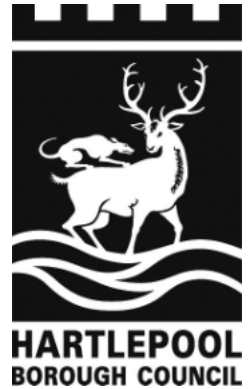


CABINET AGENDA



Monday 6 February 2012

at 9.15 am

in Committee Room B, Civic Centre, Hartlepool

MEMBERS: CABINET:

The Mayor, Stuart Drummond

Councillors Brash, Hall, Hargreaves, Hill, Jackson, Payne, Simmons and H Thompson.

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

To receive the Record of Decision in respect of the meeting held on 23 January 2012 (previously circulated)

4. BUDGET AND POLICY FRAMEWORK

4.1 Medium Term Financial Strategy (MTFS) 2012/13 To 2014/15 – *Corporate Management Team*

5. KEY DECISIONS

5.1 Families with Multiple Problems - *Director of Regeneration and Neighbourhoods and Director of Child and Adult Services*

6. OTHER ITEMS REQUIRING DECISION

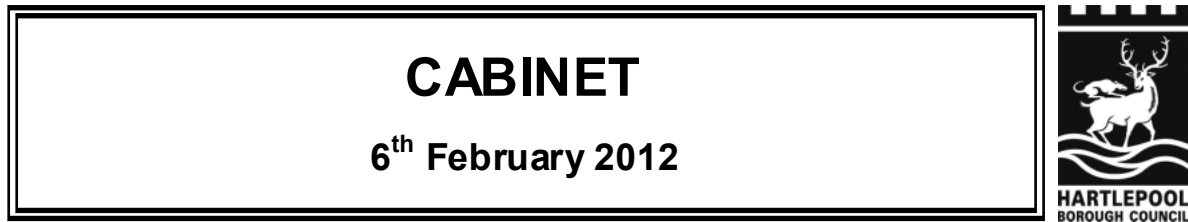
- 6.1 Voluntary & Community Sector Strategy and Community Grants Pool – Update – *Director of Regeneration & Neighbourhood Services*
- 6.2 Review of Community Involvement and Engagement (Including LSP Review) – View from Constitution / General Purposes Working Group – *Director of Regeneration & Neighbourhood Services*
- 6.3 Constitution Review – Proposed Policy Framework – *Assistant Chief Executive and Chief Solicitor*

7. ITEMS FOR DISCUSSION/INFORMATION

- 7.1 Localism Act, 2011 – *Chief Solicitor*
- 7.2 The Education Act 2011 - *Director of Child and Adult Services*

8. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS

- 8.1 Formal Response to the Executive's Medium Term Financial strategy (MTFS) 2012/13 to 2014/15 Consultation Proposals – *Scrutiny Co-ordinating Committee*
- 8.2 Referral response – Delivery of Support to Members and to the Council, Executive, Non Executive and Scrutiny Functions - *Scrutiny Co-ordinating Committee*



Report of: Corporate Management Team

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

SUMMARY

1. PURPOSE OF REPORT

1.1 The purposes of the report are:

- i) to provide details of the Council's financial position, and
- ii) to enable Cabinet to approve the budget proposals to be referred to Council on 9th February 2012.

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	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%

- 2.3 As a result of these grant cuts the current MTFS anticipates that the Council will need to make aggregate cuts of between **£13.8m** and **£14.6m** by the start of 2014/15. The lower forecast is based on indicative Council Tax increases of 3.49% (i.e. just below the current Council Tax referendum threshold) for 2013/14 and 2014/15. The higher forecast is based on indicative Council Tax increases of 2.5%, to reflect the impact of the Government reducing the Council Tax referendum thresholds for 2013/14 and 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.
- 2.4 Detailed proposals for balancing the 2012/13 budget have been identified which includes making cuts in departmental budgets of £5.387m, savings from ICT / Revenues and Benefits procurement and the revision of planning forecasts. The latter includes a range of issues which reduce the budget deficit and do not impact on services.
- 2.5 The report purposes a Council Tax freeze for 2012/13. This will be financially neutral for 2012/13 as the Council will receive a one-year Council Tax freeze grant of £1m to offset the loss of additional income from not increasing Council Tax. In 2013/14 the permanent reduction in Council Tax income will need to be addressed by making additional savings as the Council Tax referendum regime will effectively prevent the Council from replacing this income from a higher Council Tax increase in 2013/14. This position is reflected in the forecast deficits detailed in paragraph 2.3.
- 2.6 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**.

- 2.7 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 The report indicates that positive action taken during 2011/12 to achieve planned savings earlier makes the 2012/13 budget more robust and also provides a one off financial benefit in 2011/12. Similarly, action taken during 2011/12 to robustly manage expenditure, including holding posts vacant provides a one-off financial benefit and has also helped reduce the number of compulsory redundancy required for 2012/13 by providing vacant posts which can be deleted or increasing redeployment opportunities. Robust management of budgets will need to continue in future years to help address the significant and sustained financial challenges facing the Council.
- 2.11 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 between **£13.8m** and **£14.6m** and the need to fund unavoidable one-off strategic costs of **£14m**.
- 2.12 The proposals detailed in the report and the recommendations to be referred to Council provide a robust financial base for managing the significant and ongoing financial challenges facing the Council over the next three years. Whilst, the Council has already made significant budget cuts over the last 3 years, further significant cuts still need to be made and these will become increasingly difficult to achieve. It is therefore essential that the Council balances the 2012/13 budget on a sustainable basis, earmarks the benefits of the favourable 2011/12 outturn to address future financial risks and begins work early in the new financial year on proposals for addressing the 2013/14 and 2014/15 budget deficits.

