budgets balanced on a sustainable basis)	0.000	(6.767)	(9.885)
Revised Net Annual Deficits	1.380	3.118	5.198

Dept	Projects (Title)	Target savings (£K)	Scrutiny Forum	Date reported to Cabinet
C&A	Education Services & Out of School Activities	£128,000	Children's Services Scrutiny Forum	5th December
C&A	Children's Social Care & Safeguarding	£408,000	Children's Services Scrutiny Forum	5th December
C&A	Support Services	£115,000	Children's Services Scrutiny Forum	5th December
C&A	Transport	£160,000	Children's Services Scrutiny Forum	5th December
C&A	Community Pool Grants	£49,000	Adults & Community Services Scrutiny Forum	21st November
C&A	Community Services Review	£298,000	Adults & Community Services Scrutiny Forum	5th December
C&A	Adult Social Care	£1,512,000	Adults & Community Services Scrutiny Forum	5th December
C&A	Projects Currently Unallocated (not planned to be identified as a number of projects are forecasted to over achieve targets)	£73,000		
R&N	Asset Management	£340,000	Neighbourhood Services Scrutiny Forum	19th December
R&N	Property	£130,000	Neighbourhood Services Scrutiny Forum	7th November
R&N	Traffic	£640,000	Neighbourhood Services Scrutiny Forum	7th November
R&N	Management of Housing/Public Protection	£480,000	Neighbourhood Services Scrutiny Forum	24th October
R&N	Neighbourhood Management/Facilities	£90,000	Neighbourhood Services Scrutiny Forum	26th September
R&N	Waste Management	£90,000	Neighbourhood Services Scrutiny Forum	10th October
R&N	Parks & Recreation	£45,000	Adults & Community Services Scrutiny Forum	24th October
R&N	Community Safety	£50,000	Regeneration & Planning Services Scrutiny Forum	
R&N	Projects Currently Unallocated (not planned to be identified as a number of projects are forecasted to over achieve targets)	£58,000		
R&N	Management Savings (achieved in previous financial year)	£75,000	Regeneration & Planning Services Scrutiny Forum	
CEX	Customer & Support Services	£146,000	Scrutiny Co-ordinating Committee	5th December
CEX	Benefits, Council Tax and Transactional Shared Services	£203,000	Scrutiny Co-ordinating Committee	19th December
CEX	Corporate Strategy	£220,000	Scrutiny Co-ordinating Committee	5th December
CEX	Training Support Provision	£27,000	Scrutiny Co-ordinating Committee	
CEX	Joint HR Services with Darlington	£50,000	Scrutiny Co-ordinating Committee	30th August
	Total Target Savings	£5,387,000		

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011
RESERVES TO BE REVIEWED (NOT COMMITTED NOR HELD IN TRUST)

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs£'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Corporate	Insurance Fund	5,028	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.	1,400	3,628	Insurance tenders have recently been received and a comprehensive review of the Insurance Fund has been completed. This review indicated that £1.4m can be released from this reserve. The remaining balance needs to be maintained to meet known claims already received.
394	Corporate	General Fund	3,856	This reserve is held to manage emergency expenditure and any use would need to be repaid to maintain the value of this reserve.	394	3,462	Reserve which can be released consists of £89,000 transfer into this reserve from 2010/11 outturn and £305,000 unused Transitional Grant transferred to the reserve. The remaining balance equates to 3.8% of the net General Fund budget and needs to be maintained to manage unforeseen risks.
874	Corporate	Strategic Risk Reserve	3,252	This reserve has been set up to help fund risks highlighted in the Cabinet report of 8.2.10.	0	3,252	This reserve covers risk of Equal Pay/Equal Value claims, 2011/12 Salary Turnover shortfall and income shortfall for Land Charges, Car Parking and Shopping Centre Income and therefore cannot be released as these costs would then have to be met by making in year savings.
0	Corporate	Incinerator	600	Created to fund one-off costs arising from the temporary closure of the incinerator.	200	400	Commitment has reduced from estimated costs identified in February 2011.
0	Corporate	Interest Equalisation	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.	400	0	N/A
0	Corporate	Business Transformation Set Up Costs	262	Funds set aside for Implementation costs of Business Transformation Programme.	0	262	Earmarked to fund office moves programme / property rationalisation and ICT/Revenues and benefits contract costs.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Corporate	Income Tax & VAT Partial Exempt Res	250	Created to manage potential income tax and VAT partial exemption risks .	250	0	N/A
0	Corporate	Carbon Reduction	196	Reserve created to cover Carbon Reduction commitments in future years.	0	196	Fully committed to cover Carbon Reduction Commitment costs in 2011/12 and 2012/13.
0	Corporate	Area Based Grant	142	ABG carried forward from 2008/09.	72	70	Committed to support Healthy Eating Co-ordinator post in 2011/12 and 2012/13.
0	Corporate	Emergency Planning	116	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.	0	116	Reserve held on behalf of 4 authorities for Emergency Planning and only a proportion belongs to Hartlepool.
0	Corporate	Bank Income	114	Created during 2008/09 Closure.	114	0	N/A
0	Corporate	Corporate Funding Reserve	84	Corporate ICT reserve. No longer required.	84	0	N/A
0	Corporate	Budget Consultation	60	Created to fund budget consultation arrangements.	60	0	N/A
0	Corporate	Core Strategy Inquiry	55	To fund one-off costs of core strategy enquiry.	0	55	Committed to fund enquiry costs in 2011/12.
0	Corporate	Strategic Procurement Review Reserve	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.	50	0	N/A
0	Corporate	Civic Chain Reserve	46	Replacement of Mayoral chain.	0	46	Committed as part of 2011/12 budget and allocated to keep 3 community centres open for up to 9 months.
0	Corporate	NDC Fund	45	Reserve created in 2007/08 to support future expenditure on New Deal for Communities Project.	0	45	Reserve established from NDC underspend and will be transferred to the NDC Trust in 2011/2012.
0	Corporate	Maritime Av Remedial	38	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.	38	0	N/A
0	Corporate	Early Capital Equalisation	33	Created to fund repayment costs of capitalising revenue expenditure as part of budget strategy.	33	0	N/A
0	Corporate	Cash finder Savings	16	Savings arising from PWC study.	16	0	N/A
0	Corporate	Cabinet Projects	4	This reserve is to be used to fund one-off Cabinet Initiatives.	4	0	N/A
0	Corporate	Income Equalisation Reserve	1	Residual balance not needed.	1	0	N/A
0	Corporate	Salary Sacrifice	1	This reserve was created to offset potential pension liabilities in future years.	0	1	Cabinet agreed to earmark NI savings to offset potential pension liabilities in 2013/14.
0	Corporate	Cemeteries Legacies	0		0	0	N/A
1,268			14,651		3,116	11,535	

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

RESERVES TO BE REVIEWED (NOT COMMITTED NOR HELD IN TRUST)

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Chief Execs	Chief Executive's Department Ring Fenced Grants	196	Created from ring-fenced grant and to be carried forward to fund specific 2011/12 expenditure commitments.	0	196	Ring Fenced Grants carried forward e.g. PCT Health and Wellbeing Grant.
12	Chief Execs	Corporate Strategy - Divisional Restructure	113	Created to facilitate the changes required to deliver the savings for the 2012/13 budget round in respect of staffing structures and the required changes. All to be released, this has been set aside to cover redundancy costs for likely restructure to deliver budget savings for 12/13.	113	0	N/A
0	Chief Execs	Financial Inclusion	150	Created to fund the Financial Inclusion Programme.	56	94	£44,000 committed 2011/12 to fund Financial Inclusion Development Manager post and £50,000 to pump prime Financial Inclusion Initiatives e.g. Furniture Scheme, Bank of Hartlepool etc.
68	Chief Execs	Corporate Strategy - ICT System Development	84	Created to fund temporary development resources for enhancements of current ICT systems such as e-bookings and EDRMS and costs attributable to the rationalisation of systems to achieve savings from the provision of ICT.	24	60	A portion can be released after a review of potential costs. There will be costs to realising some of the potential savings which may be driven out from the base contract but the risk is minimised if we do go out for re-procurement early hence the reduction.
0	Chief Execs	Finance R & B	64	Created to fund cost of IT equipment / services.	19	45	Needed to fund ongoing costs of ICT developments / enhancements, costs of homeworkers.
0	Chief Execs	Finance - IT Investment	62	Created to fund a number of IT projects integral to the Corporate IT changes across the Authority.	0	62	To be used in 2011/12 as contributions towards HR/Payroll Investment.
0	Chief Execs	Contact Centre	51	Created to enable department to manage budget over more than one year.	13	38	£38k committed for call recording.
25	Chief Execs	Corporate Strategy - ICT Contract Review	50	Created to fund potential costs in relation to the re-procurement and or change of arrangements in respect of the Councils current ICT arrangements.	0	50	It may be possible to release this reserve in approximately October dependant on either progress on the outsourcing as most costs will be identified by this stage or there will be a requirement to look to re-let the contract in 2013 if there is not a decision, this is to avoid a corporate call on resources to deliver this. The budget (or part of it) will be required as the contract will need re-letting.
50	Chief Execs	Finance - Accountancy Section	50	Created to fund temporary appointments to cover maternity leaves during 2011-12.	0	50	Needed to fund temporary appointments to cover maternity leaves during 2011-12.
50	Chief Execs	Finance R & B - Specific Grant Reduction	50	Created to reduce the impact of Department of Work and Pensions specific grant reduction.	50	0	N/A
0	Chief Execs	Finance - IT Developments R&B	41	Created to fund IT development costs to cope with new DWP Security requirements and further Kirona scripting changes.	20	21	£21k needed to fund scripting requirements for DWP.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Chief Execs	Finance - Audit Section	35	Created to enable department to manage budget over more than one year.	35	0	N/A
0	Chief Execs	Registrars	35	Created for improvements to the Registrars building.	25	10	£10k needed to fund remainder of office moves (secure file storage) and replacement of statutory IT system.
33	Chief Execs	Corporate Strategy - Joint Working	33	Created to enable department to manage budget over more than one year.	33	0	N/A
20	Chief Execs	Corporate Strategy - Performance Management	30	Created to enable department to manage budget over more than one year.	15	15	On review a portion of this can be released as the expected costs of managing this change have reduced.
30	Chief Execs	Contact Centre	30	Created to fund software integrations including Corporate Workflow and upgrade Queue Management System.	15	15	£15k needed to fund software integrations including corporate workflow and Queue Management System.
13	Chief Execs	Corporate Strategy - Enhancing Council Profile	28	Created to fund temporary costs in development and establishing arrangements for enhancing and maintaining the Councils profile including social networking, public relations and other associated elements.	13	15	It is unclear at the moment if there will be any development costs to address the Cabinet decision to progress social media. This work is ongoing and there may be technical changes required to websites etc. This is to avoid having to call on departmental contributions to fund this.
0	Chief Execs	Support to Members	27	Created to enable department to manage budget over more than one year.	27	0	N/A
0	Chief Execs	Finance - Accommodation	26	Created to support future years accommodation costs.	26	0	N/A
24	Chief Execs	Legal Registration and Members	24	Created to fund temporary additional staffing within the Legal Section. Also, additional costs in postage for the renewal of Personal Identifiers for Electoral Registration which must be completed every five years.	0	24	Needed to fund temporary additional staffing within the Legal Section. Also, additional costs in postage for the renewal of Personal Identifiers for Electoral Registration which must be completed every five years.
0	Chief Execs	Finance - Accountancy Section	24	Created to enable department to manage budget over more than one year.	24	0	N/A
0	Chief Execs	Corporate Strategy - Working from Home Surplus	23	Created to manage the costs of homeworking key fobs between financial years.	10	13	Use is variable and costs vary from year to year, this allows the costs to be managed and also deals with balancing costs in respect of blackberry server environment. £10k could be released after an assessment of cost and use over the last 2 years.
0	Chief Execs	Finance R & B - Contact Centre/Benefits e-form	20	Created to fund costs of e-form development.	20	0	N/A
20	Chief Execs	Finance R & B - Atlas Project	20	Created to fund the additional funding required to match DWP Atlas grant received to complete project.	0	20	Needed in 2011/12 for HBC costs of DWP project.
0	Chief Execs	People Framework Development	18	Created to enable department to manage budget over more than one year.	0	18	Needed to fund new and on-going staff requirements in response to changes in the organisation e.g. developing competency standards, building and sharing capacity, Management Academy etc.
1	Chief Execs	Corporate Strategy - Corporate Consultation	16	Created to enable department to manage budget over more than one year.	0	16	This has specifically been carried through to enable the changes required as a result of budget consultation reductions last year to be managed in this year.
0	Chief Execs	Finance R & B - Internal Bailiff Development	16	Created to fund costs associated with Internal Bailiff Development.	0	16	Fully committed for Bailiff pilot scheme.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
15	Chief Execs	Registrars	15	Created for redecoration of new marriage/ceremonies room at the Borough Hall and some software integrations/upgrades.	0	15	Needed for redecoration of new marriage/ceremonies room at the Borough Hall and some software integrations/upgrades.
15	Chief Execs	Finance R & B - Council Tax Rebate Development	15	Created for funding towards Council Tax Rebate Scheme Software Development.	0	15	Fund ICT costs associated with new Council Tax Rebate Scheme arising from new Welfare Reform Bill - requirement irrespective of procurement exercise.
10	Chief Execs	Finance R & B - Zipporah Corporate Booking System	10	Created to fund Development work linked to Zipporah Corporate Booking System.	0	10	Committed in 2011-12 to ensure integration to payment system as part of corporate booking system.
10	Chief Execs	Finance R & B - Software Projects	10	Created for funding towards BACS and DD's Software Project Developments.	0	10	Committed in 2011/12 and 2012/13 as part of modernisation and efficiency improvements to payments of creditors and receipts processing routines.
0	Chief Execs	Finance R & B - Intercept Software	6	Created to fund costs of Intercept Software.	6	0	N/A
5	Chief Execs	Finance R & B - Payment Card Industry	5	Created to fund Payment Card Industry security review.	0	5	Banking Industry requirement, will be committed 2011/12 as per Internal Audit report.
5	Chief Execs	Finance R & B - Integration Import	5	Created for funding toward ICT Integration Import for Department of Work and Pension deductions from DWP Welfare Benefits to Council Tax System.	0	5	Development costs needed in 2011/12 irrespective of Benefits procurement outcome and work completed in August 2011.
0	Chief Execs	Finance R & B - FSM System	4	Created to fund costs of FSM System.	0	4	Committed for on-going support & maintenance costs of FSM system.
0	Chief Execs	Resource Investment - HR	3	Created to enable department to manage budget over more than one year.	0	3	£3k committed for Safer Recruitment file checks.
0	Chief Execs	Finance R & B - New Scanner	3	Created to fund costs of a new scanner.	3	0	N/A
0	Chief Execs	Chairman's Charity Reserve	1	Chairman's Charity Fund Reserve.	0	1	N/A
0	Chief Execs	HR Service Improvement	1	Created to enable department to manage budget over more than one year.	1	0	N/A
0	Chief Execs	Mayors Charity Fund Reserve	1	Mayor's Charity Fund Reserve.	0	1	N/A
406			1,395		548	847	

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

RESERVES TO BE REVIEWED (NOT COMMITTED NOR HELD IN TRUST)

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
185	Adult	Supporting People Reserve	972	Reserve created from Grant underspend and earmarked for potential clawback. To be used to fund transition arrangements following SDO reductions taking place during 2011/12.	787	185	Reserve created in 10/11 to be utilised in 2011/12 to fund the transitional costs of reducing contracts to providers following the significant cuts in resources made to Supporting People funding. If the full £185k is not required, the balance can be released.
0	Adult	Adult Education	570	Created from LSC (Learning Skills Council) grant fund to address short and long term pressures from within the Adult Education service.	40	530	Remainder of reserve is specific grant funding which needs to be held as can be subject to recall by LSC linked to numbers of students supported.
421	Adult	Older People - SRR	421	Increased income received in 2010/11. To be used to fund demographic pressures on Older People.	0	421	New reserve created in March 2011 as Strategic Risk Reserve owing to the very significant demographic pressures in Older People Services.
188	Adult	Social Care Reform Grant	359	Reserve created from specific grant received in 2010/11. To be used to fund project slippage in 2011/12 and 2012/13.	171	188	Reserve to be utilised to fund commitments relating to temporary staffing in 2011/12 and 2012/13.
0	Adult	Mill House	146	The reserve arose from a rates rebate following a review of the leisure centre rateable values in 2006/07.	0	146	Member decision to agree whether reserve should be transferred to capital funding or for ongoing maintenance within the overall council.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
0	Adult	Tall Ships Reserve	139	This reserve has been set aside to support the Tall Ships visit in 2010.	0	139	As reported in the 2010/11 Outturn Strategy this amount is available should any residual contractual commitments arise in 11/12 - a review will be undertaken throughout the year. A strategy for using any residual balance can be developed as part of the 2012/13 budget process.
0	Adult	Seaton CC 'Management'	108	Balance carried forward from previous years. Some of this fund pertains to Children's Services. However, the amount is still being determined by the overseeing board.	0	108	Reserve to be held to contribute to any development proposals currently being discussed at Cabinet.
100	Adult	Reablement Funding	100	PCT income received for reablement of service users.	0	100	New reserve created in March 2011 re PCT specific funding received in March 2011 for agreed outcomes - timing delays - expected to fully spend the reserve.
0	Adult	Respite Provision for Autism	80	Income received from PCT for use to provide capital for creation of specialist housing provision of Autism respite.	0	80	Specific funding provided by PCT to contribute to capital scheme which has not come to fruition. Negotiations underway with interested parties to utilise the resources to attain long term benefits for the investment, non-use may lead to return of resources.
0	Adult	CSDP Contribution to capital	68	Reserve created from revenue to increase capital reserve for Adaptations for Disabled people.	0	68	Reserve to be utilised for DFG's to expedite waiting lists and ensure ongoing care costs are reduced.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
8	Adult	Community Grants Pool	59	Reserve created year on year from the underspend on the Community Grants Pool budget as this expenditure is 'ring-fenced' by Members for contributing towards the community.	0	59	Member decision.
0	Adult	Carer Emergency Respite Care service	54	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. Service now in place and usage has levelled out so reserve no longer required.	54	0	N/A
26	Adult	Mental Health Capacity Act specific grants	53	Reserve created from a mixture of PCT/grant funding.	27	26	Contribution from PCT in 10/11 towards costs for 11/12 post - in year underspends led to non use of residual reserve.
0	Adult	Tobacco Control	43	Reserve created owing to grant income provided to carry out work over a 2 year period.	0	43	Needed to fund staffing posts to meet the terms & conditions of the original grant - exit strategy in place for staffing etc.
0	Adult	Telecare GD, DOH, Preventative Technology Grant c/fwd	41	Reserve created from under utilised specific grant to create a equipment replacement fund. Alternative funding provided by the PCT.	41	0	N/A
13	Adult	DOH Grant Stroke Care	34	Reserve created from specific grant.	21	13	Reserve required to continue to temporarily fund two Stroke Clubs within the community as per DOH specific grant.
0	Adult	Public Health Phys Activity	29	Reserve created from PCT monies. Monies to be awarded by HBC in grants to the community and voluntary sector on behalf of the PCT.	0	29	PCT funding for community and Voluntary Sector activities.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
21	Adult	Campus Reprovisioning Grant	21	Reserve created from specific grant received in 2010/11. To be used to fund project slippage in 2011/12.	0	21	Reserve to be utilised to offset unfunded costs in Campus Reprovision via NHS funding transfer - work underway to reduce ongoing contract costs through staffing changes currently covered by TUPE.
0	Adult	Adult Social Care	20	Income from PCT for various social care expenditure i.e., OT equipment, IT for Care homes <u>Residual balance not required for project.</u>	20	0	N/A
12	Adult	Archaeology Projects	16	Reserve to be used for specific archaeology projects following SDO reductions.	4	12	Specific project underway to move archaeological items from Bunker - will be complete by September 2011.
0	Adult	Renaissance in the Regions	14	Reserve created from unspent grant funding to support the overall HUB shared by all 4 Tees Valley Authorities.	0	14	Specific grant underspend to support the overall hub - expected to be spent by September 2011.
0	Adult	Sports Activities - various	14	Underspend on grants for sports & health activities.	0	14	To be utilised for Olympic event summer 2011.
0	Adult	Grayfields Pitch Improvements	13	Reserve created to complete the pitch improvements at Grayfields.	0	13	Delayed owing to weather condition expected to be completed by September 2011.
11	Adult	Library System Improvements	11	Reserve set aside to fund Library System improvements in line with Government requirements for Data Protection and Security.	0	11	Upgrade of Library systems being installed June, tested and completed by July.
0	Adult	Sir William Gray House Storage Facilities	8	Reserve created to secure match funding from Heritage Lottery Fund to improve collections storage and facilities at Sir William Gray House.	0	8	Specific project underway to move archaeological items from Bunker - will be complete by September 2011.
5	Adult	Sports & Recreation - Sports Awards	7	To fund sports coaches training awards.	0	7	To be utilised for Olympic event summer 2011.
7	Adult	Marketing Reserve	7	Reserve to be used to fund Marketing expenditure in 2011/12 to generate increased income as part of the SDO target.	0	7	To be utilised this summer.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Adult	Health Walks programme Natural England	6	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.	0	6	Plan to spend reserve by September.
0	Adult	Adult Social Care - Communities for Health Grant	6	Specific grant received close to 2008-09 year end - residual balance not needed. Residual balance not required for project.	6	0	N/A
0	Adult	Archaeology - Monograph Series	5	Creation of reserve to ensure completion of project and ensure no loss of external funding for the overall project.	0	5	Fund to be used to print the series and meet conditions of grants received.
0	Adult	Culture Shock Community Engagement Project	2	Reserve created to make up shortfall of income from Heritage Lottery Fund for the project - residual balance not needed.	2	0	N/A
0	Adult	Throston Library Youth Worker	1	Reserve created to fund sessional Youth Worker at Throston Library. - residual balance not needed.	1	0	N/A
0	Adult	Development of Historic Quay	1	Residual balance, not needed.	1	0	N/A
996			3,426		1,174	2,252	

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

RESERVES TO BE REVIEWED (NOT COMMITTED NOR HELD IN TRUST)

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
267	Children's	Looked After Children	1,066	Contribution to the Safeguarding and Specialist Services for the development of Looked After Children in this volatile area.	0	1,066	Volatile area and risky to release reserve with increasing numbers of Looked after Children.
	Children's	Brierton/Dyke House BSF Costs	300	Reserve created to fund BSF costs.	0	300	Funding of costs including specialist advisors and BSF costs.
0	Children's	Think Family	299	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..	50	249	This is used as part of invest to save work, piloting children on edge of care, including support and training for foster carers. Residual £50k not required.
0	Children's	BSF Implementation Costs	242	This is the revenue reserve to fund the revenue costs of the School Transformation Team.	0	242	Profiled to fund Transformation Team staffing and BSF costs.
0	Children's	Ring-Fenced Grants	227	A number of ring-fenced grants were underspent at the end of 2009/10 and 2010/11 therefore this Reserve was created in order to carry the funding forward into future years.	41	186	Breastfeeding - £58k to support PCT initiative. NDC - Learning Initiatives Ready for Baby - £5k. Children's Fund - £68k funding agreed by Members as part of 2011/12 budget setting. Education Business Partnerships - £5k to work with vulnerable young people.
0	Children's	Youth Offending Reserve	206	Ring-Fenced as YOS is a Partnership Budget. Created from planned underspends in previous years to fund YOS initiatives.	40	166	Funding to manage Service, payment of rent for premises and cost of redundancy appeals (4 staff supernumerary) £40k can be released.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Children's	Community Facilities in Schools - Children's Services Funding	154	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 on this Reserve during 2009/10. In 2010/11 there was also base budget provision of £100k which an element contributed towards the deficit at the St John Vianney Children's Centre. The balance of this budget has been transferred to this Reserve. The base budget has been deleted as part of the savings exercise so this is now a 'Contingency' budget..	54	100	To hold balance as a contingency, 11/12 to be a transitional year. Reserve maybe required to support schools.
0	Children's	School Rates	116	This was created to manage the volatility of business rate charges within school budgets. Following the implementation of the Dedicated School Grant which now finances any schools rates volatility, and the 2010 review of rateable valuations, this reserve is no longer required.	116	0	N/A
85	Children's	Raising Educational Achievement	85	Incorporates funding to ensure the most vulnerable young people are tracked and supported to remain in education.	0	85	Required to meet needs of vulnerable young people supported in education, especially those who are at risk of entering the Youth Justice System.
2	Children's	Positive Activities for Young People	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..	0	77	Funding required to meet the needs of vulnerable young people and ensure engaged in purposeful activities, especially those at risk of entering the Youth Justice system.
0	Children's	Early Years Development Childcare Plan	57	This reserve has been created to develop the provision of services for 3 and 4 year olds. Not required for funding services.	57	0	N/A

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Children's	Community Facilities in Schools - Corporate Funding	50	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. Reserve not required. Contingency already in place if required.	50	0	N/A
0	Children's	Carlton Outdoor Centre	66	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.	0	66	Required to support Carlton Centre following withdrawal of funding by other LAs.
33	Children's	Sustainable Travel/Post 16 Travel	33	Funding towards Post-16 travel previously funded by government grants.	0	33	Pathfinder grant for Post 16 students stopped in 11/12. Currently piloting scheme where colleges pay cost of travel, required as contingency.
	Children's	Raising Educational Achievement	32	Incorporates funding to enhance the Educational achievement and experience through Playing for Success.	0	32	To fund salaries to continue initiative with Hartlepool FC until Aug 11.
32	Children's	City Learning Centre	32	This is Contingency funding to enable the continuation of the service based at the Space to Learn Centre. Not required as planned.	32	0	N/A
15	Children's	Educational Psychologists	30	Created to support initiative at Springwell School during 2011/12.	0	30	Supporting the bursars of 2 student psychologists, including one at Springwell School.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
0	Children's	Local Safeguarding Children's Board (Partnership Funding)	29	Ring-Fenced Reserve - This is Partnership Funding with other bodies so not all HBC funding. Relates to underspends carried forward.	0	29	Partnership funding held by LA, ringfenced to support Serious Case Reviews.
0	Children's	Workforce Development	25	2010/11 balance of grant funding to be carried forward into 2011/12.	0	25	CWDC specific grant funding to support Agency Social Workers and to cover social work training costs for the academic year.
0	Children's	Child Poverty Local Duties	21	Late Notification of ABG allocation to be carried forward to fund targeted family work in 2011/12.	0	21	One off funding required to pilot targeted intervention work with identified poverty issues.
0	Children's	Parenting Support	20	This was created from additional income over and above the grant generated from the Parenting Support Programme in 2007/08. Over achievement of income, not required for core service.	20	0	N/A
0	Children's	Teenage Pregnancy	20	Reserve was created from income generated by the Teenage Pregnancy initiative which has been set aside to enhance the TP Programme. Funding not required as planned.	20	0	N/A
0	Children's	Swimming Pool Maintenance	20	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. Not required as previously planned for pool floor.	20	0	N/A

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Children's	Youth Service - General	10	Youth Advisory Group Balances and youth centre catering surpluses have been carried forward from previous years to fund service developments.	10	0	N/A
3	Children's	Raising Educational Achievement	9	Incorporates funding to enhance the Educational achievement and experience through Playing for Success.	0	9	Specific grant funding to fund salaries to continue initiative with Hartlepool FC until Aug 11.
0	Children's	Care Matters	4	Contribution to the Safeguarding and Specialist Services for the development of Looked After Children in this volatile area.	0	4	Required to fund educational visits during Summer 2011 for LAC.
2	Children's	Youth Opportunity Grants	2	Specific Grant Awards given to the Young People for activities during 2011/12.	0	2	Activities booked with young people in 11/12.
439			3,233		510	2,723	

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

RESERVES TO BE REVIEWED (NOT COMMITTED NOR HELD IN TRUST)

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Regeneration & Neighbourhoods	Jobs and the Economy	380	ABG Funding received at the end of 2009/10.	200	180	Funding needed to cover the continued commitment to projects including ILM, Hartlepool Working Solutions and Business Incubation until March 2012.
0	Regeneration & Neighbourhoods	Regeneration & Neighbourhoods MRU	243	Funding set aside to support the ISQ Gateway Project, Vehicle Trackers and a temporary Planning Officer Post.	78	165	Commitment for a Planning Officer Post, Financing of Vehicle Trackers already purchased and funding to support the ISQ Gateway Project.
0	Regeneration & Neighbourhoods	Earmarked Grant Funding	222	Mainly balances remaining in 09/10 which relate to funding given for a specific purpose over more than one year.	104	118	Funding carried forward to fund ITU Management Consultant, Hart Graffiti removal project, Selective Licensing, and Regeneration grant funded schemes which run for more than one year. £10k redundancy provision transferred to Corporate Redundancy Reserve.
0	Regeneration & Neighbourhoods	Seaside Grant	200	Funding set aside to fund expenditure commitments on a Capital Project.	0	200	Capital grant to be used as part of Seaton redevelopment.
154	Regeneration & Neighbourhoods	Economic Development	154	Completion of various ongoing commitments including the Employment and Integration Scheme, Training Placements, Connect to Work, Jobsmart.	13	141	Grants carried forward to support the ESF Going Forward project.
144	Regeneration & Neighbourhoods	Selective Licensing	144	Income generated from fees required to fund the scheme over a 5 year period.	0	144	Needed to fund running costs for the scheme over 5 years.
132	Regeneration & Neighbourhoods	Community Safety	132	Local Public Service Agreement Phase 2 reward grant for committed projects approved by Safer Hartlepool Partnership - Domestic Violence.	0	132	Grant administered and controlled by SHP and contractually committed.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
112	Regeneration & Neighbourhoods	Licensing	112	Licence Fee Income in Advance - previously this was included on the Balance Sheet as Income in Advance and is now required to be carried forward as an 'Earmarked Reserve' under the new IFRS Code of Accounting Practice. The reserve will cover expenditure in 2011/12.	100	12	Needed to support Licensing running costs in 2011/12.
100	Regeneration & Neighbourhoods	Property Services and Facilities Management	100	Use of some of the surplus generated by Trading Accounts to cover the costs of potential remedial works and protect against future income volatility.	0	100	Retained to partly cover additional costs PCP Capital Projects at Rossmere and Jesmond Road Schools.
0	Regeneration & Neighbourhoods	Housing Reserve	96	Various housing expenditure including, selective licensing, IT costs and CADCAM.	0	96	Includes Selective Licensing which requires funding for staff for a further 4 years, Housing IT system upgrades and funding set aside to cover future CADCAM liabilities.
0	Regeneration & Neighbourhoods	Empty Homes	80	To implement / match fund a TV wide pilot to bring empty homes back into use.	0	80	Funding to deliver phase 1 in partnership with HH and match funding Towards bid for HCA funding previously approved by Members.
0	Regeneration & Neighbourhoods	Stranton Nursery	70	Expand and improve retail facilities as previously agreed by Members.	0	70	Work already underway.
0	Regeneration & Neighbourhoods	Baden Street	55	Balance required to fully implement phase 1 of scheme approved by Members.	0	55	Not possible to reduce scheme. To scale back the scheme at this stage would not have the desired effect on reducing antisocial behaviour and would not address the issue of inadequate management of privately rented housing stock.
50	Regeneration & Neighbourhoods	Cemetery & Crematoria	50	Planned use of additional income carried forward to partly fund new cremators as previously agreed by Members as part of funding strategy for this project.	0	50	Funding to reduce prudential borrowing costs.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Regeneration & Neighbourhoods	Allotments	50	Implementation of the Council's Allotment Development Strategy as agreed by Members.	0	50	Insufficient revenue budget to invest in service asset improvement.
0	Regeneration & Neighbourhoods	Winter Maintenance	50	Purchase of winter maintenance equipment.	0	50	Replace existing equipment.
0	Regeneration & Neighbourhoods	Furniture Project	50	To implement the findings of the Scrutiny review into reduction of child poverty and increasing access to affordable credit.	0	50	To pilot a scheme to be approved by Members.
46	Regeneration & Neighbourhoods	Community Safety	46	Completion of various contractual/committed projects including 'Target Hardening' & 'Local Volunteering'.	0	46	Contractual obligations.
46	Regeneration & Neighbourhoods	ITU	46	Carry forward of grant set aside to support the running costs of the Integrated Transport Unit (ITU).	0	46	Needed to support staffing costs.
0	Regeneration & Neighbourhoods	Economic Development	45	To fund Economic Development staff as temporary programme money ceases.	45	0	N/A
37	Regeneration & Neighbourhoods	Urban & Planning Policy	37	Relates to the part carry forward of funding identified to support major regeneration projects such as the Innovation and Skills Quarter (ISQ) Gateway and development of Church Square. The reserve is to support feasibility costs and contribute match funding towards external funding bids.	0	37	Church Square capital refurbishment commitment.
35	Regeneration & Neighbourhoods	Social Housing New Build	35	Relates to the surplus generated by the New Social Housing which needs to be set aside to cover future maintenance costs in accordance with the approved business case for this project.	0	35	Contractual requirement of Housing Grant.
0	Regeneration & Neighbourhoods	Local Plan	32	To part fund the Local Development Framework within Planning.	0	32	Strategic studies needed to support the Local Development Framework.
31	Regeneration & Neighbourhoods	Neighbourhood Management	31	Carry forward of NDC (New Deal for Communities) funding to continue scheme.	4	27	£4k released to redundancy pot - remainder needed for salary costs.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
27	Regeneration & Neighbourhoods	Economic Development	27	Carry forward of Income generated by Graffiti Project which is required to meet ongoing running costs associated with future income generation opportunities.	13	14	Scheme currently under review, funding required to fund ongoing staffing costs and exit costs.
0	Regeneration & Neighbourhoods	Building Maintenance Remedial	22	Traditionally all building projects require remedial work following their completion and this is a quarter of the figure spent last year.	0	22	Without this reserve there will be a pressure on the trading account.
0	Regeneration & Neighbourhoods	Regeneration Reserve - Specific	21	Mainly grant funding earmarked for future use.	21	0	N/A
0	Regeneration & Neighbourhoods	Greatham Community Centre	20	Remedial works necessary upon surrender of lease.	0	20	Complete.
0	Regeneration & Neighbourhoods	H & S Training	20	Legislative requirements for operational staff to be trained to HSE set standards.	0	20	Legal requirement.
18	Regeneration & Neighbourhoods	Property Services and Facilities Management	18	Completion of various commitments under the Invest to Save programme.	0	18	Previously agreed to fund further invest to save projects.
16	Regeneration & Neighbourhoods	Speed Cameras	16	Relates to the funding ring fenced for the Tees Valley Camera Partnership.	0	16	Ring Fenced funding.
15	Regeneration & Neighbourhoods	Economic Development	15	Managed Revenue Underspend earmarked for development of Hartlepool's Economic Regeneration Strategy.	5	10	Has to be carried out.
11	Regeneration & Neighbourhoods	Tree Works	11	Tree Works - completion of planned programme.	11	0	N/A
0	Regeneration & Neighbourhoods	Neighbourhood Community Development Projects	10	With loss of WNF funding needed to support neighbourhood meetings.	0	10	Unavoidable costs which would have to be borne by revenue account.
0	Regeneration & Neighbourhoods	Village Green Hearings etc.	10	Fund legal costs associated with public inquiries in relation to village green applications.	0	10	2 applications already received.
0	Regeneration & Neighbourhoods	Equine Enforcement	10	An increasing problem of unregulated tethering of horses on council land.	0	10	Member decision to implement equine enforcement policy.
7	Regeneration & Neighbourhoods	Housing	7	Committed for Housing Condition Survey/Strategic Housing Market Assessment.	0	7	Has to be carried out.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
5	Regeneration & Neighbourhoods	Neighbourhood Management	5	NDC (New Deal for Communities) Cohesion project - reserves allocated to complete project in 2011/12.	0	5	Needed to complete project in 11/12.
3	Regeneration & Neighbourhoods	Dog Warden	3	Dog Warden - earmarked for funding of new bins which were not received by year end.	3	0	N/A
988			2,673		596	2,077	

APPENDIX F**BUDGET CONSULTATION MEETING WITH BUSINESS REPRESENTATIVES**

**Minutes of Meeting held on 20 October 2011
at 4:00pm in the Mayor's Office, Level 2, Civic Centre**

Present: ***Hartlepool Borough Council Officers***
 Stuart Drummond, Mayor
 Nicola Bailey, Acting Chief Executive
 Chris Little, Chief Finance Officer
 Joanne Machers, Chief Customer & Workforce Services Officer
 Councillor G Hall
 Councillor R Payne
 Dave Stubbs, Director of Regeneration and Neighbourhoods
 Jill Harrison,
 Councillor H Thompson
 Councillor J Brash
 Councillor P Hargreaves
 Councillor C Hill
 Councillor C Simmons

Trade Union Representatives

Edwin Jeffries
 Steve Williams
 Tony Watson
 Malcolm Sullivan
 Debbie Kenny
 Sue Garrington
 Andy Waite

Apologies:

Councillor P Jackson
 Andrew Atkin, Assistant Chief Executive

Sam Durham, PA to CEMT (Minutes)

1.	Presentation
<p>CL provided an overview of the following</p> <ul style="list-style-type: none"> - Spending Review provided overall financial direction of Government Spending - Local Government Settlement confirms cuts to Council funding - National position - The Council's 2012/12 to 2014/15 Budget - Localising support for Council Tax - Proposals for Business Rates Retention 	

Comments Made	Response
<p>The Trade Union representatives noted that they recognise the current financial position.</p> <p>The Trade Unions would like to maintain jobs and see the least number of Compulsory Redundancies made.</p> <p>Trade Unions are not happy with the council tax proposals and advised may part with council over council tax issues as they feel it has an impact on staff losing jobs.</p> <p>Also questioned Local Government pensions and if there would be any reductions.</p> <p>Trade Unions felt that funding needs to be prioritised.</p> <p>Suggested training young people up for the future and looking into more apprenticeships.</p> <p>Flagged up the constant moving costs. Feel money could be saved here.</p>	<p>General agreement with this objective and Council working to minimise redundancy, although financial position makes this difficult.</p> <p>Comments noted.</p> <p>CL also advised that pension funds are governed by national regulations and the Government are currently consulting on changes. Financial impact will need assessing when firm proposals are identified by the Government.</p> <p>DS explained that training is given to staff who are on the redeployment list.</p> <p>Confirmed that there is a strategic approach to apprenticeships.</p> <p>DS the moves actually save money and generated capital receipts.</p>

Appendix F**BUDGET CONSULTATION MEETING WITH BUSINESS REPRESENTATIVES**

**Minutes of Meeting held on 26 October 2011
at 8.30am in the Mayor's Office, Level 2, Civic Centre**

Present: ***Hartlepool Borough Council Officers***
Stuart Drummond, Mayor
Nicola Bailey, Acting Chief Executive
Dave Stubbs, Director of Regeneration and Neighbourhoods
Chris Little, Chief Finance Officer
Councillor C Hill

Business Representatives

Peter Olson
Adrian Liddell
Brian Beaumont
John Megson

Apologies:

Andrew Atkin, Assistant Chief Executive
Councillor J Brash
Joanne Machers
Councillor G Hall
Councillor H Thompson
Councillor P Hargreaves
Councillor R Payne
Councillor P Jackson

Sam Durham, PA to CEMT (Minutes)

1.	Presentation
<p>CL provided an overview of the following issues.</p> <ul style="list-style-type: none"> - Spending Review provided overall financial direction of Government Spending - Local Government Settlement confirms cuts to Council funding - National position - The Council's 2012/12 to 2014/15 Budget - Localising support for Council Tax - Proposals for Business Rates Retention 	

Comments Made	Response
The Business Partners noted they recognise the need for the cost increase over the next couple of years.	
Expressed concern that any increase in council tax will hit pensioners hard. Although recognise that not increasing Council Tax increases problems which will occur in 2013/14.	SD stated that nothing is definite regarding the 2.5% increase for 2012/13. The level of Council Tax increase next year will affect service cuts in the following year.
Questioned redundancy rates for the next couple of years.	CL advised don't know how next 3 years will be profiled. Currently working through contractual issues and financial provision is prudent at this stage.
Questioned how many people have gone through voluntary redundancy? And is it the more expensive?	Confirmed sweep has been carried out throughout the Council to see who is interested in leaving. Explained that not looking at the people that will be lost but the service lost.
Questioned progress on the outsourcing of ICT / Revenues and Benefits?	CL confirmed that tender submission have been received and Council is assessing and completing initial due diligence. SD commented that he is happy with the EZ decision and if everything goes ahead the economy in Hartlepool will benefit and will help increase jobs.
Questioned what would sell to achieve £4.47m of capital receipts?	Advised there is a list of assets to be realised to reach the capital receipts targets of £4.47m over the next 3 years. Progress will be monitored carefully.

PO confirmed they are happy to write to PD Ports and other contacts to help influence decisions made.

JM thanked the group for the opportunity but expressed dissatisfaction with the number of Councillors attending the meeting.

Appendix G**Impact Assessment Form**

Department	Division	Section	Owner/Officer
Function/ Service			
Information Available			
Relevance	Age		
<i>Identify which strands are relevant to the area you are reviewing or changing</i>			
	Disability		
	Gender Re-assignment		
	Race		
	Religion		
	Sex		
	Sexual Orientation		
Marriage & Civil Partnership			
Pregnancy & Maternity			
Information Gaps			
What is the Impact			
Addressing the impact	1. No Impact - No Major Change		
	2. Adjust/Change Policy		
	3. Adverse Impact but Continue as is		
	4. Stop/Remove Policy/Proposal		
Action identified	Responsible Officer	By When	How will this be evaluated?
Date sent to Equality Rep for publishing		00/00/00	
Date Published		00/00/00	
Date Assessment Carried out		00/00/00	

SUMMARY OF 2012/13 LOCAL GOVERNMENT SETTLEMENTBack ground

- Department for Communities and Local Government issued formal consultation proposals for distribution of Formula Grant for 2012/13 on 8 December 2011;
- Consultation period ends 16 January 2012;

Key Issues - are provided below:

<u>Key Issue</u>	<u>Impact on Hartlepool</u>
<p><u>Formula Grant</u></p> <p>The overall settlement is unchanged from the initial proposals published in February 2011.</p> <p>The Secretary of State for Communities and Local Government has stated 'this is in line with the Government's policy on multi year settlements, which is that we will not change the provisional proposals first published in February 2011 except in entirely exceptional circumstances'.</p>	<p>No impact as grant cut included in the MTFS of £4.1m (8%) for 2012/13 has been confirmed.</p>
<p><u>Council Tax Referendum arrangements</u></p> <p>The Government have announced that they will abolish Whitehall capping and replace with Council Tax referendums.</p> <p>The Government are proposing thresholds for 'excessive' Council Tax increases which trigger referendum, as follows:</p> <ul style="list-style-type: none"> • 3.5% for local authorities; • 3.75% for the City of London; • 4% for the Greater London Authority, police authorities and single purpose fire and rescue authorities. <p>Above proposals need to be formally approved by Parliament in late January 2012 as part of the final report on the 2012/13 Local Government Finance Settlement. It is expected these thresholds will be subject to annual review by the Government.</p>	<p>The Government's announcement removes an area of uncertainty for 2012/13. This enables Cabinet to consider the level of Council Tax increase in the context of the national regulations for referendum, the 2012/13 Council Tax freeze arrangements and local circumstances.</p> <p>Council Tax options are detailed in paragraph 6.10 of the report.</p>

<p>If an authority determines to approve a proposed Council Tax increase above the 'excessive' threshold a Council Tax referendum needs to be held not later than the first Thursday in May.</p> <p>Authorities going down this route effectively need a 'fall back' budget based on the referendum being unsuccessful. Under this scenario the Council Tax increase would be limited to the 'excessive' increase determined by the Government for triggering a referendum, i.e. 3.5% for 2012/13.</p> <p>There will be a range of factors and timescales which will need considering if an authority determines it wishes to seek support for a higher Council Tax increase via a referendum. These issues have not yet been examined in detailed.</p>	
<p><u>Reform of Local Government Funding</u></p> <p>The Government has confirmed their intention to introduce a new funding system for local authorities in 2013/14, including proposals to re-localise business rates. These issues have been subject to consultation and the Government has indicated that it 'will set out its responses to the consultation proposals to Parliament shortly.</p>	<p>No impact in 2012/13. As reported previously financial risk for 2013/14 and beyond. Further details will be reported to Cabinet when they become available.</p>
<p><u>Transitional Funding</u></p> <p>Transitional Funding will be paid to councils with an 8.8% 'spending power' reduction for 2012/13. Nationally the number of councils receiving Transitional Funding in 2012/13 will be 12 (total grant £20m), compared to 44 councils in 2011/12 (total grant £96.2m).</p>	<p>The Government have determined that Hartlepool's 'spending power' cut is 5.75%; therefore the Council is not eligible for Transitional Funding. There is no impact on the MTFS as this position was expected.</p>

Proposed Response to 2012/13 Local Government Finance Settlement

The Governments consultation closes on 16 January 2012. It is suggested that Hartlepool does not ask for a meeting with the Minister and provides a written response, which it is proposed the Chief Finance Officer agrees with the Mayor. Key issues to cover in Hartlepool's responses:

- Fairness of proposed settlement;
- Concern that funding has not been found to extend Transitional Grant to follow principles adopted for the previous 'floor damping system' which provided protection for a number of years. Particularly against background of Government finding significant funding to freeze Council Tax for 2012/13;
- Concern that 2012/13 Council Tax freeze grant will only be paid for one year. This proposal clearly recognises that councils need additional funding, but only provides a temporary solution which will increase the financial challenges facing councils in 2013/14. The removal of this funding cannot be viewed in isolation and needs to be considered in the context of other changes being made in 2013/14, including re-localisation of business rates, Council Tax Benefit changes and reform of the Local Government funding system.