3. RELEVANCE TO CABINET

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

4. TYPE OF DECISION

- 4.1 Budget and Policy Framework.

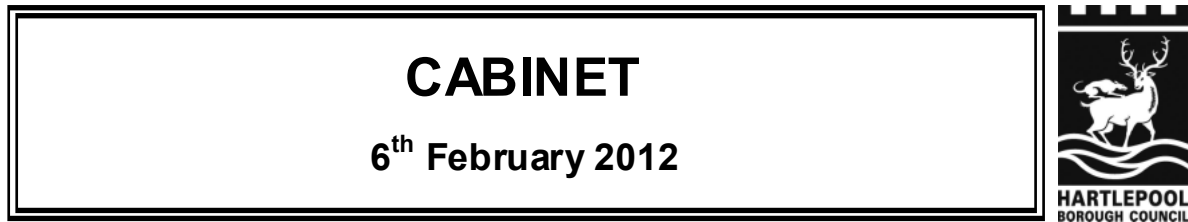
5. DECISION MAKING ROUTE

5.1 Council 9th February 2012.

6. DECISION(S) REQUIRED

6.1 It is recommended that Cabinet:

- i) Note the report;
- ii) Approve the recommendations to be referred to Council as detailed in section 14.



Report of: Corporate Management Team

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

SUMMARY

1.0 PURPOSE OF REPORT

1.1 The purposes of the report are:

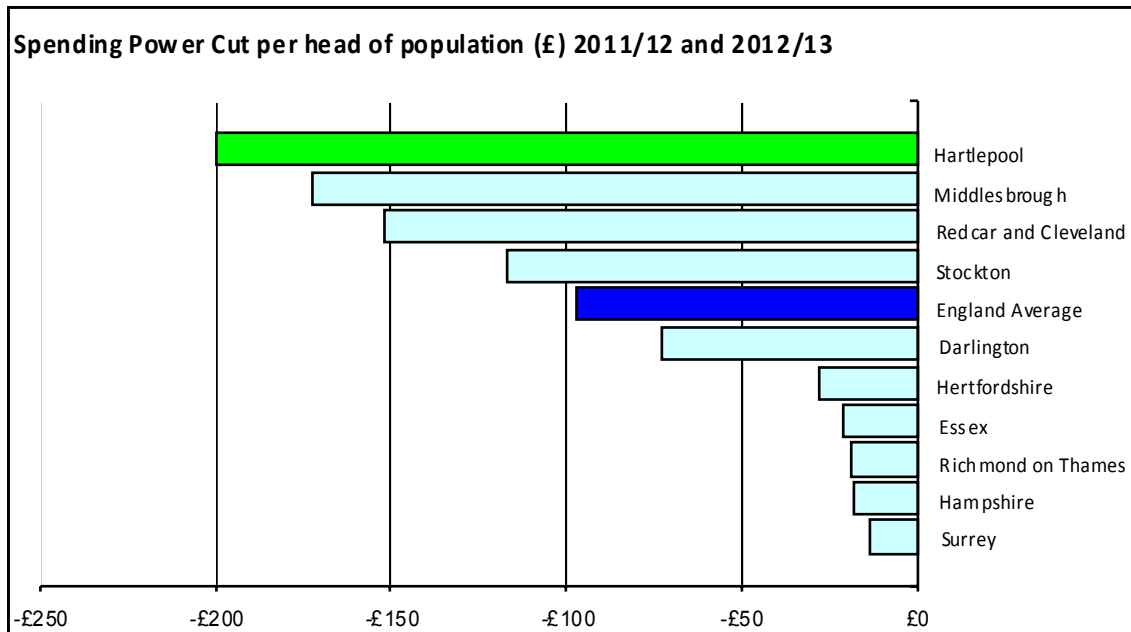
- i) to provide details of the Council's financial position, and
- ii) to enable Cabinet to approve the budget proposals to be referred to Council on 9th February 2012.

2.0 BACKGROUND

2.1 This report brings together issues considered and reported to Cabinet and referred to Scrutiny Co-ordinating Committee between October 2011 and January 2012. The report enables Cabinet to finalise the budget proposals it wishes to refer to Council on 9th February 2012.

2.2 Previous reports have advised Members that the public sector and the Council are facing the greatest financial challenges which have existed in the past 50 years. This position reflects both national financial issues reflecting the Government's deficit reduction plan and the impact of demographic pressures.

2.3 As reported previously the Government's deficit reduction plan reduces total support for local authorities by 26% over the four years up to 2014/15. These cuts are front loaded in 2011/12 and 2012/13. As highlighted in the following tables the gross spending power reductions for 2011/12 and 2012/13 have a disproportionate impact on councils with greater dependency on Government Grant (reflecting previous assessment of need) and less ability to raise income from Council Tax (reflecting the make up of the local housing stock). This includes Hartlepool and the other North East councils.



2.4 The overall spending reduction for Hartlepool detailed in the above table consists of the following components:

	Cumulative reduction 11/12 & 12/13		
	Per resident	%	Amount £'m
Core Formula Grant	£110	20%	10.2
Specific and ABG transferred into Core Formula Grant	£17	21%	1.6
Specific and ABG transferred into Early Intervention Grant	£21	21%	1.9
Sub Total	£148	20%	13.7
Working Neighbourhoods Fund	£52	100%	4.9
Gross Spending Power reduction	£200	25%	18.6

2.5 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 will be greater than the current MTFS forecasts. In addition, the Chancellor's Autumn Statement indicated that public sector spending cuts will extend beyond the current Spending Review. For Local Authorities this is likely to mean further grant cuts for 2015/16 and beyond. Further information is needed from the Government to quantify these issues and details will be reported later in the year when the MTFS is rolled forward.