CABINET

MINUTES AND DECISION RECORD

19 December 2011

The meeting commenced at 9.15 am in the Civic Centre, Hartlepool

Present:

The Mayor, Stuart Drummond - In the Chair

Councillors: Jonathan Brash (Housing and Transition Portfolio Holder)
Robbie Payne (Deputy Mayor) (Finance and Procurement Portfolio Holder),
Gerard Hall (Adult and Public Health Services Portfolio Holder),
Cath Hill (Culture, Leisure and Tourism Portfolio Holder),
Chris Simmons (Children's Services Portfolio Holder),
Hilary Thompson (Performance Portfolio Holder),

Also Present: Councillor Christopher Akers Belcher, Vice Chair of Scrutiny
Coordinating Committee and Chair of Children's Services Scrutiny
Forum.
Councillors Turner and Wells.

Officers: Nicola Bailey, Acting Chief Executive
Andrew Atkin, Assistant Chief Executive,
Chris Little, Chief Finance Officer
Peter Devlin, Chief Solicitor
Joanne Machers, Chief Customer and Workforce Services Officer
Dave Stubbs, Director of Regeneration and Neighbourhoods
Damien Wilson, Assistant Director, Regeneration and Planning
Graham Frankland, Assistant Director, Resources
Jill Harrison, Assistant Director, Adult Social Care
Caroline O'Neill, Assistant Director, Performance and Achievement
Phil Homsby, Head of Service
Joan Stevens, Scrutiny Manager
Steve Hilton, Public Relations Officer
David Cosgrove, Democratic Services Team

181. Apologies for Absence

Councillors Pam Hargreaves (Transport and Neighbourhoods Portfolio Holder) and Peter Jackson (Regeneration and Economic Development and Skills Portfolio Holder).
Councillor Stephen Akers-Belcher, Chair of Health Scrutiny Forum.

184. Formal Response to the Executive's Medium Term Financial Strategy (MTFS) 2012/2013 to 2014/2015 – Initial Budget Consultations (*Scrutiny Coordinating Committee*)

Type of decision

None.

Purpose of report

To provide the formal response of the Scrutiny Coordinating Committee in relation to the Executive's initial proposals for the Medium Term Financial Strategy (MTFS) 2012/2013 to 2014/2015.

Issue(s) for consideration by Cabinet

The Vice-Chair of the Scrutiny Coordinating Committee reported that at the meeting of the Scrutiny Coordinating Committee held on 14 October 2011, consideration was given to the Executive's initial proposals for the Medium Term Financial Strategy (MTFS) 2012/2013 to 2014/2015.

At the meeting it was agreed that, as in previous years, each of the Standing Scrutiny Forums would consider the budget proposals covering the service areas within their remit. Comments / observations were subsequently fed back to the meeting of the Scrutiny Coordinating Committee held on 2 December 2011 to assist in the formulation of this Committee's formal response to Cabinet. The Vice-Chair of Scrutiny Coordinating Committee also highlighted that further consideration would be given to Cabinet's finalised proposals by the Scrutiny Coordinating Committee at its meetings on 13 January 2012 and 27 January 2012.

The Vice-Chair of the Scrutiny Coordinating Committee commented that during the determination of a formal response, Scrutiny Members were largely supportive in principle of the identified saving proposals, pressures, capital receipts, reserves and outturns and were keen to examining in greater detail the final budget proposals, once approved by Cabinet. Details of the specific comments made by each of the scrutiny forums was set out in the report.

Tabled at the meeting was a document setting out Cabinet's initial responses to the scrutiny comments on the initial budget proposals. The Mayor indicated that this would be formally forwarded to scrutiny with the MTFS for further consultation.

Decision

That the report be received.

185. Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 *(Corporate Management Team)*

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report is to update the MTFS and to enable Cabinet to refer formal budget proposals to Scrutiny Coordinating Committee.

Issue(s) for consideration by Cabinet

The Chief Finance Officer referred to the comprehensive report submitted to Cabinet on 10 October 2011 (Minute No.111 refers) and referred to Scrutiny Coordinating Committee on 14 October 2011. The report advised Members that the public sector and the Council are facing the greatest financial challenge which has existed in the past 50 years. This position reflects both national financial issues reflecting the Governments deficit reduction plan and locally the impact of demographic pressures.

The previous report identified two key financial issues facing the Council over the next three years.

- (i) the need to address a £15.083m budget deficit on the current net general fund budget of £91.8m.
- (ii) the need to fund one-off strategic costs of £14m, mainly relating to redundancy/ early retirement costs and unfunded Housing Market Renewal commitments.

The report presented to this meeting provided an update on these issues and other factors relevant to the budget strategy for the next three years.

Existing legislation requires the Government to formally make an annual settlement announcement regarding the allocation of grants to individual Councils. The 2012/13 settlement had not been announced by the Government when this report was prepared and was expected to be issued late on 8th December 2011. An additional appendix to the report had been circulated to Cabinet in advance of the meeting setting out the key issues arising from the formal consultation proposals for the distribution of Formula Grant for 2012/13 issued by the Department for Communities and Local Government on 8 December, 2011.

The Chief Finance Officer confirmed that there were no changes to the initial proposals set out by the government in February 2011 and therefore the grant cut of £4.1m (8%) for 2012/13 had been confirmed. The Chief Finance Officer referred Members to the table in the report comparing Hartlepool's 'spending power' cuts for 2010/11 and 2011/12 with other authorities, which shows the higher cuts facing Hartlepool. The Chief Finance Officer did indicate that the Government had announced that they would abolish Whitehall capping and replace it with Council Tax

referendums.

The Government were proposing thresholds for 'excessive' Council Tax increases which would trigger referendums, as follows:

- 3.5% for local authorities;
- 3.75% for the City of London;
- 4% for the Greater London Authority, police authorities and single purpose fire and rescue authorities.

These proposals needed to be formally approved by Parliament in late January 2012 as part of the final report on the 2012/13 Local Government Finance Settlement. It was expected these thresholds would be subject to annual review by the Government.

If an authority determined to approve a proposed Council Tax increase above the 'excessive' threshold a Council Tax referendum needed to be held not later than the first Thursday in May.

Authorities going down this route effectively needed a 'fall back' budget based on the referendum being unsuccessful. Under this scenario the Council Tax increase would be limited to the 'excessive' increase determined by the Government for triggering a referendum, i.e. 3.5% for 2012/13.

The Government's consultation on the 2012/13 Local Government Finance Settlement closes on 16 January 2012. It was suggested that Hartlepool did not seek a meeting with the Minister and provided only a written response, which it was proposed the Chief Finance Officer agreed with the Mayor.

Key issues that would be covered in the consultation response would be: -

- The fairness of the proposed settlement;
- The concern that funding had not been found to extend Transitional Grant to follow principles adopted for the previous 'floor damping system' which provided protection for a number of years. Particularly against background of Government finding significant funding to freeze Council Tax for 2012/13;
- The concern that the 2012/13 Council Tax freeze grant would only be paid for one year. This proposal clearly recognised that councils need additional funding, but only provided a temporary solution which would increase the financial challenges facing councils in 2013/14. The removal of this funding could not be viewed in isolation and needed to be considered in the context of other changes being made in 2013/14, including re-localisation of business rates, Council Tax Benefit changes and reform of the Local Government funding system.

The Chief Finance Officer went on to highlight the main aspects of the report for Cabinet's information. The matters highlighted sought Cabinet's approval to the detailed consultation issues that were to be referred to

Scrutiny Coordinating Committee. In addition to the fourteen matters that had been set out in the report, the Chief Finance Officer also indicated that in light of the Government announcement on Council Tax Referendums, Cabinet needed to have a view on a potential Council Tax rise.

The Mayor commented that as well as submitting a response on behalf of the Council to the Government's Consultation, Hartlepool would also be part of the joint response of North east Councils being coordinated by the Association of North East Councils (ANEC). This was welcomed by Cabinet members. Members suggested that any response for Hartlepool needed to include the comparison of spending power cuts set out on page 2 of the report as this highlighted the significant and undue pressure the council was being placed under through the government's cuts.

During the debate on the report, the following issues/questions were discussed –

- Would the Furniture Solutions proposal be going through a tendering process. The Director of Regeneration and Neighbourhoods indicated that if agreed it, then yes it would.
- The proposal to create a fund to tackle empty properties as set out in the report was supported.
- Concerns were expressed at the fact Hartlepool didn't qualify for transitional funding for 2012/13.
- Cabinet considered that the public needed to be made fully aware of the situation that would arise in the 2013/14 budget if the government's grant for maintaining a council tax freeze in 2012/13 was accepted. The Chief Finance Officer stated that if the Council did not support a Council Tax rise in 2012/13, then that income was effectively gone forever and this would increase the 2013/14 budget deficit by approximately £1m. Through the consultation response, the Council needed to emphasise that putting the money into transitional funding would have assisted council's more than the money being spent on the council tax freeze. Many other authorities had seen through this and were proposing increases for 2012/13.
- The prudential borrowing to fund the coastal defence works in Seaton Carew was welcomed.
- The revenue saving of £39,000 relating to the Church Square Capital fund was to be considered further.
- It was proposed that an element of capital receipts be utilised in the Central Linear Park to provide changing facilities.
- The Mayor indicated that the Government was hoping that authorities would see the grant to maintain the council tax freeze as a 'gift' but it had huge longer term consequences and with the changes to business rates and the cuts in benefits; a council tax rise of around 5% would be needed in 2013/14 to regain the income lost. Neighbouring authorities had already chosen not to take the grant and were proposing council tax rises of 3% to 3.5%.
- The new council tax rise referendum were discussed and Members commented that it effectively set a ceiling as it was unlikely that a vote

for a rise above the threshold would ever be won. The Mayor considered that through extensive consultation, beyond what was normally undertaken, it could be possible to bring forward the same response as a referendum would. Consultation would need to be geared towards what people didn't want, i.e. service cuts.

Cabinet supported the consultation set out in the report with the additions outlined above. In relation to Council Tax, Cabinet reluctantly agreed to recommend acceptance of the government grant and maintain a council tax freeze for 2012/13. Cabinet did recommend that the consultation with scrutiny include an indicative council tax rise of 3.5% being built into the budgets for 2013/14 and 2014/15.

Decision

1. That the following issues be referred to Scrutiny Coordinating Committee for formal scrutiny:
 - (i) Details of revised outturn detailed in Appendix A to the report and proposal to earmark: -
 - a. £50,000 to provide a cash backed fund for the completion of housing works in default;
 - b. between £29,000 and £359,000 to support the 2012/13 budget; and
 - c. the remaining 2011/12 outturn balance of £867,000 to £1,197,00 to be carried forward to 2013/14 to either support the 2013/14 budget, or to provide a transitional scheme to partly mitigate the impact of changes to the Council Tax Benefit regime.
 - (ii) Seek views on the use of the 2011/12 savings of £76,848 from the Acting Chief Executive arrangements and £21,402 from the joint Head of HR role.
 - (iii) Seek views on the use of the one-off saving arising from the Industrial Action based on an estimated value of £50,000.
 - (iv) Proposed pressures detailed in Appendix B to the report.
 - (v) Revised planning assumptions detailed in Appendix C to the report.
 - (vi) Proposed savings detailed in Appendix D to the report.
 - (vii) Review of Reserves detailed in Appendix E. to the report
 - (viii) Seek views the proposed acceptance of the government's one year grant in order to maintain a council tax freeze for 2012/13 but that indicative council tax rises of 3.5% be set for 2013/14 and 2014/15.

- (ix) Seek views in the proposed strategy for funding the increased costs on the PCP capital schemes detailed in paragraph 4.12 of the report.
 - (x) Seek views on the proposal to create a capital investment fund of between £0.8m and £1.0m to develop a business case to buy and refurbish existing properties to provide affordable houses. This would also need to consider the impact of Section 106 monies secured on the Wynyard development of £1.2m. It was anticipated these monies would be phased over a few years and would increase the total resources to £2.2m.
 - (xi) Seek views on the allocation of the available Furniture Project reserve of £50,000 to kick start this project.
 - (xii) Seek views on whether the Major Regeneration Capital budget of £0.39m should be retained, or the budget should be deleted and a revenue saving of £39,000 taken by removing the Prudential Borrowing repayment budget, subject to the Director or Regeneration and Neighbourhoods providing more information.
 - (xiii) Seek views on the proposal to demolish the Brierton 'top site' building and ancillary buildings.
 - (xiv) Seek views on the proposed purchase of the Ambulance Station.
2. That a written response to 2012/13 Local Government Finance Settlement consultation, which closes on 16 January 2012, be submitted by the Chief Finance Officer following agreement with the Mayor and does not seek a meeting with the Minister.

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 23 DECEMBER 2011

CABINET REPORT

19 December 2011



Report of: Director of Child and Adult Services

Subject: EARLY INTERVENTION STRATEGY

SUMMARY

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Cabinet on the development of the Early Intervention Strategy based on a remodelled mechanism for service delivery, and to seek agreement to commission services to enable the Local Authority and partners to deliver the strategy through allocation of the Early Intervention Grant for 2012-2013.
- 1.2 The report alerts Cabinet to specific services that will need to be commissioned to deliver identified priorities and seeks approval to procure specialist staff from NHS Trusts alongside advertising a tender for the delivery of out of school activities for 5 19 year olds. **(SEE APPENDIX 1.) This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (Information relating to the financial or business affairs of any particular person (including the authority holding that information)).**

* Additional comment - In relation to the referral of the report to the Scrutiny Co-ordinating Committee, monetary values have been removed from the appendix given the potential impact of their disclosure ahead of the commissioning process. Relevant officers will be in attendance at the Scrutiny Co-ordinating Committee meeting to assist the Committee.

2. SUMMARY OF CONTENTS

- 2.1 The report provides an update on the further development of the Early Intervention Strategy and presents a model for service delivery that has been developed through consultation with families, key stakeholders, staff and partner agencies. The report details those services that will need to be commissioned or procured to meet local priorities and concludes by noting the risks, alongside the financial and legal implications that need to be

considered as services are remodelled and commissioned to enable delivery of the strategy going forward.

3. RELEVANCE TO CABINET

- 3.1 The Early Intervention Strategy determines how Hartlepool Borough Council can make the most effective use of the Early Intervention Grant to support and produce better outcomes for local children, young people and their families and is a key decision for the Council.

4. TYPE OF DECISION

- 4.1 Key Decision Tests 1 and 2 apply. Forward Plan Reference CAS 102/11.

5. DECISION MAKING ROUTE

- 5.1 Cabinet on 19th December 2011.

6. DECISION(S) REQUIRED

- 6.1 Cabinet is requested to approve the Early Intervention Strategy and give permission for the remodelling of services for children, young people and their families to enable best use of the Early intervention Grant for 2012-2013.
- 6.2 Cabinet is requested to consider those areas of the Early Intervention Strategy where services need to be commissioned and approve the advertising of a tender for the delivery of out of school activities for 5 19 year olds.
- 6.3 Cabinet is requested to approve the procurement of specialist staff from the following NHS Trusts for the duration of the Early Intervention Grant allocation:
- Tees, Esk and Wear Valleys NHS Foundation Trust – 2 Primary Mental Health Workers;
 - North Tees and Hartlepool NHS Foundation Trust – 1 Speech and Language Therapist; 2 Speech and Language Assistants.
- 6.4 The report be referred to Scrutiny in line with the Medium Term Financial Strategy budget report and timescales.

Report of: Director of Child and Adult Services

Subject: EARLY INTERVENTION STRATEGY

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Cabinet on the development of the Early Intervention Strategy based on a remodelled mechanism for service delivery, and to seek agreement to commission services to enable the Local Authority and partners to deliver the strategy through allocation of the Early Intervention Grant for 2012-2013.
- 1.2 The report alerts Cabinet to specific services that will need to be commissioned to deliver identified priorities and seeks approval to procure specialist staff from NHS Trusts alongside advertising a tender for the delivery of out of school activities for 5 19 year olds. **(SEE APPENDIX 1)** **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (Information relating to the financial or business affairs of any particular person (including the authority holding that information)).**

* Additional comment - In relation to the referral of the report to the Scrutiny Co-ordinating Committee, monetary values have been removed from the appendix given the potential impact of their disclosure ahead of the commissioning process. Relevant officers will be in attendance at the Scrutiny Co-ordinating Committee meeting to assist the Committee.

2. BACKGROUND

- 2.1 On the 24 October 2011 Cabinet were presented with an overview of the developing Early Intervention Strategy and gave permission for the remodelling of services and further consultation to be undertaken with a view to a final draft strategy being presented to Cabinet in December. The report highlighted that the Early Intervention Strategy was being developed in response to the creation of a new Early Intervention Grant which provides Local Authorities with greater flexibility and freedom to respond to local need and that the local strategy was seeking to build upon the recommendations of the Children's Services Scrutiny Forum investigation into 'Think Family – Preventative and Early Intervention Services' undertaken in late 2010/early 2011.

- 2.2 Alongside this, Cabinet approved the advertising of tenders for the delivery of Parenting Support and Young People's Substance Misuse Services to meet identified priorities as highlighted through the analysis of local need; the commissioning of both of these services is now underway.
- 2.3 On 3 November 2011, a joint meeting of the Children's Services and Health Scrutiny Forum took place to consider the emerging Early Intervention Strategy. This meeting formulated a series of comments / suggestions which have helped to guide further consultation and development of the Early Intervention Strategy.

3. CONSULTATION

Families

- 3.1 Building upon the consultation undertaken with families in late 2010/early 2011 as part of the Children's Services Scrutiny Forum investigation, additional consultation with children, young people and parents took place during November 2011 with the following feedback:

Workforce - Families want staff to be approachable, non judgemental, trustworthy, honest, punctual, respectful, knowledgeable, a good organiser, friendly, good listener, flexible and empathetic.

Services - Families want services to be accessible to all, in the community, flexible, convenient, and long term if needed. Services highlighted by families as important included (but not limited to) advocacy services, mentoring, therapeutic, mental health (child, young people, and adult), emotional support, drugs and alcohol support, relationships, debt, separation, bereavement, children's activities and health issues. They also discussed the need for emergency out of hours support.

Information - Parents want all information to be available in one place and highlighted a number of ways of information can be provided including text service, email, one stop shop, information leaflets, letter drops, media, Facebook, organised meetings, word of mouth.

Staff

- 3.2 Staff consultation has been undertaken during October and November 2011 where staff were presented with the data analysis headlines and initial thoughts about integrated 0-19 family focused working. Staff were overwhelmingly supportive for early intervention and locality based working. Learning from the previous models of working were discussed and staff felt it was crucial to make sure those services that were working and improving outcomes for children were not lost. Understandably, concerns were raised about what future structures would look like and a process of change management will need to put in place during service remodelling to ensure

that staff are fully supported, understand the drivers for change and what is to be achieved and continue to provide high quality services as services are remodelled and restructured.

Partners

- 3.3 An early intervention conference took place in September 2011 with Children's Trust members and colleagues from partner organisations, all of the town's schools were invited to this event. Key points made included the need for the strategy to address:
- Solution focused approach when working with families;
 - Highly qualified and experienced workforce;
 - Removal of barriers for parents so that accessing support does not equate to failure;
 - There should be less acceptance of "good enough";
 - Challenge expectations;
 - Need to commit to early intervention and prevention for the long term.
- 3.4 The feedback from all of the consultation events has informed the further development of the strategy and model for service delivery.

4. EARLY INTERVENTION STRATEGY

- 4.1 The draft Strategy document (**SEE APPENDIX 2**) builds upon the views of families, staff, partners and key stakeholders alongside an analysis of local need to present a vision of what the Early Intervention Strategy is seeking to achieve.
- 4.2 It presents a revised model for service delivery that has been developed using the information from the needs analysis and consultation to shape services funded through the Early Intervention Grant that will be accessible to all, in the community, flexible, convenient, and that will be long term if needed. The strategy is based upon a commitment to working in partnership with families to identify, at the earliest opportunity, what services and support they require to transform their lives.

5. MODEL FOR SERVICE DELIVERY

- 5.1 The model aims to ensure that children, young people and parents can access integrated support as early as possible and without stigma.
- 5.2 Delivery of the model will require the establishment of the following functions, each of which are detailed within the Early Intervention Strategy Document

5.3 Central Information Hub

The Information Hub will be the single point of contact for families to receive advice and guidance or support if needed and for universal services to access additional services for children with whom they are working. The Information Hub will also support universal services to carry out assessment of needs based on the common assessment. The aim is for the Information Hub to enable universal services to become skilled and secure in assessing children's needs, providing services to meet identified need and accessing additional services where this is needed.

5.4 Early Years Pathway

The Early Years Pathway will focus on hotspot areas in the localities and will ensure that every family with a child pre-birth to two years old will get specific targeted support. The Early Years Pathway will offer a range of services for parents to be, parents of children aged 0-5 years and their children. Initially the pathway will sit alongside the healthy child pathway with the aim of developing a fully integrated early years pathway over the next few years. This will be in line with the introduction of more health visitors and the Family Nurse Partnership which is taking place over the next year.

5.5 Integrated Locality Teams

Integrated Locality Teams will provide services for families with children pre-birth to nineteen who require support that is additional to that provided by universal services. The services will focus on the needs identified through assessment of the child and family with a focus on providing services to address issues associated with poor attachment, poor communication skill and developing emotional dysfunction all of which are key indicators of the need for intervention. In addition services will focus on key indicators such as improving school attendance, poor parenting and inadequate care of children.

5.6 Consultation with families has clearly indicated that they would like to access services in their communities and that these services should be available to them where possible in one place. This request has been central to the design of preventative services. The model of service being recommended is based on the town being divided into two distinct areas. It is expected that where possible these areas will be coterminous with those identified by the Neighbourhood Services division using the electoral review recommendations. The two localities are shown in the table below.

Locality North	Locality South
Hart De Bruce Headland and Harbour Jesmond Victoria	Rural West Burn Valley Foggy Furze Seaton Fens and Rossmere Manor House

5.7 Services and activities for children, young people and parents

It is important for children, young people and parents to have access to positive activities that are diversionary, restorative and fun. This universal access is highlighted by young people and parents as crucial in ensuring that universal support can prevent any needs from escalating. These services offer an opportunity for peer support and can offer children, young people and parents an opportunity to develop resilience within supportive community based environment. These services can support children and young people to improve outcomes without needing individual one to one support.

5.8 Group and drop in activities will be provided through this strategy in the hotspots highlighted in the needs analysis.

5.9 Service Delivery Points

Consultation feedback identified that a large proportion of children and families want services to be easily accessible and local. This strategy proposes to deliver services within the most needy areas of town, as highlighted within the needs analysis. Services will take place in children's centres, community buildings and also families' homes as appropriate.

5.10 Whilst recognising the need for services to be based in communities, data shows that a large number of young people travel to the centre of town to access the One Stop Shop for advice, support and guidance. It is therefore proposed that this support continues through the delivery and further development of integrated support for young people via the One Stop Shop.

5.11 Centralised Functions

There will also be a need to retain and/or develop some central functions to ensure that the Child and Adult Services can continue to meet its statutory functions whilst monitoring and evaluating performance and outcomes to enable the further commissioning and remodelling of services to meet changing needs.

6 EQUALITY AND DIVERSITY CONSIDERATIONS

- 6.1 The Early Intervention Strategy is designed to meet the needs of vulnerable children, young people and their families regardless of their culture, gender, ability, race or sexual orientation.
- 6.2 It is proposed that universal services are enhanced in key geographical areas of need. However, the strategy seeks to retain the capacity and flexibility to be able to respond and allocate resources to individual families and households across the town to address emerging needs as and when required.

7 RISK IMPLICATIONS

- 7.1 Although it is nationally and locally agreed that early intervention significantly improves outcomes for children and young people there are risks that need noting within the strategy. The strategy outlines the risks to service delivery in terms of the co-location and integration of services and the long term nature of the strategy and model for service delivery. Early intervention is not a quick fix and services will require consistent delivery over several years to achieve the desired outcomes. Performance management is critical to understanding whether the strategy is being successful and monitoring information and progress reports will be regularly presented to Member and Stakeholders through reports to Cabinet and the Children's Partnership.
- 7.2 There are financial risks associated with the delivery of the strategy and these are outlined in section 9 of this report.

8 LEGAL CONSIDERATIONS

- 8.1 A number of services currently funded through the Early Intervention Grant fulfil a series of statutory duties relating to children and young people and the strategy and delivery model gives full regard to these duties to ensure that the local authority continues to fulfil its legal obligations.

9. FINANCIAL CONSIDERATIONS

- 9.1 In 2011/12, it is proposed a reserve is created to manage financial risks from the underspend within the in year budget as detailed in the Medium Term Financial Strategy report. This reserve will be used in 2012/13 to:
- Fund two fixed term contract and commissioning officers to ensure there is sufficient capacity to within the service to meet the commissioning and contracting requirements associated with the grant; and
 - Provide transitional monies to voluntary and community sector services that are being re-commissioned to prevent any break in service delivery.

- 9.2 There is an inherent financial risk within the Early Intervention Grant, in that it is made up of a range of former grants for specific services with only two years announced funding 2011- 2013. Hartlepool's Allocations are as follows:

2011/12	£7.102m	(12.9% reduction or £1.027m on 10/11)
2012/13	£7.094m	(0.1% reduction or £0.008m on 11/12)

- 9.3 Since the 2011/12 allocations were announced additional information has been provided by the Government enabling further analysis of the grant provision to be undertaken. In 2011/12, Hartlepool benefitted from a 'floor damping' arrangement for the grant which meant that no Local Authority in the country would receive a reduction in funding of more than 12.9% against the restated 2010/11 baseline. Without the protection of this 'floor' then Hartlepool would have lost additional funding of:

- £2.479m in 2011/12 equating to 44.0%
- £2.455m in 2012/13 equating to 33.6%

- 9.4 In 2011/12 Hartlepool is benefitting from a 'floor damping' arrangement by receiving an additional £2.5m of EIG. There is a significant risk to the level funding available if the damping effect is lifted in 2013/14 and there is currently no indication from government of their intention with regard to this issue.

- 9.5 Allocation of grant has only been provided for the two years commencing 2011/12. There are no indications at this point in time of the future of this grant or the levels of future funding for the majority of early intervention services.

- 9.6 An additional pressure on the grant is the proposed duty for local authorities to provide free nursery places for 2 years old living in most disadvantaged areas of the town. In Hartlepool this equates to approximately 400 2 year olds which is a budget pressure of £1.1 million. The Chancellor at the recent budget statement said that local authorities would receive extra funding for this but it is unclear whether the extra funding would wholly cover the amount needed.

- 9.7 The commissioning of services to support the Early Intervention Strategy has commenced yet funding beyond March 2013 continues to be an unknown. To mitigate this risk, contracts will be offered for 18 months with the option to extend for a further 18 months. Within the 2012/13 allocation it is proposed a reserve of £450,000 is created to meet the financial contractual obligations of these contracts should funding drastically reduce in 2013/14, enabling the council time to review and redesign provision.

- 9.8 There are potentially greater long term financial risks inherent in not proceeding with the strategy post March 2013 as the withdrawal of prevention services could be catastrophic for children and families in need and the local economy. This would lead to more demand on higher cost specialist services

leading to a viscous cycle of high cost provision and high demand for these services preventing the redirection of resources to early intervention.

- 9.9 The current budget commitments include an allocated amount transferred from revenue budget in 2010/11 to protect universal youth provision in communities. During 2012/13, a review of youth provision will be undertaken which will incorporate these monies alongside the youth service allocation within the central revenue grant.
- 9.10 The table below outlines the proposed allocation Early Intervention Grant to deliver the proposed strategy rounded to the nearest £1,000.
- 9.11 The proposed budget allocation for 2012/2013

Function	Proposed Allocation 2012/2013 (to the nearest £000)
Central Information Hub	£254,000
2 year old Nursery Placements	£210,000
Early Years Statutory duties	£320,000
Children Centre's and Early Years pathway	£1,300,000
Integrated Locality Teams x 2	£1,007,000
Commissioned Services	£1,181,000
Short Break Provision for disabled children	£300,000
Centralised Functions and Recharges	£708,000
Universal Youth Provision	£314,000
Grant funding to support community initiatives for children and young people	£20,000
Central One Stop Shop Facility	£300,000
Youth Opportunity Fund and Young Inspectors Programme	£143,000
Small Steps SEN support team	£173,000
Communication, Speech and Language Service	£120,000
Cusp of Care Service	£300,000
Unallocated monies to accommodate rising 2 Year old nursery places in 2013/2014	£450,000

Total	£7,100,000
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10. RECOMMENDATIONS

- 10.1 Cabinet is requested to approve the Early Intervention Strategy and give permission for the remodelling of services for children, young people and their families to enable best use of the Early intervention Grant for 2012-2013.
- 10.2 Cabinet is requested to consider those areas of the Early Intervention Strategy where services need to be commissioned and approve the advertising of a tender for the delivery of out of school activities for 5-19 year olds.
- 10.3 Cabinet is requested to approve the procurement of specialist staff from the following NHS Trusts for the duration of the Early Intervention Grant:
- Tees, Esk and Wear Valleys NHS Foundation Trust – 2 Primary Mental Health Workers;
 - North Tees and Hartlepool NHS Foundation Trust – 1 Speech and Language Therapist; 2 Speech and Language Assistants.
- 10.4 The report be referred to Scrutiny in line with the Medium Term Financial Strategy budget report and timescales.

11. BACKGROUND PAPERS

- 11.1 The following background papers were used in the preparation of this report:
- Children's Services Scrutiny Forum Final Report: Think Family – Preventative and Early Intervention Services April 2011.
 - Children's Services and Health Scrutiny Forums: Early Intervention Strategy – Scrutiny Response

12 CONTACT OFFICERS

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Early Intervention Strategy

Phase Two Commissioning

Phase Two of the commissioned services for the Early Intervention Strategy consists of three elements. They are:

- **Targeted Activities for Children and Young People**

This includes activities for 5-10 year olds, 11 -13 year olds and 13-19 year olds both street based and locality based. The activities are expected to cover:

- Emotional resilience and emotional literacy;
- Self esteem, building confidence and peer relationships;
- Achievement, challenge and aspiration;
- Diversionary, restorative and fun;
- Targeted interventions at street level resulting in children and young people attending the centre based service;
- Centre based youth service provision.

- **Primary Mental Health Workers**

Primary Mental Health expertise will be procured from the Tees, Esk and Wear Valleys NHS Foundation Trust. This will provide specialist advice to the locality teams in relation to children and young people experiencing or at risk of experiencing emotional or mental health issues.

- **Speech and Language Workers**

Speech and Language expertise will be procured from the North Tees and Hartlepool NHS Foundation Trust. This will provide speech and language expertise to the locality teams through the early years pathway.



EARLY INTERVENTION STRATEGY

2011- 2013

A BETTER CHILDHOOD IN HARTLEPOOL

December 2011

EARLY INTERVENTION STRATEGY

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EARLY INTERVENTION STRATEGY

1. INTRODUCTION

This strategy sets out the vision of Hartlepool's Children's Partnership for local families whose children are at risk of disadvantaged, falling behind their peers and not reaching their full potential.

The government took the decision that all early intervention funding previously given in separate grants was to be devolved to local authorities from April 2011 in one grant, as the Early Intervention Grant. This offers local authorities the opportunity to shape local services responsive to need in that area and enables integration of services where appropriate.

The strategy lays out the proposed vision for what the Children's Partnership is aspiring to achieve and identifies what work needs to be undertaken to realise the vision through the remodelling of services based on strategic priorities that will support the development of a town wide Early Intervention Framework.

It builds upon the recommendations made by Children's Services Scrutiny investigation of 'Think Family Services' in 2010/2011 and proposes a local framework for Early Intervention that will support Hartlepool to realise the strategic priorities highlighted within the Hartlepool Children's Plan (2009 – 2020) and the Hartlepool Borough Council Child Poverty Strategy (2011-2014) by ensuring that children, young people and families who are at risk of disadvantage have support at the earliest possible stage to prevent families reaching crisis.

There are many changes taking place within public services for example health reforms, Localism Bill and the introduction of community budgets and this strategy will need to be reviewed regularly to ensure it fits within this changing national and local picture.

Definition of Early Intervention

Children can be helped in three broad ways:

- So that problems don't arise in the first place (prevention)
- So that problems are nipped in the bud (early intervention)
- So that something is in place for needs or problems that are serious or will endure (treatment).
-

There will always be a need for some level of intervention at all three stages.

The strategy set outs a new model of service delivery that focuses on prevention and early intervention ensuring children, young people and their families receive support in a timely way and tailored to their individual circumstances.

Vision

The vision is that all children and young people in Hartlepool are able to enjoy a happy, safe and healthy childhood and fulfil their potential. Families will be supported as needs emerge to identify, at the earliest opportunity, what services and support they require to transform their lives.

Principles

The vision and strategy are based on a series of principles designed to underpin the provision of prevention and early intervention services. These are:

- Think Family – all partners see their interventions within the context of whole family needs;
- Parents as partners in securing improved outcomes for children;
- A child centred system where the needs of the child are the paramount consideration;
- A commitment to prevention through early intervention;
- Offering children the best start in life;
- Supporting families throughout childhood and adolescence;
- Accessible, local, community based services for families;
- A high quality workforce;
- Commissioning and delivering programmes that work.

2. CONTEXT

National Context

There have been a number of national reviews commissioned by recent governments that have all identified early intervention and prevention as the approach to improving outcomes for children and young people in the longer term. These reviews include:

- The Foundation Years: Preventing Poor Children Becoming Poor Adults – Frank Field MP (2010)
- Early Intervention: Good Parents, Great Kids, Better Citizens – Graham Allen MP (2011)
- The Early Years: Foundations for Life, Health and Learning – Dame Clare Tickell (2011)
- The Munro Review of Child Protection – Professor Eileen Munro (2011)
- Deprivation and risk: The Case for Early Intervention – Action for Children (2009)
- Grasping the Nettle: Early Intervention for Children, Families and Communities – C4EO (2010)
- Fair Society, Healthy Lives - Professor Sir Michael Marmot (2010)

The reviews have examined current arrangements and all have reached agreement that early intervention is the best way for children, young people and parents to achieve their potential. The national research also shows that early intervention achieves real cost savings in the medium and longer term. In examining the national reviews the following overarching conclusions can be drawn:

- Early identification and intervention are critical in order to improve children's outcomes *"preventative services will do more to reduce abuse and neglect than reactive services"* (Munro Review) ;
- Pregnancy to 3 years is a critical period in a child's life. A child's development within this critical developmental stage cannot be retrieved if lost;
- Speech, language and communication skills are crucial to ensure good outcomes;
- Parents involvement in children's learning particularly fathers improves children's outcomes;
- Young people who are Not in Education, Employment or Training, (NEET) between the ages of 16 – 18 have significantly reduced life chances into adulthood. (This group also cost the nation significantly through welfare, health and criminal justice costs);
- There are significant links between socioeconomic position and health inequalities;
- Children and young people accessing free school meals are more likely to have poorer educational outcomes than their peers;

**Appendix 4
(appendix 2)**

- *“In short, if you are poor you are more likely to receive poor services: disadvantage compounds disadvantage.”* (The Annual Report of her Majesty’s Chief Inspector of Education, Children’s Services and Skills 2009-10)
- *“The attainment gap between pupils who are eligible for free school meals and those who are not have remained broadly constant over the past 3 years.”* (The Annual Report of her Majesties Chief Inspector of Education, Children’s Services and Skills 2009-10)

Local Context

Hartlepool is a small unitary authority with a population of approximately 90,000 people of which 25% are children and young people aged 0-18 years. Most of the population live in the compact urban area although there are expanding suburbs and some small and distinct rural villages. The population is predominantly white British with approximately 1.2% of the overall population from minority ethnic groups.

Hartlepool is ranked 30th most deprived area in England within 326 districts (Index of Multiple Deprivation 2010) and there are currently 31% of children in Hartlepool living in poverty. National and local research shows that children living in disadvantaged areas of town do less well than their peers in all outcomes and this strategy sets out a model of delivery to address these inequalities.

The national health reforms currently taking place set a particular focus on the need to eradicate health inequalities and locally this is being developed through a Health and Wellbeing Board. The aim of this Board (currently a shadow Board until 2013) is to develop a whole systems approach to prevention. The early intervention strategy sits within this developing aim and will be reviewed regularly in line with Health and Wellbeing developments.

The unannounced inspection of safeguarding in February 2011 identified that further work needs to be undertaken to strengthen early intervention work to ensure children’s needs are identified at an earlier stage and services provided to meet those needs. The inspection noted the following area for development:

“Common assessment framework activity remains underdeveloped and there is a high number of referrals to children’s social care for children who have not previously received co-ordinated support from preventative services or where common assessment was ineffective in meeting their needs.”

A significant amount of work has been undertaken towards improving performance in this area and common assessment processes are now being carried out by increasing numbers of workers. It is acknowledge that there is still work to be carried out to ensure common assessment is truly embedded in the practice of all organisations and in all interventions with children, young people and families. Through this strategy, the common assessment will

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continue to be the framework used to identify need. This strategy aims to ensure that wherever possible children are supported at the earliest stage thus preventing them from entering children's social care. It also aims to ensure that any child that does enter social care has had effective co-ordinated support before entering specialist services.

In line with the growing national recognition that intervening early improves outcomes for children, young people and their families, the Children's Services Scrutiny Forum undertook an investigation into 'Think Family – Preventative and Early Intervention Services' in 2010/2011.

Members identified that Hartlepool has a range of excellent projects, programmes and initiatives to help support families in need and acknowledged a need for the Council to retain these services, but recognised that growing up in a family with significant social, health, economic and behavioural problems has a lasting and intergenerational impact on a child's life chances. It concluded that early intervention is key to helping families in need and the earlier individuals can access services the better it is for both families and society in the longer term.

The investigation enabled the Children's Services Scrutiny Forum to generate a series of recommendations which are outlined below and form the basis of the strategy:

- The Council works with partner organisations/agencies to identify families with additional needs as early as possible to ensure that individuals / families receive the help and support that meets their specific needs;
- The Council develops and promotes a simplified self – referral route with one point of contact so that individuals / families can refer themselves to a service if needed;
- The Council raises awareness of all the Think Family services available by promoting and marketing the services through the media; 'Hartbeat'; schools, nurseries and children's centres; GP surgeries; community centres and libraries;
- The Council engages with parents and uses their experience to improve / deliver existing services and help develop new services;
- The Council explores options with partner organisations / agencies to secure funding for the continuation of services and the development of new services;
- The Council integrate the Think Family approach into community based services so that families feel comfortable, safe and secure when accessing the services; and

**Appendix 4
(appendix 2)**

- The Council, as part of the 2012 / 13 budget process re-examines the allocation of the Early Intervention Grant and the proportion that is allocated to Think Family services.

3. NEEDS ANALYSIS

Despite significant regeneration over the past twenty years, both the national Index of Multiple Deprivation (2010) and recent local analysis of need (Joint Strategic Needs Assessment 2010 and Hartlepool Child Poverty Strategy 2011) indicate that significant numbers of families in Hartlepool continue to experience high levels of deprivation. Deprivation covers a broad range of potentially life limiting issues and refers to unmet needs caused by the interplay of a number of local factors that impact upon families living conditions such as:

- low Income;
- exclusion from the labour market;
- impairment of quality of life by poor physical and mental health and disability;
- educational underachievement, barriers to progression and a shortage of skills and qualifications amongst adults;
- barriers to accessing key local services and affordable housing;
- low quality of individuals' immediate surroundings both within and outside the home; and
- a prevalence of violent crime, burglary, theft and criminal damage in an area.

The above issues, although often the cause of the challenges families experience, are not usually the issues that are initially seen. Deprivation can present in many forms and manifests itself through:

- Challenging behaviour;
- Poor sleep patterns;
- Attachment problems;
- Anxiety in children and young people;
- Child undertaking adult caring responsibilities;
- Poor attendance at school;
- Persistence lateness at school;
- Lack of concentration at school leading to poor attainment;
- Poor peer relationships;
- Eating disorders;
- Self harming;
- Social isolation;
- Exclusion from school;
- Anti social behaviour;
- Low self esteem;

- Children undernourished, unkempt
- Taking part in risky behaviours

It is important that the model for service delivery within this strategy identifies children and young people vulnerable to these issues at the earliest opportunity. Those providing services will need to work closely with the whole family to identify the underlying causes behind presenting behaviours addressing these as well as meeting the presenting needs. This will ensure long term improvement for children and young people.

The evidence suggests there are families who are more resilient to deprivation however local analysis of need and outcomes highlights that the interplay of the above factors clearly places families who are contending with deprivation at a disadvantage. This can significantly limit the opportunities and outcomes for their children which, in time, will tend to perpetuate a cycle of deprivation and disadvantage due to diminished life chances.

Local data (see Appendix 1) highlights that, in spite of the delivery of a range of preventative services, the gap between those children and young people who are disadvantaged and their peers continues to widen. This disadvantage is felt most acutely across the following key geographical areas wherein the town's highest levels of deprivation and disadvantage are concentrated:

Stranton
Brus
Owton
Dyke House
St. Hilda

Despite the concentration in these areas there still remain families with needs in other areas of the town and this strategy aims to have the capacity and flexibility to respond to need across the Borough whilst ensuring a focus on these key areas.

Household circumstances

Unemployment rates in Hartlepool are consistently higher than both the North East and national rates. Since 2008 unemployment rates have been rising, standing at 7.4% in April 2010, the highest level in a decade.

Hartlepool has the highest level of Incapacity Benefit claimants in the Tees area, and is above both regional and national averages.

Child poverty statistics in 2009 show that there was an estimated 6,200 children living in poverty in Hartlepool, many of whom live in workless households. This represents 29.5% of the total child population in Hartlepool which is significantly higher than the national average. Statistics published over the last month indicate that the rate has risen to 31% of the child population which shows the challenges the early intervention strategy faces.

Appendix 4 (appendix 2)

The highest level of child poverty is recorded in Stranton (60.08%), followed by Dyke House (50.83%) and Owton (45.13%).