2.6 The previous reports identified two key financial issues facing the Council over the next 3 years:

- i) the need to address a £15m budget deficit (with a risk the deficit could increase if grant cuts for 2013/14 and 2014/15 are greater than the MTFS forecasts) 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 issues previously reported and covers the following issues:

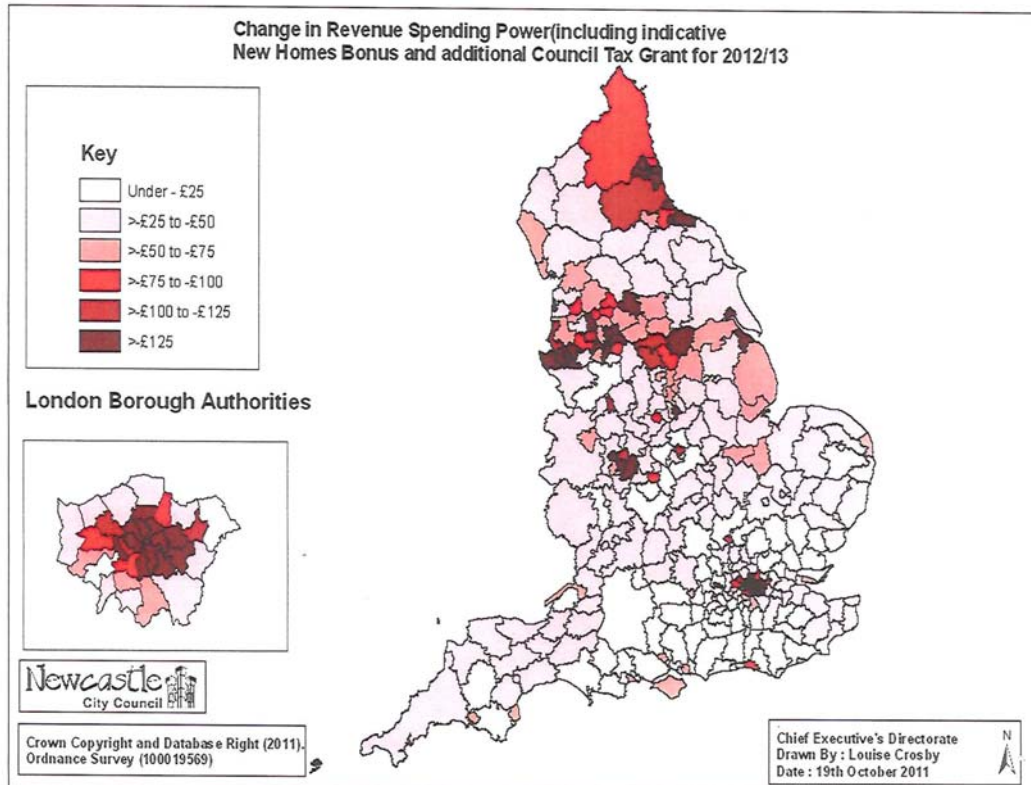
- Settlement Announcement 2012/13;
- Forecast Outturn 2011/12;
- General Fund Budget 2012/13 to 2014/15;
- Council Tax 2012/13 and impact on 2013/14 and 2014/15 budget deficits;
- One-off Strategic Financial Issues and funding strategy;
- Capital Issues 2012/13;
- Budget Risks;
- Consultation
- Equality Impact Assessments
- Robustness of Budget Forecasts;
- Conclusions;
- Recommendations.

3.0 SETTLEMENT ANNOUNCEMENT 2012/13

3.1 Existing legislation requires the Government to formally consult on an annual basis on the allocation of grants to individual Councils. The 2012/13 provisional grant settlement was issued on 8th December 2011 and the consultation period ends on 16th January 2012. Following the completion of the consultation period the Government will present final 2012/13 grant allocations to Parliament.

3.2 An analysis of the cumulative impact of changes in Spending Power (including the positive impact of the New Homes Bonus and Council Tax freeze grant for 2012/13, but excluding Working Neighbourhoods

Funds, which was not previously paid to all councils) has been undertaken by Newcastle City Council on behalf of the Association of North East Councils. This analysis highlights the continuing disproportionate impact of net spending cuts per residents on areas with the greatest dependency on Government grants, which reflects needs and the lower ability to fund services locally from Council Tax, as summarised in the table below. The darker areas show authorities with the highest cumulative spending power reductions:



The above table highlights the additional net spending power reductions for 2012/13 (i.e. Grant cuts less New Homes Bonus and Council Tax freeze grant) and the following key issues are identified:

- Hartlepool has the 9th highest spending power reduction in England of £46.74 per person for 2012/13
 - National Average £38.95 – if Hartlepool's spending power cut had been limited to the national average the grant cut would have been £0.75m lower;
 - South East Average £20.75 – if Hartlepool's spending power cut had been limited to the national average the grant cut would have been £2.4m lower;

- Hartlepool has the 2nd highest reduction in the North East – South Tyneside is highest at £50.69 per person
- The North East has 8 councils in the top 50 league table for spending power reductions

3.3 The key elements of the 2012/13 provisional grant settlement covered the following areas:

- Confirmation of the provisional Formula Grant allocations for 2012/13 announced in January 2011. For Hartlepool, this confirms the Core Formula Grant cut for 2012/13 included in the MTFS of £4.1m (an 8% cut). This grant cut confirms the cumulative cut in the Core Formula Grant over 2 years of 20%. 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%

- The announcement that Council Tax Referendum arrangements will apply for 2012/13, which is a year earlier than the Government had previously indicated. The Government have indicated that for most local authorities referendums will be triggered if Council Tax increases exceed 3.5% (3.75% for the City of London and 4% for the Greater London Authority, police authorities and single purpose fire and rescue authority). The Government have indicated that detailed regulations covering the conduct Council Tax referendums still need to be approved by both Houses of Parliament. This may not be complete until after individual local authorities have set their 2012/13 budgets and Council Tax levels;
- The announcement that Transitional Funding for 2012/13 will be paid to authorities with an 8.8% reduction in 'spending power'. Nationally only 12 local authorities will receive Transitional Funding for 2012/13, totalling £20m, compared to 44 local authorities in 2011/12 (which received total Transitional Funding of £96m). Hartlepool received the 16th highest cash allocation of Transitional Funding (£1.7m) in 2011/12 owing to the front loading of grant cuts. Hartlepool will not receive Transitional Funding in 2012/13.

- 3.4 At the time of preparing this report the final Grant Settlement for 2012/13 had not been issued by the Government, although there are not expected to be any changes from the provisional settlement. The Local Government Association (LGA) has indicated that the Government may delay the final settlement until the 8th February and asked if this would cause councils any problems. I have advised the LGA of our concerns and the implications this has for setting the 2012/13 budget. A verbal update will be provided at your meeting if there are any changes or further information becomes available.
- 3.5 The grant position for 2013/14 and 2014/15 is still uncertain and for planning purposes the current MTFS anticipates 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 overall cuts in local authority grants 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. Further information is needed from the Government to quantify these issues and details will be reported later in the year when the MTFS is rolled forward. In the meantime the existing planning assumption indicated that significant additional cuts will need to be made in 2013/14 and 2014/15.
- 3.6 A copy of the response sent by the Mayor to the DCLG on the 2012/13 grant settlement is attached at **Appendix A**.

4.0 FORECAST OUTTURN 2011/12

- 4.1 Details of the forecast outturn have been reported to Cabinet in October and December 2011. This information and the latest position are included in this report to enable Cabinet to finalise detailed proposals to be referred to Council as part of the 2012/13 budget process. The objectives of the proposed outturn strategy are to set aside resources to manage financial risks, support future budgets and to address specific policy priorities. The proposals form an integral part of the financial strategy for managing the impact of continuing grant cuts in 2012/13 and future years and setting a robust budget for 2012/13.
- 4.2 Details of the outturns for different areas of the Council's operations are provided in the following paragraphs.
- 4.3 **General Fund Budget**
- 4.4 Details of the overall General Fund Outturn are summarised in **Appendix B**. The October MTFS report provided an initial assessment of the forecast outturn based on work undertaken in the summer and

forecast an under spend 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 to avoid these significant costs increasing the annual budget deficits facing the Council over the next three years.

- 4.5 A comprehensive update of the initial forecast outturn was completed and reported in December. This was based on a detailed analysis of current expenditure levels at the time, expected trends for the remainder of the financial year and information available at the time. The December forecasts also reflected 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.
- 4.6 The December outturns forecast an additional year end underspend of £1.276m. Cabinet has indicated that the majority of this funding should be allocated to provide financial flexibility in 2013/14 to manage the impact of the Government's Council Tax Benefit reforms. This reform will transfer responsibility for Council Tax Benefit to individual councils and reduce available funding by 10%. Councils will be required to protect low income pensioners receiving Council Tax Benefits and this will mean other groups face reductions of 15% to 20%. The available funding from the 2011/12 outturn will enable the Council to provide local transitional support, if Members determine this is a priority area.
- 4.7 As indicated previously further work was needed on the 2011/12 forecast outturn position, including areas which could not be reviewed until December 2011, or January 2012. This work has now been complete. In overall terms there is anticipated to be an additional net benefit in the current year of £0.810m. This position reflects a number of factors:
 - Additional underspends on Departmental budgets – this reflects the continued robust management of budgets and action to achieve 2012/13 savings earlier;
 - Corporate budgets – detailed work has been completed to assess the impact on pay budgets of a range of factors covering incremental progression for staff in post, Job Evaluation appeal costs, actual staff turnover for 2011/12 and pay award savings from the national decision by the Local Government Employers organisation not to pay the £250 flat rate increase for staff earning £21,000 or below for 2011/12 from April 2011. Where these issues provide an ongoing saving this has been reflected in 2012/13

budget as part of strategy to bridge the budget gap. This reduces the budget cuts which may need to be made in 2012/13;

- Collection Fund – an initial assessment of the Collection Fund surplus available to support the 2012/13 was completed in January 2011. This position has recently been reviewed and the anticipated surplus has reduced from £200,000 to £14,000. To avoid this reduction increasing the 2012/13 budget gap it is recommended that this shortfall is funded from the 2011/12 outturn. The budget forecasts for 2013/14 and 2014/15 assume the Collection Fund position is financially neutral on the General Fund.

4.8 There are still some areas of the outturn which require finalising and these may impact on the final position. These areas cover gas and electricity budgets, which it is expected will be broadly on target owing to NEPO securing lower prices and usage in the first half of the winter being less than expected owing to the milder weather to date. There is a risk that adult social care costs will increase as a result of the PCT taking a more robust approach to assessing and reviewing health needs than in the past, which legitimately increases costs to the Council in some cases. It is hoped that these issues will be broadly neutral, although the final position will depend on the weather, demand and the level of care (eg with an aging population with increasingly complex needs) versus health need of individuals.