In order to address the disadvantage children face as a result of poverty there is a need to ensure that families receive support to maximise uptake of benefits, whilst supporting parents/carers and their children to accrue the skills and qualifications that will enable them to compete in an increasingly competitive labour market.

Health and well being

The prevalence of breast-feeding at 6-8 weeks from birth in Hartlepool is 22% which is half that of the national average of 45%.

Immunisation rates in Hartlepool record 91% being completed at all recorded stages i.e. 1st, 2nd and 5th birthdays. However there is an issue in relation to uptake of boosters particularly uptake of 2nd MMR (measles, mumps & rubella) where uptake is 79%.

Obesity among children and young people locally is a cause for concern as it has a significant impact on their long term health. The childhood obesity rate for 11-year-olds in Hartlepool is 22.8%, significantly higher than the national average of 18.3%.

Research highlights that children's acquisition of speech, language and communication skills are key to avoiding social and economic problems later in life. Current data shows that although there has been significant improvement in outcomes over the last few years for children aged 5 there are still approximately half of children at the age of 5 who do not have the expected level of communication.

It is vital that children and young people with speech and language difficulties are identified at the earliest possible stage and the right support is put in place. This will require staff across the children's workforce to be provided with the skills and capacity to screen for speech and language difficulties and provide support and guidance to families where appropriate or swiftly secure access to more specialist support where required.

Research (Marmot Review) states that one of the most significant ways to reduce health inequalities is to focus on a good start in life. This good start can prevent health problems later in life and significantly improves children's outcomes into adulthood. This strategy has a clear focus through the Early Years Pathway on pregnancy to 5 years to ensure the most vulnerable children receive the best possible start in life.

Educational attainment and progression

Whilst educational attainment overall has continued to improve locally, children in Hartlepool continue to do less well than their peers across the North East.

A gap of 36% has already been established between the lowest achieving children and their peers at 5 years old.

The gap between those children on free school meals and their peers also continues to be stark. Only 29.7% of children on free school meals achieved 5 A* - C GCSE's including English and Maths in comparison to 62.9% of their peers.

There has been a significant improvement in the numbers of local young people who leave school and progress to further learning, training or employment. However, young people in Stranton, Brus, St. Hilda, Dyke House and Owton continue to struggle, in comparison to their peers, to make successful post 16 transitions. This is due to a prevalence of factors such as an inability of parents to financially support their children's attendance at college or training due to low household income, low educational attainment, teenage pregnancy and substance misuse.

Behaviour

Binge drinking levels (estimated at 29.2%) and hospital admission rates are amongst the highest in the country and they are increasing.

Hartlepool has some of the highest levels of teenage pregnancy and sexually transmitted infections in the country. There is a clear picture of an increasing trend in sexual risk taking behaviour and sexually transmitted infections in Hartlepool are the highest in Tees but lower than the North East and England rates. This is driven by the relatively high Chlamydia rates in 15 – 25 year olds 2,680 per 100,000 (Health Protection Agency).

Hartlepool's Teenage pregnancy rate (under 18) for 2009 was 57.1 per 1000 women aged 15-17. This is significantly higher than the regional and national average. Although numbers are small, teenage conception rates in Hartlepool continue to fluctuate.

First time entrants into the Youth Justice System have reduced significantly in recent years due to the introduction of a number of pre-court disposals in an attempt to prevent young people from entering the Criminal Justice System. However for those within the criminal justice system reoffending rates have not reduced at the same rate and remain a strategic priority for action.

An annual analysis of factors that contribute to young peoples risk taking behaviour locally highlights that the most prevalent factors are often a combination of the young person's family circumstances, their lifestyle, their misuse of substances and a lack of engagement with education and/or further learning all of which shapes thinking and behaviour.

Welfare

**Appendix 4
(appendix 2)**

Local data highlights that cycles of deprivation and neglect clearly overlap. Local children identified as children in need or who are subject to a child protection plan are primarily resident in those areas of highest deprivation with 14% of the child in need population and 25% of children subject to a protection plan living in the Stranton ward.

An annual analysis of local children who entered the care of the Local Authority since 2007/2008 identifies trends including the consistent primary determinant for children coming into care in Hartlepool is that they are in need as a result of, or at risk of, abuse or neglect, including children at risk due to domestic violence. The second most prevalent factor is where children's needs primarily arise from living in a family where the parenting capacity is chronically inadequate, or children are living in a family that is going through a temporary crisis that diminishes the parental ability to adequately meet some of the children's needs.

A more detailed analysis of the broader circumstances/factors of families whose children are experiencing neglect indicates that parenting, parental substance misuse, housing and home conditions, employment issues and domestic violence are the main factors linked to the prevalence of neglect. It is often the complex interplay of each of these factors that makes problems in some households insurmountable and places the children at significant risk.

Conclusion

The majority of families in Hartlepool are able to successfully support their children from the early years through to adulthood and deal with the challenges involved in raising a family amidst high levels of deprivation. The support of relatives, friends, local services and other trusted people in their lives are often key components of this success. However for some families, the interplay of deprivation, disadvantage, unmet need and behavioural choices is clearly leading to the poor outcomes for their children.

Data indicates that this is far more pronounced in those areas of the town that have high levels of deprivation, although there are clearly both families within these areas whose children do well and families outside of these areas who struggle.

Key to the success of the Early Intervention Strategy will be the ability of all practitioners and services to identify the needs of children and their families at the earliest opportunity, particularly where they are at risk of experiencing more than one of the above risk factors and intervening promptly to prevent family circumstances from reaching the point of crisis.

4. CONSULTATION

Scrutiny investigation

A key part of the Children's Scrutiny Investigation into 'Think Family – Preventative and Early Intervention Services' was to secure the views of local children, young people and parents and this was achieved through the facilitation of a series of age appropriate focus groups, questionnaires and a local Think Family Conference.

The feedback highlighted the need to improve access to available services so that they are open to all families; raise awareness of services; improve coordination between services and keep in contact with families.

Parents report that through services currently offered, their children are better behaved; communication between all family members has improved; the family is still together; there is an increased awareness of how important having family time is and mums nurture themselves more.

Parents were asked to rank key points in order of importance in relation to how Think Family services are delivered. Out of the three groups which undertook the exercise, two of the groups ranked '**help as early as possible**' as the most important, with the third group ranking '**one contact point for all services**' as most important.

As part of the development of the Early Intervention Strategy consultation with parents was undertaken in November 2011 where the following views were expressed:

Workforce

Parents want staff to be approachable, non judgemental, trustworthy, honest, punctual, respectful, knowledgeable, a good organiser, friendly, good listener, flexible and empathetic.

Services

Parents want services to be accessible to all, in the community, flexible, convenient, and long term if needed. Services highlighted by parents as important included (but not limited to) advocacy, mentoring, therapeutic, mental health (child, young people, and adult), emotional support, drugs and alcohol support, relationships, debt, separation, bereavement, children's activities and health issues. They also discussed the need for emergency out of hours support.

Information

Parents want all information to be available in one place and highlighted a number of ways of information being provided including text service, email, one stop shop, information leaflets, letter drops, media, facebook, organised meetings, word of mouth.

Consultation with staff

Staff consultation took place during October and November 2011 where staff were presented with the data analysis headlines and initial thoughts about integrated 0-19 family focused working. Staff were overwhelmingly supportive for early intervention and locality based working. Learning from the previous models of working were discussed and staff felt it was crucial to make sure those services that were working and improving outcomes for children was not lost.

Consultation with partners

An early intervention conference took place in September 2011 with Children's Trust members and colleagues from partner organisations. Key points highlighted by partners included the need for the strategy to address:

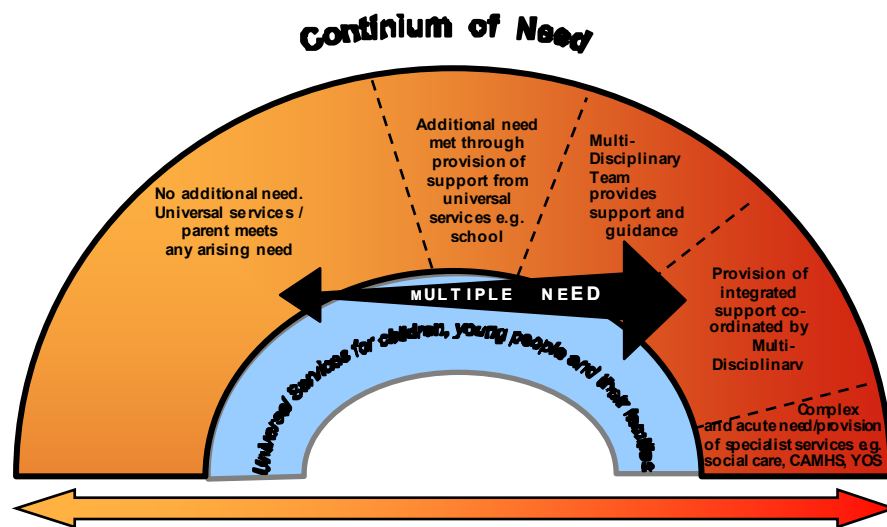
- Solution focused approach when working with families;
- Highly qualified and experienced workforce;
- Removal of barriers for parents so that accessing support does not equate to failure;
- There should less acceptance of "good enough";
- Challenge expectations;
- Need to commit to early intervention and prevention for the long term.

This Early Intervention Strategy uses the views of children, young people, parents, staff, and partner agencies as the basis upon which the service delivery model has been developed.

5. MODEL FOR SERVICE DELIVERY

The model for service delivery has been developed using the information collated from the needs analysis and consultation. The needs analysis showed clearly that presenting needs must be responded to as soon as possible to stop them from escalating and becoming multiple or complex. The needs analysis is a key driver in moving beyond traditional service boundaries to prevent individual factors such as educational needs or health needs being assessed and responded to in isolation.

The model aims to ensure that children, young people and parents can access integrated support as early as possible, as easy as possible without stigma.



The above diagram shows that the majority of children, young people and parents access universal services independently without the need for additional support. This includes nursery provision, schools, out of school activities, GPs, health services and youth centres.

At the next tier there are a proportion of children, young people and parents that may need some support through an individual organisation. At this point on the continuum when need is identified, the universal service should be able to offer extra support or intervention to meet a child's need. To supplement this, the universal service will have access to advice and guidance in supporting a child or young person.

At the point on the continuum where children, young people and parents have multiple needs from a range of organisations, this will be met through the provision of integrated support services co-ordinated by the multi disciplinary team. The aim of this strategy is to ensure that as many children and young people as possible can achieve good outcomes at the lower level of the continuum and that any needs are identified as early as possible. Advice and

**Appendix 4
(appendix 2)**

guidance will be available at every level of the continuum to support parents and professionals in responding to children's needs.

Some children will always require specialist services, for example children's social care, child and adolescent mental health services or youth offending services. The aim of the strategy is, wherever possible, to meet need and divert children and young people from requiring these specialist services. However, where a child requires these services this should be quickly identified and services accessed appropriately.

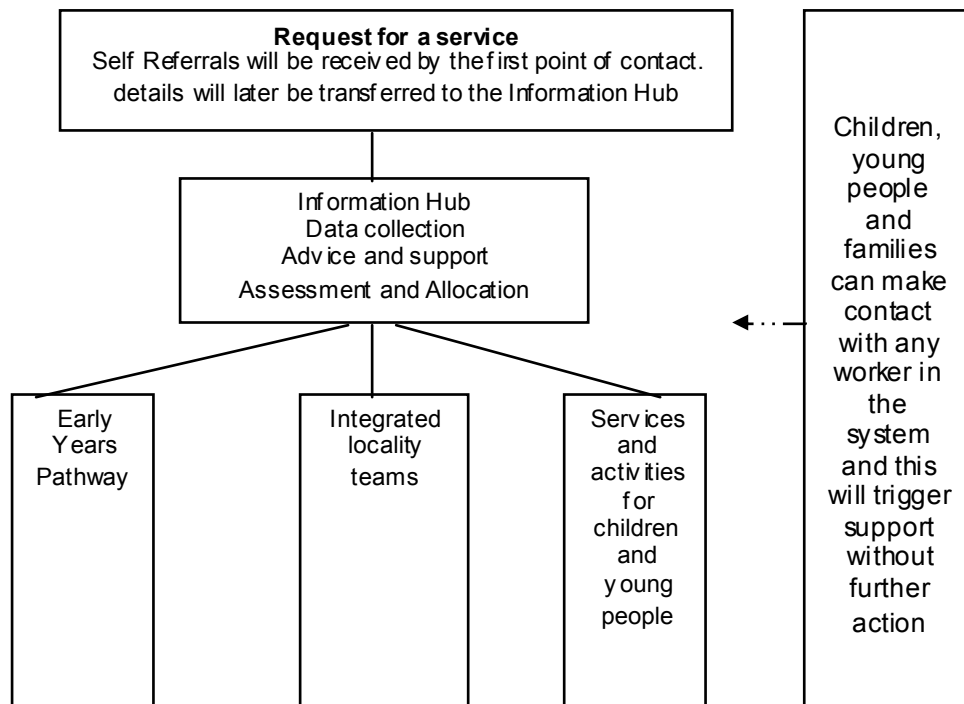
Assessment

One of the local drivers of this strategy is the need to further develop common assessment processes. Needs cannot be met unless they have been effectively assessed and services identified that can meet the assessed need. Effective assessment of needs is critical to the success of any intervention and the common assessment process will underpin all interventions through the Early Intervention Strategy. In implementing the strategy there will be a focus on the further development of the common assessment including the utilisation of an electronic common assessment process (eCAF). This tool will be available to all partners and will be central to ensuring the needs of children, young people and parents are met.

Accessing support

The consultation showed clearly that parents want a single contact point for support. They explained that the multiple organisations available actually creates a barrier to accessing support as they are confused about what is available. This strategy proposes to ensure that support, advice and guidance is available through one contact as set out below:

7.1 Appendix 4 (appendix 2)



The above diagram shows that families will be able to access advice, support and guidance by contacting the Information Hub. Where the identified need is information and advice this will be provided directly from the information hub. If the need for a common assessment is required this will be explained, consent sought, and allocation of a worker agreed at the time of the initial contact where possible.

If families seek to access information, support or services via a member of staff in the locality teams, that member of staff will offer the initial support and guidance and carry out an assessment which will be shared with the Information Hub. This will ensure that there only needs to be one contact to access a service.

Referrals from universal services and other professionals will be through the Information Hub that will be equipped to provide a range of support and advice to the referrer. The Information Hub will have clear links with the Social Care Duty Service to ensure children in need or at risk are appropriately passed to specialist services for response.

Information Hub

The Information Hub will be the single point of contact for families to receive advice and guidance or access support services if needed. It will also support universal services to carry out assessments of need under the common assessment. The aim is for the Information Hub to enable universal services to become skilled and secure in common assessment process and embed this in their day to day provision of services to children and young people.

Appendix 4 (appendix 2)

The Information Hub will be the front facing service for the public and the Families Information Service will sit within the Hub. The Families Information Service currently holds all information on children's services and offers this to children, young people and families by phone, face to face contact or through the web based service directory. It will also fulfil the local authority's statutory information duty which requires the Council to provide all children's services information to children, young people and parents.

The Information Hub will gather all needs and performance information that will be used to inform future planning and service delivery. It will also monitor the implementation of the Early Intervention Strategy and the performance of services in order to understand if the services are supporting the improvement of children's outcomes.

Early Years Pathway and Integrated Locality Teams

The service delivery model will have two distinct responsibilities, the Early Years Pathway and the Family Support Service which will be delivered through Integrated Locality Teams. It is essential that the service is clear regarding its role in the continuum of need and will focus on identifying key indicators of concern in families and responding to these as early as possible. The service will be provided to families with the aim of meeting presenting need and preventing children from moving up the continuum of need. The early intervention service must not become a substitute for children in need or specialist social care services.

The Early Years Pathway will focus on hotspot areas in the localities and will ensure that every family with a child pre-birth to five years old will get specific targeted support. The Early Years Pathway will deliver a range of services for parents to be, parents of children aged 0-5 years and their children. Initially the pathway will sit alongside the midwifery and health visiting pathway with the aim of developing a fully integrated early years pathway over the next few years. This development is in line with the introduction of more health visitors and the Family Nurse Partnership which is taking place over the next year.

The Needs Analysis in section 3 sets out attachment and communication as critical areas of need. The Early Years Pathway will support the current health pathway by offering additional targeted support focusing on the following key areas:

- Children's Health
- Good maternal mental health
- Parenting
- Learning activities
- High quality early education

Research shows that children's attachment and communication improves if the above are addressed leading to a secure start in life. The Early Years Pathway will begin at the earliest possible stage in pregnancy (4 weeks pregnant) and offer services to families right through to when a child starts

Appendix 4**(appendix 2)**

school. The pathway will offer one to one support, group activities and peer support in all of the above areas.

The Early Years Pathway will be delivered through children's centres within the most vulnerable communities. Health colleagues will continue to be co-located with the locality teams and activities will be co-delivered by early years locality staff, specialists within the locality team and health colleagues.

The Family Support Service will provide a service for families with children pre-birth to nineteen who require support that is additional to that provided by universal services.

The service will focus on the provision of support services to meet a child and his/her families needs identified through the common assessment process. Issues of poor attachment, poor communication and developing emotional dysfunction are all key indicators of the need for intervention. The service will focus on key indicators such as improving school attendance, poor parenting and inadequate care of children.

Consultation with families has clearly indicated that they would like to access services in their communities and that these services should be available to them where possible in one place. This view has been central to the design of early intervention services. The model of service delivery is based on the town being divided into two distinct areas. It is expected that where possible these areas will be coterminous with those identified by the Neighbourhood Services division using the electoral review recommendations. The two localities are shown in the table below.

Locality North	Locality South
Hart De Bruce Headland and Harbour Jesmond Victoria	Rural West Burn Valley Foggy Furze Seaton Fens and Rossmere Manor House

The development of a service based on the think family approach and supporting families with children aged 0-19 means that in designing the service a wide range of resources can be pooled. The Early Intervention Strategy will establish children's centres and other community based buildings as locality hubs where families can access services. Initial research suggests that it is unlikely that available buildings will have the capacity to house the locality teams and consequently the focus will be on a range of delivery points.

Service Delivery Points

One of the key priorities for families emerging from the consultation was that children and families want services to be easily accessible and local. This strategy proposes to deliver services within the most needed areas of the town, as highlighted by the needs analysis, thus allowing those children, young people and families to have services within their neighbourhoods and within easy travelling distance. Services will be provided from children's centres, community buildings and also families' homes as appropriate.

One Stop Shop

Whilst recognising the need for services to be based within communities a significant number of young people access the One Stop Shop facility in the centre of town. Data shows that large numbers of young people do travel to the centre of town for support, advice and guidance. As a consequence the One Stop Shop now seeks to deliver a range of services supporting health and wellbeing, promoting economic wellbeing and offering support in relation to risky behaviours. Through the strategy, it is proposed that this support continues through the delivery and further development of the Council's town centre based One Stop Shop.

It is proposed that the One Stop Shop continues to provide integrated support to young people, including but not limited to:

- An uncontested space for young people to receive confidential support;
- Sexual health services;
- Substance misuse advice and support;
- Housing support;
- Relationship counselling;
- Support for employment through job centre plus advisers;

It provides a universal service to all young people in the town who can drop in at any time. It also provides specific drop in clinics at certain times that are advertised to all young people.

Co-ordinated range of services and activities for children, young people and parents

It is important for children, young people and parents to have positive activities available to access as needed. This open access is highlighted by young people and parents as crucial in ensuring that universal support can prevent needs from emerging and escalating. These services provide an opportunity for peer support and can offer children, young people and parents with an opportunity to develop resilience within supportive community based provision. Such services can support children and young people to improve outcomes without needing individual one to one support.

7.1
Appendix 4
(appendix 2)

The provision of a family support worker through the locality teams can co-ordinate access to a range of services tailored to meet individual needs of the child and their family. In addition at a universal and prevention level, children can access a range of services directly which will enhance the support they receive from universal services and promote positive life experiences. The services include:

- Substance misuse support;
- Domestic Violence Support;
- Positive activities for young people;
- Positive group activities for children;
- Mentoring;
- Parenting programmes;
- Parenting groups;
- Group activities through the children's centres;
- Health support through one to one support and group sessions.

6. COMMISSIONED SERVICES

Commissioning and investing in programmes that work is one of the principles of the strategy and effective commissioning is crucial to the success of the strategy. Research shows that children and young people's outcomes will only be improved if support and services are of high quality.

It is important that the Early Intervention Strategy ensures the delivery of value for money and quality services for children, young people and their families. This will be achieved through a mixed economy of Council, voluntary and community sector, and private sector service provision and effective commissioning of the right services.

The commissioning of services as part of the Early Intervention Strategy will follow the commissioning principles and standards as agreed by the Children's Partnership as follows:

- Children and young people, together with parents or carers and other members of the community, are consulted and participate in the identification of local needs and shaping of service delivery;
- Children and young people have access to equitable universal services, alongside targeted and specialist services and these are delivered flexibly to meet individual and local needs;
- There is a shared commitment to integrated working practices which are designed to promote the delivery of effective outcomes for children and young people;
- There is a commitment to partnership working between all stakeholders from both the statutory and community and voluntary sectors;
- Resourcing, planning and commissioning are effective and help to develop sustainable services;
- Evidence based practice is used to develop high quality continuous improvement through monitoring and evaluation;
- Inclusion, both social and educational, together with the recognition of diversity, is central to the Strategy

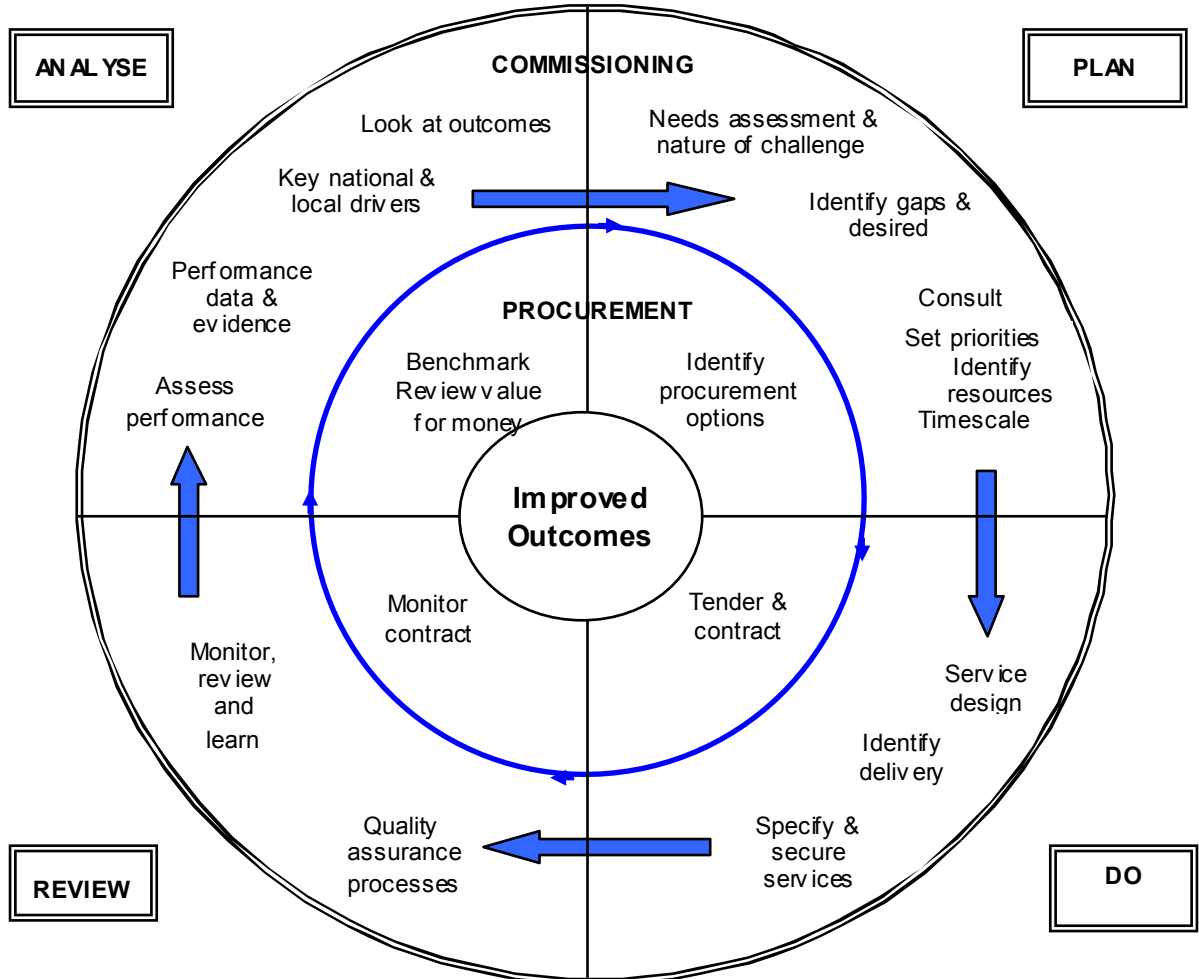
The needs analysis shows that there is still a significant gap between the outcomes for children and young people living in different areas of the town which continues to present a significant challenge. It is essential that a partnership approach is followed if this gap is to be narrowed.

The commissioning process is built upon four main areas of activity as demonstrated in the table:

- Analyse
- Plan
- Do
- Review

7.1 Appendix 4 (appendix 2)

This model forms the basis for the commissioning of services to support the Early Intervention Strategy as well as internal provision through the locality teams.



The balance between Council and External Provision

The most appropriate balance of internal and external provision will vary depending upon the area of service delivery. However, a range of considerations apply in decisions about whether services should be provided by the Council or commissioned from external providers, including:

- Strengthening the involvement of children and young people, carers, staff and service providers in redesigning services;
- Considering alternative providers of services, if these providers can improve the efficiency, productivity or quality of services;
- Continuing to improve collaboration and integrated working;
- Improving information on costs, activity, productivity and outcomes, including setting baselines from which to measure performance;
- Legislation and regulation;

**Appendix 4
(appendix 2)**

- Retaining the capacity for the Council to act as provider of last resort.
- Services to be commissioned to deliver the Early Intervention Strategy**

A significant number of contracts that deliver key services for children, young, people and families will cease at the end of March 2012. In the development of the Early Intervention Strategy, the services commissioned under previous arrangements have been reviewed with some services being de-commissioned and others re-commissioned alongside the commissioning of new services where need has been identified. In order to maximise value for money as well as ensuring the commissioning of responsive, flexible and far reaching services under the strategy, there is a reduced number of commissioned services but these are of larger value. Within this framework the strategy will deliver efficiencies in the management and monitoring of contracts with the aim of improving quality. The identified services to be commissioned and funded through the Early Intervention Grant are:

- Children and Young People's Substance Misuse Services;
 - Interventions and support for children referred that are misusing substances;
 - Expertise to workers within the locality teams ensuring interventions are evidenced based and supporting preventative work where children and young people are vulnerable to substance misuse.
- Parenting Support Services;
 - Parenting expertise to support locality teams;
 - Universal Parenting Education with a Focus on Targeted Parents;
 - Voluntary Network of Parenting Buddies/Peer Support;
 - Fatherhood/Young Parents
 - Teenage Parents:
 - Meets statutory Parenting Order Requirements
- Domestic Violence Services (Corporate Tender);

A corporate service specification has been developed which includes children and parents support/intervention for children and parents experiencing domestic violence. The successful provider will offer expertise to the locality teams supporting workers to deliver effective evidence based interventions.
- Targeted Activities for Children and Young People

This includes activities for 5-10 year olds, 11 -13 year olds and 13-19 year olds both street based and locality based. The activities are expected to cover:

 - Emotional resilience and emotional literacy;
 - Self esteem, building confidence and peer relationships;
 - Achievement, challenge and aspiration;
 - Diversionary, restorative and fun;

**Appendix 4
(appendix 2)**

- Targeted interventions at street level resulting in children and young people attending the centre based service.
 - Centre based youth service provision
- **Mentoring**
A mentoring programme for children aged 7- 18. This will provide support and advice to children and young people to help them make positive choices in their lives.
- **Primary Mental Health Workers**
Primary Mental Health expertise will be procured from the Tees, Esk and Wear Valleys NHS Foundation Trust. This will provide specialist advice and support to the locality teams in relation to children and young people and parents experiencing or at risk of experiencing emotional or mental health issues.
- **Speech and Language**
Speech and Language expertise will be procured from the North Tees and Hartlepool NHS Foundation Trust. This will provide speech and language expertise to the locality teams through the Early Years Pathway.

Small and Medium sized enterprises and Voluntary and Community Sector

The commissioning of services through the strategy, in line with the values of the Council encourages providers including small and medium sized enterprises, voluntary and community sector and similar organisations to bid for contracts. The Council also encourages the use of social clauses in contracts where it is appropriate to do so.

The voluntary and community sector are also encouraged to bid for larger contracts using a consortia approach which can bring together a range of experience with a wider skills base, enabling them to compete for larger contracts and deliver more cost effective, value for money services.

7. WORKFORCE

Consultation with families shows that the workforce supporting children, young people and families are critical to the success of any intervention. It is important that staff have the right skills and feel equipped to effectively support families. A workforce plan will be developed that will sit within the overarching Children's Workforce Plan. The aim of this plan will be to achieve:

- A multi skilled workforce;
- An integrated approach when supporting families;
- A workforce that supports children and young people within the family context (Think Family);
- Responsive at a preventative level to deliver a range of services;
- Able to recognise and access support where specialist services are required;
- Retain specialisms within an integrated approach;
- Effective assessment, planning, implementation and review skills.

The recruitment and retention of highly skilled staff is crucial if outcomes to be achieved for children and young people are to be improved. Resources need to be committed to this area of work for the long term to ensure staff have the necessary skills and are appropriately supported. Effective supervision also plays a significant role in ensuring the workforce are equipped to carry out this important area of work.

8. PERFORMANCE MANAGEMENT AND GOVERNANCE

Performance Management

The cycle set out in the commissioning cycle in section 6 reflects the performance management cycle.

Analyse

Plan

Do

Review

It is critical that the performance of services that are both internally provided and externally commissioned are rigorously monitored. It is particularly important within the context of reducing resources to ensure services are performing well to ensure best value. A key part of the process of continuous quality improvement is monitoring and evaluation of both quantitative and qualitative data and feedback from users. The Information Hub will be responsible for the collecting of data and information to inform the performance management cycle. This information will be fed into the commissioning cycle to ensure that any gaps or needs identified can be addressed.

It needs acknowledging that early intervention is a long term strategy and a number of outcomes may take some time to show improvement but it is important that performance information is monitored to show whether improvements are being delivered and sustained.

Governance

The Children's Partnership reporting to the Health and Wellbeing Board will be the accountable body for delivery and monitoring effectiveness of this strategy. The Information Hub will regularly present performance management information to the Children's Partnership for scrutiny and evaluation.

In addition there is a requirement for children's centres to have advisory boards that oversee performance management and support the design of services. The membership and remit of these boards will be extended to cover the 0-19 scope of this strategy.

9. HOW WILL WE KNOW WE ARE SUCCEEDING?

It is important that the success of the Early Intervention Strategy is monitored in order to inform future planning and service delivery and to be able to respond and reshape service where the need arises. Success will be measured through the development of local indicators designed to measure the impact of the strategy and provision of services against the following key performance indicators:

- Increase in breastfeeding rate
- Reduction in obesity rate age 5 and age 11
- Increase in immunisations rates
- Reduction in the number of children, young people excluded from school
- Reduction in the amount of unauthorised absences from school
- Reduction in the number of children living in poverty (as defined through income figures)
- Reduction in the gap between the lowest achieving 20% of children in the Early Years Foundation Stage (EYFS) and all children
- Reduction in the gap between pupils eligible for free school meals (FSM) and their peers achieving at least Level 4 in English and Maths at Key Stage 2 (KS2)
- Reduction in the gap between pupils eligible for free school meals (FSM) and their peers achieving 5 A*-C grades at GCSE inc maths and English
- Reduction in the number of 16- 18 year olds Not in Education, Employment or Training (NEET)
- Reduction in the numbers of under 18 conceptions
- Reduction in the number of young people who misuse substances
- Reduction in the number of children needing a specialist service
- Reduction in the number of young people entering the criminal justice system
- Reduction in reoffending rates for young people

10. SUSTAINABILITY

Local Authorities have a duty to secure a sufficient number of children's centres based on the under 5 population across a local area. Hartlepool was previously expected to develop and deliver children's centres across 8 centres with a number of linked sites. The main sites are Rossmere Children's Centre, Rift House and Kingsley Children's Centre, Stranton Children's Centre, Lynnfield Children's Centre, Chatham House Children's Centre, St John Vianney Children's Centre, Hindpool Children's Centre and Throston Children's Centre.

The current government has not prescribed the number of centres needed in Hartlepool as they expect the local authority to make the decision based on sufficiency; under new arrangements there is an expectation that local authorities will review centres based on need. In order to ensure that Hartlepool establishes a sustainable Early Intervention Strategy the number of main sites has been reviewed as part of the development of this strategy.

In the context of service delivery across two locality teams, it is proposed that the number of main children's centres hubs is reduced to 4 as follows:

	Hubs	Linked sites
North	Hindpool Close Chatham House	St John Vianney St Helen's Miers Avenue Lynnfield
South	Stranton Rossmere	Rift House Golden Flatts Ow ton Manor

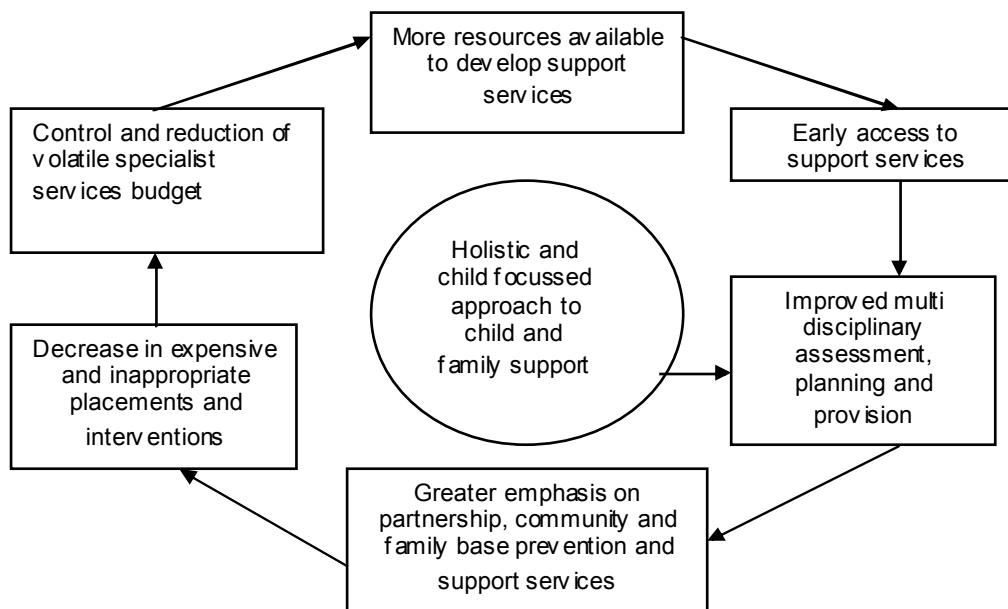
The current model of children's centre delivery requires the local authority to open all the above centres between 8 am and 6 pm. This is resource intensive and highly costly and is not sustainable in the longer term. Analysis carried out on the number of under 5s in each area shows that there is currently a large number of hubs for a smaller percentage of the population in the North of the town. The locality model within this strategy sets out two localities with approximately the same population of children and young people for the North and the South. The above rationalisation of centres would align with this model and have the same number of hubs in each area in line with the population figures. Services would be continued to be delivered in all the sites indicated above and they would all be defined as Children's Centres.

The needs analysis does not highlight significant needs in the Throston or Foggy Furze area therefore it is proposed that Throston Children's Centre and Kingsley Children's Centres are managed by the school. The schools would take responsibility for the resource and the locality teams would work in partnership with the school to use the building as needed. Dialogue with the schools has resulted in positive engagement to progress this arrangement.

The above proposals ensure that all children's centres would remain open and ensure a sustainable model.

Virtuous circle

The aim of this strategy is to improve the outcomes for children and young people with a particular focus on narrowing the gap between the outcomes of those at risk of disadvantage and their peers. Resources are currently being reduced at a time of great need therefore the virtuous circle below is critical to ensuring that this strategy can be sustained. The focus on early evidence based intervention should prevent children and young people needing specialist services and therefore reducing the high cost associated with these services. This allows resources to be redirected to preventative/ early intervention services thus making them self sustaining.



Risk management

Although it is nationally and locally agreed that early intervention significantly improves outcomes for children and young people there are risks that need highlighting within this strategy.

Parents' consultation specifically highlighted the need for services to be joined up and for them not to have to liaise with multiple workers and organisations. The integrated teams address this issue but it needs acknowledging that bringing workers from different organisations/ services together is not an easy task and co-location of services does not equate to service integration. In order to ensure that the teams work effectively together for the benefit of the families, a change management process will be implemented enabling workers to begin to understand each others language and processes. This

Appendix 4 (appendix 2)

change management process will need to include team building sessions to build a shared culture across the teams.

Early intervention is not a quick fix. There is a risk that this strategy will be seen as a short term strategy that will solve families' issues quickly. This is not the case and it is important that this strategy is viewed as a long term commitment. Performance management is critical to understanding whether the strategy is being successful and monitoring information and progress reports will be regularly presented to Members and Stakeholders through reports to Cabinet and the Children's Partnership.

Financial Risk Management

There is an inherent financial risk within the Early Intervention Grant, in that it is made up of a range of former grants for specific services with only two years announced funding 2011- 2013. Hartlepool's Allocations are as follows:-

2011/12	£7.102m	(12.9% reduction or £1.027m on 10/11)
2012/13	£7.094m	(0.1% reduction or £0.008m on 11/12)

Since the 2011/12 allocations were announced additional information has been provided by the Government enabling further analysis of the grant provision to be undertaken. In 2011/12, Hartlepool benefitted from a 'floor damping' arrangement for the grant which meant that no local authority in the country would receive a reduction in funding of more than 12.9% against the restated 2010/11 baseline. Without the protection of this 'floor' then Hartlepool would have lost additional funding of:

- £2.479m in 2011/12 equating to 44%
- £2.455m in 2012/13 equating to 33.6%

In 2011/12 Hartlepool is benefitting from a 'floor damping' arrangement by receiving an additional £2.5m of Early Intervention Grant. There is a significant risk to the level funding available if the damping effect is lifted in 2013/14 and there is currently no indication from government of their intention with regard to this issue.

Allocations of grant have only been provided for the two years commencing 2011/12. There are no indications at this point in time of the future of this grant or the levels of future funding for the majority of early intervention services.

An additional pressure on the grant is the proposed duty for local authorities to provide free nursery places for 2 years old living in most disadvantaged areas of the town. In Hartlepool this equates to approximately 400 2 year olds which is a budget pressure of £1.1 million. The Chancellor at the recent budget statement said that local authorities would receive extra funding for this but it is unclear whether the extra funding would wholly cover the amount needed.

The commissioning of services to support the Early Intervention Strategy has already commenced yet funding beyond March 2013 continues to be an unknown. To mitigate this risk, contracts will be offered for 18 months with the option to extend for a further 18 months. Within the 2012/13 allocation it is proposed a reserve of £450,000 is created to meet the financial contractual obligations of these contracts should funding drastically reduce in 2013/14 enabling the Council time to review and redesign provision.

There are potentially greater long term financial risks inherent in not proceeding with the strategy post March 2013 as the withdrawal of prevention services could be catastrophic for children and families in need and the local economy. This would lead to more demand on higher cost specialist services leading to a viscous cycle of high cost provision and high demand for these services preventing the redirection of resources to early intervention.

Exit Strategy

As stated above the long term financial situation is currently unclear. The Early Intervention Strategy relies on direct grant from the government. If the grant was to cease the strategy and model for service delivery would need to be scaled back significantly. This would obviously have a devastating affect on the children and young people. It needs noting that there are a number of statutory duties funded through the Early Intervention Grant such as Children's Centres and Information Duty. These duties would need to be continued by the local authority even if the grant were to end.

If the grant was reduced significantly the service would need to be reviewed to see if this strategy could be scaled back proportionately or whether a radical review was needed and the service redesigned. The performance management of the strategy will be key to this to ensure that if funding is reduced the most effective elements of this strategy are understood. This will enable a quick and responsive approach based on needs if funding reduces.

APPENDIX 5**ADDITIONAL CORPORATE ISSUES IDENTIFIED SINCE 10 OCTOBER 2011**

	2011/12 Saving/ (cost) £'000	Comment on forecast outturn
<u>Local issues</u>		
Forecast Departmental Underspend	181	Since the start of the current year Departments have, as a result of the continuing need to make significant ongoing budget reductions over the next 3 years, continued to manage expenditure robustly to maximise financial flexibility and to assist the achievement of the budget reductions which will be required next year (2012/13). This includes keeping posts vacant to either enable permanent savings to be made, or to enable staff to be redeployed and avoiding other expenditure where this can be achieved without an adverse impact on services in the current year. These measures are anticipated to provide a one-off underspend against departmental budgets in the current year of £0.181m.
Additional Income Shortfalls	(154)	An assessment of forecast income shortfalls for the shopping centre, car parking and land charges income has also been completed. In total these shortfalls are anticipated to be £0.728m in the current year, which is £0.154m more than the reserves set aside to manage this shortfall. The 2012/13 budget forecasts include a pressure of £0.668m to address these issues on a permanent basis.
Additional Advance 2012/13 Savings	180	The position on the achievement of savings in advance of next year has also been reviewed and in the current year these savings total £1.08m. This is slightly higher than the initial estimate reported on 10th October 2011 of £0.9m and reflects the ongoing effective planning, management and delivery of the programme designed to achieve savings next year.
IT Contract payments	150	Prudent accruals for outstanding contract variances had been made in previous years accounts on the assumption that these amounts would be needed. Following the agreement of outstanding issues there is a one-off benefit of £150,000.
Pensions/Designated Authority costs	50	The outturn reflects a minor reduction in the employers overall pension contribution and small reduction in designated authority costs. Both will continue into 2012/13 and future years.
Energy Savings	150	Energy price increases in the current year are less than anticipated owing to the proactive energy procurement strategy pursued by NEPO to buy the 2011/12 energy requirement in advance of need. This is not expected to be sustainable as current energy prices already exceed the prices paid in 2011/12 and further increases are expected in 2012/13.
Discretionary Rate Relief	50	Applicants for discretionary rate relief from businesses is less than expected and this trend is expected to continue
Benefit Subsidy Income	200	The current benefit subsidy regime is expected to provide a one-off benefit in 2011/12. This is not sustainable as the Government have already indicated that when Council Tax Benefit is localised there will be a 10% grant cut. It is anticipated that this will be preceded in 2012/13 with cut in the benefit subsidy regime.
Church Square Loan Repayment	39	Following the deferral of this project there will be a one-off saving in the 2011/12 loan repayment costs. This could become a permanent saving if Members determine to permanently delete the Prudential Borrowing budget of £390,000 from the capital programme.
Provision for Mayoral Referendum	(70)	One off costs of holding a referendum.
<u>National Issues</u>		
April 2011 pay award saving	500	The base budget for 2011/12 included a significantly reduced provision for a cost of living pay award in April 2011 which assumed the national agreement of a flat rate increase for public sector employees earning less than £21,000 of £250. It is now expected that this arrangement will not apply to local authority staff. It is the case there will be a one-off saving in 2011/12 and a continuing saving from 2012/13. This issues continues to be a risk and it would be prudent to maintain this provision until the national position is clearer.
Total All Issues	1,276	

SCHEDULE OF 2012/13 BUDGET PRESSURES - Corporate items

Budget Area	Value of Pressure £'000	Description of Pressure	Comment
Income Shortfalls:-		Adverse income trends have now continued for over 2 years for these areas and now need to be recognised as permanent budget pressures.	
- Car Park Income	392		
- Shopping Centre	146		
-Land Charges	130		
	668		

7.1 Appendix 7

2012/13 Revised Planning Assumption

The following table summarised the additional changes in planning assumptions detailed section 5.17 of the MTFS report referred to Cabinet on 19 December.

	2012/13 With ICT/Revenues and Benefits saving £'000	2012/13 Without ICT/Revenues and Benefits saving £'000
Deficit still to be bridged	1,399	1,399
ICT/Revenues and Benefits Year 1 contract saving	(330)	0
April 2011 pay award saving	(500)	(500)
Increase in Council Tax income - Removal of 50% exemption for empty properties, net of actual Tax Base being lower than MTFS forecast	(210)	(210)
Designated Authority	(50)	(50)
National Insurance Saving	(50)	(50)
Car Allowance	(20)	(20)
New Home Bonus (01.12.11)	(210)	(210)
Net Deficit	29	359

SCHEDULE OF BT PROGRAMME BUDGET REDUCTIONS

Dept	Projects (Title)	Target savings (£K)	Scrutiny Forum	Date reported to Cabinet
CEX	Customer & Support Services	£146,000	Scrutiny Co-ordinating Committee	5th December
CEX	Benefits, Council Tax and Transactional Shared Services	£203,000	Scrutiny Co-ordinating Committee	19th December
CEX	Corporate Strategy	£220,000	Scrutiny Co-ordinating Committee	5th December
CEX	Training Support Provision	£27,000	Scrutiny Co-ordinating Committee	
CEX	Joint HR Services with Darlington	£50,000	Scrutiny Co-ordinating Committee	30th August
	Total Target Savings	£646,000		

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011
RESERVES TO BE REVIEWED (NOT COMMITTED NOR HELD IN TRUST)

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Corporate	Insurance Fund	5,028	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.	1,400	3,628	Insurance tenders have recently been received and a comprehensive review of the Insurance Fund has been completed. This review indicated that £1.4m can be released from this reserve. The remaining balance needs to be maintained to meet known claims already received.
394	Corporate	General Fund	3,856	This reserve is held to manage emergency expenditure and any use would need to be repaid to maintain the value of this reserve.	394	3,462	Reserve which can be released consists of £89,000 transfer into this reserve from 2010/11 outturn and £305,000 unused Transitional Grant transferred to the reserve. The remaining balance equates to 3.8% of the net General Fund budget and needs to be maintained to manage unforeseen risks.
874	Corporate	Strategic Risk Reserve	3,252	This reserve has been set up to help fund risks highlighted in the Cabinet report of 8.2.10.	0	3,252	This reserve covers risk of Equal Pay/Equal Value claims, 2011/12 Salary Turnover shortfall and income shortfall for Land Charges, Car Parking and Shopping Centre Income and therefore cannot be released as these costs would then have to be met by making in year savings.
0	Corporate	Incinerator	600	Created to fund one-off costs arising from the temporary closure of the incinerator.	200	400	Commitment has reduced from estimated costs identified in February 2011.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Corporate	Interest Equalisation	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.	400	0	N/A
0	Corporate	Business Transformation Set Up Costs	262	Funds set aside for Implementation costs of Business Transformation Programme.	0	262	Earmarked to fund office moves programme / property rationalisation and ICT/Revenues and benefits contract costs.
0	Corporate	Income Tax & VAT Partial Exempt Res	250	Created to manage potential income tax and VAT partial exemption risks .	250	0	N/A
0	Corporate	Carbon Reduction	196	Reserve created to cover Carbon Reduction commitments in future years.	0	196	Fully committed to cover Carbon Reduction Commitment costs in 2011/12 and 2012/13.
0	Corporate	Area Based Grant	142	ABG carried forward from 2008/09.	72	70	Committed to support Healthy Eating Co-ordinator post in 2011/12 and 2012/13.
0	Corporate	Emergency Planning	116	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.	0	116	Reserve held on behalf of 4 authorities for Emergency Planning and only a proportion belongs to Hartlepool.
0	Corporate	Bank Income	114	Created during 2008/09 Closure.	114	0	N/A
0	Corporate	Corporate Funding Reserve	84	Corporate ICT reserve. No longer required.	84	0	N/A
0	Corporate	Budget Consultation	60	Created to fund budget consultation arrangements.	60	0	N/A
0	Corporate	Core Strategy Inquiry	55	To fund one-off costs of core strategy enquiry.	0	55	Committed to fund enquiry costs in 2011/12.
0	Corporate	Strategic Procurement Review Reserve	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.	50	0	N/A
0	Corporate	Civic Chain Reserve	46	Replacement of Mayoral chain.	0	46	Committed as part of 2011/12 budget and allocated to keep 3 community centres open for up to 9 months.
0	Corporate	NDC Fund	45	Reserve created in 2007/08 to support future expenditure on New Deal for Communities Project.	0	45	Reserve established from NDC underspend and will be transferred to the NDC Trust in 2011/2012.
0	Corporate	Maritime Av Remedial	38	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.	38	0	N/A

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Corporate	Early Capital Equalisation	33	Created to fund repayment costs of capitalising revenue expenditure as part of budget strategy.	33	0	N/A
0	Corporate	Cash finder Savings	16	Savings arising from PWC study.	16	0	N/A
0	Corporate	Cabinet Projects	4	This reserve is to be used to fund one-off Cabinet Initiatives.	4	0	N/A
0	Corporate	Income Equalisation Reserve	1	Residual balance not needed.	1	0	N/A
0	Corporate	Salary Sacrifice	1	This reserve was created to offset potential pension liabilities in future years.	0	1	Cabinet agreed to earmark NI savings to offset potential pension liabilities in 2013/14.
0	Corporate	Cemeteries Legacies	0		0	0	N/A
1,268			14,651		3,116	11,535	

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011
RESERVES TO BE REVIEWED (NOT COMMITTED NOR HELD IN TRUST)

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Chief Execs	Chief Executive's Department Ring Fenced Grants	196	Created from ring-fenced grant and to be carried forward to fund specific 2011/12 expenditure commitments.	0	196	Ring Fenced Grants carried forward e.g. PCT Health and Wellbeing Grant.
12	Chief Execs	Corporate Strategy - Divisional Restructure	113	Created to facilitate the changes required to deliver the savings for the 2012/13 budget round in respect of staffing structures and the required changes. All to be released, this has been set aside to cover redundancy costs for likely restructure to deliver budget savings for 12/13.	113	0	N/A
0	Chief Execs	Financial Inclusion	150	Created to fund the Financial Inclusion Programme.	56	94	£44,000 committed 2011/12 to fund Financial Inclusion Development Manager post and £50,000 to pump prime Financial Inclusion Initiatives e.g. Furniture Scheme, Bank of Hartlepool etc.
68	Chief Execs	Corporate Strategy - ICT System Development	84	Created to fund temporary development resources for enhancements of current ICT systems such as e-bookings and EDRMS and costs attributable to the rationalisation of systems to achieve savings from the provision of ICT.	24	60	A portion can be released after a review of potential costs. There will be costs to realising some of the potential savings which may be driven out from the base contract but the risk is minimised if we do go out for re-procurement early hence the reduction.
0	Chief Execs	Finance R & B	64	Created to fund cost of IT equipment / services.	19	45	Needed to fund ongoing costs of ICT developments / enhancements, costs of homeworkers.
0	Chief Execs	Finance - IT Investment	62	Created to fund a number of IT projects integral to the Corporate IT changes across the Authority.	0	62	To be used in 2011/12 as contributions towards HR/Payroll Investment.
0	Chief Execs	Contact Centre	51	Created to enable department to manage budget over more than one year.	13	38	£38k committed for call recording.
25	Chief Execs	Corporate Strategy - ICT Contract Review	50	Created to fund potential costs in relation to the re-procurement and or change of arrangements in respect of the Councils current ICT arrangements.	0	50	It may be possible to release this reserve in approximately October dependant on either progress on the outsourcing as most costs will be identified by this stage or there will be a requirement to look to re-let the contract in 2013 if there is not a decision, this is to avoid a corporate call on resources to deliver this. The budget (or part of it) will be required as the contract will need re-letting.
50	Chief Execs	Finance - Accountancy Section	50	Created to fund temporary appointments to cover maternity leaves during 2011-12.	0	50	Needed to fund temporary appointments to cover maternity leaves during 2011-12.

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
50	Chief Execs	Finance R & B - Specific Grant Reduction	50	Created to reduce the impact of Department of Work and Pensions specific grant reduction.	50	0	N/A
0	Chief Execs	Finance - IT Developments R&B	41	Created to fund IT development costs to cope with new DWP Security requirements and further Kirona scripting changes.	20	21	£21k needed to fund scripting requirements for DWP.
0	Chief Execs	Finance - Audit Section	35	Created to enable department to manage budget over more than one year.	35	0	N/A
0	Chief Execs	Registrars	35	Created for improvements to the Registrars building.	25	10	£10k needed to fund remainder of office moves (secure file storage) and replacement of statutory IT system.
33	Chief Execs	Corporate Strategy - Joint Working	33	Created to enable department to manage budget over more than one year.	33	0	N/A
20	Chief Execs	Corporate Strategy - Performance Management	30	Created to enable department to manage budget over more than one year.	15	15	On review a portion of this can be released as the expected costs of managing this change have reduced.
30	Chief Execs	Contact Centre	30	Created to fund software integrations including Corporate Workflow and upgrade Queue Management System.	15	15	£15k needed to fund software integrations including corporate workflow and Queue Management System.
13	Chief Execs	Corporate Strategy - Enhancing Council Profile	28	Created to fund temporary costs in development and establishing arrangements for enhancing and maintaining the Councils profile including social networking, public relations and other associated elements.	13	15	It is unclear at the moment if there will be any development costs to address the Cabinet decision to progress social media. This work is ongoing and there may be technical changes required to websites etc. This is to avoid having to call on departmental contributions to fund this.
0	Chief Execs	Support to Members	27	Created to enable department to manage budget over more than one year.	27	0	N/A
0	Chief Execs	Finance -Accommodation	26	Created to support future years accommodation costs.	26	0	N/A
24	Chief Execs	Legal Registration and Members	24	Created to fund temporary additional staffing within the Legal Section. Also, additional costs in postage for the renewal of Personal Identifiers for Electoral Registration which must be completed every five years.	0	24	Needed to fund temporary additional staffing within the Legal Section. Also, additional costs in postage for the renewal of Personal Identifiers for Electoral Registration which must be completed every five years.
0	Chief Execs	Finance - Accountancy Section	24	Created to enable department to manage budget over more than one year.	24	0	N/A
0	Chief Execs	Corporate Strategy - Working from Home Surplus	23	Created to manage the costs of homeworking key fobs between financial years.	10	13	Use is variable and costs vary from year to year, this allows the costs to be managed and also deals with balancing costs in respect of blackberry server environment. £10k could be released after an assessment of cost and use over the last 2 years.
0	Chief Execs	Finance R & B - Contact Centre/Benefits e-form	20	Created to fund costs of e-form development.	20	0	N/A

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
20	Chief Execs	Finance R & B - Atlas Project	20	Created to fund the additional funding required to match DWP Atlas grant received to complete project.	0	20	Needed in 2011/12 for HBC costs of DWP project.
0	Chief Execs	People Framework Development	18	Created to enable department to manage budget over more than one year.	0	18	Needed to fund new and on-going staff requirements in response to changes in the organisation e.g. developing competency standards, building and sharing capacity, Management Academy etc.
1	Chief Execs	Corporate Strategy - Corporate Consultation	16	Created to enable department to manage budget over more than one year.	0	16	This has specifically been carried through to enable the changes required as a result of budget consultation reductions last year to be managed in this year.
0	Chief Execs	Finance R & B - Internal Bailiff Development	16	Created to fund costs associated with Internal Bailiff Development.	0	16	Fully committed for Bailiff pilot scheme.
15	Chief Execs	Registrars	15	Created for redecoration of new marriage/ceremonies room at the Borough Hall and some software integrations/upgrades.	0	15	Needed for redecoration of new marriage/ceremonies room at the Borough Hall and some software integrations/upgrades.
15	Chief Execs	Finance R & B - Council Tax Rebate Development	15	Created for funding towards Council Tax Rebate Scheme Software Development.	0	15	Fund ICT costs associated with new Council Tax Rebate Scheme arising from new Welfare Reform Bill - requirement irrespective of procurement exercise.
10	Chief Execs	Finance R & B - Zipporah Corporate Booking System	10	Created to fund Development work linked to Zipporah Corporate Booking System.	0	10	Committed in 2011-12 to ensure integration to payment system as part of corporate booking system.
10	Chief Execs	Finance R & B - Software Projects	10	Created for funding towards BACS and DD's Software Project Developments.	0	10	Committed in 2011/12 and 2012/13 as part of modernisation and efficiency improvements to payments of creditors and receipts processing routines.
0	Chief Execs	Finance R & B - Intercept Software	6	Created to fund costs of Intercept Software.	6	0	N/A
5	Chief Execs	Finance R & B - Payment Card Industry	5	Created to fund Payment Card Industry security review.	0	5	Banking Industry requirement, will be committed 2011/12 as per Internal Audit report.
5	Chief Execs	Finance R & B - Integration Import	5	Created for funding toward ICT Integration Import for Department of Work and Pension deductions from DWP Welfare Benefits to Council Tax System.	0	5	Development costs needed in 2011/12 irrespective of Benefits procurement outcome and work completed in August 2011.
0	Chief Execs	Finance R & B - FSM System	4	Created to fund costs of FSM System.	0	4	Committed for on-going support & maintenance costs of FSM system.
0	Chief Execs	Resource Investment - HR	3	Created to enable department to manage budget over more than one year.	0	3	£3k committed for Safer Recruitment file checks.
0	Chief Execs	Finance R & B - New Scanner	3	Created to fund costs of a new scanner.	3	0	N/A
0	Chief Execs	Chairman's Charity Reserve	1	Chairman's Charity Fund Reserve.	0	1	N/A
0	Chief Execs	HR Service Improvement	1	Created to enable department to manage budget over more than one year.	1	0	N/A
0	Chief Execs	Mayors Charity Fund Reserve	1	Mayor's Charity Fund Reserve.	0	1	N/A
406			1,395		548	847	

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

RESERVES TO BE REVIEWED (NOT COMMITTED NOR HELD IN TRUST)

Created 2010/11 as per Outturn Strategy £'000	Department	Reserve	Actual Balance 31/03/2011 £'000	Reason for/purpose of the Reserve	Total Value of Reserve to be released for One-off Strategic costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
£000			£000		£000	£000	
0	Regeneration & Neighbourhoods	Furniture Project	50	To implement the findings of the Scrutiny review into reduction of child poverty and increasing access to affordable credit.	0	50	To pilot a scheme to be approved by Members.
0			50		0	50	

SCRUTINY CO-ORDINATING COMMITTEE

13 January 2012



Report of: Chief Finance Officer

Subject: QUARTER 2 – REVENUE FINANCIAL
MANAGEMENT REPORT 2011/2012

SUMMARY

1. PURPOSE OF REPORT

- 1.1 To provide details of progress against the Council's overall revenue budget for 2011/2012.

2. CONSIDERATION OF ISSUES

- 2.1 A separate report has not been prepared for your Committee as a comprehensive report was submitted to Cabinet on 19 December 2011 (**Appendix 1**). This report sets out the key issues to bring to your attention.
- 2.2 In line with previous monitoring reports, the attached report provides an overall picture of progress against the approved 2011/2012 revenue budget.

3. RECOMMENDATIONS

- 3.1 Members consider the report.

Report of: Corporate Management Team

Subject: QUARTER 1 – REVENUE FINANCIAL
MANAGEMENT REPORT 2011/2012

1 PURPOSE OF REPORT

- 1.1 To inform Cabinet of progress against the Council's own 2011/2012 Revenue Budget, for the period to 30th June, 2011.

2 BACKGROUND

- 2.1 This report provides details covering the following areas:-
- Overview of Financial Position;
 - Review of High Risk Budget Areas;
 - Key Balance Sheet information.
- 2.2 This report will be submitted to Scrutiny Co-ordinating Committee on 23rd September 2011.

3 REVENUE FINANCIAL MANAGEMENT 2011/2012 - OVERVIEW

3.1 Overview of Financial Position

- 3.2 In 2011/12 the Council is managing a gross revenue budget of £210.8m. This includes services funded from specific grants and income from fees and charges for services, which in total funds £118.9m of the gross revenue budget. The remaining expenditure is funded from the Formula Grant, Council Tax and the planned use of the Budget Support fund. The financial management arrangements review all aspects of the gross budget. These arrangements also concentrate on the net revenue budget of £91.9m, as ultimately any variances in the gross budget needs to be managed within this limit.
- 3.3 This report looks at expenditure for the first three months of the financial year as summarised below:

Line No	2011/12	Description of Expenditure	Actual Position 30/06/11		
	Net Total Budget		Expected Expenditure/ (Income)	Actual Expenditure/ (Income)	Variance Adverse/ (Favourable)
	£'000		£'000	£'000	£'000
1	33,895	Adult & Community Services	8,555	8,362	(193)
2	24,645	Child Services	6,032	5,967	(65)
	58,540	Total Child & Adult	14,588	14,329	(259)
3	4,661	Chief Executives	(788)	(757)	31
4	20,160	Regeneration and Neighbourhood Services	9,868	10,171	303
5	8,525	Corporate	4,592	3,930	(662)
6	91,886		28,260	27,673	(587)

This position is supported by detailed Financial Management statements for each Department, which include comments on material variances as set out below:

- Appendix A - Adult and Community Services
- Appendix B - Children's Services
- Appendix C - Chief Executives
- Appendix D - Regeneration & Neighbourhoods

3.4 Forecast outturns for all areas are not prepared until the second financial management report is prepared and clearer income and expenditure trends are established. A number of issues are beginning to emerge covering the impact of interest rates, income shortfalls and the part year benefit of achieving some 2012/13 savings early. It is anticipated these issues will have a net positive benefit and there will be an under-spend at the end of the current financial year.

3.5 Further work is needed to quantify this position and details will be reported to Cabinet on 10th October 2011 as part of the 2012/13 Medium Term Financial Strategy (MTFS) report. This report will also update Members on the significant strategic financial risks facing the Council, which include future redundancy/early retirement costs and unavoidable Housing Market Renewal capital commitments. The MTFS report will identify a proposed strategy for using the forecast 2012/13 underspend to help mitigate these issues and the options for funding the majority of this shortfall.

3.6 Review of High Risk Budget Areas

3.7 High risk budget areas were identified as part of the budget setting report, submitted to Cabinet in February. These issues are explicitly managed and reported to ensure any problem areas are identified at an early stage, to enable appropriate corrective

action to be taken. The areas identified as high risk budgets are attached at **Appendix E**, which explains how these items were identified and indicates that there are currently variances on a number of budgets.

3.8 The main adverse variances relate to Car Parking, Building and Development Control income. This risk was identified as part of the 2010/11 outturn strategy and resources have been set aside to manage the short term position for 2011/12. As these trends are continuing this issue will need to be addressed as part of the 2012/13 MTFS.

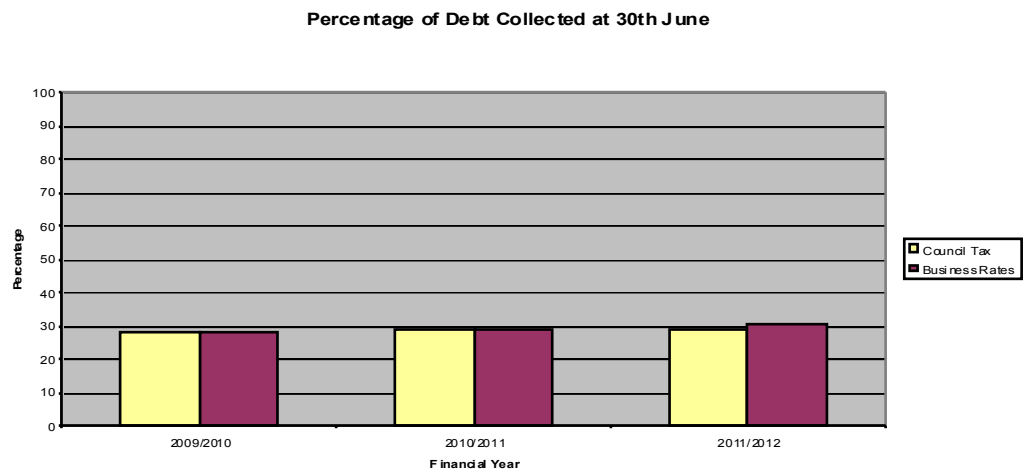
3.9 The shortfalls in Building & Development control are attributable to the impact of the economic downturn. This shortfall is reflected in the overall financial position detailed in paragraph 3.4.

3.10 Key Balance Sheet Information

3.11 A Balance Sheet provides details of an organisation's assets and liabilities at a fixed point in time, for example, the end of the financial year or other fixed accounting periods. Traditionally local authorities have only produced a Balance Sheet on an annual basis. It is however appropriate to monitor the key cash balance sheet items on a more regular basis and these are summarised below:-

- Debtors

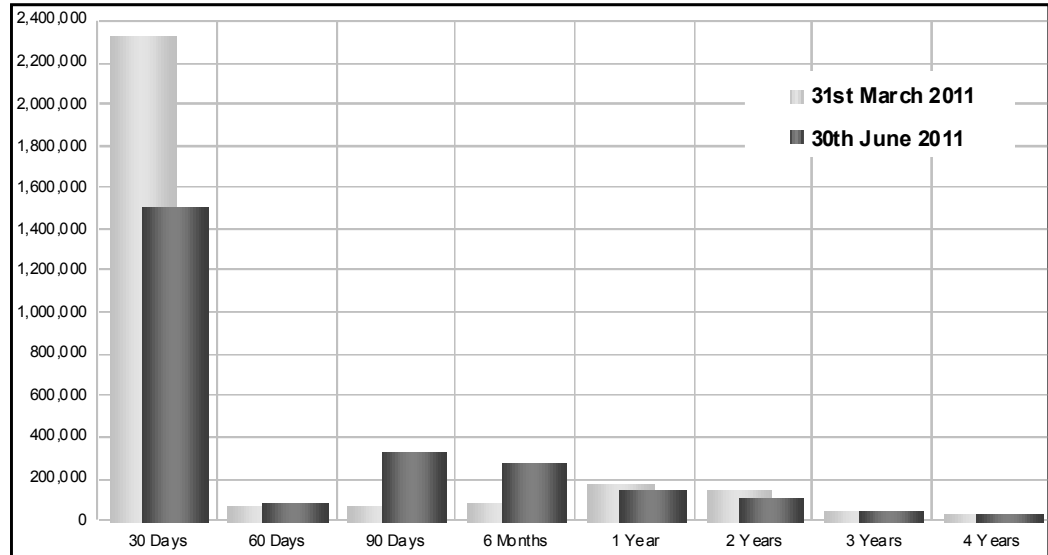
The Council's key debtors arise from the non payment of Council Tax, Business Rates and Sundry Debtors. These areas are therefore subject to detailed monitoring throughout the year. The position on Council Tax and Business rates are summarised below:-



The Council Tax collection rate is down slightly by 0.18% and the NNDR collection rate increased by 1.65% when compared

to the same period last financial year. In-year collection rates are affected by the timing of week/month ends.

The position in relation to Sundry Debtors is summarised below:



At the start of the current financial year the Council had outstanding sundry debts of £3.124m. During the period 1st April, 2011 to 30th June, 2011, the Council issued approximately 4,800 invoices with a value of £4.960m. As at the 30th June, 2010, the Council had collected £5.372m, leaving £2.712m outstanding, which consists of: -

- Current Debt - £1.943m

With regard to current outstanding debt, this totals £1.943m at 30th June, 2010, inclusive of approximately £1.511m of debt less than thirty days old.

- Previous Years Debt - £0.769m

These debts relate to the more difficult cases where court action or other recovery procedures are being implemented. At the 30th June, 2010, debts older than one year totalled £0.769m.

- Borrowing Requirement and Investments

The Council's borrowing requirement and investments are the most significant Balance Sheet items. Decisions in relation to the Council's borrowing requirements and investments are taken in accordance with the approved Treasury Management Strategy.

No new long term borrowing has been undertaken since 31st March 2011 owing to prevailing interest rates. The Treasury Management Strategy has continued to net down investments and borrowings as this is the most cost effective strategy and reducing investment counter party risk.

4 CONCLUSIONS

- 4.1 The report details progress against the Council's own 2011/2012 Revenue Budget for the period to 30th June, 2011.

5 RECOMMENDATION

- 5.1 Cabinet is asked to note the current position with regard to revenue monitoring;

CABINET REPORT

19th December 2011



Report of: Chief Finance Officer

Subject: QUARTER 2 – REVENUE FINANCIAL
MANAGEMENT REPORT 2011/12

SUMMARY

1. PURPOSE OF REPORT

To inform Cabinet of details of progress against the Council's overall revenue budget for 2011/2012 and to provide an update on the forecast outturn.

2. SUMMARY OF CONTENTS

The report covers the following areas:

- Background;
- General Fund Outturn (including Key Balance Sheet information and High Risk Budget Areas);
- Early Intervention Grant Outturn; and,
- Housing Project Outturn.

3. RELEVANCE TO CABINET

Cabinet has overall responsibility for the monitoring of the Council's Revenue budget.

4. TYPE OF DECISION

None.

5. DECISION MAKING ROUTE

Cabinet 19th December, 2011.

6. DECISION(S) REQUIRED

It is recommended that Members note the report and develop proposals for using these additional one-off resources as part of the MTFs report to be referred to Cabinet on 19th December 2011.

Report of: Chief Finance Officer

Subject: QUARTER 2 – REVENUE FINANCIAL
MANAGEMENT REPORT 2011/12

1. PURPOSE OF REPORT

- 1.1 To inform Cabinet of details of progress against the Council's overall revenue budget for 2011/2012 for the period up to 30th September and to provide an update on the forecast outturn.

2. BACKGROUND

- 2.1 In 2011/12 the Council is managing a gross revenue budget of £210.8m. This includes services funded from specific grants and income from fees and charges for services, which in total funds £118.9m of the gross revenue budget. The remaining expenditure is funded from the Formula Grant, Council Tax and the planned use of the Budget Support fund. The financial management arrangements review all aspects of the gross budget. These arrangements also concentrate on the net revenue budget of £91.9m, as ultimately any variances in the gross budget needs to be managed within this limit.
- 2.2 This report provides details covering the following areas:-
- General Fund Outturn (including Key Balance Sheet information and High Risk Budget Areas);
 - Early Intervention Grant Outturn; and,
 - Housing Project Outturn.
- 2.3 This report will be submitted to Scrutiny Co-ordinating Committee on 13th January 2012.

3 GENERAL FUND OUTTURN

- 3.1 The MTFS (Medium Term Financial Strategy) report to Cabinet on 10th October 2011 identified two key financial issues facing the Council:
- The need to make £15.083m of savings in the ongoing revenue budget before the start of 2014/15; and
 - The development of a strategy to fund estimated one off strategic costs (mainly covering redundancy/early retirement costs and Housing Market Renewal costs) of £14m phased over the next three years.

- 3.2 The MTFS report also provided an initial assessment of the 2011/12 outturn which reflected work done over the summer months on a range of strategic financial issues. The report advised Members that this was a much earlier assessment of the forecast outturn position than in previous years. Consequently, detailed initial outturns had not been prepared for departmental budgets and these would be assessed at the end of September when expenditure trends for the first 6 months were known.
- 3.3 The initial outturn indicated a net underspend for the year of £1.98m, which is mainly owing to lower borrowing costs from netting down investments and borrowings (which is not sustainable) and the early achievement of savings in advance of 2012/13.
- 3.4 The MTFS report suggested allocating this amount towards funding one-off strategic costs. These costs will need to be funded over the next three years and mainly cover redundancy/early retirement costs and Housing Market Renewal costs. In total these costs are estimated at £14m. Funding of £9.5m has been identified, including the forecast 2011/12 underspend, leaving a funding shortfall of £4.5m. It is proposed to fund this shortfall from capital receipts over the next few years. Achieving capital receipts will need to be managed carefully to avoid these one-off costs increasing the revenue budget deficit
- 3.5 **Forecast Outturn Update**
- 3.6 Since the start of the current year Departments have, as a result of the continuing need to make significant ongoing budget reductions over the next 3 years, continued to manage expenditure robustly to maximise financial flexibility and to assist the achievement of the budget reductions which will be required next year (2012/13). This includes keeping posts vacant to either enable permanent savings to be made, or to enable staff to be redeployed and avoiding other expenditure where this can be achieved without an adverse impact on services in the current year. These measures are anticipated to provide a one-off underspend against departmental budgets in the current year of £0.181m.
- 3.7 The forecast departmental underspend of £0.181m is supported by detailed Financial Management Statements for each department, which include comments on material variances as set out below:
- **Appendix A** - Adult and Community Services
 - **Appendix B** - Children's Services
 - **Appendix C** - Chief Executives
 - **Appendix D** - Regeneration & Neighbourhoods
- 3.8 An assessment of forecast income shortfalls for the shopping centre, car parking and land charges income has also been completed. In total these shortfalls are anticipated to be £0.728m in the current year, which is £0.154m more than the reserves set aside to manage this shortfall. The

2012/13 budget forecasts include a pressure of £0.668m to address these issues on a permanent basis.

- 3.9 The position on the achievement of savings in advance of next year has also been reviewed and in the current year these savings total £1.08m. This is slightly higher than the initial estimate reported on 10th October 2011 of £0.9m and reflects the ongoing effective planning, management and delivery of the programme designed to achieve savings next year.
- 3.10 A review of non-departmental budgets has also been completed and forecast outturns prepared. This has involved a detailed analysis of current expenditure levels and expected trends for the remainder of the financial year. These outturns are less certain than the departmental outturns as they cover areas which are dependant on external factors, such as the severity of winter weather and the impact on gas consumption, the actual level of Benefit Subsidy income and the conclusion of national pay bargaining for 2011/12. These issues are detailed in **Appendix E** and in summary an additional underspend of between £0.569m and £1.069m is anticipated. The higher figure assumes that there is no cost of living pay award for any Council staff and the £250 flat rate increase for employees earning less than £21,000 is not applied to local authority staff for 2011/12. If this is the case 2011/12 will be the second successive year local authority staff have had a pay freeze (the third year for Chief Officers).
- 3.11 In summary the value of the additional measures taken to manage expenditure in the current year and other favourable benefits result in a net additional underspend for the current year of between £0.776m and £1.276m. This is a best estimate at this stage and the final outturns may vary owing to the variability of department income and expenditures budgets, many of which are demand led and / or driven by external factors. For example, the numbers of looked after children could increase, additional planning income could be received if a large planning application is submitted, winter maintenance expenditure could higher if there is a severe winter, etc. The current forecast outturn position on the gross revenue budget of £211m is summarised in the table below:

Initial Forecast Underspend	£1.980m
Forecast Departmental Underspend	£0.181m
Additional Income Shortfalls	(£0.154m)
Additional advance 2012/13 savings	£0.180m
Forecast Corporate under spends (known items)	£0.569m
Gross Known Underspend	£2.756m
Contribution towards Strategic One-off Costs	(£1.980m)
Net Known Underspend	£0.776m
Forecast Corporate under spends (potential issues)	£0.500m
Potential Forecast Underspend	£1.276m

3.12 A strategy for using the above one-off funding needs to be developed and this needs to take account of the risks facing the Council as detailed in the MTFS report. This strategy also needs to consider the following issues:

- Earmarking all (or part) of the additional underspend to manage the risk of achieving the additional capital receipts of £4.5m, which are needed to fund one-off strategic costs;
- Earmarking £1m of the additional underspend to offset the loss of the Council Tax freeze grant in 2013/14 (assuming Members approve a Council Tax freeze in 2012/13). This would not solve the problem of reducing the sustainable Council Tax base, although it would provide more time to develop a strategy for managing the impact of a Council Tax freeze in 2012/13. However, this would defer an additional budget deficit until 2014/15, which will be the most difficult of the next three years;
- Earmark all (or part) of these resources to manage the implementation of a Local Council Tax scheme and to provide local temporary transitional protection for Council Tax benefit claimants facing reductions in support as a result of the 10% cut in Government grant;
- Earmark £1m of the additional underspend to provide a locally funded 2012/13 Council Tax Freeze whilst protecting the Council Tax base for 2012/13. This proposal needs further investigation to determine how this proposal can be implemented within the existing regulatory framework for Council Tax.

3.13 At this stage further information is needed on the above factors before a proposed strategy can be developed and included in the MTFS report to Cabinet on 19th December 2011.

3.14 **Review of High Risk Budget Areas**

3.15 High risk budget areas were identified as part of the budget setting report, submitted to Cabinet in February. These issues are explicitly managed and reported to ensure any problem areas are identified at an early stage, to enable appropriate corrective action to be taken. The areas identified as high risk budgets are attached at **Appendix F**, which explains how these items were identified and indicates that there are currently variances on a number of budgets.

3.16 The main adverse variances relate to Car Parking, Building and Development Control income. This risk was identified as part of the 2010/11 outturn strategy and resources have been set aside to manage the short term position for 2011/12. As these trends are continuing a pressure has been identified in the 2012/13 MTFS.

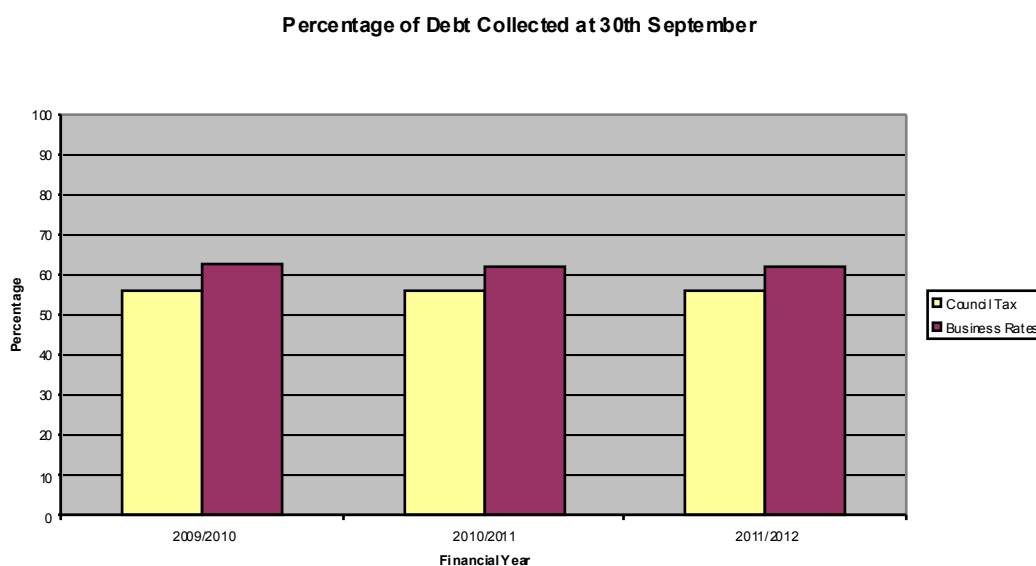
3.17 The shortfalls in Building & Development control are attributable to the impact of the economic downturn. The initial outturn strategy proposed establishing a specific reserve to manage these shortfalls.

3.18 Key Balance Sheet Information

3.19 A Balance Sheet provides details of an organisation's assets and liabilities at a fixed point in time, for example, the end of the financial year or other fixed accounting periods. Traditionally local authorities have only produced a Balance Sheet on an annual basis. It is however appropriate to monitor the key cash balance sheet items on a more regular basis and these are summarised below:-

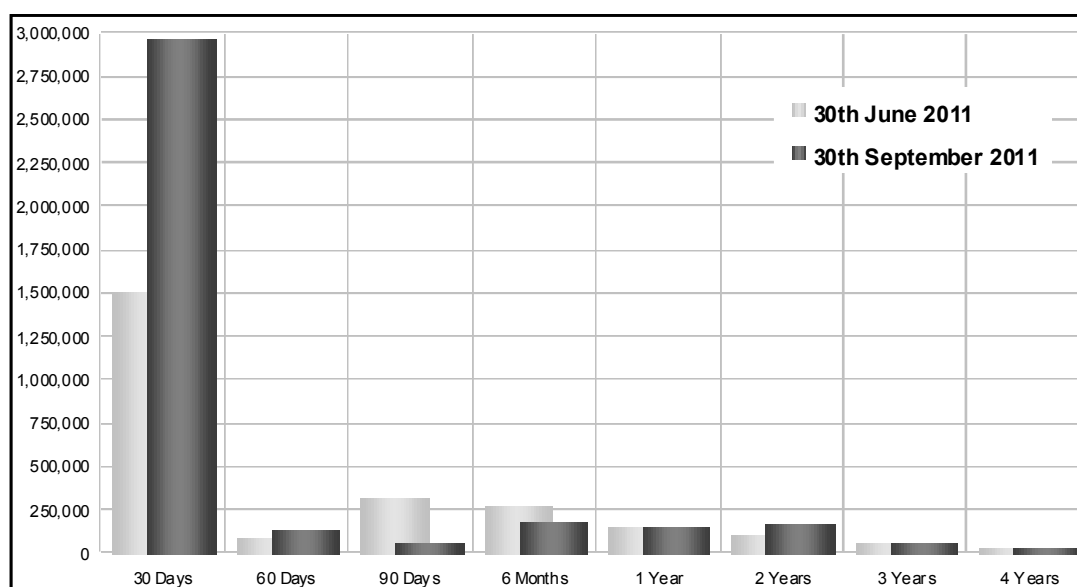
- Debtors

The Council's key debtors arise from the non payment of Council Tax, Business Rates and Sundry Debtors. These areas are therefore subject to detailed monitoring throughout the year. The position on Council Tax and Business rates are summarised below:-



The Council Tax collection rate is down slightly by 0.39% and the NNDR collection rate has also decreased slightly by 0.12% when compared to the same period last financial year. In-year collection rates are affected by the timing of week/month ends.

The position in relation to Sundry Debtors is summarised below:



At the start of the current financial year the Council had outstanding sundry debts of £3.124m. During the period 1st April 2011 to 30th September, 2011, the Council issued approximately 6,068 invoices with a value of £7.733m. As at the 30th September, 2011, the Council had collected £6.963m, leaving £3.894m outstanding, which consists of: -

- Current Debt - £3.170m

With regard to current outstanding debt, this totals £3.170m at 30th September, 2011, inclusive of approximately £2.971m of debt less than thirty days old.

- Previous Years Debt - £0.724m

These debts relate to the more difficult cases where court action or other recovery procedures are being implemented. At the 30th September, 2011, debts older than one year totalled £0.724m.

- Borrowing Requirement and Investments

The Council's borrowing requirement and investments are the most significant Balance Sheet items. Decisions in relation to the Council's borrowing requirements and investments are taken in accordance with the approved Treasury Management Strategy.

No new long term borrowing has been undertaken since 31st March 2011 owing to prevailing interest rates. The Treasury Management Strategy has continued to net down investments and borrowings as this is the most cost effective strategy and reducing investment counter party risk.

4 EARLY INTERVENTION GRANT (EIG) OUTTURN

- 4.1 Following the significant 22% cut in the EIG expenditure funding from this grant is being managed carefully with the objective of creating specific reserves. The first reserve aims to provide a temporary increase in capacity for the next two years within the Commissioning Team to assist in the review of service delivery. A second reserve aims to support provider organisations following contracts ending and new services being commissioned where there is an identified need for continuation of service.
- 4.2 Officers are currently in the process of undertaking a fundamental review of all EIG services including how the grant is spent with the aim of remodelling the services for future delivery. The current financial year is therefore very much a transitional year with a number of services either ceasing and/or being put on hold subject to the outcome of this review. This review has resulted in an anticipated net underspend of £0.274m against the existing grant, as detailed in **Appendix G**. This is a 'one-off' and the result of awaiting the detailed outcome of this review.
- 4.3 Once the review is complete then details of the review and the future strategy is scheduled to be reported to a future Cabinet meeting. This report which will also address the proposals for managing this underspend as additional resources may need to be earmarked to fund the continuation of existing services and/or the phased withdrawal and/or to manage the risks detailed in paragraph 4.4 and 4.9.
- 4.4 The Government has recently announced a detailed proposal to extend nursery provision to 2 year olds who will be eligible for free school meals when they commence full time education. This announcement highlights two significant financial risks from 2013/14 for the EIG.
- 4.5 The first risk relates to the financial impact of the Government withdrawing or phasing out the floor damping included within the existing 2012/13 EIG allocation. Analysis of the Government's proposals to extend nursery provision has highlighted the impact of EIG floor damping, which has not previously been apparent owing to the scale of the cut in the 2011/12 EIG and lack of information on the small increase anticipated for 2012/13.
- 4.6 The level of EIG floor damping reflects the Governments decision to redistribute the national EIG funding and their recognition that cuts in 2011/12 needed to be capped. Reductions in EIG for 2011/12 were set at 12.9% against the restated 2010/11 EIG allocations. This equals to a 21% cut for 2011/12 compared to the original 2010/11 EIG allocation – which is the cut suffered by Hartlepool.
- 4.7 The EIG cuts in 2011/12 would have been even higher if the Government had not implemented floor damping for this grant. The level of EIG reductions without floor damping for other North East Councils ranges from 14.8% to 43.8%. This compares to the national average of 10.9%. Hartlepool's reduction without floor damping is 44% of the 2011/12 EIG

allocation which equates to an additional potential reduction of £2.5m should floor damping be removed. This would have a devastating impact on existing services funded from the EIG. This is not a risk for 2012/13, but could become a risk in 2013/14 and beyond.

- 4.8 The second risk to the EIG relates to the level of additional funding the Government provides for existing nursery provision to 2 year olds. Until the Government provide some detailed information this risk cannot be assessed. This could also be a significant risk, particularly if the Government unwind the existing EIG floor damping to 'pay for' the extension of nursery provision as this would take resources away from Councils receiving floor damping (which includes all North East Council) and redirect this funding to other areas.
- 4.9 Against the background of the increased EIG risks it would be prudent to earmark any underspend on this grant in 2011/12 to help manage these risks in 2013/14.

5 HOUSING PROJECT OUTTURN

- 5.1 This scheme involved the construction of 82 houses at Gladys Worthy Court, Golden Meadows and Charles Street which were funded from a combination of Homes and Communities Agency (HCA) grant and Prudential Borrowing. These schemes were only financially viable as a result of the HCA grant which reduced the level of borrowing to be repaid from rental income.
- 5.2 The Business Case for this scheme assumed a prudent level for interest rates on the required Prudential Borrowing to reflect uncertainty in the financial markets and the lead time before approving the scheme and the need to actually borrow monies.
- 5.3 As part of the overall Treasury Management strategy for the Council the borrowing for this scheme has been delayed and in the current year this provides a one-off saving of £200,000. It is planned to take out a specific loan for this scheme before the end of the financial year. The action taken to delay the borrowing decision will enable the scheme to benefit from fixing the interest rate at a lower level than expected when the business case was prepared. This decision will then provide an ongoing saving of £60,000.
- 5.4 A strategy for using the one-off saving of £200,000 and the ongoing saving of £60,000 will need to be developed within the context of the Council's overall financial position and the risks identified earlier in the report. Potential options could include:

Option 1 – Allocate available one-off resources of £200,000 to reduce the current funding shortfall on One-off Strategic costs of £4.5m and allocate the ongoing saving of £60,000 towards addressing the residual 2012/13 budget deficit;

Option 2 – Allocate both the one-off resources of £200,000 and the ongoing saving of £60,000 to create a capital investment fund. The revenue funding would support Prudential Borrowing, the value of which will depend on the nature of the capital expenditure fund as this determines the repayment period for prudential borrowing. An initial assessment indicates a total capital investment fund of between £0.8m and £1.0m (including the existing £0.2m one-off resources). Capital investment which could be funded from such an investment fund could include:

- Introducing a mortgage scheme;
- A scheme to develop additional new affordable houses;
- A scheme to buy and refurbish existing properties to provide affordable houses.