4.9 It is suggested that the additional 2011/12 net underspend is carried forward to support the 2013/14 budget. This will enable Members to determine a proposed strategy for using this money which reduces financial risk and helps protect the Council's medium term position. The proposed strategy can then be referred to Council in February 2013 for a final decision. This approach will enable an informed decision to be made in the context of the budget position for 2013/14 and 2014/15. In particular, it will enable Members to assess:

- the actual level of grant cuts for Hartlepool for 2013/14 and 2014/15, which it is expected will exceed the national reductions and therefore increase the forecast budget deficits;
- the extent that national and local grant cuts are increased as a result of the Chancellor's Autumn statement;
- the extent that national and local grant cuts increase to clawback savings from a 1% pay cap by the Treasury;
- the extent that national and local grant cuts are increased as a result of any reduction in Employer's Pension Contributions arising from changes to the Local Government Pension scheme, which are likely to be clawed back by the Treasury;
- the detailed impact of the re-localisation of Business Rates, in particular the arrangements for managing in-year reductions in income, which is a major risk for Hartlepool given the level of rates for the power station;

- the detailed impact of Council Tax Benefit changes, including arrangements for managing a demand lead service with a cash limited budget, arrangements for funding in-year costs increases and the impact on Council Tax increases on funding provided by the Government for Council Tax Benefits.
- 4.10 Depending on the impact of the above risks the Council may wish to allocate this money for one year to offset the loss of the 2012/13 Council Tax freeze grant.
- 4.11 In summary the General Fund outturn reflects a number of one-off factors arising from action to manage budgets robustly, including holding posts vacant, the early achievement of savings needed to balance next years budget and the impact of netting down investments and borrowings. The outturn also includes external factors which are financially beneficial, including the national decision to freeze local authority pay for the second successive year. Where these issues are permanent they are reflected in the 2012/13 budget and this has reduced the level of cuts which will need to be made to balance next year's budget. Details of the overall outturn forecast are summarised in **Appendix B**, which provides details of proposals previously approved by Cabinet to allocate these resources to protect the Council's future financial position.
- 4.12 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 is to be used (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.
- 4.13 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 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 an appropriate planning figure at this stage.
- 4.14 Scrutiny Co-ordinating Committee has suggested that to offset the removal of funding for the Neighbourhood Forums that it would be appropriate to establish a 'Ward Fund' to address minor issues not covered within the overall budget. A figure of £7,000 per Member has been suggested for use after May, which would require £231,000. The one-off benefits identified in paragraphs 4.12 and 4.13 total approximately £148,000. This amount could be supplemented from the final 2011/12 outturn to provide the funding suggested by Scrutiny Co-ordinating Committee. Cabinet needs to determine if it wishes to

support the Scrutiny Co-ordinating Committee and allocate the £231,000 to establish a total 'Ward Fund' of £231,000.

4.15 Forecast Capital Outturn 2011/12

4.16 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.

4.17 As reported in December the Council secured funding from the previous Government's 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 Building Schools for the Future (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.

4.18 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. | 149 |
| • Reinstatement 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 strategic one off costs. It is now proposed this reserve is reinstated and allocated towards the additional PCP costs. | 100 |
| • Council Capital Fund. A number of schemes have cost less than forecast and the existing programme has been reassessed. These measures release funding of £0.421m. | 421 |

670

4.19 Early Intervention Grant 2011/12 Forecast Outturn

4.20 A detailed report was presented to Cabinet on 19 December on the Early Intervention Strategy, linked to the Early Intervention Grant (EIG) which outlined 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 2011/12 EIG budget of £6.9m.

4.21 The EIG report proposed allocating this underspend to create a reserve to be used in 2012/13 to:

- Fund two fixed term contract commissioning officers to ensure there is sufficient capacity 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.

4.22 Details of the proposals for using the EIG in 2012/13 (reported to Cabinet on 19 December 2011) are detailed in **Appendix C**.

4.23 Housing Scheme Forecast Outturn

4.24 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.

4.25 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.

4.26 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. A specific loan for this scheme has now been drawn down from the Public Works Loans Board.

4.27 The action taken to delay the borrowing decision has enabled 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.

4.28 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 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. A detailed business case for using these resources will need to be developed and referred to Cabinet and Council for approval.

4.29 **Department of Health and PCT one-off funding allocations**

4.30 Department of Health and PCT budget arrangements have less year end flexibility to carry forward resources at the end of the financial year than local authorities. At a national level this often results in additional one-off funding from the Department of Health to councils being provided towards the year end. Similarly, the Council works closely with the local PCT to ensure resources allocated to the Hartlepool area are retained in the town. To address these issues the Council carries forward this funding at the end of the financial year to meet defined national and / or local spending priorities defined or agreed with the funders. This funding is for social care services that impact on health outcomes and have longer term benefits. Details of the specific issues for 2011/12 are summarised in the following paragraphs.

4.31 The Department of Health have recently (3rd January) advised councils that additional one-off funding will be provided in the current year. In service terms this funding is beneficial for Hartlepool as it maximises the financial resources available to support services in the town, although the unexpected announcement of this funding makes service plans and financial impact more difficult. This funding could not have been anticipated and arises from underspends in Department of Health budgets. Passing this money to councils enables this funding to be spent by the Department of Health. The funding is given under Section 256 of the 2006 NHS Act and must be spent on Adult Social Care which delivers long term health gains. Hartlepool will receive a one-off allocation of £0.305m. In accounting terms this specific ring fenced income will be carried forward at the year end by the Council as a reserve. In accordance with the Department of Health letter of condition, this funding will be earmarked to fund the following areas:

- Ongoing support for vulnerable people in their own homes to prevent delayed discharges from hospital
- Development of best practise approaches to ensure integrated system change, which will have longer term impact on delayed discharges beyond this financial year.

4.32 As previously reported the Council received the first year of specific funding for reablement of £1.3m in 2011/12 and will receive a further £1.2m in 2012/13. This funding was also transferred under Section 256 and councils were charged to create joint, sustainable plans with PCT's for use of the resources. The Council and PCT formulated this plan and it was signed off in July 2011. The plan is for a minimum of 2 years (dependent upon continued resources once funding transfers from PCT's to GP Consortia). Owing to the transformational nature of the plans and use of resources the implementation of the various schemes did not start until September 2011. This will lead to an underspend in the current year of £0.465m, which will be carried forward to fund commitments in 2012/13. In accounting terms this specific ring fenced income will be carried forward at the year end by the Council as a reserve. The implementation of the plan will extend beyond March 2013 in accordance with original agreement of the joint priorities.

4.33 The Council will also benefit from additional PCT funding which has recently been allocated by the PCT as part of their in year budget management. Officers are currently negotiating with the PCT to finalise the amount of funding to be allocated to Hartlepool and expect an allocation of £0.395m. The Council will be required to earmark this additional funding for specific initiatives agreed with the PCT. This late funding could not have been anticipated and arises from an underspend in PCT budgets. Passing this funding to the Council enables this funding to be spent by the PCT. In accounting terms this additional funding will be carried forward at the year end by the Council as a reserve. In accordance with agreements reached with the PCT this funding will be earmarked to fund the following areas:

- Low Level Support for Carers (including short breaks).
- Aids, Adaptations & Housing Related Support
- Falls Awareness and Services
- Variety of Public Health agendas impacting upon vulnerable groups (including an allocation to support the implementation of the Hearing Loss Strategy).

4.34 **Annual Statement of Accounts - Outturn Position**

4.35 The Council is a complex organisation and the previous paragraphs provide an overview of the Council's financial position based on service and operational management arrangements. The management accounts provide financial accountability and transparency for different operational areas. It also enables Members to make strategic financial decisions on individual operational areas to reflect specific funding requirements and service needs, as outlined in the previous paragraphs.

4.36 At the year end the statutory Financial Accounts consolidate this information to provide a summary of the overall financial position at the

31 March. The presentation of the statutory Financial Accounts follows defined international accounting practices which are designed to enable comparisons to be made between different councils. These arrangements present financial information in a different way, although the underlying figures are the same. A reconciliation of the management accounts and statutory accounts will be provided when the statutory accounts are prepared.

5.0 GENERAL FUND BUDGET 2012/13 to 2014/15

- 5.1 The initial planning assumptions reported in February 2011 have 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 £15.131m. The main reason for the increase in the forecast deficit is the permanent reduction in Council Tax income from implementing a Council Tax freeze in 2012/11. The following table details the annual budget deficits for the next three years:

	Revised Deficit
	£ m
2012/13	5.735*
2013/14	4.172
2014/15	5.224
Total budgets reductions required by 2014/15	15.131

* Deficit reported in December 2011 of £6.7m net of additional benefit from reviewing planning assumptions of £1.04m.

The above deficits assume Council Tax is frozen for 2012/13 and the Council receives the one-off Council Tax freeze grant for 2012/13. The forecasts for 2013/14 to 2014/15 assume annual Council Tax increases of 2.5%. The implications of increasing Council Tax by more than 2.5% in 2013/14 and 2014/15 are considered in more detail in section 6.

The forecasts also assume Hartlepool's Formula Grant cuts for 2013/14 and 2014/15 are the same as the national reductions announced for these years of 1.6% and 7.4% respectively. Assuming these additional national grant cuts are applied to Hartlepool the cumulative reduction over the 4 years to 2014/15 will be 29%. As previously reported this is increasingly anticipated to be an optimistic assumption and higher actual increases may be implemented.

5.2 Budget Pressures 2012/13

- 5.3 Pressures previously identified totalled £1.730m, which exceeds the budget headroom of £1m, as detailed in **Appendix D**.

- 5.4 The pressures include £0.45m for older people commissioning to cover demographic pressures and renegotiation of fees for older people's care home provision. Work on future fee levels is underway and early indications are that the 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 that may arise without increasing future years' deficits. A detailed report on quality in care homes and care fees was reported to Cabinet on 19 December 2011.

5.5 **Review of Planning Assumptions**

- 5.6 An initial review of planning assumptions was reported in October and identified a reduction in costs for 2012/13 from a variety of factors which did not impact on services. This included lower external Audit Fees, insurance procurement savings and anticipated income from the New Homes Bonus grant.
- 5.7 A further review of planning assumptions was reported in December. This identified a number of additional benefits, including at a national level the Local Government Employers Organisation decision not to apply an April 2011 pay award for any staff. This will be the second year (third year for Chief Officers) there has been a pay freeze.
- 5.8 The December review of planning assumptions also included the announcement by the Government of actual New Homes Bonus grant allocations for 2012/13 which were higher than 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 Homes Bonus may 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 Homes Bonus exists.
- 5.9 At a local level the December review of planning assumptions included Cabinet's decision to remove the 50% Council Tax exemption for vacant domestic properties.
- 5.10 Details of these issues are provided in **Appendix E** which shows a total reduction in the 2012/13 budget deficit of £1.584m from factors which do not impact adversely on services.