5.5 Cabinet guidance on the preferred option is needed to enable more detailed analysis to be completed. This will also need to consider the impact of Section 106 monies secured on the Wynyard development of £1.2m. It is anticipated these monies will be phased over a few years and will increase the total resources to £2.2m. Initial proposals can then be included in the MTFS report to Cabinet on 19th December and then referred to scrutiny, before final proposals are referred to Council in February 2012.

6 CONCLUSIONS

- 6.1 As reported in the MTFS report on 10th October 2011 the Council faces an extremely challenging financial position over the next three years. In relation to the net revenue budget of £92m this includes the achievement of budget reductions of £15.083m before the start of 2014/15. The Council also needs to fund estimated one-off costs of £14m over the next three years. Funding of £9.5m has been identified, which leaves a shortfall of £4.5m which it is anticipated can be funded from capital receipts.
- 6.2 Against this background officers continue to manage expenditure in the current year extremely carefully to avoid spending wherever possible. This includes managing vacancies to mitigate the level of compulsory redundancies and / or to provide redeployment opportunities. Action is also being taken to implement savings needed for 2012/13 during the current year where this is possible. These measures provide a one-off benefit in the current year and reduce the risk of setting and delivering a balanced 2012/13 budget.
- 6.3 The availability of these one-off resources enables the Council to fund one-off Strategic costs over the next three years and avoid these issues increasing the level of cuts which need to be made.
- 6.4 The latest forecast outturn indicates the total underspend will be greater than initially anticipated, although some issues are still uncertain and additional risks may emerge. It is therefore suggested that proposals for using these additional one-off resources are developed and included in the MTFS report referred to Cabinet on 19th December 2011.

7. RECOMMENDATIONS

- 7.1 It is recommended that Members note the report and develop proposals for using these additional one-off resources as part of the MTFS report to be referred to Cabinet on 19th December 2011.

8. CONTACT OFFICER

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ADULT & COMMUNITY SERVICES

Appendix A

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2011/2012

Approved 2011/2012 Budget £'000	Description of Best Value Unit	Projected Outturn Variance £'000	Director's Explanation of Variance
Adult & Public Health Services			
0	Adult Education	0	
333	Carers & Assistive Technology	0	
4,475	Commissioning-Adults	(114)	This forecast outturn variance predominantly reflects staffing vacancies in this area, there are also underspends on non-pay, some of which will be used to fund an RCCO for fencing at Waverley Terrace Allotments
1,367	Commissioning-Mental Health	35	
9,200	Commissioning-Older People	0	
5,630	Commissioning-Working Age Adult	(20)	
226	Complaints & Public Information	15	
1,003	Departmental Running Costs	69	The adverse outturn projection reflects an anticipated overspend in various non-pay budgets which will be covered from underspends on other budgets.
1,188	Direct Care & Support Team	(200)	This favourable variance relates to staffing underspends in this area, the favourable outturn reflects this. This area is volatile and can be impacted by external activity generated by hospital discharges.
480	LD & Transition Social Work	(12)	
2,213	Locality & Safeguarding Team	28	
956	Mental Health Services	(29)	
1,179	OT & Disability Equipment	(85)	The favourable variance reflects underspends on Aids & Adaptations and Disabled adaptations. The outturn reflects this position, in previous years RCCO's have been made to support the DFG budget targeting those with ongoing social care needs. Further assessment will be made throughout the year to ascertain if this is necessary.
273	Workforce Planning & Dev	0	
1,167	Working Age Adult Day Services	68	This adverse variance and outturn predominantly relates to transport costs and a shortfall income in these areas.
0	Contribution to Capital for a new fence at Waverley Terrace Allotments.	24	
0	Contribution to Capital to support Disabled Facilities Grant budget	85	
29,689	Sub-Total Adult & Public Health Services	(137)	
Culture, Leisure and Tourism			
26	Archaeology Services	(0)	
154	Community Centres	(40)	
715	Cultural Services	14	
457	Grants to Community & Voluntary Organisations	0	
1,347	Libraries	17	
890	Sports, Leisure & Rec Facilities	59	This adverse variance and projected outturn relates to staffing costs in relation to sickness cover and weekend enhancement protection arrangements.
3,589	Sub-Total Culture, Leisure and Tourism	49	
Community Safety and Planning			
26	Drug & Alcohol	0	
26	Sub-Total Community Safety and Planning	0	
33,303	TOTAL	(87)	

USE OF RESERVES

The above figures include the 2011/2012 approved budget along with the planned use of Departmental Reserves created in previous years. The details below provide a breakdown of these reserves

Approved 2011/2012 Budget £'000	Description of Best Value Unit	Planned Usage 2011/12 £'000	Variance Over/ (Under) £'000
Adult's & Public Health Services			
168	Commissioning Adults - Social Care Reform	168	0
10	Locality & Safeguarding - Stroke Care	10	0
185	Supporting People Contracts	185	0
26	Mental Health Capacity	26	0
21	Campus Resettlement	21	0
19	Support Services	19	0
34	Community Weight Management	34	0
463	Sub-Total	463	0
Culture, Leisure and Tourism			
11	Libraries	11	0
2	Sport & Recreation - Sports Awards	2	0
12	Archaeology Projects	12	0
7	Events Promotion	7	0
8	Grants to Voluntary Orgs	8	0
	Sport & Recreation - Public Health Physical		
29	Activity	29	0
69	Sub-Total	69	0
532	TOTAL	532	0

CHILDREN'S SERVICES

Appendix B

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2011/2012

Approved 2011/2012 Budget £'000	Description of Best Value Unit	Projected Outcome Variance £'000	Director's Explanation of Variance
1,654	Access to Education	0	
846	Central Support Services	0	
210	Children's Fund	(27)	
11,518	Children & Families	252	The Looked After Children budget is overspending against base budget provision by £400k however this is partly offset by underspends elsewhere within Children & Families mainly arising from staff vacancies and reduced expenditure on supplies and services. Use of the LAC Reserve was budgeted to offset this overspend however it is now proposed to retain this Reserve at £1m and instead fund this adverse variance from underspends elsewhere within the department. Based on current trends this provides contingency funding for between 2 and 3 years. It is hoped that over this period the costs of LAC can be contained within the base budget provision however if this is not possible then a budget pressure will arise in 2015/16.
56	Early Years	(38)	
104	Information Sharing & Assessment	37	
535	Other School Related Expenditure	11	
23	Play & Care of Children	23	
746	Raising Educational Achievement	(267)	The variance is mainly owing to the use of Standards Fund income which has resulted in a one-off base budget saving.
361	Special Educational Needs	(264)	The variance relates to underspends on services funded from DSG.
385	Strategic Management	(195)	The variance is mainly owing to the use of Standards Fund income which has resulted in a one-off base budget saving.
502	Youth Offending Team	(39)	
466	Integrated Youth Service	22	
0	Dedicated Schools Grant - Transfer to Ring-Fenced DSG Reserve	383	
17,406	TOTAL	(102)	

USE OF RESERVES

The above figures include the 2011/2012 approved budget along with the planned use of Departmental Reserves created in previous years.
The details below provide a breakdown of these reserves

Approved 2011/2012 Budget £'000	Description of Best Value Unit	Planned Usage 2011/12 £'000	Variance to Date Over/ (Under) £'000	Director's Explanation of Variance
472	School Transformation Team (BSF)	332	(140)	Capitalisation of some of costs of site managing the new build at Dyke House - reserve to continue to fund spend in future years
45	Youth Offending	45	0	
67	Carlton Outdoor Centre	67	0	
423	Looked After Children	0	(423)	In the current year it is proposed to offset the adverse variance on Children & Families BVG with underspends elsewhere within the department. This will enable the total LAC Reserve of £1m to be carried forward to manage this continuing risk in future years. Based on current trends this provides contingency funding for between 2 and 3 years.
16	Local Safeguarding Children's Board	16	0	
220	Home to School Transport	220	0	
25	Newly Qualified Teachers	0	(25)	
38	Playing for Success	31	(7)	This project was funded by reserves until Summer 2011 following the cessation of the grant funding in March 2011; there was expected to be an underspend on Supplies & Services.
45	Promotion of Breast Feeding	45	0	
1,351		756	(595)	

CHIEF EXECUTIVE DEPARTMENT

Appendix C

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2011/2012

Approved 2011/2012 Budget £'000	Description of Best Value Unit	Projected Outturn Variance £'000	Director's Explanation of Variance
Finance & Procurement			
1.3.14	Accountancy	(80)	The projected favourable variance is owing to vacant posts.
(17.34)	Central Administration	0	
33	Finance Miscellaneous	0	
51	HR Payroll System	0	
203	Internal Audit	(5)	
4.92	Legal Services	50	The forecasted outturn variance is owing to a potential shortfall in income received for legal land and property transactions. A reduction in the housing transactions completed on behalf of other partnerships has resulted in the reduction in the income generated.
93	Municipal & Parliamentary Elections	(15)	
86	Registration of Electors	0	
(9.38)	Shopping Centre Income	0	Forecast favourable variance of £15,000, subject to no more elections this year. However, this amount would need to be considered as a MRU as, following the electoral review, the council will have all out elections in May 2012 and there is the potential for a local referendum, all of which will need to be funded by the authority. In this context, this also needs to be highlighted as a pressure for next year.
1.21	Support to Members	0	
	Municipal & Parliamentary Elections MRU for May 2012 elections	15	
(2.79)	Sub-Total Finance & Procurement	(35)	
Performance			
(2.48)	Benefits	(3)	Related to printing costs being less than originally budgeted.
1.35	Community Partnerships	0	
5.38	Corporate ICT	0	
4.45	Corporate Strategy	(10)	
1.94	Democratic	(8)	
43	Fraud	0	No variance is shown here as the income shortfall is being managed corporately. The latest forecasted outturn variance is £130K owing to a continued reduction in Land Search income.
5.39	Hartlepool Connect	0	
6.63	HR & Health and Safety	0	
(4.3)	Other Office Services	0	Forecast favourable variance is owing to income generation being above target.
1.58	Performance & Consultation	0	
1.15	Performance Management Misc	0	
1.15	Public Relations	(31)	Relates to salaries where staff are not at the top of the grade and external consultant fees which are no longer required to support Tees Valley Joint Health Scrutiny Committee.
7	Registration Services	0	
1.0.33	Revenues	0	
(3.76)	Revenues & Benefits Central	0	Forecast favourable variance of £25,000, owing to staffing vacancies, of which £15,000 would need to be considered as a MRU as, following the Support Services SDO there will be some staff protection issues for the three following financial years.
1.61	Scrutiny	(15)	
6.54	Shared Services Unit	0	
5.93	Support Services	(25)	
35	Training & Equality	0	
0	Support Services MRU for staff protection issues	15	
4.7.61	Sub-Total Performance	(77)	
4.4.82	TOTAL	(112)	

USE OF RESERVES

The above figures include the 2011/2012 approved budget along with the planned use of Departmental Reserves created in previous years. The details below provide a breakdown of these reserves

Approved 2011/2012 Budget £'000	Description of Best Value Unit	Planned Usage 2011/12 £'000	Variance Over/ (Under) £'000
Finance & Procurement			
24	Finance - Accountancy	24	0
50	Finance - Accountancy	50	0
35	Finance - Audit Section	35	0
62	Finance - IT Investment	62	0
41	Finance - IT Developments R & B	41	0
64	Finance - R & B	64	0
16	Finance - Internal Baitiff Development	16	0
5	Finance - Intercept Software Development	5	0
50	Finance - Financial Inclusion Programme	50	0

CHIEF EXECUTIVE DEPARTMENT

Appendix C

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2011/2012

Approved 2011/2012 Budget	Description of Best Value Unit	Planned Usage 2011/12	Variance Over/ (Under)
£'000		£'000	£'000
4	Finance - New Scanner	4	0
5	Finance - FSM Software	5	0
20	Finance - e-form Development	20	0
50	Finance - Specific Grant Reduction	50	0
20	Finance - Atlas Project	20	0
5	Finance - Payment Card Industry	5	0
5	Finance - Integration Import	5	0
10	Finance - Zipporah Corporate Booking System	10	0
10	Finance - Software Projects	10	0
15	Finance - Council Tax Rebate Development	15	0
100	Financial Inclusion	100	0
24	Legal, Registration and Members	24	0
615	Sub-Total Finance & Procurement	615	0

Performance			
26	Accommodation	26	0
196	Chief Executive's Department Ring Fenced	196	0
16	Corporate Strategy - Corporate Consultation	16	0
113	Corporate Strategy - Divisional Restructure	113	0
28	Corporate Strategy - Enhancing Council Profile	28	0
85	Corporate Strategy - ICT System Development	85	0
50	Corporate Strategy - ICT Contract Review	50	0
33	Corporate Strategy - Joint Working	33	0
30	Corporate Strategy - Performance Management	30	0
23	Corporate Strategy - Working from Home	23	0
51	Hartlepool Connect	51	0
30	Hartlepool Connect	30	0
18	HR - People Framework Development	18	0
3	HR - Resource Investment	3	0
27	HR - Support to Members	27	0
35	Registrars	35	0
15	Registrars	15	0
779	Sub-Total Performance	779	0
1,394	TOTAL	1,394	0

REGENERATION AND NEIGHBOURHOODS DEPARTMENT

Appendix D

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2011/2012

Approved 2011/2012 Budget	Description of Service Area	Projected Outturn Variance - Adverse/ (Favourable) £'000	Director's Explanation of Variance
£'000		£'000	
	Departmental Budgets (i.e. budgets relate to all of the below Portfolios)		
1,274	Strategic Management, Admin & Service Development	0	
(302)	Departmental Salary Turnover Target	0	
128	Advance Savings	0	
1,100	Sub-Total Departmental Budgets	0	
	Adult's & Public Health Services		
659	Consumer Services	0	
12	Environmental Protection	0	
(83)	Environmental Standards	60	Income is down on last year but the fee expectancy in this area is unrealistic in the current climate. The level of budgeted income will need to be reviewed as part of the detailed 12/13 Budget Build. The 10/11 shortfall was £37k.
(20)	Cemetery and Crematoria	(30)	A £30k favourable variance is expected at year end following the increase in fees to fund the replacement of the cremator. Works are due to start in 12/13 and it is proposed that any surplus income generated this year is carried forward as a reserve to fund the capital works and reduce the amount of prudential borrowing on the scheme.
0	Contribution to Cemetery and Crematoria Reserve	30	See comment above.
568	Sub-Total Adult and Public Health	60	
	Culture, Leisure and Tourism		
2,361	Parks & Countryside	0	
32	Allotments	0	
2,393	Sub-Total Culture, Leisure and Tourism	0	
	Community Safety & Planning		
(40)	Building Control	125	£500k was included in the MTFS Outturn Forecast for Building Control and Development Control with £250k expected in 11/12. Building Control income is down in the first two quarters of the year and the forecast outturn assumes that this will continue.
541	Community Safety	0	
232	Development Control	125	Analysis of income shows the reliance on large schemes and this will continue to be closely monitored. Income was received from larger schemes in Q4 and the year end forecast is a worst case scenario which assumes no more this year.
53	Sustainable Development	0	
786	Sub-Total Community Safety & Planning	250	
	Finance and Procurement		
(5)	Logistics	0	
89	Procurement and Reprographics	0	
(134)	Property Management	0	
290	Asset Management	0	
(113)	Building Consultancy	0	
127	Sub-Total Finance and Procurement	0	
	Housing and Transition		
714	Housing Services	(20)	This favourable variance relates to the expected surplus generated by the New Social Housing scheme which needs to be set aside to cover future maintenance costs in accordance with the approved business case for this project.
0	Contribution to Social Housing New Build Reserve	20	See comment above.
714	Sub-Total Housing and Transition	0	
	Regeneration and Economic Development and Skills		
80	CADCAM	0	
1,071	Economic Development	0	
559	Urban & Planning Policy	0	
1,710	Sub-Total Regeneration and Economic Development and Skills	0	

REGENERATION AND NEIGHBOURHOODS DEPARTMENT

Appendix D

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2011/2012

Approved 2011/2012 Budget	Description of Service Area	Projected Outturn Variance - Adverse/ (Favourable)	Directors Explanation of Variance
£'000		£'000	
	Transport & Neighbourhoods		
(1,013)	Car Parking	0	No variance is shown here as the income shortfall is being managed corporately. Provision was made in the 10/11 Outturn Strategy for a shortfall in income and a contribution of £200k from this reserve is included below. The current anticipated shortfall is £300k. This forecast represents a worst case scenario which does not reflect a peak in income at Christmas as the adverse weather conditions may affect this again. It also does not reflect any additional fine income which may result from the new car and bailiff work and this position will be closely monitored once more information is available.
470	Engineering Consultancy	0	
4	Facilities Management	0	
13	School Catering	170	Adverse variance in part is owing to the reduction in funding from Child and Adult from £140k to £70k - this is included in the MTFS. In addition income is down and work is ongoing to establish the impact on the account of the additional children eligible for free school meals. Forecast based on 300 and place data is between £50k & £70k but we need to review actual impact using a dual school meals data. Only a few weeks info of current year available at present.
(4)	Grounds Maintenance	0	
2,168	Highway Maintenance and Insurance	0	
(183)	Highways Trading	0	Current position is a favourable £65k owing to income from Capital works. The client position including spend on Winter Maintenance needs to be considered, therefore it is currently assumed that there will be a nil variance at outturn.
507	Highways Traffic & Transport Management	0	
95	ITU Passenger Transport	0	Favourable variance at the moment resulting from income generation. This is an area under consideration as part of the savings proposed for 12/13.
364	ITU Road Safety	0	
0	ITU Strategic Management	0	
(207)	ITU Vehicle Fleet	0	
(1)	NDORS (National Driver Offender Rehabilitation) Scheme	0	
2,453	Neighbourhood Management	0	
1,165	Network Infrastructure	0	
0	Section 38's	0	£141k carried forward from last year. Currently reviewing officer costs chargeable here. There is likely to be a balance to carry forward which represents income in advance at year end for unaudited schemes.
2,318	Sustainable Transport	(40)	This favourable variance is projected owing to an underspend on Concessionary Fares following the renegotiation of the Tees Valley contract. The MTFS Outturn Forecast includes a £60k provision for this however it is proposed that a reserve is created from this underspend to fund the buss pass replacement in 12/13. Provision has been made in this estimate for a possible charge for any shortfall on the 30p charge for travel before 9.30am. A pressure for 12/13 has been identified when the reimbursement methodology changes.
4,726	Waste & Environmental Services	400	The forecast adverse variance is owing to additional costs incurred while the incinerator is out of use. Provision was made for this in the 2010/11 Outturn Strategy and the reserve will be released to fund this. Action is being taken to minimise the overall cost by increasing the amount of recycling. This position will be monitored closely each month as details of actual waste is provided.
12,875	Sub-Total Transport and Neighbourhoods	530	
	Contribution from Reserves for Waste Disposal as part of the Outturn Strategy approved by Members 20.05.11	(400)	
20,273	DEPARTMENT TOTAL	440	
	Less amounts included in the 11/12 Outturn Strategy included in the MTFS reported to Cabinet 10.10.11		
	School Meals	(70)	
	Development and Building Control	(250)	
	Net Adverse (Favourable) Variance	120	

REGENERATION AND NEIGHBOURHOODS DEPARTMENT

Appendix D

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2011/2012

USE OF RESERVES

The above figures include the 2011/2012 approved budget along with the planned use of Departmental Reserves created in previous years. The details below provide a breakdown of these reserves.

Approved 2011/2012 Budget £'000	Description of Best Value Unit	Planned Usage 2011/12 £'000	Variance Over/ (Under) £'000	Directors Explanation of Variance
Departmental Budgets (i.e. budgets relate to all of the below Portfolios)				
165	Regeneration and Neighbourhoods Managed Revenue Underspend	165	0	
165	Sub-Total	165	0	
Community Safety & Planning				
32	Local Plan Reserve	32	0	
46	Community Safety - Various Contractual Commitments	46	0	
132	Community Safety - LPSA	61	(71)	Reserve to be carried forward to 12/13. Three year programme - grant administered and controlled by Safer Hartlepool Partnership.
210	Sub-Total	139	(71)	
Finance and Procurement				
18	Property Services - Invest to Save	18	0	
20	Graham Community Centre	20	0	
38	Sub-Total	38	0	
Housing and Transition				
96	Housing - CAD/CAM, Selective Licensing & IT Systems	96	0	
144	Selective Licensing	0	(144)	Reserve to be carried forward to 12/13. Scheme runs over years and the reserve represents funding received in advance which is needed to fund salaries and running costs until the scheme ends.
7	Housing - Condition Surveys/Strategic Housing Market Assessment	7	0	
80	Empty Homes	80	0	
35	Social Housing New Build	0	(35)	Reserve to be carried forward to 12/13. Ringfenced to fund future repairs/asset lifecycle costs associated with the New Social Housing Operating Account.
55	Baden Street	55	0	
50	Furniture Project	50	0	
467	Sub-Total	288	(179)	
Regeneration and Economic Development and Skills				
118	Earmarked Grant Funding	118	0	
180	Jobs and The Economy	180	0	
200	Seaside Grant	200	0	
141	Economic Development - Grant funded Projects	141	0	
10	Economic Development - Economic Regeneration Strategy	10	0	
14	Economic Development - Graffiti Project	14	0	
37	Urban & Planning Policy	37	0	
700	Sub-Total	700	0	
Transport & Neighbourhoods				
27	Neighbourhood Management NDC	27	0	
5	Neighbourhood Management NDC - Cohesion	5	0	
16	Speed Cameras	16	0	
46	ITU Running Costs	46	0	
22	Building Maintenance	22	0	
70	Stranton Nursery	70	0	
10	Neighbourhood Community Development Projects	10	0	
10	Village Greens Hearings	10	0	
50	Winter Maintenance	50	0	
10	Equine Enforcement	10	0	
20	H & S Training	20	0	
286	Sub-Total	286	0	
Culture, Leisure and Tourism				
50	Alloiments	50	0	
50	Sub-Total	50	0	
Adult's & Public Health Services				
50	Cemetery and Crematoria	50	0	
12	Licensing	12	0	
62	Sub-Total	62	0	
1,978	DEPARTMENT TOTAL	1,728	(250)	

ADDITIONAL CORPORATE ISSUES IDENTIFIED SINCE 10 OCTOBER 2011

	2011/12 Saving/ (cost)	Comment on forecast outturn
	£'000	
Known issues		
IT Contract payments	150	Prudent accruals for outstanding contract variances had been made in previous years accounts on the assumption that these amounts would be needed. Following the agreement of outstanding issues there is a one-off benefit of £150,000.
Pensions/Designated Authority costs	50	The outturn reflects a minor reduction in the employers overall pension contribution and small reduction in designated authority costs. Both will continue into 2012/13 and future years
Energy Savings	150	Energy price increase in the current year are less than anticipated owing to the proactive energy procurement strategy pursued by NEPO to buy the 2011/12 energy requirement in advance of need. This is not expected to be sustainable as current energy prices already exceed the prices paid in 2011/12 and further increases are expected in 2012/13.
Discretionary Rate Relief	50	Applicants for discretionary rate relief from businesses is less than expected and this trend is expected to continue
Benefit Subsidy Income	200	The current benefit subsidy regime is expected to provide a one-off benefit in 2011/12. This is not sustainable as the Government have already indicated that when Council Tax Benefit is localised there will be a 10% grant cut. It is anticipated that this will be preceded in 2012/13 with cut in the benefit subsidy regime.
Church Square Loan Repayment	39	Following the deferral of this project there will be a one-off saving in the 2011/12 loan repayment costs. This could become a permanent saving if Members determine to permanently delete the Prudential Borrowing budget of £390,000 from the capital programme.
Provision for Mayoral Referendum	(70)	One off costs of holding a referendum.
Total Known issues	569	
<u>Potential Issues</u>		
April 2011 pay award saving	500	The base budget for 2011/12 included a significantly reduced provision for a cost of living pay award in April 2011 which assumed the national agreement of a flat rate increase for public sector employees earning less than £21,000 of £250. It is now expected that this arrangement will not apply to local authority staff. If this is the case there will be a one-off saving in 2011/12 and a continuing saving from 2012/13. This issues continues to be a risk and it would be prudent to maintain this provision until the national position is clearer.
Total All Issues	1,069	

2011/12 FINANCIAL RISK MANAGEMENT

Appendix F

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 ITEMS**CORPORATE RISKS**

Financial Risk	Risk Rating	2011/12 Base Budget £'000	Budget as % of net budget	Variance to 30th September (Favourable)/ Adverse £'000
Pay costs - Single Status and costs of living pay award	Amber	50,470	55%	0
Higher costs of borrowing and/or lower investment returns	Green	6,829	7%	(337)
IT	Green	2,758	3%	0
Planned Maintenance Budget	Amber	216	0%	0

CHILD & ADULT SERVICES

Financial Risk	Risk Rating	2011/12 Base Budget £'000	Budget as % of net budget	Variance to 30th September (Favourable)/ Adverse £'000
Individual School Budget (ISB)	Amber	69,541	N/A	0
Individual Pupils Budget allocated during the year to schools for high level SEN pupils	Green	1,832	2%	9
Home to School Transport Costs	Amber	1,415	2%	(55)
Building Schools for the Future	Amber	N/A	N/A	0
Carlton Outdoor Education Centre	Red	85	0%	30
Increased demand in places at independent schools for pupils with high level of SEN	Amber	650	1%	(2)
Increased Demand for Looked After Children Placements	Red	5,310	6%	178
Schools Buy-Back Income	Amber	(339)	0%	86
Demographic changes in Older People	Amber	16,584	18%	100
Demographic changes in Working Age Adults	Red	9,476	10%	70
Non-achievement of income targets - Community Services	Amber	(1,323)	-1%	(76)
Non-achievement of income targets - Social Care	Amber	(10,929)	-12%	(240)

REGENERATION & NEIGHBOURHOODS

Financial Risk	Risk Rating	2011/12 Base Budget £'000	Budget as % of net budget	Variance to 30th September (Favourable)/ Adverse £'000
Car Parking	Amber	1,813	2%	65
Fee Income - Planning & Building Control	Amber	718	1%	104
Rent Income - Economic Development Service	Green	205	0%	0

Appendix G

EARLY INTERVENTION GRANT 2011/12 - FORECAST OUTTURN

	2011/12 Initial Proposed Budget allocation (Budget Book)	2011/12 Budget Amendments	2011/12 Latest Budget	2011/12 Projected Outturn Variance (Favourable)/ Adverse
	£	£	£	£
ABG Grants				
Connexions	1,011,090	(288,316)	722,774	(44,000)
Children's Fund	320,515	(9,609)	310,906	0
Positive Activities For Young People - Connexions	241,259	(28,324)	212,935	44,000
Positive Activities For Young People - Neighbourhood Support Fund	157,424	0	157,424	(81,000)
Teenage Pregnancy	113,345	0	113,345	0
Youth Substance Misuse	10,370	0	10,370	0
January Guarantee	0	0	0	0
Child Trust Fund	1,872	0	1,872	0
Children's Social Care Workforce	32,662	0	32,662	0
ABG Total	1,888,537	-326,249	1,562,288	(81,000)
Specific Grants				
Children's Centres	2,566,289	0	2,566,289	(198,000)
Early Years Sustainability	490,941	0	490,941	0
Early Years Workforce	282,683	0	282,683	0
Two Year Old Offer Early Learning and Childcare	170,010	0	170,010	0
Think Family Grant	763,276	0	763,276	0
Short Breaks for Disabled Children	300,389	0	300,389	0
Foundation Learning	17,805	0	17,805	0
Targeted Mental Health in Schools	175,134	0	175,134	(175,000)
Contact Point	0	0	0	0
Youth Crime Action Plan	137,746	0	137,746	0
Youth Crime Prevention	0	32,068	32,068	0
Youth Inspectors	0	28,425	28,425	0
Youth Opportunity Fund	142,548	(28,425)	114,123	0
Specific Grants Total	5,046,821	32,068	5,078,889	(373,000)
Youth Service -Rebadged Connexions Grant	0	326,249	326,249	0
Create EIG Commissioning Reserve	0	0	0	110,000
Create EIG Interim Funding Reserve	0	0	0	70,000
TOTAL EIG	6,935,358	32,068	6,967,426	(274,000)

~~~~~ Note 1 ~~~~~

~~~~~ Note 2 ~~~~~

Note 1:

The initial budget allocation was the indicative budget based on the 21.9% funding reduction. As stated in the February 2011 MTFS Cabinet Report these indicative allocations were subject to a degree of flexibility to transfer resources between individual areas to manage such a large in year reduction in funding. Changes to the budget since the indicative allocation was proposed are shown in the Budget Amendment column. This incorporates an additional allocation in respect of Youth Crime Prevention.

Note 2:

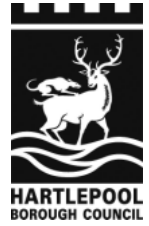
This Column shows the latest outturn projections in respect of EIG which include proposals to create a specific reserve to temporarily increase capacity for the next two years within the Commissioning Team to assist in the review of service delivery and a Reserve to support provider organisations following contracts ending and new services being commissioned where there is an identified need for continuation of service. Officers are currently in the process of undertaking a fundamental review of all EIG services including how the grant is spent with the aim of remodelling the services for future delivery. The current financial year is therefore very much a transitional year with a number of services either ceasing and/or being put on hold subject to the outcome of this review. This review has resulted in some underspend against the existing grant however this is very much 'one-off' and the result of awaiting the detailed outcome of this review.

Once complete then details of the review and the future strategy is scheduled to be reported to a future Cabinet meeting which will also address the proposals for managing this underspend as additional resources may need to be earmarked to fund the continuation of existing services and/or the phased withdrawal.

In the event of this underspend not being required for these purposes then this will be addressed as part of the final MTFS Report taken to Members in December 2011.

SCRUTINY CO-ORDINATING COMMITTEE

13 January 2012



Report of: Chief Finance Officer

Subject: QUARTER 2 – CAPITAL PROGRAMME
MONITORING REPORT 2011/2012

SUMMARY

1. PURPOSE OF REPORT

- 1.1 To provide details of progress against the Council's 2011/12 Capital budget for the period to 30th September, 2011.

2. CONSIDERATION OF ISSUES

- 2.1 A separate report has not been prepared for your Committee as a comprehensive report was submitted to Cabinet on 19 December 2011 (**Appendix 1**). This report sets out the key issues to bring to your attention.
- 2.2 In line with previous monitoring reports, the attached report provides and overall picture of progress against the approved 2011/2012 capital programme.

3. RECOMMENDATIONS

- 3.1 Members consider the report.

CABINET REPORT

19th December 2011



Report of: Chief Finance Officer

Subject: QUARTER 2 – CAPITAL PROGRAMME MONITORING
REPORT 2011/2012

SUMMARY

1. PURPOSE OF REPORT

- 1.1 To provide details of progress against the Council's 2011/12 Capital budget for the period to 30th September, 2011.

2. SUMMARY OF CONTENTS

- 2.1 The report provides detailed monitoring information for each departmental area up to 30th September, 2011. In total there are 346 schemes within the Council's capital programme.
- 2.2 The report advises members that the majority of schemes are progressing as planned and provides a detailed commentary on individual departmental capital programme.
- 2.3 There is one area where capital expenditure will exceed the budget this relates to two major projects undertaken as part of the Primary Capital Programme (PCP), for the schemes at Rossmere and Jesmond Road schools, which have a combined total budget of £8.5m. Additional costs have been identified for these schemes and at the time of preparing this report work was still ongoing to quantify these costs. An initial assessment indicates these costs will be in the region of £0.5m. Following the Government's decision to withdraw future PCP allocations these costs will need to be funded by the Council. A funding strategy will need to be developed to address these additional costs and avoid this impacting on next year's revenue budget. It is envisaged that this will need to involve allocating uncommitted funding from the Council Capital Fund and a contribution from departmental revenue budgets (which will not affect the revenue outturn forecast reported separately). Full details of the proposed funding strategy will be reported Cabinet on 19th December 2011.

3. RELEVANCE TO CABINET

3.1 Cabinet has overall responsibility for the monitoring of the Council's budgets.

4. TYPE OF DECISION

4.1 None.

5. DECISION MAKING ROUTE

5.1 Cabinet 19th December, 2011.

6. DECISIONS REQUIRED

6.1 It is recommended that Cabinet:

- i) note the report
- ii) approve the virement of £35k for Mill House Changing and Fitness Area (detailed in paragraph 3.4)

Report of: Chief Finance Officer**Subject:** QUARTER 2– CAPITAL PROGRAMME MONITORING
REPORT 2011/2012**1. PURPOSE OF REPORT**

- 1.1 To inform Cabinet of progress against the Council's 2011/12 Capital budget for the period to 30th September, 2011.

2. BACKGROUND

- 2.1 This report provides details covering the capital programme on a departmental basis.
- 2.2 This report will be submitted to Scrutiny Co-ordinating Committee on 13th January 2012.

3. CAPITAL MONITORING 2011/2012

- 3.1 Expenditure for all departmental areas is summarised in the table below. Actual expenditure to 30th September 2011 totals £18.178m compared to the budget of £49.315m leaving expenditure of £20.928m to be spent in 2011/12 capital expenditure and resources of £10.948m will be re-phased into 2012/13.
- 3.2 Capital schemes are generally progressing as expected and details are by department are shown below.

| Department | 2011/12
Budget
£'000 | 2011/12
Actual to
30/09/2011
£'000 | 2011/12
Remaining
Expenditure
£'000 | 2012/13
Re-phased
Expenditure
£'000 | 2011/12
Variance from
budget
Adverse/
(Favourable)
£'000 |
|----------------------------------|----------------------------|---|--|--|---|
| Adult & Community Services | 1,550 | 173 | 1,284 | 0 | (93) |
| Children's Services | 27,518 | 13,528 | 8,287 | 6,203 | 500 |
| Chief Executive | 212 | 10 | 202 | 0 | 0 |
| Corporate | 2,444 | 705 | 1,522 | 0 | (217) |
| Regeneration & Neighbourhoods | 17,591 | 3,762 | 9,633 | 4,745 | 549 |
| Total Capital Expenditure | 49,315 | 18,178 | 20,928 | 10,948 | 739 |

3.3 Adult & Community Services

- 3.4 The Mill House Combined Heating and Power scheme works has been completed at a final cost of £0.114m, leaving an under spend of £63k. It is proposed that £35k of this under spend is used to fund the 2011/12 additional works for the Changing Village within Mill House and the balance £28k is returned to the Corporate Capital Fund (CCF) for reallocation.

3.5 Social Care Transformation Projects

The Council received ring fenced grant funding in 2011/12 of £0.170m and has carried forward unspent grant from previous years of £0.237m, giving a total budget in 2011/12 of £0.407m to support Social Care transformation projects.

In accordance with the grant conditions the Portfolio holder has identified the following projects as priorities for improvement:

| Scheme | £'000 |
|---|--------------|
| Warren Road Kitchen – Upgrade Kitchen Health & Safety | 25 |
| Havelock Centre for Independent Living | |
| - Window Replacement | 65 |
| - Upgrade Kitchen & Extraction system | 100 |
| - Asbestos Removal | 10 |
| Art Base to accommodate former Mirage Site & refurbish day services rooms | 50 |
| Additional parking on former Lynn Street Site | 5 |
| Total | 255 |

3.6 Grants for short break provision

The Council has received additional capital grant of £80k from the Primary Care Trust to be used to develop short break options for people on the autistic spectrum, carers, and people with disabilities. It is proposed that this grant funding is combined with a separate capital grant of £65k from the Aiming High programme to provide a pool of funding totalling £0.145m. Individuals and community groups in Hartlepool can apply, via the Learning Disability Partnership Board, for support of up to 75% of the costs for eligible projects.

3.7 Children's Services

- 3.8 Expenditure of £6.203m will be re-phased to 2012/13 of which £4.837m relates to the Building Schools for the Future ICT contract which is a five year contract with schools incurring expenditure as and when they join the contract in line with their planned commencement dates. The balance relates to transformational schemes which have not yet been determined, owing to the nature of the works they are likely to occur during the school holidays to minimise disruption.

- 3.9 The capital budget includes two major projects undertaken as part of the Primary Capital Programme (PCP) for the schemes at Rossmere and Jesmond Road schools, which have a combined total budget of £8.5m. Additional costs have been identified for these schemes and at the time of preparing this report work was still ongoing to quantify these costs. An initial assessment indicates these costs will be in the region of £0.5m. Following the Government's decision to withdraw future PCP allocations these costs will need to be funded by the Council. A funding strategy will need to be developed to address these additional costs and avoid this impacting on next year's revenue budget. It is envisaged that this will need to involve allocating uncommitted funding from the Council Capital Fund and a contribution from departmental revenue budgets (which will not affect the revenue outturn forecast reported separately). Full details of the proposed funding strategy will be reported Cabinet on 19th December 2011.
- 3.10 **Corporate**
- 3.11 **Appendix D** shows a projected under spend of £0.217m, which reflects under-spending against the Corporate Capital Fund (CCF). A comprehensive review of the CCF programme is being undertaken to identify further savings and to reassess priorities to identify resources to fund additional costs in the Primary Capital Programme (detailed in Paragraph 3.9).
- 3.12 **Regeneration & Neighbourhoods**
- 3.13 Schemes totalling £4.745m will be re-phased to 2012/13. The majority relates to grant funding received in advance for Tees Valley Network improvements and the vehicle replacement programme schemes which are programmed to occur next financial year.
- 3.14 Quarter 1 monitoring highlighted the funding issue relating to the Housing Market Renewal (HMR) programmes. Reports were submitted to Cabinet on 1st August and 10th October 2011 advising Members of the latest position on the Carr/Hopps Street HMR scheme following the Government's withdrawal of HMR funding. The report advised Members that the Government have now recognised the complete withdrawal of HMR funding has left a number of councils with a difficult position to manage. In response the Government have decided to provide some Transitional funding to assist council's manage the position. The Government have stated that this funding is not intended to enable HMR schemes to be completed as originally planned and is only designed to achieve a 'managed exit'. Transitional funding is subject to a regional bidding process and Hartlepool's bid has been included in the Tees Valley bid. Nationally the Government are providing £30m and it is understood bids significantly exceed this amount.
- 3.15 Government have not announced transitional funding allocations when this report has been prepared. Assuming this application is successful the Council will still need to fund costs of £4.5m from its own resources to complete this scheme, this pressure was reported as part of the MTFS presented to Cabinet in October.

- 3.16 Two new schemes have been added to the programme since quarter 1, the Baden Street Empty Property scheme £0.160m was approved by Cabinet 18th July. A scheme totalling £80k for the Empty Property Improvement scheme funded by departmental reserves was also approved by Cabinet 1st August.
- 3.17 Detailed financial information on the capital programmes for individual departmental areas by Portfolio is provided in **Appendices A - E** to this report as set out below:

Appendix A- Adult & Community Services

Appendix B- Children's Services

Appendix C- Chief Executives

Appendix D- Corporate

Appendix E- Regeneration & Neighbourhoods

- 3.18 The format of the appendices shows details of projected and actual capital expenditure as at 30th September 2011 and shows:

Column A - Scheme Title

Column B - 2011/12 Budget

Column C - Actual expenditure to 30th September, 2011

Column D - Expenditure remaining in the period October to March, 2012

Column E - Expenditure Rephased into 2012/13

Column F - Total Expenditure

Column G - Variance from Budget

Column H - Type of financing

4. RECOMMENDATIONS

- 4.1 It is recommended that Cabinet:
- i) note the report
 - ii) approve the virement of £35k for Mill House Changing Village (detailed in paragraph 3.4)

5. CONTACT OFFICER

- 5.1 Chris Little (Chief Finance Officer), Tel: 01429 523003, e-mail:
chris.little@hartlepool.gov.uk

ADULT & COMMUNITY SERVICES**CAPITAL MONITORING REPORT PERIOD ENDING 30th SEPTEMBER 2011**

| Project Code | A
Scheme Title | EXPENDITURE IN CURRENT YEAR | | | | | | | 2011/2012
COMMENTS |
|--------------|---|---------------------------------|---|---|---|---|---|---------------------------|---|
| | | B
2011/12
Budget
£'000 | C
2011/12
Actual
as at 30/09/11
£'000 | D
2011/12
Expenditure
Remaining
£'000 | E
Expenditure
Rephased
into 2012/13
£'000 | F
C+D+E
Total
Expenditure
£'000 | G
F-B
2011/12
Variance
from budget
£'000 | H
Type of
financing | |
| | Portfolio: Adult & Public Health | | | | | | | | |
| 7234 | Chronically Sick & Disabled Adaptations | 57 | 34 | 23 | 0 | 57 | 0 | MIX | |
| 7481 | IIM Social Care IT Infrastructure | 43 | 24 | 19 | 0 | 43 | 0 | GRANT | |
| 7578 | Lynn Street ATC Demolition | 11 | 0 | 11 | 0 | 11 | 0 | MIX | |
| 7723 | Resettlement Capital Works - Campus Re-provisioning | 77 | 0 | 77 | 0 | 77 | 0 | GRANT | |
| 8108 | Havelock Centre for Independent Living | 18 | (51) | 0 | 0 | (51) | (69) | MIX | |
| 8115 | Havelock Day Centre - Window replacement | 1 | 0 | 1 | 0 | 1 | 0 | UCPB | |
| 8217 | Waverley Terrace Allotments - Composting Toilets | 2 | 0 | 2 | 0 | 2 | 0 | MIX | |
| 8312 | Social Care Transformation Capital | 407 | 0 | 407 | 0 | 407 | 0 | GRANT | Funding to be allocated to priorities for improvement by the portfolio holder |
| 8396 | New flat purchase | 130 | 0 | 130 | 0 | 130 | 0 | RCCO | |
| 7441 | Adult Education - Neighbourhood Learning in Deprived Communities Fund | 4 | 0 | 4 | 0 | 4 | 0 | GRANT | |
| 7531 | Adult Education - Office Accom | 24 | 24 | 0 | 0 | 24 | 0 | MIX | |
| 7622 | Adult Education - Capital Equipment Replacement | 37 | 0 | 37 | 0 | 37 | 0 | MIX | |
| 7985 | Adult Education - Motivating E-Learning | 0 | 0 | 0 | 0 | 0 | 0 | GRANT | |
| 8284 | Drug Action Team Tier 4 accommodation | 119 | 15 | 104 | 0 | 119 | 0 | GRANT | |
| new | Short Breaks | 80 | 0 | 80 | 0 | 80 | 0 | GRANT | |
| | Sub-Total | 1,010 | 46 | 895 | 0 | 941 | (69) | | |
| 7047 & 8408 | Portfolio: Culture, Leisure & Tourism | | | | | | | | |
| | Mill House Leisure Centre - Changing Village | 0 | 12 | 27 | 0 | 39 | 39 | MIX | Residual costs for the completion of the scheme. Costs can be met from the underspend on project 8084 (£35k) and receipts from the sale of obsolete equipment (£4k) |
| 8084 | Mill House Leisure Centre Combined Heating & Power Unit | 71 | 8 | 0 | 0 | 8 | (63) | UCPB | Underspend can be used to fund the additional costs for the changing village (£35k). Balance (£28k) to be returned to Council's Capital Fund |
| 7853 | Owton Manor Community Centre - Replace Boiler | 35 | 0 | 35 | 0 | 35 | 0 | UCPB | |
| 8409 | Skateboard Park Project 2 | 70 | 0 | 70 | 0 | 70 | 0 | MIX | |
| 7983 | Blakelock Day Centre Demolition | 67 | 0 | 67 | 0 | 67 | 0 | MIX | |
| 7992 | Grayfields Sports Junior Pitches | 16 | 0 | 16 | 0 | 16 | 0 | RCCO | |
| 8011 | Summerhill CCTV | 5 | 0 | 5 | 0 | 5 | 0 | UCPB | |
| 8051 | Seaton Carew Community Centre Roof Replacement | 0 | 0 | 0 | 0 | 0 | 0 | UCPB | |
| 8095 | Central Library - Signage | 3 | 0 | 3 | 0 | 3 | 0 | UCPB | |
| 8104 | Rossmere Park - MUGA & Skatepark | 171 | 107 | 64 | 0 | 171 | 0 | MIX | |
| 8216 | Seaton Carew Cricket Club | 30 | 0 | 30 | 0 | 30 | 0 | MIX | |
| 8322 | Summerhill Bridge works | 3 | 0 | 3 | 0 | 3 | 0 | MIX | |
| 8394 | Conversion of Throston CC to CC/Library | 70 | 0 | 70 | 0 | 70 | 0 | RCCO | |
| | Sub-Total | 541 | 127 | 390 | 0 | 517 | (24) | | |
| | TOTAL | 1,550 | 173 | 1,284 | 0 | 1,457 | (93) | | |

| | | | |
|------------|--|---------|---|
| Key | | | |
| RCCO | Revenue Contribution towards Capital | GRANT | Grant Funded |
| MIX | Combination of Funding Types | CAP REC | Capital Receipt |
| UCPB | Unsupported Corporate Prudential Borrowing | UDPB | Unsupported Departmental Prudential Borrowing |
| SCE ® | Supported Capital Expenditure (Revenue) | SPB | Supported Prudential Borrowing |

CAPITAL MONITORING REPORT PERIOD ENDING 30th SEPTEMBER 2011

| Project Code | A | EXPENDITURE IN CURRENT YEAR | | | | | | | 2011/2012 COMMENTS |
|--------------|--|-----------------------------|---|---|--|--|--|----------------------|--|
| | | B | C | D | E | F | G | H | |
| | Scheme Title | 2011/2012 Budget
£'000 | 2011/2012 Actual
as at 30/09/11
£'000 | 2011/2012 Expenditure
Remaining
£'000 | Expenditure
Rephased
into 2012/13
£'000 | C+D+E
Total
Expenditure
£'000 | F-B
2011/2012
Variance
from budget
£'000 | Type of
financing | |
| | Portfolio: Children's Services | | | | | | | | |
| 7027 | Harnessing Technology Grant | 190 | 130 | 60 | 0 | 190 | 0 | Mix | |
| 7088 | Primary Capital Programme - Jesmond Gardens New Build & Rossmere Remodel | 3,096 | 2,797 | 799 | 0 | 3,596 | 500 | Grant | Further details in respect of this adverse variance are provided in paragraph 3.9 of the main report |
| 7109 | Brierton - Alterations re Dyke House Decant inc Transport Interchange | 3 | 3 | 0 | 0 | 3 | 0 | Grant | |
| 7125 | Golden Flatts - Install Security Fencing | 2 | 0 | 2 | 0 | 2 | 0 | Grant | |
| 7125 | Owton Manor - Install Security Fencing | 3 | 2 | 1 | 0 | 3 | 0 | Grant | |
| 7126 | Greatham - Create Change Facility & Quiet Area | 48 | 48 | 0 | 0 | 48 | 0 | UCPB | |
| 7129 | Barnard Grove Heating & Water Distribution | 19 | 12 | 7 | 0 | 19 | 0 | MIX | |
| 7129 | Clavering Heating & Water Distribution | 51 | 39 | 12 | 0 | 51 | 0 | RCCO | |
| 7129 | Golden Flatts Heating Distribution phase 2a | 102 | 74 | 28 | 0 | 102 | 0 | Grant | |
| 7129 | High Tunstall - Heating Distribution Works | 26 | 0 | 26 | 0 | 26 | 0 | SCE R | |
| 7129 | Manor College Heating & Water Distribution | 246 | 0 | 246 | 0 | 246 | 0 | Mix | |
| 7129 | Rossmere Heating Distribution | 7 | 0 | 7 | 0 | 7 | 0 | Grant | |
| 7130 | High Tunstall Heat Source and Equipment | 22 | 19 | 3 | 0 | 22 | 0 | SCE R | |
| 7130 | Rift House Heat Source & Equipment (Block D) | 22 | 0 | 22 | 0 | 22 | 0 | Grant | |
| 7131 | Fens Primary School Ventilation | 11 | 4 | 7 | 0 | 11 | 0 | Mix | |
| 7132 | High Tunstall - Swimming Pool Lighting Fittings / Wiring | 20 | 17 | 3 | 0 | 20 | 0 | SCE R | |
| 7132 | Manor College Lighting / Wiring | 212 | 121 | 91 | 0 | 212 | 0 | Mix | |
| 7133 | Manor College Replace Floor & Modify Toilets | 39 | 39 | 0 | 0 | 39 | 0 | Grant | |
| 7135 | Ward Jackson Rewire/distribution boards phase 1 | 82 | 64 | 18 | 0 | 82 | 0 | Grant | |
| 7136 | West View Primary School Gas Distribution | 234 | 187 | 47 | 0 | 234 | 0 | Mix | |
| 7137 | Catcote - Replace Windows and Door Framing | 33 | 25 | 8 | 0 | 33 | 0 | Grant | |
| 7138 | Barnard Grove - Structural Modifications (Blocks A & B) | 33 | 1 | 32 | 0 | 33 | 0 | Grant | |
| 7139 | High Tunstall Replace Sports Hall Roof | 116 | 82 | 34 | 0 | 116 | 0 | SCE R | |
| 7142 | Barnard Grove- Fire Safety Modifications | 8 | 0 | 8 | 0 | 8 | 0 | Grant | |
| 7142 | Brougham -Fire Safety Modifications | 23 | 0 | 23 | 0 | 23 | 0 | Grant | |
| 7142 | Kingsley Fire Safety Modifications | 20 | 0 | 20 | 0 | 20 | 0 | Grant | |
| 7142 | Lynnfield Fire Safety Modifications | 25 | 0 | 25 | 0 | 25 | 0 | Grant | |
| 7142 | Seaton Carew Nursery Fire Safety Modifications | 8 | 0 | 8 | 0 | 8 | 0 | Grant | |
| 7142 | St Helens Fire Safety Modifications | 4 | 0 | 4 | 0 | 4 | 0 | Grant | |
| 7142 | Stranton Fire Safety Modifications | 23 | 0 | 23 | 0 | 23 | 0 | Grant | |
| 7143 | St Helens Modifications to KS2 Building to provide hygiene area | 25 | 19 | 6 | 0 | 25 | 0 | Mix | |
| 7144 | Manor - Modifications to Autistic Spectrum Disorder (ASD) Unit | 45 | 0 | 45 | 0 | 45 | 0 | Grant | |
| 7384 | Devolved Capital - Various Misc Individual School Projects | 289 | 39 | 250 | 0 | 289 | 0 | Mix | |
| 7388 | Sure Start Central - Improvement Works at Lowthian Road | 2 | 0 | 0 | 0 | 0 | (2) | Mix | Scheme complete - remaining budget to be transferred to 7469 - Children's Centre Contingency. |

| Project Code | A

Scheme Title | EXPENDITURE IN CURRENT YEAR | | | | | | | 2011/2012
COMMENTS |
|--------------|---|------------------------------|--|--|--|--|--|----------------------|---|
| | | B | C | D | E | F | G | H | |
| | | 2011/2012
Budget
£'000 | 2011/2012
Actual
as at 30/09/11
£'000 | 2011/2012
Expenditure
Remaining
£'000 | Expenditure
Rephased
into 2012/13
£'000 | C+D+E
Total
Expenditure
£'000 | F-B
2011/2012
Variance
from budget
£'000 | Type of
financing | |
| 7421 | School Travel Plans - Develop Cycle Storage at Schools | 53 | 8 | 45 | 0 | 53 | 0 | Mix | Underspends on Children's centre schemes 7388 & 8158 to be transferred here. |
| 7437 | Playing for Success - Develop New Classroom | 1 | 0 | 1 | 0 | 1 | 0 | Grant | |
| 7469 | Unallocated Children's Centre Capital Works | 60 | 0 | 66 | 0 | 66 | 6 | | |
| 7586 | City Learning Centre Equipment Purchase | 61 | 15 | 46 | 0 | 61 | 0 | Grant | |
| 7858 | Computers for Pupils | 7 | 0 | 7 | 0 | 7 | 0 | Grant | |
| 7863 | Carlton Outdoor Centre Redevelopment Works | 40 | 34 | 6 | 0 | 40 | 0 | Mix | |
| 7888 | Stranton - Purchase & Install CCTV | 2 | 0 | 0 | 2 | 2 | 0 | Grant | |
| 8005 | Grant Payments to Diocese for H'pool VA Schools | 300 | 300 | 0 | 0 | 300 | 0 | Grant | |
| 8056 | Eldon Grove - Creation of Additional Teaching Space | 681 | 290 | 391 | 0 | 681 | 0 | UCPB | |
| 8059 | Hart - Create Multi-Purpose Studio | 126 | 103 | 23 | 0 | 126 | 0 | Grant | |
| 8060 | Rift House - Annexe 2 Heating | 17 | 0 | 0 | 17 | 17 | 0 | Mix | |
| 8066 | Throston - Replacement of Gas Interlocks | 3 | 1 | 2 | 0 | 3 | 0 | Grant | |
| 8067 | Ward Jackson - Creation of Quiet Room | 2 | 0 | 2 | 0 | 2 | 0 | Mix | |
| 8072 | Integrated Children's System Case Management Improvement | 37 | 0 | 0 | 37 | 37 | 0 | Mix | |
| 8075 | Aiming High for Disabled Children | 65 | 0 | 65 | 0 | 65 | 0 | Grant | |
| 8093 | Golden Flatts - Establish Nurture Area | 11 | 0 | 11 | 0 | 11 | 0 | Grant | |
| 8103 | Swimming (was Brinkburn Pool - Access and Hoist) | 61 | 1 | 60 | 0 | 61 | 0 | Mix | |
| 8116 | Springwell - Covered Link Way | 25 | 20 | 5 | 0 | 25 | 0 | Grant | |
| 8119 | Rift House - Internal Reorganisation | 40 | 40 | 0 | 0 | 40 | 0 | Grant | |
| 8120 | Lynnfield - Improve Teaching Space | 108 | 99 | 9 | 0 | 108 | 0 | Grant | |
| 8138 | BSF- ICT | 7,607 | 831 | 1,939 | 4,837 | 7,607 | 0 | Mix | |
| 8139 | BSF - ICT Infrastructure (General) | 277 | 0 | 277 | 0 | 277 | 0 | Grant | |
| 8139 | BSF- Dyke House | 8,680 | 6,775 | 1,905 | 0 | 8,680 | 0 | Grant | |
| 8139 | St Hilds - BSF ICT Infrastructure | 101 | 77 | 24 | 0 | 101 | 0 | Grant | |
| 8139 | BSF - ICT Infrastructure (Catcote) | 63 | 33 | 30 | 0 | 63 | 0 | Grant | |
| 8139 | BSF - ICT Infrastructure (English Martyrs) | 218 | 125 | 93 | 0 | 218 | 0 | Grant | |
| 8139 | BSF - ICT Infrastructure (High Tunstall) | 150 | 96 | 54 | 0 | 150 | 0 | Grant | |
| 8139 | BSF - ICT Infrastructure (Manor) | 165 | 107 | 58 | 0 | 165 | 0 | Grant | |
| 8158 | Rossmere Way - New Kitchen | 4 | 0 | 0 | 0 | 0 | (4) | Grant | Scheme complete - remaining budget to be transferred to 7469 - Children's Centre Contingency. |
| 8168 | SSN Hindpool Close - Create Community Garden & Play Space | 71 | 65 | 6 | 0 | 71 | 0 | Grant | |
| 8176 | Barnard Grove - Replace Bungalow Floor | 14 | 0 | 0 | 14 | 14 | 0 | Mix | |
| 8179 | Catcote - Replace Boiler (11/12) | 39 | 0 | 39 | 0 | 39 | 0 | Grant | |
| 8184 | Hart - Replace Fence | 15 | 0 | 15 | 0 | 15 | 0 | Mix | |
| 8185 | Kingsley - Replace Kitchen Windows, Ceiling & Canopy | 30 | 2 | 28 | 0 | 30 | 0 | RCCO | |
| 8186 | Kingsley - Replace 1st floor windows | 48 | 20 | 28 | 0 | 48 | 0 | Mix | |
| 8187 | Owton Manor - Replace 1st floor windows | 9 | 2 | 7 | 0 | 9 | 0 | Grant | |
| 8188 | Rossmere - Replace KS2 Toilets | 32 | 20 | 12 | 0 | 32 | 0 | Grant | |
| 8192 | St Helens - Replace Corner Posts | 21 | 3 | 18 | 0 | 21 | 0 | Mix | |
| 8193 | Throston - Window replacement | 86 | 69 | 17 | 0 | 86 | 0 | Mix | |
| 8201 | Brougham - Improve Internal Access | 45 | 45 | 0 | 0 | 45 | 0 | Grant | |
| 8202 | Grange -Replace Classroom Annexe | 550 | 0 | 550 | 0 | 550 | 0 | Grant | |
| 8203 | Owton Manor - Improve Foundation Stage Outdoor area | 54 | 35 | 19 | 0 | 54 | 0 | Grant | |
| 8205 | Springwell - Create Enterprise area and Cyber Café | 74 | 57 | 17 | 0 | 74 | 0 | Grant | |
| 8206 | St Helens - Primary Interior Remodel | 138 | 108 | 30 | 0 | 138 | 0 | Grant | |
| 8207 | Stranton - Improve Outdoor Learning Area | 30 | 24 | 6 | 0 | 30 | 0 | Mix | |
| 8208 | Ward Jackson -Create Foundation Unit | 128 | 91 | 37 | 0 | 128 | 0 | Grant | |

| Project Code | A

Scheme Title | EXPENDITURE IN CURRENT YEAR | | | | | | | 2011/2012
COMMENTS |
|--------------|---|------------------------------|--|--|--|--|--|----------------------|-----------------------|
| | | B | C | D | E | F | G | H | |
| | | 2011/2012
Budget
£'000 | 2011/2012
Actual
as at 30/09/11
£'000 | 2011/2012
Expenditure
Remaining
£'000 | Expenditure
Rephased
into 2012/13
£'000 | C+D+E
Total
Expenditure
£'000 | F-B
2011/2012
Variance
from budget
£'000 | Type of
financing | |
| 8209 | West Park - Improve Reception class toilet area | 10 | 0 | 0 | 10 | 10 | 0 | Grant | |
| 8218 | Youth Service Portable MUGA | 7 | 0 | 7 | 0 | 7 | 0 | Grant | |
| 8281 | Catcote - Purchase Temporary Classroom | 6 | 6 | 0 | 0 | 6 | 0 | Mix | |
| 8282 | Exmoor Grove - Redevelopment/ Change of Use | 14 | 0 | 14 | 0 | 14 | 0 | Grant | |
| 8287 | EDC/PRU - Extension to PRU Reception | 2 | 0 | 2 | 0 | 2 | 0 | Grant | |
| 8307 | Seaton Nursery - Build New Entrance Porch | 14 | 14 | 0 | 0 | 14 | 0 | Grant | |
| 8316 | Lynnfield - Create Office | 20 | 20 | 0 | 0 | 20 | 0 | Grant | |
| 8388 | West View - Upgrade ICT Suite inc Asbestos Removal & Window Replacement | 50 | 50 | 0 | 0 | 50 | 0 | Grant | |
| 8389 | St John Vianney - Mechanical Modifications to Heating & Air - Con | 21 | 21 | 0 | 0 | 21 | 0 | | |
| 8390 | Throston School - Extension to Foundation Stage for Quiet Room | 28 | 0 | 28 | 0 | 28 | 0 | Grant | |
| 8391 | Manor College - Replace Roof Coverings & Insulation | 65 | 44 | 21 | 0 | 65 | 0 | Grant | |
| 8392 | High Tunstall - Various Improvement Works to B, C & D Blocks | 219 | 155 | 64 | 0 | 219 | 0 | Grant | |
| New | Unallocated - Transformational Schemes (TBA) | 1,286 | 0 | 0 | 1,286 | 1,286 | 0 | Mix | |
| 9004 | Funding (Basic Need, Maintenance & RCCO) Currently Unallocated | 338 | 0 | 338 | 0 | 338 | 0 | Mix | |
| | TOTAL | 27,518 | 13,528 | 8,287 | 6,203 | 28,018 | 500 | | |

Key

RCCO Revenue Contribution towards Capital
MIX Combination of Funding Types
UCPB Unsupported Corporate Prudential Borrowing
SCE R Supported Capital Expenditure (Revenue)

GRANT Grant Funded
CAP REC Capital Receipt
UDPB Unsupported Departmental Prudential Borrowing
SPB Supported Prudential Borrowing

CHIEF EXECUTIVE

CAPITAL MONITORING REPORT PERIOD ENDING 30th SEPTEMBER 2011

| Project Code | A
Scheme Title | EXPENDITURE IN CURRENT YEAR | | | | | | | 2011/2012
COMMENTS |
|--------------|---|------------------------------|--|--|--|--|--|----------------------|-----------------------|
| | | B | C | D | E | F | G | H | |
| | | 2011/2012
Budget
£'000 | 2011/2012
Actual
as at 30/09/2011
£'000 | 2011/2012
Expenditure
Remaining
£'000 | Expenditure
Rephased
into 2012/13
£'000 | C+D+E
Total
Expenditure
£'000 | F-B
2011/2012
Variance
from budget
£'000 | Type of
financing | |
| | Portfolio: Finance & Procurement | | | | | | | | |
| 8292 | Corporate Projects | 39 | 0 | 39 | 0 | 39 | 0 | MIX | |
| 7867 | City Challenge Burbank / Murray Street | 83 | 0 | 83 | 0 | 83 | 0 | MIX | |
| | Sub-Total | 122 | 0 | 122 | 0 | 122 | 0 | | |
| | Portfolio: Performance | | | | | | | | |
| 7623 | Corporate IT Projects | 20 | 0 | 20 | 0 | 20 | 0 | MIX | |
| 8292 | Mobile Chip & Pin | 20 | 0 | 20 | 0 | 20 | 0 | MIX | |
| 8292 | Contact Service Upgrade | 10 | 0 | 10 | 0 | 10 | 0 | MIX | |
| 7837 | Microsoft Outlook Migration | 5 | 5 | 0 | 0 | 5 | 0 | MIX | |
| 8105 | Installation of Staff Welfare Facilities | 18 | 0 | 18 | 0 | 18 | 0 | MIX | |
| 8143 | New Burdens - Council Tax Demands | 10 | 0 | 10 | 0 | 10 | 0 | MIX | |
| 8157 | Northgate - New Server | 7 | 5 | 2 | 0 | 7 | 0 | MIX | |
| | Sub-Total | 90 | 10 | 80 | 0 | 90 | 0 | | |
| | TOTAL | 212 | 10 | 202 | 0 | 212 | 0 | | |

| | | | |
|------------|--|---------|---|
| Key | | | |
| RCCO | Revenue Contribution towards Capital | GRANT | Grant Funded |
| MIX | Combination of Funding Types | CAP REC | Capital Receipt |
| UCPB | Unsupported Corporate Prudential Borrowing | UDPB | Unsupported Departmental Prudential Borrowing |
| SCE ® | Supported Capital Expenditure (Revenue) | SPB | Supported Prudential Borrowing |

CAPITAL MONITORING REPORT PERIOD ENDING 30th SEPTEMBER 2011

| Project Code | A
Scheme Title | EXPENDITURE IN CURRENT YEAR | | | | | | | 2011/2012
COMMENTS |
|--------------|---|------------------------------|--|--|--|--|--|----------------------|--|
| | | B | C | D | E | F | G | H | |
| | | 2011/2012
Budget
£'000 | 2011/2012
Actual
as at 30/09/11
£'000 | 2011/2012
Expenditure
Remaining
£'000 | Expenditure
Rephased
into 2012/13
£'000 | C+D+E
Total
Expenditure
£'000 | F-B
2011/2012
Variance
from budget
£'000 | Type of
financing | |
| | Portfolio: Finance & Procurement | | | | | | | | |
| 7026 | Sir William Gray House - Replace Fire Alarm | 0 | 0 | 0 | 0 | 0 | 0 | MIX | |
| 7036 | Unallocated Council Capital Fund | 0 | 0 | 0 | 0 | 0 | 0 | UCPB | Surplus monies from completed schemes to be returned to fund. |
| 7041 | Corporate Planned Maintenance Unallocated | 23 | 0 | 23 | 0 | 23 | 0 | UCPB | Surplus monies from completed schemes to be returned to fund. |
| 7048 | Unallocated Health and Safety | 10 | 0 | 10 | 0 | 10 | 0 | UCPB | |
| 7111 | Stranton Crematorium Roof Replacement | 8 | 0 | 0 | 0 | 0 | (8) | MIX | Project Complete - return to Corporate Planned Maintenance (CCF) |
| 7114 | Rossmere Youth Centre - Roof Replacement | 2 | 0 | 1 | 0 | 1 | (1) | MIX | Project Complete - return to CCF |
| 7115 | Civic Centre Ramp | 255 | 0 | 255 | 0 | 255 | 0 | MIX | Scheme is more expensive than funding available, project on hold, subject to finding additional funds (CCF). |
| 7117 | Civic Centre Access Control System | 22 | 0 | 22 | 0 | 22 | 0 | MIX | Scheme is more expensive than funding available, project on hold, subject to finding additional funds (CCF). |
| 7119 | Demolition of Throston Grange Old Peoples Home | 1 | 1 | 0 | 0 | 1 | 0 | CAP REC | |
| 7200 | Civic Centre Refurbishment | 378 | 15 | 363 | 0 | 378 | 0 | MIX | |
| 7257 | Disabled Adaptations (Various Locations) | 145 | 0 | 145 | 0 | 145 | 0 | MIX | |
| 7503 | Boiler Replacement - Sir William Gray House | 57 | 51 | 6 | 0 | 57 | 0 | SPB | |
| 7781 | Renew Boiler and Heating System - Municipal Buildings | 85 | 0 | 0 | 0 | 0 | (85) | MIX | Project did not go ahead owing to sale of the building - return to CCF |
| 8085 | Lynn Street Depot Electrical Distribution | 20 | 7 | 13 | 0 | 20 | 0 | UCPB | |
| 8100 | North Cemetery Wall Retaining Wall Repairs | 160 | 131 | 29 | 0 | 160 | 0 | UCPB | |
| 8102 | Lynn Street Depot Roof Replacement | 2 | 0 | 0 | 0 | 0 | (2) | UCPB | Project Complete - return to CCF |
| 8136 | Removal of Offices - Bryan Hanson House | 2 | 0 | 2 | 0 | 2 | 0 | CAP REC | |
| 8137 | Relocation of Print Room - Civic Centre | 7 | 0 | 7 | 0 | 7 | 0 | CAP REC | |
| 8140 | Municipal Buildings - Removal and Rearrange ICT | 80 | 4 | 76 | 0 | 80 | 0 | CAP REC | |
| 8141 | Installation of Electrical Items | 13 | 0 | 13 | 0 | 13 | 0 | CAP REC | |
| 8142 | H&S Replace School Kitchen Equipment | 404 | 251 | 153 | 0 | 404 | 0 | MIX | |
| 8156 | Mill House Leisure Centre - Hall Lighting | 7 | 0 | 7 | 0 | 7 | 0 | GRANT | |
| 8162 | Corporate Planned Maintenance - Footpath Repair - Burn Valley | 10 | 0 | 10 | 0 | 10 | 0 | UCPB | |
| 8163 | Corporate Planned Maintenance - Bryan Hanson House - Carpet Renewal | 2 | 0 | 0 | 0 | 0 | (2) | UCPB | Project Complete - return to Corporate Planned Maintenance (CPM) |
| 8164 | Corporate Planned Maintenance - Replace Heating - Seaton Carew | 35 | 0 | 0 | 0 | 0 | (35) | UCPB | Project Cancelled - return CPM |
| 8165 | Corporate Planned Maintenance - Replace Boilers - Stranton Nursery | 70 | 0 | 0 | 0 | 0 | (70) | UCPB | Project Cancelled - return to CPM |
| 8166 | Corporate Planned Maintenance - Replace Boiler - Historic Quay | 39 | 33 | 6 | 0 | 39 | 0 | UCPB | |
| 8167 | Disabled Adaptations - Automatic Entry Doors - Bevan House | 14 | 14 | 0 | 0 | 14 | 0 | UCPB | |
| 8171 | Corporate Planned Maintenance - Footpath Repair - Grayfields | 16 | 0 | 16 | 0 | 16 | 0 | UCPB | |
| 8214 | Building Management System Replacement | 20 | 12 | 0 | 0 | 12 | (8) | UCPB | Project Complete - return to CCF |
| 8215 | Lynn Street Depot Roof Replacement | 50 | 0 | 50 | 0 | 50 | 0 | UCPB | |
| 8289 | Stranton Nursery - Create Café | 75 | 50 | 25 | 0 | 75 | 0 | UCPB | |
| 8290 | Renew Changing Area Roof - Mill House | 80 | 75 | 0 | 0 | 75 | (5) | UCPB | Project Complete - return to CCF |
| 8291 | Youth Offending Office Alterations | 7 | 2 | 5 | 0 | 7 | 0 | CAP REC | |
| 8293 | Removal of Offices - Civic Centre | 1 | 1 | 0 | 0 | 1 | 0 | CAP REC | |
| 8310 | Historic Quay Changing Facility | 8 | 2 | 6 | 0 | 8 | 0 | MIX | |
| 8317 | Replace Mill House Boiler | 165 | 0 | 165 | 0 | 165 | 0 | UCPB | |
| 8318 | Roof Replacement Registrars | 20 | 20 | 0 | 0 | 20 | 0 | UCPB | |
| 8319 | Boiler Replacement - Borough Hall | 15 | 14 | 0 | 0 | 14 | (1) | UCPB | Project Complete - return to CCF |
| 8320 | Sports Hall Lighting Upgrade | 20 | 0 | 20 | 0 | 20 | 0 | UCPB | |
| 8321 | Boiler Replacement - Warren Road | 35 | 0 | 35 | 0 | 35 | 0 | UCPB | |
| 8323 | Sir William Gray House - Emergency Lighting | 5 | 0 | 5 | 0 | 5 | 0 | UCPB | |
| 8295 | Sir William Gray External Decoration | 35 | 0 | 35 | 0 | 35 | 0 | UCPB | |

| Project
Code | A | EXPENDITURE IN CURRENT YEAR | | | | | | | 2011/2012
COMMENTS |
|-----------------|---------------------------|------------------------------|--|--|--|--|--|----------------------|-----------------------|
| | | B | C | D | E | F | G | H | |
| | Scheme Title | 2011/2012
Budget
£'000 | 2011/2012
Actual
as at 30/09/11
£'000 | 2011/2012
Expenditure
Remaining
£'000 | Expenditure
Rephased
into 2012/13
£'000 | C+D+E
Total
Expenditure
£'000 | F-B
2011/2012
Variance
from budget
£'000 | Type of
financing | |
| 8405 | Tarmac Repairs | 11 | 0 | 11 | 0 | 11 | 0 | UCPB | |
| 8407 | Tarmac Resurfacing | 5 | 0 | 5 | 0 | 5 | 0 | UCPB | |
| 8415 | Brinkburn Pool Demolition | 25 | 22 | 3 | 0 | 25 | 0 | CAP REC | |
| | TOTAL | 2,444 | 705 | 1,522 | 0 | 2,227 | (217) | | |

Key

| | | | |
|-------|--|---------|---|
| RCCO | Revenue Contribution towards Capital | GRANT | Grant Funded |
| MIX | Combination of Funding Types | CAP REC | Capital Receipt |
| UCPB | Unsupported Corporate Prudential Borrowing | UDPB | Unsupported Departmental Prudential Borrowing |
| SCE ® | Supported Capital Expenditure (Revenue) | SPB | Supported Prudential Borrowing |

REGENERATION & NEIGHBOURHOODS

CAPITAL MONITORING REPORT PERIOD ENDING 30th SEPTEMBER 2011

| Project Code | A

Scheme Title | EXPENDITURE IN CURRENT YEAR | | | | | | | 2011/2012
COMMENTS |
|--------------|--|------------------------------|--|--|--|--|--|----------------------|---|
| | | B | C | D | E | F | G | H | |
| | | 2011/2012
Budget
£'000 | 2011/2012
Actual
as at 30/09/11
£'000 | 2011/2012
Expenditure
Remaining
£'000 | Expenditure
Rephased
into 2012/13
£'000 | C+D+E
Total
Expenditure
£'000 | F-B
2011/2012
Variance
from budget
£'000 | Type of
financing | |
| | Portfolio: Adult's & Public Health Services | | | | | | | | |
| 8091 | North Cemetery - Improvements to Entrance | 19 | 0 | 19 | 0 | 19 | 0 | MIX | This scheme is complete and the unspent budget will be returned to the CCF. The favourable variance resulted from procurement savings on the specialist equipment purchase. |
| 8279 | Air Quality Monitoring Equipment | 11 | 0 | 0 | 0 | 0 | (11) | CCF | |
| 8393 | Stranton Cemetery Cremators | 50 | 0 | 0 | 50 | 50 | 0 | RCCO | |
| | Sub-Total | 80 | 0 | 19 | 50 | 69 | (11) | | |
| | Portfolio: Culture, Leisure and Tourism | | | | | | | | |
| 7110 | Play Builder - To Be Allocated | 27 | 0 | 27 | 0 | 27 | 0 | Grant | |
| 7110 | Play Builder Project (Lanark Road) | 6 | 6 | 0 | 0 | 6 | 0 | Grant | |
| 7375 | Countryside Development Works | 14 | 0 | 14 | 0 | 14 | 0 | CORP RES | |
| 7382 | Greatham Play Area equipment | 9 | 0 | 9 | 0 | 9 | 0 | CORP RES | |
| 7651 | Burn Valley Park Beck | 112 | 0 | 112 | 0 | 112 | 0 | CORP RES | |
| 7844 | Town Moor - Develop Multi Use Games Area | 9 | 1 | 8 | 0 | 9 | 0 | GRANT | |
| 7990 | Ward Jackson Park Bandstand Shutters | 4 | 0 | 4 | 0 | 4 | 0 | GRANT | |
| 8121 | Rossmere Park Re-Development | 1 | 0 | 1 | 0 | 1 | 0 | GRANT | |
| 8296 | Rossmere Park Playbuilder Year 2 | 77 | 7 | 70 | 0 | 77 | 0 | GRANT | |
| 8297 | Seaton Sea Front Playbuilder Year 2 | 42 | 14 | 29 | 0 | 43 | 1 | GRANT | |
| 8298 | Coronation Drive Front Playbuilder Year 2 | 42 | 15 | 27 | 0 | 42 | 0 | GRANT | |
| 8299 | Seaton 3 Playbuilder Year 2 | 42 | 1 | 41 | 0 | 42 | 0 | GRANT | |
| 8300 | Summerhill Playbuilder Year 2 | 43 | 26 | 17 | 0 | 43 | 0 | GRANT | |
| 8301 | Elwick Village Playbuilder Year 2 | 43 | 12 | 31 | 0 | 43 | 0 | GRANT | |
| 8302 | Ward Jackson Park Playbuilder Year 2 | 53 | 38 | 15 | 0 | 53 | 0 | GRANT | |
| 8303 | Brougham Playbuilder Year 2 | 15 | 0 | 15 | 0 | 15 | 0 | GRANT | |
| 8304 | Phoenix Centre Playbuilder Year 2 | 16 | 0 | 16 | 0 | 16 | 0 | GRANT | |
| | Sub-Total | 555 | 120 | 436 | 0 | 556 | 1 | | |
| | Portfolio: Community Safety and Planning | | | | | | | | |
| 7878 | Community Safety CCTV Upgrade | 19 | 5 | 14 | 0 | 19 | 0 | UCPB | |
| | Sub-Total | 19 | 5 | 14 | 0 | 19 | 0 | | |
| | Portfolio: Housing and Transition | | | | | | | | |
| 7218 | Mandatory Disabled Facilities Grant | 712 | 235 | 477 | 0 | 712 | 0 | MIX | |
| 7219 | Minor Works Grants | 4 | 3 | 1 | 0 | 4 | 0 | GRANT | |
| 7220 | Discretionary Renovations Grant | 349 | 263 | 86 | 0 | 349 | 0 | GRANT | |
| 7230 | North Central SHIP | 4,435 | 546 | 4,112 | 374 | 5,032 | 597 | MIX | Detail of this scheme is shown in paragraph 3.14. |
| 7530 | Developers Contribution Fund | 311 | 9 | 148 | 154 | 311 | 0 | GRANT | This budget consists of developer contributions which will be used to fund future planned projects yet to be approved. |
| 8106 | New Social Housing - Residual Works | 20 | 0 | 20 | 0 | 20 | 0 | UDPB | |

| Project Code | A

Scheme Title | EXPENDITURE IN CURRENT YEAR | | | | | | | 2011/2012
COMMENTS |
|--------------|--|------------------------------|--|--|--|--|--|----------------------|---|
| | | B | C | D | E | F | G | H | |
| | | 2011/2012
Budget
£'000 | 2011/2012
Actual
as at 30/09/11
£'000 | 2011/2012
Expenditure
Remaining
£'000 | Expenditure
Rephased
into 2012/13
£'000 | C+D+E
Total
Expenditure
£'000 | F-B
2011/2012
Variance
from budget
£'000 | Type of
financing | |
| 8155 | Preventing Repossession Fund | 29 | 0 | 14 | 14 | 28 | (1) | GRANT | |
| 8170 | Voluntary Sector Premises Pool | 4 | 4 | 0 | 0 | 4 | 0 | GRANT | |
| 8210 | Key Vacant Buildings Grant Scheme | 199 | 27 | 97 | 75 | 199 | 0 | GRANT | |
| 8387 | Empty Property Improvement Scheme | 248 | 0 | 248 | 0 | 248 | 0 | MIX | |
| 8326 | Baden Street Empty Properties Initiative | 160 | 0 | 50 | 110 | 160 | 0 | MIX | |
| | Sub-Total | 6,471 | 1,087 | 5,253 | 727 | 7,067 | 596 | | |
| | Portfolio: Regeneration and Economic Development and Skills | | | | | | | | |
| 7895 | Industrial & Commercial Business Grants | 54 | 1 | 53 | 0 | 54 | 0 | UCPB | |
| 7897 | Regeneration Match Funding | 393 | 0 | 31 | 362 | 393 | 0 | UCPB | This funding was provisionally allocated for redevelopment of Church Street which is currently not going ahead. |
| | Sub-Total | 447 | 1 | 84 | 362 | 447 | 0 | | |
| | Portfolio: Transport & Neighbourhoods | | | | | | | | |
| 7084 | Speed Camera Partnership | 12 | 0 | 12 | 0 | 12 | 0 | Grant | |
| 7145 | New Park/York Road Junction | 11 | 0 | 11 | 0 | 11 | 0 | Grant | |
| 7206 | Social Lighting Programme | 1 | 0 | 1 | 0 | 1 | 0 | SPB | |
| 7207 | Car Park Security/CCTV | 154 | 49 | 105 | 0 | 154 | 0 | LTP Grant | |
| 7222 | Minor Works - North Area | 174 | 35 | 139 | 0 | 174 | 0 | MIX | |
| 7223 | Minor Works - South Area | 93 | 0 | 93 | 0 | 93 | 0 | MIX | |
| 7224 | Minor Works - Central Area | 101 | 42 | 59 | 0 | 101 | 0 | MIX | |
| 7236 | Bus Shelter Improvements | 19 | 15 | 4 | 0 | 19 | 0 | MIX | |
| 7237 | Cycle Routes (General) | 50 | 0 | 50 | 0 | 50 | 0 | MIX | |
| 7240 | Hartlepool Transport Interchange | 21 | 0 | 21 | 0 | 21 | 0 | Grant Mix | |
| 7242 | Other Street Lighting Improvements | 95 | 0 | 95 | 0 | 95 | 0 | MIX | |
| 7244 | Travel Plans | 18 | 6 | 12 | 0 | 18 | 0 | SPB | |
| 7245 | Cycle Parking | 10 | 0 | 10 | 0 | 10 | 0 | SPB | |
| 7250 | Sustainable Travel Awareness | 10 | 0 | 10 | 0 | 10 | 0 | LTP Grant | |
| 7251 | Public Transport CCTV | 9 | 0 | 9 | 0 | 9 | 0 | SPB | |
| 7252 | Safer Streets Initiative | 23 | 5 | 18 | 0 | 23 | 0 | SPB | |
| 7272 | Wheelie Bin Purchase | 77 | 29 | 48 | 0 | 77 | 0 | UDPB | |
| 7466 | DSO Vehicle Purchase | 2,319 | 391 | 1,100 | 828 | 2,319 | 0 | UDPB | |
| 7499 | Contaminated Land - Lithgo Close | 41 | 3 | 38 | 0 | 41 | 0 | CORP RES | |
| 7508 | Anhydrite Mine - Derelict Land | 151 | 0 | 0 | 151 | 151 | 0 | MIX | The rephased budget is to fund future years monitoring costs. |
| 7541 | LTP-Safer Routes to Schools | 106 | 2 | 104 | 0 | 106 | 0 | LTP Grant | |
| 7542 | LTP-Parking Lay-bys | 8 | 8 | 0 | 0 | 8 | 0 | LTP Grant | |
| 7544 | LTP-Shop-Mobility | 20 | 0 | 0 | 20 | 20 | 0 | LTP Grant | |
| 7545 | LTP-Motorcycle Training | 21 | 0 | 21 | 0 | 21 | 0 | LTP Grant | |
| 7546 | Road Safety Education & Training | 26 | 1 | 25 | 0 | 26 | 0 | LTP Grant | |
| 7549 | LTP-Other Bridge Schemes | 149 | 0 | 79 | 70 | 149 | 0 | LTP Grant | |
| 7580 | Highways Remedial Works - Marina | 4 | 0 | 0 | 4 | 4 | 0 | GRANT | |
| 7644 | LTP - School Travel Plans | 10 | 1 | 9 | 0 | 10 | 0 | LTP Grant | |
| 7645 | LTP - General | 323 | 47 | 162 | 0 | 209 | (114) | LTP Grant | This budget is the unallocated element of the LTP grant and is used to fund variations from original estimates for schemes. The favourable variance represents the amount allocated to various LTP schemes. |
| 7706 | Waterproofing Ph2 Multi Storey Car Park | 9 | 0 | 0 | 0 | 0 | (9) | CCF | The favourable variance is owing to the scheme being delivered for a cost less than anticipated. The unspent budget allocation will be returned to the CCF. |
| 7707 | Highways Maint.Other Schemes (non-LTP) | 40 | 31 | 9 | 0 | 40 | 0 | UCPB | |
| 7734 | Hart Lane/Wiltshire Way Junction Improvements | 204 | 112 | 91 | 0 | 203 | (1) | SPB | |
| 7736 | Bus Priority | 0 | 0 | 0 | 0 | 0 | 0 | MIX | |
| 7821 | Waste Performance Efficiency Amenity Site | 59 | 0 | 59 | 0 | 59 | 0 | GRANT | |
| 7835 | Primary Health Care Centre-Park Road-S278 | 0 | 3 | 0 | 0 | 3 | 3 | GRANT | |
| 7852 | Highways Improvements - TESCO S106 Expend | 313 | 36 | 277 | 0 | 313 | 0 | CORP RES | |
| 7891 | Strategy Study-Seaton Carew | 29 | 0 | 29 | 0 | 29 | 0 | GRANT | |
| 7892 | Strategy Study-Town Wall | 24 | 12 | 12 | 0 | 24 | 0 | GRANT | |
| 7896 | Brougham Enterprise Centre Toilet/Shower Facilities | 9 | 6 | 3 | 0 | 9 | 0 | UCPB | |
| 7899 | Coast Protection 0809 UPB | 1 | 0 | 1 | 0 | 1 | 0 | UDPB | |
| 7955 | LTP-Cycling-New Advanced Stop Lines | 5 | 0 | 5 | 0 | 5 | 0 | LTP Grant | |