5.11 **Strategy for Managing 2012/13 Budget Deficit**

- 5.12 As indicated in previous MTFS reports the changes in planning assumptions provide a significant benefit which could not have been anticipated when work on the 2012/13 budget commenced. These factors reduce the level of cuts which need to be made to services to balance the 2012/13 budget.
- 5.13 After reflecting these benefits the Council still needs to bridge a budget gap of £5.735m. The majority of this reduction will need to come from departmental budgets.
- 5.14 Detailed reports covering a wide range of departmental saving proposals have been considered by Cabinet, which in total will save £5.376m from April 2012, as detailed in **Appendix F**. 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.
- 5.15 Impact of ICT / Revenues and Benefits Procurement**
- 5.16 Assuming the ICT / Revenues and Benefits procurement proceeds this will provide a 2012/13 saving of £0.330m, net of the planned contingency. These savings will increase on an annual basis over the lifetime of the contract. The additional savings from this contract will help to begin to address the overall budget deficits forecast for 2013/14 and 2014/15. The additional savings beyond 2014/15 will also help offset further grant reductions which will inevitably be made in these years, thereby reducing the cuts which would otherwise need to be made in other services.
- 5.17 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. A robust financial appraisal of the ICT / Revenues and Benefits procurement savings has been completed. This assessment includes the potential establishment of a contingency provision to determine a minimum prudent level of cumulative savings. If this contingency is not needed there will be a higher cumulative saving, which is the option officers would work towards achieving. These savings will commence in 2012/13 and will increase in each year of the contract. **Appendix Q** provides an analysis of the one off costs and cumulative ICT savings. This item contains exempt information under Schedule 12A of the 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).

- 5.18 The ability to begin to take these saving into account in 2012/13 is dependant on the one of costs of this contract being funded up front. Assuming this can be achieved there is a net deficit of £0.029m for 2012/13 as summarised below:

	£ m
Gross 2012/13 Deficit	7.319
Impact of changes in planning assumptions	<u>(1.584)</u>
	5.735
Departmental savings	<u>(5.376)</u>
Sub total	0.359
ICT /Revenues and Benefits procurement saving (year 1 saving)	(0.330)
Deficit still to be bridged	0.029

- 5.19 It is proposed that the residual deficit for 2012/13 of £0.029m is funded from the 2011/12 outturn. This proposal defers a small additional deficit of £0.029m to 2013/14.
- 5.20 In terms of funding the one-off costs of the ICT / Revenues and Benefits procurement three alternatives options are identified for Cabinet's consideration in the following paragraphs. Options 1 and 2 would enable the full year 1 savings to be taken into account when setting the 2012/13 budget. Option 3 would provide a lower benefit in 2012/13. Details of these options are provided in the following paragraphs.
- 5.21 **Option 1** – The MTFs report and the ICT / Revenues and Benefits Procurement reports to Cabinet on 19th December suggested that these one-off costs should be funded from the release of the Job Evaluation Appeal reserve. A detailed assessment of commitments against this reserve has recently been completed to reflect the substantial completion of appeals and risk assessment of outstanding liabilities. This review would provide the necessary funding.
- 5.22 **Option 2** - would be to fund these costs from the increased General Fund Outturn identified earlier in the report with a contribution from the initial outturn reported in December 2011. This option would reduce the 2011/12 underspend which could be carried forward to 2012/13 to help manage the reduction in funding for Council Tax Benefits and to address the loss of the Council Tax freeze grant in 2013/14.
- 5.23 **Option 3** - would be to fund these costs from the annual ICT / Revenues and Benefits procurement savings. As reported in the detailed financial assessment of the ICT / Revenues and Benefits this option requires a temporary loan facility repayable from the annual procurement saving. Owing to the financial position of the Council over the next few years it was previously reported that the maximum loan period would need to be limited to 4 years, although a shorter period would be more prudent.

- 5.24 Adopting option 3 will result in annual loan repayment costs of £241,000 for 4 years. This would reduce the net saving available to reduce the overall 2012/13 budget to £89,000. Therefore, the unfunded budget gap will increase from £29,000 to £270,000. At this stage in the budget process it will not be possible to identify alternative savings to address the increased budget deficit. Therefore, this amount will need to be funded from the 2011/12 outturn for one year. Funding the revised 2012/13 budget deficit from the 2011/12 outturn will not provide a permanent solution and will increase the budget gap in 2013/14 by £241,000.

	£'000
2012/13 Deficit before ICT / Revenue and Benefits procurement saving	359
Less - Gross ICT / Revenues and Benefits saving	(330)
Sub Total – Net Saving	29
Add – Loan repayment costs to be funded over 4 years from gross ICT / Revenues and Benefits saving	241
Revised 2012/13 Budget Deficit	270

- 5.25 It is recommended that the initial funding strategy, i.e. Option 1 is adopted for funding the ICT / Revenues and Benefits one-off costs. This option enables a saving to be taken in 2012/13 towards reducing the overall budget from the ICT / Revenue and Benefits procurement. It also enables part of the 2011/12 outturn to be carried forward to 2013/14 to help address a reduction in funding for Council Tax Benefits and to partly address the removal of the Council Tax freeze grant in 2013/14.

6.0 COUNCIL TAX 2012/13 AND IMPACT ON 2013/14 AND 2014/15 BUDGET DEFICITS

- 6.1 Previous reports have provided a detailed assessment of the impact of increasing Council Tax for 2012/13 by 2.5% (the indicative increase approved in February 2011), implementing a higher increase, or freezing Council Tax for 2012/13 to enable the Council to be eligible to receive the one-off Council Tax freeze grant for 2012/13.
- 6.2 The 2012/13 Council Tax freeze regime recognises that authorities need to increase income to partly protect services and offset an element of the grant cuts. The Council Tax freeze regime increases local authority dependency on Central Government funding. The 2012/13 scheme only provides a temporary solution as the grant will only be paid for one year. 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 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.

- 6.3 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. The removal of this funding will need to be addressed in 2013/14 from further cuts.
- 6.4 In 2012/13 the alternatives of increasing Council Tax by 2.5% or freezing Council Tax are financially neutral as both provide an income of £1m for Hartlepool. This is not the position in 2013/14 as only the option of increasing Council Tax in 2012/13 provides a permanent income stream.
- 6.5 The Government's 2012/13 Council Tax freeze scheme is different to the 2011/12 Council Tax freeze scheme which provided funding for 4 years to offset the permanent loss of income from freezing Council Tax in 2011/12.
- 6.6 Previous reports have also advised Cabinet of the Government's announcement that Council Tax referendums will apply for 2012/13 if the proposed Council Tax increase exceeds a pre-determined threshold. For most councils including Hartlepool the referendum threshold is 3.5% for 2012/13. The referendum threshold will be subject to annual review by the Government and subject to Parliamentary approval. The Council Tax referendum arrangements will mean that any authority seeking to offset the loss of the 2012/13 Council Tax freeze grant by increasing Council Tax in 2013/14 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 at a higher rate will be extremely challenging and a significant risk for financial planning.
- 6.7 Cabinet has also considered the impact of potentially increasing Council Tax by up to 3.49% (i.e. below the current referendum threshold) on the budget positions for 2012/13 to 2014/15.
- 6.8 Consideration has also been given to the impact of a 2012/13 Council Tax increase on household budgets. Many households have faced sustained financial pressures from inflation and / or pay restraint.
- 6.9 To enable Cabinet to make a final decision on the level of Council Tax for 2012/13 the following table compares the initial planning assumption of annual Council Tax increases of 2.5% with three alternative scenarios, which reflect the announcement of the 2012/13

Council Tax referendum arrangements. The table also reflects the final 2012/13 budget proposal outlined earlier in this report, including the assumption that the ICT / Revenues and Benefits procurement saving is achieved and the one-off costs are funded upfront.

- 6.10 If an alternative option is adopted for funding the ICT / Revenues and Benefits one-off costs this will increase the deficits detailed in this section. Similarly, if this proposal is not implemented this will mean that significant additional budget cuts will be made in each of the next three years to offset the loss of ICT / Revenues and Benefits savings.
- 6.11 Cabinet has previously indicated that they are minded to freeze Council Tax for 2012/13 and have recognised that this will permanently reduce the Council Tax income base by £1m. To partly mitigate this reduction Cabinet proposed indicative Council Tax increase of 3.49% for 2013/14 and 2014/15 – Option 2 as detailed below.
- Alternative option 1 - this shows the impact of freezing Council Tax in 2012/13 and then implementing annual Council Tax increases of 2.5%. This level of Council Tax increase highlights the impact of a lower trigger for Council Tax referendum applying in the future. This option increases the 2013/14 budget gap by around £1m and therefore the total savings over the next three years increase to £14.6m. In addition, the ongoing Council Tax base in 2014/15 is £1m lower than the initial planning assumption.
 - Alternative option 2 - this shows the impact of freezing Council Tax in 2012/13 and then implementing annual Council Tax increases in 2013/14 and 2014/15 of 3.49%. These increases are just below the 2012/13 Council Tax referendum threshold of 3.5%, although the Government may set lower thresholds for these years so these increases cannot be guaranteed. This option broadly keeps the cumulative savings at £13.8m.
 - Alternative option 3 - this shows the impact of moving from annual Council Tax increases of 2.5% to 3.49% starting in 2012/13. These increases are just below the 2012/13 Council Tax referendum threshold of 3.5%, although the Government may set lower thresholds for future years so the 2013/14 and 2014/15 increases cannot be guaranteed. This option is included to enable Members to consider the impact of this level of annual Council Tax increase on the budget position. This option potentially reduces the cumulative deficit to £12.4m and increases the ongoing Council Tax base in 2014/15.

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.

	Council Tax increase			Forecast Budget Deficits				2014/15 Base Council Tax income £'m
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	Cumulative	
				£'m	£'m	£'m	£'m	
Initial planning forecasts	2.5%	2.5%	2.5%	5.735	2.950	4.960	13.645	43.4
Alternative Option 1	0% Freeze grant accessed	2.5%	2.5%	5.735	3.950	4.960	14.645	42.4
Alternative Option 2	0% Freeze grant accessed	3.49%	3.49%	5.735	3.550	4.560	13.845	43.2
Alternative Option 3	3.49%	3.49%	3.49%	5.335	2.550	4.560	12.445	44.6

6.12 The maximum financial flexibility would be achieved by increasing Council Tax for 2012/13 by 3.49%, although this would increase household bills. The increase in annual Council Tax bills for Hartlepool Council services of increases of 2.5% or 3.49% are summarised in the following table:

Council Tax Increase	Council Tax Bands - Additional Council Tax For Hartlepool Council Services (to nearest £)							
	A £	B £	C £	D £	E £	F £	G £	H £
2.50%	24	28	32	35	43	51	59	71
3.49%	33	39	44	50	61	72	83	99

% of Households in each Council Tax Band	55.2%	16.4%	14.3%	7.4%	3.7%	1.5%	1.1%	0.1%
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6.13 Cabinet needs to confirm that they wish to propose a Council Tax freeze for 2012/13 and indicative increases of 3.49% for 2013/14 and 2014/15. The indicative increases will need to be reviewed annually to reflect the Government's annual setting of trigger points for Council Tax Referendum.

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 budget 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 £9.424 has been identified towards meeting these costs as follows:

- Review of Reserves and Risks £5.944m

A comprehensive review of Reserves and the risk being managed from reserves has been completed and this has identified £5.944m of reserves which can be released towards funding one-off Strategic Costs. **Appendix G** provides a detailed schedule of reserves, including details of reserves which can be released, and explanation of the reasons individual reserves need to be maintained. **Appendix H** provides an analysis of the forecast use of these reserves over the next 3 years.

As reported in October 2011 the Council also holds other specific reserves for defined purposes, including

- Reserves held in trust for schools which cannot be spent by the Council;
- Capital reserves earmarked to fund capital expenditure commitments rephased into 2011/12;
- Lotteries and Museum Acquisitions Reserves and
- The 2011/12 Budget Support Fund, which is allocated to fund the General Fund