| Project Code | A

Scheme Title | EXPENDITURE IN CURRENT YEAR | | | | | | | 2011/2012
COMMENTS |
|--------------|---|------------------------------|--|--|--|--|--|----------------------|---|
| | | B | C | D | E | F | G | H | |
| | | 2011/2012
Budget
£'000 | 2011/2012
Actual
as at 30/09/11
£'000 | 2011/2012
Expenditure
Remaining
£'000 | Expenditure
Rephased
into 2012/13
£'000 | C+D+E
Total
Expenditure
£'000 | F-B
2011/2012
Variance
from budget
£'000 | Type of
financing | |
| 7956 | LTP-Cycle Route Signage | 13 | 0 | 13 | 0 | 13 | 0 | LTP Grant | |
| 7959 | LTP-Other Walking Schemes | 16 | 0 | 16 | 0 | 16 | 0 | LTP Grant | |
| 7961 | LTP-School 20mph Zones | 20 | 1 | 19 | 0 | 20 | 0 | LTP Grant | |
| 7965 | LTP-HM-Catcote Turning Circle Recon | 0 | 0 | 0 | 0 | 0 | 0 | LTP Grant | |
| 7972 | Other Traffic Management Schemes | 0 | 2 | 0 | 0 | 2 | 2 | LTP Grant | |
| 7973 | Other Safety Schemes | 0 | 0 | 0 | 0 | 0 | 0 | LTP Grant | |
| 8006 | Access Road to Briarfields | 20 | 0 | 20 | 0 | 20 | 0 | CORP RES | |
| 8015 | Tesco - New entrance/Junc/Lights-S278 | 39 | 1 | 38 | 0 | 39 | 0 | MIX | |
| 8034 | Resurface - Outside Civic Centre | 16 | 0 | 16 | 0 | 16 | 0 | LTP Grant | |
| 8037 | Resurface - Catcote Rd - Oxford Rd-Marlowe Rd | 161 | 167 | 0 | 0 | 167 | 6 | LTP Grant | |
| 8079 | Household Waste Recycling Centre | 10 | 0 | 10 | 0 | 10 | 0 | GRANT | |
| 8081 | Non Adopted Highway Areas | 17 | 0 | 17 | 0 | 17 | 0 | MIX | |
| 8085 | Install Electrical Distribution System | 20 | 7 | 13 | 0 | 20 | 0 | GRANT | |
| 8099 | Brougham Enterprise Centre - Install new Enhanced Windows | 9 | 0 | 9 | 0 | 9 | 0 | GRANT | |
| 8102 | Re-Roof garage with enhanced roofing system | 2 | 0 | 2 | 0 | 2 | 0 | GRANT | |
| 8123 | Review Strategy Study - North Sands to Newburn Bridge | 200 | 168 | 32 | 0 | 200 | 0 | LTP Grant | |
| 8124 | Headland Walls Phase 1 Model Study | 23 | 23 | 0 | 0 | 23 | 0 | EA Grant | |
| 8154 | Surface Water | 19 | 3 | 16 | 0 | 19 | 0 | EA Grant | |
| 8161 | Roofing and Replacement of doors | 58 | 17 | 41 | 0 | 58 | 0 | GRANT | |
| 8214 | 130/24 Building Management System Replace Equipment | 21 | 12 | 9 | 0 | 21 | 0 | GRANT | |
| 8268 | Purvis Place-Miers Ave to Garside Drive | 8 | 0 | 8 | 0 | 8 | 0 | GRANT | |
| 8269 | Warren Road-Winterbottom to West View | 23 | 0 | 23 | 0 | 23 | 0 | GRANT | |
| 8270 | Catcote Road-Callander to Campbell | 8 | 0 | 8 | 0 | 8 | 0 | GRANT | |
| 8271 | Rossmere Way-O/s Youth Club | 2 | 0 | 2 | 0 | 2 | 0 | GRANT | |
| 8272 | Sandringham Rd-No 4 to Murray St | 4 | 5 | 0 | 0 | 5 | 1 | GRANT | |
| 8273 | Albert Street-Various | 4 | 0 | 4 | 0 | 4 | 0 | GRANT | |
| 8274 | Burbank Street-Clark Street to Thompson Street | 5 | 0 | 5 | 0 | 5 | 0 | GRANT | |
| 8275 | Green Street -Full length | 5 | 0 | 5 | 0 | 5 | 0 | GRANT | |
| 8276 | Windermere Rd-Ashgrove to Bakers | 2 | 1 | 1 | 0 | 2 | 0 | GRANT | |
| 8277 | Marlowe Road-Various | 5 | 0 | 5 | 0 | 5 | 0 | GRANT | |
| 8280 | Upgrade Sea Defences Seaton | 4 | 4 | 0 | 0 | 4 | 0 | EA Grant | |
| 8286 | Alleygates - Night Time Economy | 24 | 20 | 4 | 0 | 24 | 0 | GRANT | |
| 8306 | Kitchen Equipment | 28 | 0 | 0 | 0 | 0 | (28) | GRANT | |
| 8309 | Chester Road | 10 | (1) | 12 | 0 | 11 | 1 | GRANT | |
| 8311 | S Carew - Northern Management Unit Ph1 Construction | 352 | 200 | 152 | 0 | 352 | 0 | EA Grant | |
| 8314 | Tees Valley Bus Network Improvement Scheme | 2,237 | 48 | 0 | 2,189 | 2,237 | 0 | DFT Grant | The rephased expenditure relates to funding earmarked for schemes planned in 2012-13. |
| 8315 | S Carew -Northern Management Unit Ph2 Construction | 80 | 49 | 31 | 0 | 80 | 0 | EA Grant | |
| 8328 | Carriageway-Dalton Village Road Part 1 | 12 | 14 | 0 | 0 | 14 | 2 | LTP Grant | |
| 8329 | Carriageway-Dalton Village Road Part 2 | 17 | 19 | 0 | 0 | 19 | 2 | LTP Grant | |
| 8330 | Carriageway-Seaton Lane Part 1 | 24 | 27 | 0 | 0 | 27 | 3 | LTP Grant | |
| 8331 | Carriageway-Seaton Lane Part 2 | 36 | 40 | 0 | 0 | 40 | 4 | LTP Grant | |
| 8332 | Carriageway-Owton Manor Lane Part 1 | 29 | 43 | 0 | 0 | 43 | 14 | LTP Grant | |
| 8333 | Carriageway-Owton Manor Lane Part 2 | 24 | 27 | 0 | 0 | 27 | 3 | LTP Grant | |
| 8334 | Carriageway-Owton Lodge Roundabout | 21 | 28 | 0 | 0 | 28 | 7 | LTP Grant | |
| 8335 | Carriageway-Station Lane Part 1 | 23 | 29 | 0 | 0 | 29 | 6 | LTP Grant | |
| 8336 | Carriageway-Station Lane Part 2 | 19 | 22 | 0 | 0 | 22 | 3 | LTP Grant | |
| 8337 | Carriageway-Oxford Road Part 1 | 28 | 41 | 0 | 0 | 41 | 13 | LTP Grant | |
| 8338 | Carriageway-Oxford Road Part 2 | 33 | 45 | 0 | 0 | 45 | 12 | LTP Grant | |
| 8339 | Carriageway-Dent Street | 7 | 1 | 6 | 0 | 7 | 0 | LTP Grant | |
| 8340 | Carriageway-Cameron Road | 10 | 11 | 0 | 0 | 11 | 1 | LTP Grant | |
| 8341 | Carriageway-Alma Street | 7 | 8 | 0 | 0 | 8 | 1 | LTP Grant | |
| 8342 | Carriageway-Grove Close | 3 | 4 | 0 | 0 | 4 | 1 | LTP Grant | |
| 8343 | Carriageway-Egerton Road | 11 | 19 | 0 | 0 | 19 | 8 | LTP Grant | |
| 8344 | Carriageway-Everett Street | 17 | 21 | 0 | 0 | 21 | 4 | LTP Grant | |
| 8345 | Carriageway-Hereford Street | 5 | 7 | 0 | 0 | 7 | 2 | LTP Grant | |
| 8346 | Carriageway-Eden Street | 2 | 3 | 0 | 0 | 3 | 1 | LTP Grant | |
| 8347 | Carriageway-Moreland Street | 12 | 14 | 0 | 0 | 14 | 2 | LTP Grant | |
| 8348 | Carriageway-Penrith Street | 4 | 6 | 0 | 0 | 6 | 2 | LTP Grant | |
| 8349 | Carriageway-Challoner Road | 29 | 38 | 0 | 0 | 38 | 9 | LTP Grant | |

| Project Code | A

Scheme Title | EXPENDITURE IN CURRENT YEAR | | | | | | | 2011/2012
COMMENTS |
|--------------|--|------------------------------|--|--|--|--|--|----------------------|---|
| | | B | C | D | E | F | G | H | |
| | | 2011/2012
Budget
£'000 | 2011/2012
Actual
as at 30/09/11
£'000 | 2011/2012
Expenditure
Remaining
£'000 | Expenditure
Rephased
into 2012/13
£'000 | C+D+E
Total
Expenditure
£'000 | F-B
2011/2012
Variance
from budget
£'000 | Type of
financing | |
| 8350 | Carriageway-Beacon/Alliance/Trinity Street | 11 | 12 | 0 | 0 | 12 | 1 | LTP Grant | This scheme has been halted and is under review with the possibility that the funding will now be used on another project subject to approval by members. |
| 8351 | Carriageway-Burke Place | 5 | 6 | 0 | 0 | 6 | 1 | LTP Grant | |
| 8352 | Carriageway-Sunningdale Grove | 5 | 5 | 0 | 0 | 5 | 0 | LTP Grant | |
| 8361 | TVBNI - York Road - Burn Valley H1ab | 235 | 57 | 178 | 0 | 235 | 0 | DFT Grant | |
| 8363 | TVBNI - York Road - Park Road H1d | 239 | 0 | 0 | 239 | 239 | 0 | DFT Grant | |
| 8364 | TVBNI - York Road - Victoria Road H1e | 5 | 0 | 5 | 0 | 5 | 0 | DFT Grant | |
| 8365 | TVBNI - Victoria Road H1f | 5 | 0 | 5 | 0 | 5 | 0 | DFT Grant | |
| 8366 | TVBNI - Marina Gateway H7 | 41 | 41 | 0 | 0 | 41 | 0 | DFT Grant | |
| 8367 | TVBNI - Burn Valley H9 | 10 | 0 | 10 | 0 | 10 | 0 | DFT Grant | |
| 8368 | TVBNI - Oxford Road H10 | 140 | 127 | 13 | 0 | 140 | 0 | DFT Grant | |
| 8369 | TVBNI - Oxford Road H11 | 4 | 0 | 0 | 4 | 4 | 0 | DFT Grant | This scheme is currently waiting for Portfolio approval and will be undertaken in 2012-13. |
| 8370 | TVBNI - Oxford Road H12 | 15 | 7 | 8 | 0 | 15 | 0 | DFT Grant | |
| 8371 | TVBNI - Brenda Road H14 | 9 | 0 | 9 | 0 | 9 | 0 | DFT Grant | |
| 8373 | TVBNI - Throston Grange H19 | 6 | 6 | 0 | 0 | 6 | 0 | DFT Grant | |
| 8375 | TVBNI - Winterbottom Way H21 | 18 | 5 | 13 | 0 | 18 | 0 | DFT Grant | |
| 8376 | TVBNI - Clavering Parking H22 | 101 | 64 | 37 | 0 | 101 | 0 | DFT Grant | |
| 8377 | TVBNI - King Oswy Drive H30 | 5 | 4 | 1 | 0 | 5 | 0 | DFT Grant | |
| 8378 | TVBNI - Northgate H32 | 102 | 0 | 1 | 101 | 102 | 0 | DFT Grant | |
| 8379 | TVBNI - Wynyard Road H33 | 3 | 2 | 1 | 0 | 3 | 0 | DFT Grant | |
| 8380 | TVBNI - Owton Manor Lane H34 | 273 | 132 | 141 | 0 | 273 | 0 | DFT Grant | |
| 8381 | TVBNI - Catcote Road H35b | 20 | 7 | 13 | 0 | 20 | 0 | DFT Grant | |
| 8382 | TVBNI - Elizabeth Way H36 | 26 | 26 | 0 | 0 | 26 | 0 | DFT Grant | |
| 8383 | TVBNI - Catcote Road H37 | 52 | 11 | 41 | 0 | 52 | 0 | DFT Grant | |
| 8384 | TVBNI - Raby Road H44 | 2 | 1 | 1 | 0 | 2 | 0 | DFT Grant | |
| 8385 | TVBNI - Catcote Road H45 | 6 | 6 | 0 | 0 | 6 | 0 | DFT Grant | |
| 8397 | 20's Plenty LTP Allocation | 50 | 0 | 50 | 0 | 50 | 0 | LTP Grant | |
| 8398 | LTP Road Crossings LTP Allocation | 15 | 0 | 15 | 0 | 15 | 0 | LTP Grant | |
| 8399 | White Lining Structural Maintenance | 14 | 2 | 12 | 0 | 14 | 0 | LTP Grant | |
| 8413 | Easington Rd-relay and level kerbs | 15 | 0 | 15 | 0 | 15 | 0 | LTP Grant | |
| | Sub-Total | 10,019 | 2,549 | 3,827 | 3,606 | 9,982 | (37) | | |
| | TOTAL | 17,591 | 3,762 | 9,633 | 4,745 | 18,140 | 549 | | |

| | | | |
|------------|--|---------|---|
| Key | | | |
| LTP | Local Transport Plan | GRANT | Grant Funded |
| TVBNI | Tees Valley Bus Network Improvements | CAP REC | Capital Receipt |
| RCCO | Revenue Contribution towards Capital | UDPB | Unsupported Departmental Prudential Borrowing |
| MIX | Combination of Funding Types | SPB | Supported Prudential Borrowing |
| UCPB | Unsupported Corporate Prudential Borrowing | | |
| SCE | Supported Capital Expenditure (Revenue) | | |

SCRUTINY CO-ORDINATING COMMITTEE

13 January 2012



Report of: Scrutiny Manager

Subject: CALL-IN OF DECISION: STRATEGY FOR BRIDGING THE BUDGET DEFICIT 2012/13 ICT, REVENUES AND BENEFITS SERVICES

1. PURPOSE OF THE REPORT

- 1.1 To provide Members of the Scrutiny Co-ordinating Committee with the relevant information relating to the Call-In of the decision taken by Cabinet on the 19 December 2011, in relation to the Strategy for Bridging the Budget Deficit 2012/13 - ICT, Revenues and Benefits Services, as per the Authority's Call-In procedure.
- 1.2 To enable the Scrutiny Co-ordinating Committee to:-
- i) Make a decision in relation to the acceptance or rejection of the Call-in; and
 - ii) Consider, subject to the acceptance of the Call-in:
 - The way forward in dealing with the Call-In;
 - The formulation of a response / comments for consideration by Cabinet (via the Proper Officer).

2. BACKGROUND INFORMATION

- 2.1 At the decision making meeting of Cabinet held on 19 December 2011, a report was considered in relation to the strategy for bridging the budget deficit 2012/13 - ICT, revenues and benefits services.
- 2.2 A copy of the report considered by Cabinet on the 19 December 2011 is attached at **Appendix A**, however, please note that Appendix 1 to this report contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) Information relating to the financial or business affairs of any particular person (including the authority holding that information). In light of the commercial sensitivity of this information, the Chair of the Scrutiny Co-ordinating Committee has approved a repeat of the very successful process implemented as part of the Senior Management Review. On this basis, copies of the confidential Appendix 1 will not be

circulated with this report but will be made available at the meeting should Members wish to consider them. These papers would then be collected in at the end of the meeting.

- 2.3 The decision record from Cabinet on the 19 December 2011 is attached to this report for Members information at **Appendix B** (Minutes 191 and 195 refer). In addition to the open minute provided at Appendix B, a confidential minute was also taken and due to the commercially sensitive nature of the issues discussed this will be made available as detailed in section 2.2 above, 30 minutes before the start of the meeting.
- 2.4 Please note that should the Committee wish to discuss in detail the contents of the confidential appendix or minute, Members will be aware of the need to pass the necessary resolution and move into closed session. At this point, all Resident Representatives and Members of the Public will be required to leave the meeting for the duration of discussions on this item.
- 2.5 Following the decision of Cabinet, a Call-In Notice was issued by 3 Members of the Scrutiny Co-ordinating Committee on the 6 January 2012. This notice was accepted by the Deputy Monitoring Officer on the 6 January 2012. A copy of the Call-In notice is attached at **Appendix C**.

3. CALL-IN PROCESS

- 3.1 The Scrutiny Co-ordinating Committee has the power under Section 21 of the Local Government Act 2000, and Rule 14 of the Council's Scrutiny Procedure Rules, to call-in decisions made by the Executive but not yet implemented.
- 3.2 The Call-In notification outlines the reasons why the signatories were of the opinion that the decision had been taken in contravention of the principles of decision making, as outlined in Article 13 of the Constitution. Accordingly, consideration of this 'Call In' Notice, is under Category 1, namely 'where the principles of decision making may not have been followed when taking the decision'. The reasons identified in the Call-In Notice are as follows;

vii) Clarity of aims and desired outcomes;

Cabinet is divided on this issue and as it is a key decision which potentially ties the hands of the authority for 10 years this matter must be resolved. The main reason for the proposed changes is to achieve savings and yet the Portfolio Holder for Finance is opposed to the decision.

xii) Reasonableness;

Point 3 of the decision also states:

....If savings identified from the exercise are not agreed then alternative proposals would be required to address this element of the budget deficit.

Without knowing what the alternatives for savings are and at this stage of the budget setting process Council would need to understand the options available.

4. NEXT STEPS

- 4.1 In the first instance, the Committee must decide whether it agrees with the Members submitting the Call-In Notice that the decision should be Called-In for the reasons set out in the Notice. These reasons should then form the basis for the Committee's consideration of the decision. Also, how it wishes to proceed with consideration of the Call-In.
- 4.2 Subject to the acceptance of the Call-In by the Scrutiny Co-ordinating Committee, invitations have been extended to all Cabinet Members, and relevant officers, to attend today's meeting and assist Members in their consideration of the Call-in.
- 4.3 Having fully discussed the reasons outlined within the Call-In Notice there are two ways forward:-
 - (i) Should the Committee be satisfied that the principles of decision making have not been contravened, the decision(s) will be effective immediately; or
 - (ii) Should the Committee remain concerned about the decision(s), comments should be agreed for consideration by Cabinet at the earliest opportunity. The next possible Cabinet meeting being held on the 23 January 2012. Following receipt of these comments Cabinet would be required to reconsider the decision in light of them and either reaffirm or amend the decision. A response from the Cabinet must then be referred to the Committee, setting out the reasons for reaffirming or modifying the decision, in relation to the issues raised by the Committee.

5. RECOMMENDATIONS

- 5.1 That Members of the Scrutiny Co-ordinating Committee decide if they wish to accept or reject the Call-In Notice;
- 5.2 That subject to acceptance of the Call-in:
 - i) Consideration be given to the way forward in dealing with the Call-In;

- ii) Consideration be given to the whether the decision was taken in accordance with the Principles of Decision Making (as outlined in Article 13 of the Constitution); and
- iii) Should the Committee be of the view that the decision was not taken in accordance with the Principles of Decision Making, comments be formulated for consideration by the Cabinet (via the Proper Officer).

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Hartlepool Borough Council
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BACKGROUND PAPERS

The following background paper was used in the preparation of this report:-

- (i) Hartlepool Borough Council's Constitution
- (ii) Reports and Minutes – Cabinet of 19 December 2011
- (iii) Call-in Notice – 6 January 2012

CABINET REPORT

19th December 2011



Report of: Assistant Chief Executive, Chief Finance Officer, Assistant Director (Resources), Chief Customer and Workforce Services Officer

Subject: Strategy for Bridging the Budget Deficit 2012/13 ICT, Revenues & Benefits Services

1 PURPOSE OF REPORT

- 1.1 To inform Cabinet of the outcome of the Invitation to Quote (ITQ) and the evaluation processes for the selection of the Preferred Bidder for the ICT, Revenues and Benefits Services.
- 1.2 On the basis of the evaluation results and the objectives outlined by Cabinet at the outset of this exercise to seek Cabinet approval, subject to due diligence and agreement of detailed financial, service and legal terms, to proceed to Contract Award for the Preferred Bidder.

2 SUMMARY OF CONTENTS

- 2.1 Cabinet have previously received reports which have identified and provided options and recommendations in respect of the potential benefits from, and the procurement route for, a revised delivery mechanism for ICT and Revenues and Benefits Services.
- 2.2 On the 23rd May 2011, Cabinet agreed that a procurement exercise be commenced using the OGC Buying Solutions Framework for ICT Managed Services (ref RM717).
- 2.3 The procurement process and particularly the contract documentation and evaluation methodology used was based on the key objectives identified by Cabinet i.e.:-
 - A base in Hartlepool
 - Retain and grow jobs
 - Local Economic benefits
 - Enhanced TUPE protection for staff
 - Maintain and improve services
 - Achieve savings
 - Scalability in terms of services and expansion to other Local Authorities

- 2.4 As part of the process, the Authority issued an Invitation to Quote (ITQ) on 22nd June 2011 to all Suppliers on the OGC Buying Solutions Framework.
- 2.5 The procurement process has run from June 2011.
- 2.6 As a consequence of using the OGC Buying Solutions Framework, the top level evaluation criteria were predetermined and are described below:

| Top level criteria | The Evaluation Weighting |
|---------------------------|---------------------------------|
| Technical Solution | 25% |
| Commercial matters | 30% |
| Service Delivery | 45% |

- 2.7 These headline criteria are deliberately broad and this provided the project team with the opportunity to fine tune to suit the Cabinets key objectives (as outlined in section 3.3 of the main report) through the introduction of a number of sub criteria.
- 2.8 In the event that none of the quotations received were acceptable to the Authority, the following rights were reserved in the ITQ documentation.
- 2.9 The Authority reserved the right:
- i. not to award any contract(s) as a result of this procurement process;
 - ii. to make whatever changes it saw fit to the structure or content of the procurement process; and
 - iii. to withdraw the ITQ at any time or to re-invite bids on the same or any alternative basis.
- 2.10 Bidders were asked to submit a reference bid (a wholly compliant bid) and given the opportunity to submit up to three other variant bids (bids which are permitted to vary from the specification on the basis that they may offer better value for money).
- 2.11 On commencing the procurement element of the project, a notification was sent to all 12 suppliers on the framework asking them to confirm whether or not they would be interested in taking part in the procurement process and attending a series of 'supplier days'. A grid in Section 4.5 of the main report details the framework supplier's levels of involvement in the procurement process as it progressed.
- 2.12 In order to execute the evaluation process, an evaluation team was formed. The team consisted of individuals from the project team with support being provided by key staff and external advisors with specialist knowledge in the various aspects of the services, the process, legal matters and financial matters.

- 2.13 A summary of the bid submissions is submitted at section 2 of the confidential appendix to the main report. **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 2.14 A number of variant bids, in line with the ITQ, were received and evaluated as part of the bid submissions and the details are also included in section 2 of the confidential appendix to the main report.
- 2.15 There are a number of areas of risk within a contract of this nature and size which need to be covered. These are covered in section 7 of the main report.
- 2.16 It is intended that the new contract will commence on 1st April 2012, therefore to assess the savings achieved from this contract; the costs of the bids have been assessed against the annual budget provisions included in the Medium Term Financial Strategy (MTFS) for 2012/13 to 2014/15 for these services. For the purpose of this evaluation the current inflation planning assumption has been rolled forward to 2018/19 to cover the contract period.
- 2.17 The financial evaluation has also assessed the one-off costs associated with the new contract, which covers exit costs for the existing contract, disentangling shared infrastructure costs and licensing costs.
- 2.18 In accordance with the Authority's requirements both bidders have submitted 'reference bids' which are TUPE plus compliant and cover a 7 year period. These bids have been adjusted to reflect specific factors to ensure like for like comparison on a financial basis.
- 2.19 The new contract will run for 7 years, which is significantly beyond the Authority's normal 3 year financial planning horizon and the period covered by Government Spending Reviews. Therefore, forecast savings beyond 2014/15 are potentially subject to more variability, although this should be minimised as a result of the 'RPIX minus 2%' provision.
- 2.20 The Asset Management implications, particularly around accommodation to be used was assessed within the evaluation methodology and are included in the Financial Consideration section of the main report.
- 2.21 Outsourced arrangements will only work effectively where there is a robust contract management arrangement in place to ensure the contract delivers effectively and efficiently and that the authority's requirements continue to be met.
- 2.22 Regardless of which bidder is successful, there will be a need for additional focus during the interim change period to ensure a smooth transition between the current and future contract arrangements and the continued provision of an ICT service to support delivery of front line services.

- 2.23 It is necessary, as part of the evaluation of the bids to ensure that, whilst they both still meet the requirements of the authority, any potential increased pressure on resources within the existing ICT client management function, as a result of the transfer of some responsibilities, tasks etc. from the supplier to the authority is reflected. This situation has been recognised and reflected in the financial evaluation.
- 2.24 Under the contract there will be a requirement to maintain within the Authority a resource that will provide the 'Intelligent Client' for the strategic requirements of the Revenues and Benefits service; as well as resource for the operational contract management of the contract as part of the performance and governance arrangements.
- 2.25 The Authority's 'Intelligent Client' function for Revenues and Benefits services will need to ensure adequate capacity and expertise to analyse proposed legislative and regulatory changes, consider risks, undertake financial modelling and provide for the development of robust policies and strategies as part of the management and oversight of the contractor's activities.
- 2.26 In addition there are elements of the Revenues and Benefits services that are not included in the contract and will be retained within the Authority.
- 2.27 The TUPE Regulations provide employment and pension protections for staff transferring employer as the result of a contract award. Additional protection requirements have been included within the specification, referred to as "TUPE Plus". These enhancements sought to ensure that transferred employees would continue to benefit from nationally agreed terms and conditions and would not be made compulsorily redundant.
- 2.28 Formal TUPE consultations will commence on the award of the contract between Staff, Trade Union representatives, the Authority and the successful Bidder. This will involve formal notifications and programmed discussions in line with TUPE regulations.
- 2.29 Both potential bidders have submitted bids which are compliant with the requirements of the authority although the solutions and potential benefits (including the economic development of the town) to the authority do differ.
- 2.30 Cabinet has clearly stated in previous meetings that the achievement of these outcomes is a prerequisite to a final decision and are clearly aware of the financial position of the authority, the need to ensure the continued delivery of high quality services, the protection of staff and the potentially significant benefits to the local economy of a provider of services being based in the town and using this base as a hub from which to grow jobs in the town at a time of significant need.
- 2.31 The evaluation and clarification process outlined in the main body of the report has been rigorous and complex, due to the outcomes established at the outset, and a range of potentially competing, but nonetheless, important

priorities. These are primarily around cost, staff protection, service quality and local economic benefits.

- 2.32 Section 14.6 of the main report outlines in headline summary format, how, and the extent to which, the bidders have identified that they will meet the objectives of the Authority.
- 2.33 The financial assessment demonstrates that whilst both bids provide a saving against the current service costs, one of the bids provides a greater saving, both in the three years up to 2014/15 and over the lifetime of the contract. The potential saving achievable from accepting one of the bids is delivered through increasing annual savings over the lifetime of the contract. These savings are net of the additional costs of providing TUPE Plus for the lifetime of the contract.
- 2.34 The evaluation of the bids against the criteria has established that Bidder 1 has the highest overall score.
- 2.35 It should be noted that in the evaluation scores, one Bidder scores more highly in respect of the Commercial aspects and the other Bidder scores more highly in respect of Technical Solution and Service Delivery aspects.
- 2.36 The identified requirements of the authority, established at the outset of this exercise encompassed a range of outcomes including job creation, local economic benefits, cost, service delivery and staff protection. No bidder has provided a single all encompassing bid that generates the highest score against each of the individual elements.
- 2.37 There is a clear differentiation in the bids in respect of job creation and local economic benefits and cost. This differentiation is not all in favour of one bidder.
- 2.38 One bidder provides a greater overall saving to the medium term financial strategy and the phasing of these savings provides an immediate benefit for 2012/13 and increasing benefit over the lifetime of the contract.

3 RELEVANCE TO CABINET

- 3.1 As per Cabinet reports 23rd May and 20th June. This project has the potential to contribute to the strategy for bridging the 2012/13 Budget deficit and thereafter over the lifetime of the contract.

4 TYPE OF DECISION

- 4.1 Key Decision. Test (i) and (ii) applies. Key Decision Reference CE45/11

5 DECISION(S) REQUIRED

5.1 Cabinet are recommended to;

Consider the information included in this report and the appendices in respect of the process undertaken and the evaluation results.

On the basis of the evaluation results and the objectives outlined by Cabinet at the outset of this exercise, the submission of Bidder 1 is recommended as the preferred bidder subject to due diligence and agreement of detailed financial, service and legal terms to contractual close.

Cabinet to note that if the savings identified from this exercise are not agreed then alternative proposals will be required to address this element of the budget deficit.

Report of: Assistant Chief Executive, Chief Finance Officer,
Assistant Director (Resources), Chief Customer and
Workforce Services Officer

Subject: Strategy for Bridging the Budget Deficit 2012/13 ICT,
Revenues & Benefits Services

1. PURPOSE OF REPORT

- 1.1 To inform Cabinet of the outcome of the Invitation to Quote (ITQ) and the evaluation processes for the selection of the Preferred Bidder for the ICT, Revenues and Benefits Services.
- 1.2 On the basis of the evaluation results and the objectives outlined by Cabinet at the outset of this exercise to seek Cabinet approval, subject to due diligence and agreement of detailed financial, service and legal terms, to proceed to Contract Award for the Preferred Bidder.

2. BACKGROUND

- 2.1 Cabinet have received five reports (on 24th January 2011, 7th February 2011, 8th April 2011, 23rd May 2011 and 20th June 2011) which have identified and provided options and recommendations in respect of the potential benefits from and the procurement route for a revised delivery mechanism for ICT and Revenues and Benefits Services.
- 2.2 At the meeting on 7th February 2011, Cabinet determined to refer this matter to Scrutiny for consideration with particular reference to the Revenues and Benefits element and the report from Scrutiny Co-ordinating Committee was considered on 8th April 2011.
- 2.3 The report to Cabinet on the 23rd May 2011 concluded that:-
 - preliminary research indicated that significant savings for the Council could be achieved
 - there are potential benefits to Hartlepool in economic regeneration
 - there is significant private sector experience in the delivery of these services on behalf of the public sector
 - proposed amendments to the national benefits system may result in significant changes to the scale and scope of the Revenues and Benefits services the Council currently provide
 - statutory protections for current staff would be maximised
- 2.4 On the 23rd May 2011, Cabinet agreed that a procurement exercise be commenced using the OGC Buying Solutions Framework for ICT Managed Services (ref RM717).

2.5 The procurement process and particularly the contract documentation and evaluation methodology used was based on the key objectives identified by Cabinet i.e.:-

- A base in Hartlepool
- Retain and grow jobs
- Local Economic benefits

The Authority identified as a key requirement that any procurement exercise should offer a model of service delivery which includes, within the context of the services being procured, regeneration based in Hartlepool and aligns to the delivery of services at a sub regional and regional basis. It was identified that the Authority would be evaluating submissions based upon identifying a partner to develop and invest in the local economy and detail proposals for future growth, the investment to be made and the benefits to the partnership. The bidder submissions were required to identify plans which would enable and encourage other public sector organisations to utilise the services established, and how this would contribute to future growth and development in the town, including plans to both retain and develop jobs within the service areas being procured.

- Enhanced TUPE protection for staff

It was identified that an important part of any requirement, from the perspective of the Authority, in conjunction with a desire to provide additional benefits to the local economy, was to protect the current employment and employment rights of staff, and this condition was included in the ITQ documentation.

- Maintain and improve services

As part of the ITQ it was identified that the solution was required to combine high quality service delivery, with guaranteed efficiencies in delivery, bidders being required to demonstrate how services will be delivered, to the outcomes that the Authority specified and the required service standards and quality frameworks. It was also identified that particular consideration would be given to how the provider will review and improve provision over the course of the agreement with particular reference to considerations around the effects of universal credit and ongoing service provision.

- Achieve savings

Given the external, nationally driven, policy and financial pressures which the Authority is facing Bidders were required to demonstrate how any proposed delivery model and associated costings delivered ongoing value for money, service flexibility and flexibility in provision and partnership arrangements to meet the Authority's ongoing transformation agenda and external pressures, drivers and national policy changes. In addition and in

recognition of the changes and pressures which the Authority faces there was a requirement for providers to identify the savings to be delivered against the current cost base, the approach to the risks in delivering these savings and the assumptions made in determining these.

- Scalability in terms of services and expansion to other Local Authorities

In addition, bidders were required to identify how these arrangements will be beneficial to the Authority in service and financial terms through the potential for inclusions such as “gain share” (an arrangement which would provide a direct financial benefit to the Authority through any additional work delivered through such an arrangement).

- 2.6 On the 20th June 2011, following a Scrutiny Call-in, Cabinet reaffirmed their decision as originally agreed on the 23rd May 2011.
- 2.7 As part of the process, the Authority issued an Invitation to Quote (ITQ) on 22nd June 2011 to all Suppliers on the OGC Buying Solutions Framework for ICT and Revenues and Benefits Services.
- 2.8 The procurement process has included the following:-

| Stage & Process | Dates (2011) |
|---|---|
| Invitation to Quote (ITQ) document released (using OGC e-portal) | 22 nd June |
| Quotation response period (extended from 2 nd September) | 23 rd June to 14 th October |
| Bidders Due Diligence period | 7 th July to 30 th September |
| Bidders 1 st Clarification Meeting | 22 nd July |
| Bidders 2 nd Clarification Meeting | 9 th August |
| Bidders 3 rd Clarification Meeting | 24 th August |
| Bidders 4 th Clarification Meeting | 14 th September |
| Quotations Returned | 14 th October |
| Contract Scrutiny Committee opened tenders | 17 th October |
| Evaluation Period | 18 th October to 30 th November |
| Bidders Presentation/Interviews | 8 th November |

3 EVALUATION METHODOLOGY

- 3.1 As a consequence of using the OGC Buying Solutions framework ref RM717, the top level evaluation criteria were predetermined and are described below:

| Top level criteria | The Evaluation Weighting |
|--------------------|--------------------------|
| Technical Solution | 25% |
| Commercial matters | 30% |
| Service Delivery | 45% |

3.2 These headline criteria are deliberately broad and this provided the project team with the opportunity to fine tune these to suit the Cabinets key objectives (as outlined in section 2.5) through the introduction of a number of sub criteria.

3.3 Details of these, weightings, and how they map to the top level criteria are provided in the grid below:

| Top Level Criteria | Weighting | Sub criteria | Weighting |
|--------------------|-----------|----------------------|-----------|
| Technical Solution | 25.00 | Innovation | 8.25 |
| | | Benefits Realisation | 11.75 |
| | | Quality of Solution | 5.00 |
| Commercial | 30.00 | Pricing | 15.00 |
| | | Value for Money | 7.50 |
| | | Payment Profile | 7.50 |
| Service Delivery | 45.00 | Service Levels | 32.6 |
| | | KPI's | 10.15 |
| | | Transition | 2.25 |

3.4 The above sub-criteria were developed by the project team to demonstrate the relative importance of a variety of Authority issues to Bidders, ensuring that responses would be structured in a way which supported the aims and objectives of the procurement project.

3.5 The sub criteria sought to focus Bidders' submissions on more than just the cost of the services to be provided. It was critical that in addition to securing competitively priced bids which generated savings, the authority received bids which addressed the Authority's needs in terms of service delivery, protection of transferring employees rights and conditions of employment, and the regeneration and development based in Hartlepool (see Section 2.5)

3.6 In order to ensure that the Authority's requirements were clearly understood, these sub criteria were broken down further into a number of elements which clearly articulate the Authority's objectives. These are detailed in the grid below:

| Sub criteria | Weighting | Sub criteria Elements |
|----------------------|-----------|--------------------------------------|
| Innovation | 8.25 | Regional Development & Future Growth |
| | | Environmental sustainability |
| Benefits Realisation | 11.75 | Investment |
| | | Retain and Grow Jobs |
| | | Guaranteed Outcomes |

| | | |
|---------------------|-------|--|
| Quality of Solution | 5 | Quality Assurance |
| | | Subcontracting |
| | | Track Record/Experience of delivering these services and the management & organisational capacity for change |
| | | Governance Mechanism |
| Pricing | 15 | Transition/set up costs |
| | | Pricing proposal R&B /ICT |
| Value for Money | 7.5 | Service/Contractual flexibility |
| | | Demonstrate ongoing VFM & Added Value - Continuous Improvement |
| | | Gain Share |
| Payment Profile | 7.5 | Fee/Cost Reductions linked to CSR Profile Requirements |
| Service Levels | 32.6 | Compliance to ICT Spec |
| | | Compliance to Revs & Bens Spec (60% Benefits - 40% Revenues) |
| | | Performance Regime |
| | | Service resilience |
| KPI's | 10.15 | Threshold Compliance & baseline performance & continuous improvement |
| Transition | 2.25 | Service stability, implementation and transition plan and managing risk |

- 3.7 Each of the sub criteria elements listed above were distilled into one or more questions that were listed in the supplier questionnaire and which formed a major part of the ITQ documentation.
- 3.8 The purpose of the questions was to ask Bidders for specific information which would provide the Authority with a clear picture of the services, benefits and costs proposed in their quotation.
- 3.9 A further issue considered by the project team was the possibility that Bidders may submit a quotation which was extremely good in one area, very poor in another, but which scored the highest of all those quotations submitted. In order to ensure that this situation did not occur, a number of threshold scores were introduced which, if not met, would mean that the whole quotation was unacceptable and rejected on that basis.
- 3.10 In the event that none of the quotations received were acceptable to the Authority, the following rights were reserved in the ITQ documentation:
- 3.11 The Authority reserved the right:
- not to award any contract(s) as a result of this procurement process;
 - to make whatever changes it saw fit to the structure or content of the procurement process; and
 - to withdraw the ITQ at any time or to re-invite bids on the same or any alternative basis.

3.12 Reference and Variant Bids

- 3.13 Bidders were asked to submit a reference bid (a wholly compliant bid) and given the opportunity to submit up to three other variant bids (bids which are permitted to vary from the specification on the basis that they may offer better value for money).
- 3.14 The Authority stipulated that variant bids could only be considered where a compliant reference bid was received. Both Bidders submitted compliant reference bids.
- 3.15 In terms of variant bids, a Bidder could be considered the most economically advantageous on the basis of its Variant Bid if:
- i. that Variant Bid is assessed as providing a more economically advantageous solution than the Bidder's Reference Quotation (and both Bids are in every respect compliant with the Authority's requirements for submitting compliant Bids); and
 - ii. that Variant Bid is also assessed as providing a more economically advantageous solution than all the other Bidders' Reference and Variant Bids for the Requirement.
- 3.16 **It should be noted that the Authority reserved the right not to accept a Variant bid, even if it proved to be the highest scoring response on the grounds that it may not be acceptable to the Authority.**
- 3.17 **Scoring of Responses**

For the purposes of scoring responses to questions, the following scoring table was devised.

| | |
|---------|---|
| Score 0 | Completely fails to meet required standard or does not provide a proposal. |
| Score 1 | Proposal significantly fails to meet the standards required, contains significant shortcomings and/or is inconsistent with other proposals. |
| Score 2 | Proposal falls short of achieving expected standard in a number of identifiable respects. |
| Score 3 | Proposal meets the required standard in most material respects, but is lacking or inconsistent in others. |
| Score 4 | Proposal meets the required standard in all material respects. |
| Score 5 | Proposal meets the required standard in all material respects and exceeds some or all of the major requirements. |

- 3.18 It is important to note that a score of 4 in this grid represents a fully satisfactory response. For Bidders to receive a score in excess of 4, they were required to submit a response which exceeded the Authority's requirements.

4 NUMBER OF BID SUBMISSIONS

- 4.1 As this procurement project made use of the OGC Buying Solutions framework for ICT Managed Services, there was no requirement to advertise our requirement any wider than amongst the 12 suppliers who have been pre-assessed and were party to the agreement.
- 4.2 On commencing the procurement element of the project, a notification was sent to all 12 suppliers on the framework asking them to confirm whether or not they would be interested in taking part in the procurement process and attending a series of 'supplier days'. The purpose of these days was for the Authority to have the opportunity to tell suppliers all about the opportunity it intended to bring to the marketplace, and for suppliers to ask questions and ascertain whether it was an attractive proposition for them to compete for. 6 suppliers attended the supplier days.
- 4.3 Following supplier days, all 12 parties were asked to confirm whether they were interested in the opportunity and intended to submit a quotation when invited. In response to this question, 3 out of the 12 framework suppliers confirmed that they intended to submit a quotation.
- 4.4 During the period between issuing the ITQ documentation and the deadline date for receipt of responses, one of the three remaining suppliers advised the Authority that despite their interest in providing all of the services to the Authority they were no longer in a position to bid for the contract and as a result they withdrew from the process leaving 2 bidders remaining.
- 4.5 The following grid details the framework supplier's levels of involvement in the procurement process as it progressed:

| Supplier | Supplier Day 1 | Supplier Day 2 | Confirmed intention to submit | Submitted Quotation |
|--------------------|-----------------------|-----------------------|--------------------------------------|----------------------------|
| Bidder 1 | ✓ | ✓ | ✓ | ✓ |
| Bidder 2 | ✓ | ✓ | ✓ | ✓ |
| Bidder 3 | ✓ | ✓ | ✗ | ✗ |
| Bidder 4 | ✗ | ✗ | ✗ | ✗ |
| Bidder 5 | ✗ | ✗ | ✗ | ✗ |
| Bidder 6 | ✗ | ✗ | ✗ | ✗ |
| Bidder 7 | ✓ | ✓ | ✗ | ✗ |
| Bidder 8 | ✓ | ✓ | ✓ | ✗ |
| Bidder 9 | ✗ | ✗ | ✗ | ✗ |
| Bidder 10 | ✗ | ✗ | ✗ | ✗ |
| Bidder 11 | ✗ | ✗ | ✗ | ✗ |
| Bidder 12 | ✓ | ✓ | ✗ | ✗ |
| Summary | | | | |
| Supplier | Supplier Day 1 | Supplier Day 2 | Confirmed intention to submit | Submitted Quotation |
| No of participants | 6 | 6 | 3 | 2 |

5 EVALUATION PROCESS

5.1 In order to execute the evaluation process, an evaluation team was formed. The team consisted of individuals from the project team with support being provided by key staff and external advisors with specialist knowledge in the various aspects of the services, the process, legal matters and financial matters.

5.2 A number of work streams were set up to examine in detail specific areas of the submissions following strict evaluation guidelines ensuring there was a fair and consistent process. The workstreams were as follows:

- Local Benefits
- Performance
- Financial
- ICT Services
- Revenues and Benefits Services
- Legal/Compliance

5.3 Participants and their roles

5.4 In order to optimise the use of the time evaluators had available, the team were allocated specific areas to assess; for example, it would not be a good use of the ICT team's time to carry out an extensive review of proposals relating to Revenues & Benefits services, and vice versa, although where links were needed, cross checking was undertaken.

5.5 Evaluation of price-based information

5.6 It has been necessary to utilise specialist financial support to assess the financial aspects of these quotes. This has been provided through internal financial resources and the Chief Finance Officer has led an overall assessment which is included in Section 8 - Financial Appraisal.

5.7 External Advisors

5.8 Further specialist support has been utilised in relation to service provision and legal issues. This has been provided by the external assurance team and external advisors included:

- Ward Hadaway (Legal)
- Specialist Computer Systems (SCS) (ICT)
- The Institute of Revenues, Rating and Valuation (IRRV) (Revenues and Benefits)

5.9 External Advisors have specifically been asked to undertake the following:

- advise in developing the contract documents including the Invitation to Quote

- score those elements of the bids within their areas of specialist expertise
- provide their scoring of bids with an accompanying narrative of their scoring rationale, explaining the relevant positive and negative aspects of marked bids.

5.10 Clarifications AFTER receipt of Submissions – i.e. The Authority's clarification of Bidder's submissions

5.11 There were some areas of Bidders quotations where detail was lacking. Whilst the Authority was not obliged to seek additional information from Bidders by way of bid clarification, we had reserved the right to do so based on our assessment of the overall suitability of the original response. This would also reduce risk in any contract that might be entered into with a preferred bidder.

5.12 There were a number of issues which the evaluation team felt required clarification and contact was made with Bidders to arrange the provision of this additional information.

5.13 It must be emphasised that the process entailed clarification of submissions only, there being no negotiation undertaken as part of any written or verbal communications and there has been no exchange of information which could distort competition.

5.14 The post-quotation clarification process has not resulted in any changes to Bidders submissions, only the clarification of information already submitted as part of the bid which assisted in the evaluation process. Had any information received by the Authority from Bidders constituted a change in the submitted bid it would have been disregarded.

5.15 Written enquiries

5.16 Only documented questions and responses have been utilised in the evaluation of bids.

5.17 Interviews/Presentations

5.18 The Authority required Bidders to attend an interview and deliver a presentation. This did not form part of the scoring process but served to improve the Authority's understanding of the Bidders' proposals and provided an opportunity to clarify offers (although all clarifications sought were recorded and written confirmation of the clarification provided by Bidders).

5.19 Site Visits

5.20 Each bidder was required to submit reference sites that deliver the scope of services within the ITQ. The purpose of this was for the evaluators to gain a better understanding of how the service is delivered and how the relevant bidder is performing with particular reference to the Authority's objectives identified in Section 2.5 of the report. The outcomes of the visits were not

scored in the evaluation process but they did inform the understanding as intended.

6 SUMMARY OF BID SUBMISSIONS

- 6.1 A summary of the bid submissions is attached at section 2 of the confidential appendix to the main report as they include commercially confidential information. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 6.2 A number of variant bids, in line with the ITQ, were received and evaluated as part of the bid submissions and the details are also included in section 2 of the confidential appendix to the main report as they include commercially confidential information.

7 RISK IMPLICATIONS

- 7.1 There are a number of areas of risk within a contract of this nature and size which need to be covered. The Authority needs to be satisfied that the following risks are mitigated.
- Procurement Related Risks
 - Transferred Service Risks
 - Risks around scope, specification and change
 - Risks in achieving the Authority's key objectives

7.2 Procurement related risks

| Risk | Mitigation |
|---|--|
| Risk of challenge from rejected bidder on the grounds of an incorrectly executed procurement process. | Full composite copies of all documentation related to dialogue meetings, conference calls and the evaluations have been retained for audit purposes. Legal advice has been secured. |
| Failure to adequately address enquiries from tenderers.
Claims of unfair practices.
Offers with qualifications by tenderers.
Withdrawal of offers. | Implemented standardised procedures for responding to enquiries.
Responded in a timely manner to enquiries.
Allowed adequate time for tenderers to respond. Clarity on bids and variants documented to avoid qualifications. |
| Actual or perceived favouritism in providing information.
Complaints from tenderers.
Withdrawal of offers. | As above.
Answered all queries in writing and provided copies to all potential tenderers.
Ensured that all potential tenderers were |

| | |
|--|---|
| | provided with any addenda. |
| Actual or perceived breach of confidentiality.
Complaints from tenderers.
Mistrust by tenderers. | Established security procedures via E-box.
Advised staff of their obligations.
Advised tenderers of security measures. |
| Insufficient number of responses.
Increased costs.
Delayed delivery to the client.
Poor value for money due to limited competition. | Used appropriate tender strategy to ensure competition including supplier engagement days. Expressions of Interest confirmed.
Provided potential tenderers with advance notice of tender requests.
Allowed sufficient time for tenderers to respond.
Ensured clarity for tenderers on the Authority's Key Objectives. |
| Failure to follow effective evaluation procedures.
Inconsistent evaluations. | Robust and tested evaluation methodology utilised. Advised evaluation team of appropriate tender assessment and evaluation approach.
Maintained, audited and reviewed evaluation procedures. |
| Failure to identify a clear winner.
Decision made on subjective grounds.
Claims of unethical and unfair behaviour.
Complaints from tenderers. | Ensured evaluation criteria contained the critical factors on which the assessment of tenders will be based and that they were clearly identifiable to tenderers in tender documents.
Ensured evaluation criteria were appropriate and measurable.
Robust and tested evaluation methodology utilised. |
| Selecting an inappropriate supplier.
Failure to fulfil the contract. | Utilised staff with appropriate tender evaluation, financial and technical skills training and commercial expertise.
Used structured evaluation procedures.
Clearly identified evaluation criteria to tenderers in tender documents.
Cabinet to review tender and selection process prior to awarding contract.
OGC Framework in place, tested and includes suitably experienced suppliers. |

7.3 Transferred Service risks

| Risk | Mitigation |
|---|---|
| Reduced service (to customers) overall. | Clear contract performance specifications
Effective contract monitoring and retained client functions.
Guaranteed outcomes and redress for non- |

| | |
|---|--|
| | compliance. |
| Reduced service during transition period. | Effective Implementation Plan requested and evaluated in bids. |
| Loss of key staff during transition. | Contract to provide for backfilling of staff vacancies.
Effective information/ consultation with staff.
Guarantees to staff about job continuity and TUPE Plus arrangements. |
| Failure to secure support service cost reductions. | Develop Implementation Plan to drive down costs.
Ongoing cost monitoring. |
| Poor contract documentation leading to claims/conflict/costs. | Use established contract documentation from national framework.
Draw on specialist advice in drafting contract.
Build in appropriate non compliance and termination clauses. |
| Failure to adequately monitor contract performance | Specialist client side team to monitor contract.
Clear performance requirements in contract with guaranteed outcomes provided by the bidders. Non-compliance clauses within contract. |

7.4 Risks around scope, specification and change

- 7.5 The process for consideration of the procurement exercise has incorporated several aspects which have been designed to manage a number of risks in the actual process and in regard to the scope and specification of services.
- 7.6 As part of the development of the specification the external advisors for the project have been involved in critiquing and refining the ITQ documentation to ensure that the requirements of the authority are clear. This was balanced with the fact that the ITQ detailed the expected outcomes for the authority but not necessarily the inputs or detailed method of delivery, other than where this was prescribed, such as that the delivery base for services should be in Hartlepool.
- 7.7 Any tendering process such as this has, as part of it, a process for due diligence for potential providers as part of the tendering timescales. This due diligence process is in place to enable potential providers to ensure they have a clear understanding of the current provision (and, in the case of ICT, infrastructure and release versions of software) and to model these in the context of their solution and the requirements of the Authority. Should a decision to proceed with the contract be taken, there is a further process of due diligence for the preferred supplier with a risk that any such due diligence may identify issues (and potential costs) not identified at the tendering stage. The bid documentation and the detailed information included in it have been designed to mitigate this risk but it should be noted that there is the potential that this risk may manifest itself.

- 7.8 The assumptions upon which any bid is predicated, and the surety that the Authority (and/or the bidders) places on these need to be taken into account in the consideration of the level of risk to which the Authority is exposed. There may be a situation where levels of risk and surety within the bids are not wholly comparable. Any assumptions bring an inherent risk that once fully qualified through the due diligence process, after the supplier has been appointed as the preferred supplier, the assumption may not accurately reflect the actual position. This clearly increases the risk that the proposed service provision and cost base included within any bid may change. Any change or re-negotiation resulting from this will be undertaken in a non-competitive environment, leaving the Authority exposed to the potential of having to accept less favourable terms than would have been the case during the competitive cycle of the procurement process. Whilst the removal of the competitive situation at this point has a negative impact on the Authority's negotiating position, the Authority still has the right to NOT award a contract in respect of this procurement process. This at least provides the Authority with a negotiating lever, given the fact that the preferred bidder has invested significant resources to get to this position. This scenario serves as an endorsement of the decision to 'go to market early', i.e. well before the cessation of the existing ICT contract, as it provides the Authority with a genuine choice of whether or not to award a contract, rather than being 'forced' to proceed with a sub-optimal solution so as to maintain delivery of services.
- 7.9 The basis upon which the tender documentation was compiled for this exercise was that the bidders would take responsibility for and manage (as part of the base fee) not only the ICT infrastructure of the authority but also the software and maintenance licences for the applications utilised for the authority. Whilst this was not a mandated requirement the model is one which the authority has operated for 10 years and the current resource base of the authority is aligned to this. Any deviation or alternative proposals have been built into the financial evaluation and would be considered as part of the Authority's client management function.
- 7.10 The ITQ documentation was predicated on the ICT application suite being no more than 1 major or 2 minor releases behind current software releases with the current infrastructure and release versions incorporated into the documentation. The proposals received are predicated upon the current infrastructure being at the required release stage. This is not the case and there are no costs currently built into either proposal to rectify this situation. This is a risk to the authority which has been quantified as part of the financial evaluation.
- 7.11 Any process of change brings with it risk. As part of the tendering process potential bidders were required to provide a transition plan which (whilst draft at tendering stage) is required to provide reassurance of the proposed plans for the change from current to any new arrangements. The transition process is a critical part of any tendering process and particularly for the services being considered as part of this exercise. ICT is a core service to the

Authority and the provision of continuous service critical to the delivery of services internally but more importantly externally. Revenues and Benefits services are a central part of the Authority's service provision to a significant portion of the town and in particular those disadvantaged communities and families. In respect of Revenues and Benefits particularly the timing of any such change is critical (in respect of the overall finances of the Authority) and this has been considered as part of the evaluation. Should a decision to proceed be taken then the authority will set up a transition team to manage this process.

7.12 Risks in achieving the Authority's key objectives

- 7.13 In terms of the key objectives of the Authority are detailed in Section 2.5, the bids received were analysed to assess risk as follows:-

| Key Objective | Risk Analysis |
|-------------------------|--|
| A base in Hartlepool | Both Bidders provide for this requirement |
| Retain and Grow Jobs | Both Bidders provide enhanced TUPE protection for staff and describe plans to grow jobs in Hartlepool with guaranteed outcomes. |
| Local Economic Benefits | Both Bidders provide for future growth in jobs and investment within the services and the towns economy to varying degrees. |
| Achieve Savings | Both Bidders offer savings over the length of the contract to varying degrees. |
| Scalability | Both Bidders describe how the services in and out of the scope of the contract can be expanded with potential for "gain share" arrangements. |

- 7.14 Although the risk analysis of key objectives shows that the Authority's basic requirements are met, the evaluation of the submissions determine and score the degree of benefits that are actually offered by the Bidders.

8 FINANCIAL APPRAISAL

8.1 Basis for appraisal

- 8.2 It is intended that the new contract will commence on 1 April 2012, therefore to assess the savings achieved from this contract the costs of the two bids have been assessed against the annual budget provisions included in the Medium Term Financial Strategy (MTFS) for 2012/13 to 2014/15 for these services. In line with the Authority's current planning assumptions the base budgets for these services are uplifted annually for anticipated inflation and this is reflected in the financial assessment. For the purpose of this evaluation the current inflation planning assumption has been rolled forward to 2018/19 to cover the contract period.

- 8.3 Both bidders have accepted the Authority's proposal that annual inflationary increases in the contract price will be based on RPIX minus 2% (Retail Prices Index). RPIX was chosen as this is the relevant index for these services as it excludes inflation on volatile costs, such as energy and seasonal foods, which do not form part of the cost base for ICT and Revenues and Benefits services. The inclusion of the 'minus 2%' factor is designed to encourage the contractors to improve efficiency over the lifetime of the contract. It is also designed to avoid the annual contract price increases exceeding the inflation assumption built into the MTFS as RPIX has historically not exceeded 4.5%, which means RPIX minus 2% should not exceed 2.5%, although future inflation cannot be guaranteed.
- 8.4 The financial appraisal of bids is based on a planning assumption that the RPIX minus 2% factor protects the Authority's medium term financial position by capping annual increases in the contract prices at the level of inflation included in the MTFS. This is a prudent assumption for assessing the baseline savings over the lifetime of the contract.
- 8.5 Whilst, future inflation cannot be guaranteed, most independent economic forecasters predict that inflation will fall over the next few years. This could provide additional savings in future years to the baseline. The potential benefits of lower inflation and / or the impact of higher inflation are detailed in sections 8.15 - 8.17.
- 8.6 The financial evaluation has also assessed the one-off costs associated with the new contract, which covers exit costs for the existing contract, disentangling shared infrastructure costs and licensing costs not included in the service specification, as detailed in section 3 of the confidential appendix to the main report. The Licensing costs would have needed to be funded even if the tendering exercise had not been undertaken as the Authority would have needed to bring licences up to date to avoid having unsupported and / or outdated systems.
- 8.7 The one-off costs are outside the contract and need to be either funded upfront or over the lifetime of the contract. It is proposed that these costs are funded upfront as this will maximise the contract savings which can be taken to reduce the budget deficits over the next three years. Assuming Members approve the award of the ICT and Revenues and Benefits contract this will reduce the level of reductions which would otherwise need to be made to other services over the next three years.
- 8.8 The proposal to fund these costs upfront will require one-off funding. The substantial completion of Job Evaluation appeals and the recent quantification of back dated costs to April 2007 will provide this funding. Owing to the previous uncertainty of Job Evaluation appeal outcomes, annual provisions have been set aside for successful Job Evaluation appeals back-dated to April 2007. This one-off funding will not now all be needed as back-dated costs are less than previously expected and up to £1m can now be released. The position on ongoing Job Evaluation appeal costs is addressed in the Medium

Term Financial Strategy report elsewhere on the agenda for today's meeting. The financial appraisal assumes Members will approve this proposed funding option.

- 8.9 The alternative funding option would be to fund these costs from the contract savings over the first four years of the contract on a loan basis. The loan would need to be backed from the Authority's reserves on a temporary basis. This proposal would reduce the annual savings which can be taken to the budget over the next 4 years. This would therefore increase the level of reductions which would need to be made to other services over the next few years. A loan over a longer period would not be prudent owing to the financial position of the Authority becoming more difficult over the next few years.
- 8.10 The financial appraisals for both bids include an annual provision for a 'Pension Bond', which is a standard requirement for this type of outsourcing contract. A Pension Bond is designed to protect the financial position of the Authority in the event that the service provider becomes insolvent, the company is wound up and the service does then continue with another provider. These factors, particularly the ongoing need for these services, are low risk and have been assessed by the Pension Fund Actuary when recommending the level of the bond, which has been assessed at £0.3m to £0.6m over the lifetime of the contract. The provision of an external Pension Bond is similar to the purchase of insurance and would involve the Authority meeting annual bond premiums, either directly by buying a Pension Bond, or via an increase in the contract payment if the bidder is required to provide the bond. Alternatively, the Authority could manage this risk internally by creating a specific 'Pension Bond' Reserve and making annual contributions to this reserve of £50,000 per year. This would create a total 'Pension Bond' Reserve of £0.35m over the lifetime of the contract. This arrangement retains this money within in the Authority and if this risk does not materialise the Pension Bond Reserve will be available to manage this ongoing risk when the next contract is awarded in 7 years.

8.11 Evaluation of bids

- 8.12 In accordance with the Authority's requirements both bidders have submitted 'reference bids' which are TUPE plus compliant and cover a 7 year period. These bids have been adjusted to reflect specific factors to ensure like for like comparison on a financial basis. Details of the evaluated bids are provided in Tables 1 and 2 of section 3 of the confidential appendix to the main report which shows:

- The cumulative cost/savings against the 2011/12 baseline for the ICT, Revenues and Benefits and the aggregate of the two;
- The aggregate annual cost/saving to be taken to the MTFS over the lifetime of the contract;
- These forecasts assume annual prices increases are capped at 2.5%, which is the MTFS planning assumption for inflation. The impact on variances in inflation of +/-1% is detailed in sections 8.15 – 8.17.

8.13 The Authority also asked potential bidders to provide 'variant bids' setting out alternative ways for delivering services and financial savings from the contract. These are detailed in Tables 3, 4 and 5 of section 3 of the confidential appendix to the main report.

8.14 A summary the cumulative cost/saving of the reference bids and variant bids are detailed in section 3.4 of the confidential appendix to the main report.

8.15 Impact of inflation variances

8.16 The new contract will run for 7 years, which is significantly beyond the Authority's normal 3 year financial planning horizon and the period covered by Government Spending Reviews. Therefore, forecasted savings beyond 2014/15 are potentially subject to more variability, although this should be minimised as a result of the 'RPIX minus 2%' provision.

8.17 To evaluate the impact of higher or lower inflation of the baseline the impact of a plus/minus 1% variance in inflation has been examined to identify the additional saving/cost pressure which would result from a 1% variance in baseline for inflation, as detailed in section 3.5 of the confidential appendix to the main report.

9 LEGAL CONSIDERATIONS

9.1 External legal advisers have been engaged throughout this process in the following areas: -

- Procurement via the OGC RM717 Framework
- Compilation of contract documentation
- Contract coverage in terms of potential expansion
- Location of base in Hartlepool
- Employment schedules in relation to TUPE Plus
- Evaluation of tender submissions including clarifications on any legal aspect.

10 ASSET MANAGEMENT CONSIDERATIONS

10.1 The attention of Cabinet is drawn to the Asset Management element of the Business Transformation programme. The decision by Cabinet in January 2009 requires a commercial, proactive approach to be taken on Asset Management issues.

10.2 The decision to adopt a commercial approach to asset management requires the Authority to realise the full value of any properties or property rights of which it disposes.

- 10.3 The Asset Management implications, particularly around accommodation to be used was assessed within the evaluation methodology and are included in the Financial Consideration section of the report.

11 CLIENT MANAGEMENT/ CONTRACT MANAGEMENT

- 11.1 Outsourced arrangements will only work effectively where there is a robust contract management arrangement in place to ensure the contract delivers effectively and efficiently and that the authority's requirements continue to be met. Without clear governance, the authority is risking lack of control over expenditure and service delivery levels and alignment with business objectives.

11.2 ICT

- 11.3 The ICT service has been outsourced since 2001 and there is currently an ICT client management function in place that manages the ICT contract and provides project management and ICT development and governance. It also promotes the centralised ICT 'Intelligent Client' for the Authority. It is necessary, moving forward, that this client function be retained, taking into account any changes required due to differences between the current and future contract arrangements and the proposals received.
- 11.4 The current contract was put in place 10 years ago and the requirements of the authority have changed since then so decisions have been taken during the process to align the current provision to ensure it is more in line with current and future requirements for the Authority without enhancing it which will bring with it potential additional costs. The authority is also much more aware now of commercial/contractual requirements and this knowledge will help to ensure provision fits closely with the authority's requirements.
- 11.5 Regardless of which bidder is successful, should there be a decision to proceed, there will be a need for additional focus during the interim change period to ensure a smooth transition between the current and future contract arrangements and the continued provision of an ICT service. It is vital that the ICT used to support the delivery of front line services continues to be supported seamlessly during this period. It is planned that this be handled by the realignment of tasks within the existing ICT client function on a temporary basis.
- 11.6 It is necessary, as part of the evaluation of the bids to ensure that, whilst they both still meet the requirements of the authority, any potential increased pressure on resources within the existing ICT client management function, as a result of the transfer of some responsibilities, tasks etc. from the supplier to the authority is reflected. This situation has been recognised and reflected in the financial evaluation.

11.7 REVENUES AND BENEFITS

- 11.8 At present the ‘client management’ element is integrated into the general management and service provision. Under the contract there will be a requirement to maintain within the Authority a resource that will provide the ‘Intelligent Client’ for the strategic requirements of the Revenues and Benefits service; as well as resource for the operational contract management of the contract as part of the performance and governance arrangements.
- 11.9 The Authority’s ‘Intelligent Client’ function for Revenues and Benefits services will need to ensure adequate capacity and expertise to analyse proposed legislative and regulatory changes, consider risks, undertake financial modelling and provide for the development of robust policies and strategies as part of the management and oversight of the contractor’s activities.
- 11.10 The resource requirement for each of the bidders to manage the operational delivery of services covered by the contract will be the same – there is no differentiation due to the nature of their bids. The cost of the “client management activity” for both the ‘Intelligent Client’ strategic issues and additionally the operational contract management aspects will both be fully covered from within the Authority’s existing base budget.
- 11.11 In addition there are elements of the Revenues and Benefits services that are not included in the contract and will be retained within the Authority. These operational retained activities are based on experience in other authorities and advice from the Institute of Revenues Rating and Valuation (the relevant national professional body), which has a wider understanding of existing practise across the local government sector. The principle retained areas cover:
- Benefit Appeals and Case Reviews
 - Benefit Safeguarding and Discretionary Housing Payment Decisions
 - Benefit Counter Fraud Activity
 - DWP required Quality Control Sampling Activity
 - Internal Bailiff Recovery and Support Services
 - Council Tax and NNDR legal recovery work
- 11.12 The listed Retained functions are all activities and responsibilities currently delivered via the existing management and service delivery model and the associated costs are reflected within the authority’s current base budget for the services.

12 EQUALITY AND DIVERSITY ISSUES

- 12.1 Through undertaking the OGC Buying Solutions Framework for ICT Managed Services, the framework is pre-tendered and fully EU compliant.

An Equality Impact Assessment has been undertaken and is attached at **Appendix A**

13 STAFF ISSUES

- 13.1 The TUPE Regulations provide employment and pension protections for transferring staff as the result of the contract award. Additional protection has been specified within the specification, referred to as “TUPE Plus”. These enhancements sought to ensure that transferred employees would continue to benefit from nationally agreed terms and conditions and would not be made compulsory redundant. This includes all staff employed by the Authority undertaking work within the scope of the specification and staff employed directly by Northgate. Employees and their Trade Union representatives have been informed of the tendering process and the expected timescales.
- 13.2 Formal TUPE consultations will commence on the award of the contract between Staff, Trade Union representatives, the Authority and the successful Bidder. This will involve formal notifications and programmed discussions in line with TUPE regulations.
- 13.3 Trade Union representatives and staff will be notified of the award of the contract and proposed arrangements for transfer as soon as a decision is made with appropriate reference to constitutional and procurement procedures.

14 SUMMARY

- 14.1 Both potential suppliers have submitted bids which are compliant with the requirements of the authority although the solutions and potential benefits to the authority and in respect of the economic development of the town do differ. As has been stated previously in this respect, and in previous reports to Cabinet the process for, and basis of, the decision to invite potential bidders to quote for the delivery of ICT and Revenues and Benefits Services was based upon a number of pre-determined outcomes which included:-

- a base in Hartlepool
- retain and grow jobs
- local economic benefits
- enhanced TUPE protection for staff
- maintain and improve services
- achieve savings
- scalability of services

Both potential providers have demonstrated plans to achieve these outcomes, and these have been summarised in section 2 of the confidential appendix to the main report.

- 14.2 Cabinet has clearly stated in previous meetings that the achievement of these outcomes is a prerequisite to a final decision and are clearly aware of both the financial position of the authority, the need to ensure the continued delivery of high quality services, the protection of staff and the potentially significant

benefits to the local economy of a provider of services being based in the town and using this base as a hub from which to grow jobs in the town at a time of significant need.

- 14.3 Also included in section 2 of the confidential appendix to the main report is a summary, from the evaluation of the key points from each of the bids. The information included in these is commercially confidential but has been summarised and provided for Cabinet to ensure that Cabinet are aware of both the similarities and the key differences between the bids and to ensure there is a broader understanding than the purely financial offer. This summary needs to be viewed in conjunction with the intended outcomes identified previously.
- 14.4 The evaluation and clarification process outlined earlier in the report has been rigorous and complex, due to the outcomes established at the outset, and a range of potentially competing, but nonetheless, important priorities. These are primarily, though not exclusively, around cost, staff protection, service quality and local economic benefits.
- 14.5 It is important to note that in moving to either of the potential suppliers there will be a number of upfront costs to the authority to facilitate this move and these have been incorporated into the financial evaluation, detailed in section 3 of the confidential appendix to the main report. It is important to reflect these in the overall evaluation and in the context of the total cost of the submissions to the authority and as a consequence of this the net (rather than gross) financial benefits as they align to the requirements of the Medium Term Financial Strategy.
- 14.6 Identified below with further detailed and commercially confidential information expanded in the confidential section of the report is a headline summary of how, and the extent to which, the potential bidders have identified that they will meet the objectives of the Authority.

| Key Objectives of Authority | How the Bidders will meet them |
|------------------------------------|--|
| Base in Hartlepool | Both bidders will deliver services from a base in Hartlepool. The basis of the investment to deliver these services differs between the bidders but the requirements of the authority have been met. |
| Retain and Grow Jobs | Both bidders will deliver and retain significant new jobs in the local authority area. In addition to this both bidders have identified a number of apprenticeships to form part of the expansion arrangements and have guaranteed a level of jobs as part of the proposed solution. The number of jobs to be delivered as part of the proposed solution differs between the bidders, as does the level of contractual guarantee around jobs and the total numbers of apprenticeships. |
| Local Economic Benefits | Both bidders have identified that they will invest in the local economy with there being, in both cases, a Hartlepool base for the delivery of services (and their expansion, though to varying |

| | |
|-------------------------------|--|
| | degrees). Both bidders have identified the potential for the development of an investment fund, generated through further potential savings as part of the on-going arrangements. There are a range of potentially differentiating factors between the two bidders including number of jobs created, level of investment to deliver services, support for new start businesses and gain share proposals for new work generated after the initial letting of the contract. |
| Protecting Existing Staff | Both bidders have confirmed that they will comply with the requirements of TUPE Plus as identified in the bid documentation and the associated protection of Terms and Conditions with all staff to remain in Hartlepool. Both organisations have significant experience of managing TUPE transfers with Trade Union recognition. |
| Maintain and Improve Services | <p>Both bidders have prepared robust governance arrangements to monitor performance and ensure continued delivery and improvement of services.</p> <p>Both bidders have a good reputation for the provision of quality services and provided reference sites to demonstrate this.</p> <p>Both bidders included details of quality assurance mechanisms, accuracy checking, complaints handling, surveys and review of provision.</p> <p>ICT Specific</p> <p>Both bidders have identified ICT solutions moving forward that will deliver high quality services to the Authority and new ICT solutions that will further enable the flexibility required by the authority in terms of home and remote working, hot desking, energy efficiency etc. although the technical nature of the solutions proposed varies with potential impact on energy consumption.</p> <p>Both bidders have assumed in their costing models that the authority is one major release behind main applications, despite documentation provided, with the apportionment of risk and activity differing between bids but this has been accounted for in the financial modelling and evaluation.</p> <p>Both bidders have met the authority's requirements in terms of network and data centre requirements although they differ in their proposals which may impact on energy usage by the authority.</p> <p>Both bidders propose a business continuity solution as requested although they differ in terms of the number of applications available under the proposal.</p> <p>Both bids include updates/patches to systems although the scope of applications covered and the limits on the number of updates differs between the bids.</p> <p>Both bidders include technical refresh within their bids although one proposal includes additional resilience built in, over and above the current services.</p> |

| | |
|---|---|
| | <p>Both bidders have provided details of performance levels and Key Performance Indicators (KPI's) although these differ in terms of the threshold levels proposed, with one bid proposing to lower some of the KPI's below the threshold levels proposed by the authority.</p> <p>Revenues & Benefits Specific</p> <p>Both bidders have stated they will develop customer services standards using electronic means although the detail of this development differs between the bids.</p> <p>Both bidders meet the requirements specification although the location for delivery of the service differs between the bidders with both bidders retaining some face to face provision at the Civic Centre and one bid proposes additional face to face provision at other sites in the Borough.</p> <p>One bidder has proposed an innovative response for Business Take Up and Publicity.</p> <p>Both bidders meet the requirements of the authority although the scope in terms of resilience differs between the bids.</p> <p>Both bidders accept the performance levels in the specification and one bidder has set out a number of Revenues & Benefits Performance Indicators where they consider they can deliver a higher level.</p> <p>Both bidders meet the requirements in terms of driving out continuous improvement and one bidder has included some practical examples of where this has been achieved elsewhere.</p> |
| Achieve Savings | <p>Both bidders deliver net savings over the life of the contract.</p> <p>The bidders do not deliver the same profile and/or split of savings either in financial years or component service elements.</p> <p>It has been necessary to identify, for both bidders the full cost to the authority over the lifespan of the contract and incorporating all necessary and required costs of change.</p> <p>The net savings levels offered by the two bidders offer significant differences in respect of the contribution to the Medium Term Financial Strategy.</p> |
| Saleability in terms of services and expansion to other Local Authority's | <p>Both bidders have identified plans for the development and expansion of provision based in Hartlepool providing services to other organisations. The bidders have not predicated their solutions and proposals in this area on the same basis either in respect of the proposed model of delivery or the outcomes (primarily in terms of jobs) that would be guaranteed as part of any contract. The bidders have included differing levels of detail in respect of the actual plans, timescales for these and the extent to which any such scaling of the solution will be able to be implemented from service commencement.</p> |

14.7 A comprehensive financial assessment of the bids received has been undertaken to determine the savings to the Authority from awarding a contract

for ICT and Revenues and Benefits. The financial assessment has reflected the one-off costs associated with both bids and the costs of different proposed operating models to ensure the bids are being compared on a like for like basis.

- 14.8 The financial assessment demonstrates that whilst both bids provide a saving against the current service costs, one of the bids provides a greater saving, both in the three years up to 2014/15 and over the lifetime of the contract. The potential saving achievable from accepting one of the bids provide increasing annual savings over the lifetime of the contract. These savings are net of the additional costs of providing TUPE plus for the lifetime of the contract.
- 14.9 The financial evaluation is based on an assessment of future RPIX minus 2% increases not exceeding the inflation provision included in the MTFS. This is a prudent planning assumption, although future levels of inflation cannot be guaranteed.

15 CONCLUSIONS

- 15.1 Both bidders have met the overall requirements of the authority.
- 15.2 The evaluation of the bids against the criteria has established that Bidder 1 has the highest overall score.
- 15.3 It should be noted that in the evaluation scores, one Bidder scores more highly in respect of the Commercial aspects and the other Bidder scores more highly in respect of Technical Solution and Service Delivery aspects.
- 15.4 The identified requirements of the authority, established at the outset of this exercise encompassed a range of outcomes including job creation, local economic benefits, cost, service delivery, staff protection. No bidder has provided a single all encompassing bid that generates the highest score against each of the individual elements.
- 15.5 There is a clear differentiation in the bids in respect of job creation and local economic benefits and cost. This differentiation is not all in favour of one bidder.
- 15.6 One bidder provides a greater overall saving to the medium term financial strategy and the phasing of these savings provides an immediate benefit for 2012/13 and increasing benefit over the lifetime of the contract.
- 15.7 A summary of Score for each of the Bidders is attached as section 4 in the confidential appendix to the main report.

16 DECISIONS REQUIRED

- 16.1 Cabinet are recommended to:
- 16.2 Consider the information included in this report and the appendices in respect of the process undertaken and the evaluation results.
- 16.3 On the basis of the evaluation results and the objectives outlined by Cabinet at the outset of this exercise, the submission of Bidder 1 is recommended as the preferred bidder subject to due diligence and agreement of detailed financial, service and legal terms to contractual close.
- 16.4 Cabinet to note that if the savings identified from this exercise are not agreed then alternative proposals will be required to address this element of the budget deficit.

17 CONTACT OFFICERS

Andrew Atkin, Assistant Chief Executive
Chris Little, Chief Finance Officer
Graham Frankland, Assistant Director (Resources)
Joanne Machers, Chief Customer and Workforce Services Officer

18. BACKGROUND PAPERS

Cabinet reports of:

24th January 2011, Strategy for bridging the budget deficit 2012/13.
7th February 2011, Strategy for bridging the budget deficit 2012/13 (Follow up report)
8th April 2011, Strategy for bridging the budget deficit 2012/13 – ICT and Revenues and Benefits
23rd May 2011, Strategy for bridging the budget deficit 2012/13 – ICT and Revenues and Benefits
20th June 2011, Call in of Decision, Strategy for bridging the budget deficit 2012/13 – ICT and Revenues and Benefits

Appendix A

Impact Assessment Form

| Department | Division | Section | Owner/Officer | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|-------------------------|---------------|------------|--|--|--|-------------------|--|--|--|-----------------------------|--|--|--|-------------|--|--|--|-----------------|--|--|--|------------|--|--|--|---------------------------|--|--|--|---|--|
| Chief Executive | Corporate Strategy | Business Transformation | Martyn Ingram | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Function/
Service | <p>To report on the outcome of the procurement exercise regarding the selection of the Preferred Bidder for the ICT, Revenues & Benefits Services.</p> <p>In accordance with EU procurement rules, the Authority has adhered to the procurement principles of equality of treatment, objectivity, transparency and non-discrimination.</p> <p>For this procurement project the Authority made use of the Office of Government Commerce (OGC) Buying Solutions framework for ICT Managed Services, where the 12 suppliers were pre-assessed.</p> <p>Through the Intention to Quote (ITQ) document, the Authority sought a partner capable of delivering on the requirements as they are identified in respect of a highly effective service provision as well as related local economic regeneration.</p> <p>Employees within the scope of the services would transfer to the employment of the Preferred Bidder who would deliver the services on behalf of the Authority.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Information Available | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Relevance | <table border="1"> <tr> <td>Age</td><td></td></tr> <tr> <td></td><td></td></tr> <tr> <td>Disability</td><td></td></tr> <tr> <td></td><td></td></tr> <tr> <td>Gender Re-assignment</td><td></td></tr> <tr> <td></td><td></td></tr> <tr> <td>Race</td><td></td></tr> <tr> <td></td><td></td></tr> <tr> <td>Religion</td><td></td></tr> <tr> <td></td><td></td></tr> <tr> <td>Sex</td><td></td></tr> <tr> <td></td><td></td></tr> <tr> <td>Sexual Orientation</td><td></td></tr> <tr> <td></td><td></td></tr> <tr> <td>Marriage & Civil Partnership</td><td></td></tr> </table> | | | Age | | | | Disability | | | | Gender Re-assignment | | | | Race | | | | Religion | | | | Sex | | | | Sexual Orientation | | | | Marriage & Civil Partnership | |
| Age | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Disability | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Gender Re-assignment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Race | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Religion | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Sex | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sexual Orientation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Marriage & Civil Partnership | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | Pregnancy & Maternity | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Information Gaps | <p>Revenues & Benefits – Breakdown of the residents the Authority serves:-</p> <p>Number of Elderly Customers</p> <table border="1"> <thead> <tr> <th></th><th>Passported Cases(claimants in receipt of Income Support/Guaranteed Pension Credit)</th><th>Non Passported Cases (claimants in receipt of any other Benefits/earnings)</th></tr> </thead> <tbody> <tr> <td>Rent Allowance</td><td>2617</td><td>45 earners
1034 (non earners)</td></tr> <tr> <td>Council Tax Benefits</td><td>3983</td><td>97 earners
2448 (non-earners)</td></tr> <tr> <td>In receipt of both</td><td>2579</td><td>1054</td></tr> <tr> <td>Caseload</td><td>4021</td><td>2570</td></tr> </tbody> </table> <p>Numbers of disabled Customers – in receipt of Disability Living Allowance</p> <table border="1"> <thead> <tr> <th></th><th>Passported Cases(claimants in receipt of Income Support/Guaranteed Pension Credit)</th><th>Non Passported Cases (claimants in receipt of any other Benefits/earnings)</th></tr> </thead> <tbody> <tr> <td>Elderly</td><td>891</td><td>490</td></tr> <tr> <td>Working Age</td><td>882</td><td>317</td></tr> </tbody> </table> <p>Transferring staff will be identified from the work they undertake. Where pools of staff are to be selected from pre-agreed selection criteria will be determined.</p> | | | Passported Cases(claimants in receipt of Income Support/Guaranteed Pension Credit) | Non Passported Cases (claimants in receipt of any other Benefits/earnings) | Rent Allowance | 2617 | 45 earners
1034 (non earners) | Council Tax Benefits | 3983 | 97 earners
2448 (non-earners) | In receipt of both | 2579 | 1054 | Caseload | 4021 | 2570 | | Passported Cases(claimants in receipt of Income Support/Guaranteed Pension Credit) | Non Passported Cases (claimants in receipt of any other Benefits/earnings) | Elderly | 891 | 490 | Working Age | 882 | 317 |
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| Caseload | 4021 | 2570 | | | | | | | | | | | | | | | | | | | | | | | | |
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| Elderly | 891 | 490 | | | | | | | | | | | | | | | | | | | | | | | | |
| Working Age | 882 | 317 | | | | | | | | | | | | | | | | | | | | | | | | |
| What is the Impact | <p>In Hartlepool, despite regeneration progress there remains relatively high levels of deprivation and a strong dependency on benefits support. Locally, the Housing and Council Tax Benefits service plays a pivotal role in maximising benefits help (1 in 3 dwellings in Hartlepool receive help with their council tax) and over 11,000 properties receive housing benefit. Ensuring that support</p> | | | | | | | | | | | | | | | | | | | | | | | | | |

(which amounts to over £50m per annum) is paid accurately and quickly is of fundamental importance to the well-being of the local community and key stakeholders.

Through the bid submission process, bidders were required to demonstrate the following:-

- To combine high quality service delivery with guaranteed efficiencies in delivery.
- How services will be delivered, to the outcomes that the Authority specifies and the service standards and quality frameworks that they will work to.
- How the provider will review and improve provision over the course of the agreement with particular reference to considerations around the effects of universal credit and provision.

The process for consideration of the procurement exercise has incorporated a number of aspects which have been designed to manage a number of risks such as:-

- The risk of an overall reduced service to the public of a new service provider will be mitigated through a clear contract performance specifications and effective contract monitoring.
- The risk of a reduced service during the transition period to a new service provider will be mitigated through an effective Implementation Plan.
- The risk of an reduced service to the public through loss of key staff during transition will be mitigated through the contract specifying to provide for backfilling of staff vacancies and through effective information and consultation with staff and guarantees (TUPE plus) to staff regarding job continuity.

The TUPE Regulations provide employment and pension protections for transferring staff as the result of the contract award. Additional protections have been specified within the specification, referred to as “TUPE Plus”. These enhancements sought to ensure that transferred employees would continue to benefit from national agreed terms and conditions and would not be made compulsory redundant. This includes all staff employed by the Authority undertaking work within the scope of the specification and staff employed directly by the current ICT Provider.

As part of the bid submission both bidders demonstrated the following:-

- Experience of TUPE transfers
- Good practice HR Policies

| | | | |
|---|---|--------------------------------------|-------------------------------------|
| | | | |
| Aim 1: Eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the act. | | | |
| Assuming that Cabinet give approval to proceed to Contract Award for the Preferred Bidder the following will occur:- | | | |
| <ul style="list-style-type: none"> • An Implementation Plan will be put in place through the transition period to ensure no reduction in service to the public. • A contract performance specification and contract monitoring regime will be devised to ensure the service to the public is maintained. • The scope of the contract will require the supplier to develop customer service standards. • A structured programme would be put in place between the Preferred Bidders and the Authority's HR teams and the Trade Unions to ensure any equality strands are considered. | | | |
| Aim 2: Advance Equality of opportunity, between people who share protected characteristics and those who don't. | | | |
| n/a | | | |
| Aim 3: Foster good relations between people who share a protected characteristic and those who do not share it. | | | |
| n/a | | | |
| Addressing the impact | 1. No Major Change n/a | | |
| | 2. Adjust/Change – As set out in Aim 1 above | | |
| | 3. Continue as is - n/a | | |
| | 4. Stop/Remove – n/a | | |
| Action identified | Responsible Officer | By When | How will this be evaluated? |
| Implementation Plans, Contract Performance Specifications, Contract Management regimes to be devised. | As set out in the governance regime | Immediately following Contract Award | As set out in the governance regime |
| | | | |
| | | | |
| Date sent to Equality Rep for publishing | | 8/12/12 | |

CABINET

MINUTES AND DECISION RECORD

19 December 2011

The meeting commenced at 9.15 am in the Civic Centre, Hartlepool

Present:

The Mayor, Stuart Drummond - In the Chair

Councillors: Jonathan Brash (Housing and Transition Portfolio Holder)
Robbie Payne (Deputy Mayor) (Finance and Procurement Portfolio Holder),
Gerard Hall (Adult and Public Health Services Portfolio Holder),
Cath Hill (Culture, Leisure and Tourism Portfolio Holder),
Chris Simmons (Children's Services Portfolio Holder),
Hilary Thompson (Performance Portfolio Holder),

Also Present: Councillor Christopher Akers Belcher, Vice Chair of Scrutiny Coordinating Committee and Chair of Children's Services Scrutiny Forum.
Councillors Turner and Wells.

Officers: Nicola Bailey, Acting Chief Executive
Andrew Atkin, Assistant Chief Executive,
Chris Little, Chief Finance Officer
Peter Devlin, Chief Solicitor
Joanne Machers, Chief Customer and Workforce Services Officer
Dave Stubbs, Director of Regeneration and Neighbourhoods
Damien Wilson, Assistant Director, Regeneration and Planning
Graham Frankland, Assistant Director, Resources
Jill Harrison, Assistant Director, Adult Social Care
Caroline O'Neill, Assistant Director, Performance and Achievement
Phil Hornsby, Head of Service
Joan Stevens, Scrutiny Manager
Steve Hilton, Public Relations Officer
David Cosgrove, Democratic Services Team

181. Apologies for Absence

Councillors Pam Hargreaves (Transport and Neighbourhoods Portfolio Holder) and Peter Jackson (Regeneration and Economic Development and Skills Portfolio Holder).
Councillor Stephen Akers-Belcher, Chair of Health Scrutiny Forum.

191. Strategy for Bridging the Budget Deficit 2012/13 ICT, Revenues and Benefits Services *(Assistant Chief Executive, Chief Finance Officer, Assistant Director (Resources), Chief Customer and Workforce Services Officer)*

Type of decision

Key Decision. Test (i) and (ii) applies. Key Decision Reference CE45/11

Purpose of report

To inform Cabinet of the outcome of the Invitation to Quote (ITQ) and the evaluation processes for the selection of the Preferred Bidder for the ICT, Revenues and Benefits Services.

On the basis of the evaluation results and the objectives outlined by Cabinet at the outset of this exercise to seek Cabinet approval, subject to due diligence and agreement of detailed financial, service and legal terms, to proceed to Contract Award for the Preferred Bidder.

Issue(s) for consideration by Cabinet

The Assistant Chief Executive presented the main aspects of the report to Cabinet outlining the background to the contract and the various stages of the process to date. The report set out the evaluation methodology that was utilised as a consequence of using the OGC Buying Solutions framework ref RM717; the use of reference and variant bids; the scoring of responses; and the number of bid submissions, their evaluations and clarifications. The Assistant Chief Executive also highlighted for Cabinet the risk implications set out in detail in the report. The Chief Finance Officer outlined the financial appraisals that the bids had undergone including the identification of any one-off costs associated with any of the bids.

The Assistant Chief Executive went on to outline the main aspects of the submissions relating to ICT services and Revenues and Benefits. This included reference to the retained services in each service area. One of the main aspects of the proposed contract was the staffing issues and the protections that had been specified in the contract award referred to as "TUPE Plus".

In the detailed summary to the report the Assistant Chief Executive identified the key objectives of the authority and how the two identified bidders intended to meet them. A summary of the bid submissions is submitted at section 2 of the confidential appendix to the main report. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The Mayor sought Cabinet questions and comments on the report at this

stage prior to any consideration of the detail of the individual bidders in the exempt section of the meeting. Cabinet Members commented that officers needed to be congratulated in producing a significant amount of information in 'open' format. It was stressed that one of the major drivers for seeking this procurement route was to maintain jobs within Hartlepool and produce savings that would contribute to the council's future budgets.

There was particular concern expressed by a Cabinet Member who considered that restricting the potential bidders to the OGC list had reduced the potential savings that could have been obtained through a more open competitive tendering exercise. This exercise had led to only two tenderers submitting bids.

The Mayor indicated that Cabinet was faced with a simple choice when it reached the point of making a decision on this matter; did it go ahead and move into the next stages with the preferred bidder or did it withdraw and reconsider. In light of the further matters to be discussed and the detail that was included within the exempt section of the report, the Mayor deferred the decision until the closed section of the meeting.

Decision

That further discussion and the decision on this matter be deferred to the exempt section of the meeting (Minute 199 refers).

194. Local Government (Access to Information) (Variation) Order 2006

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 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

195 - Strategy for Bridging the Budget Deficit 2012/13 ICT, Revenues and Benefits Services - This item contained exempt information under Schedule 12A Local Government Act 1972, information relating to the financial or business affairs of any particular person (including the authority holding that information) (para 3).

196 - Equal Pay Risk Update - This item contained exempt information under Schedule 12A Local Government Act 1972, namely information relation to a particular applicant, or recipient or former recipient of, any service provided by the Council (para 4) and information relation to the financial or business affairs of a particular person (other than the Council) (para 7).

195. Strategy for Bridging the Budget Deficit 2012/13 ICT, Revenues and Benefits Services *(Assistant Chief Executive, Chief Finance Officer, Assistant Director (Resources), Chief Customer and Workforce Services Officer)*

Type of decision

Key Decision. Test (i) and (ii) applies. Key Decision Reference CE45/11

Purpose of report

To inform Cabinet of the outcome of the Invitation to Quote (ITQ) and the evaluation processes for the selection of the Preferred Bidder for the ICT, Revenues and Benefits Services.

On the basis of the evaluation results and the objectives outlined by Cabinet at the outset of this exercise to seek Cabinet approval, subject to due diligence and agreement of detailed financial, service and legal terms, to proceed to Contract Award for the Preferred Bidder.

Issue(s) for consideration by Cabinet

Details of the issues further considered by Cabinet subsequent to Minute 191 are set out in the exempt section of the minutes.

Decision

The decision of Cabinet is set out in the exempt section of the minutes.

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 23 DECEMBER 2011

Hartlepool Borough Council

Overview and Scrutiny – Call-in Notice – Scrutiny Chairs



1. Which decision would you like to call-in?

(Please include details of the decision, when it was taken and by whom)

Cabinet Decision – 19th December 2011

Minute 191/195 – Strategy for Bridging the Budget Deficit 2012/13 ICT, Revenues and Benefits Service

2. What are the reasons for calling-in this decision?

Call-in must only be used in exceptional circumstances and the justification for the call must be either:

- that the decision was not taken in accordance with the principles of decision making set out in Article 13 of the Constitution.

vii) clarity of aims and desired outcomes;

Cabinet is divided on this issue and as it is a key decision which potentially ties the hands of the authority for 10 years this matter must be resolved. The main reason for the proposed changes is to achieve savings and yet the Portfolio Holder for Finance is opposed to the decision

xii) reasonableness.

Point 3 of the decision also states:

.... If savings identified from this exercise are not agreed then alternative proposals would be required to address this element of the budget deficit.

Without knowing what the alternatives for savings are and at this stage of the budget setting process Council would need to understand the options available.

| Councillor | Position and Party Group | Signature |
|------------------------------|------------------------------|-----------|
| 1. Marjorie James | Chair of SCC - LABOUR | MA James. |
| 2. Christopher Akers-Belcher | Vice Chair of SCC - LABOUR | |
| 3. Ray Wells | Member of SCC – CONSERVATIVE | |

NB. Each of the Scrutiny Chairs may initiate call-ins providing they have the support of at least two members of the Scrutiny Co-ordinating Committee. The three signatories must represent at least two of the Council's political groups.

Councillor:

Signed:

Date:

6/1/12

For office use only

Date received:

6/1/12

Initials:

ABW

SCC Agenda: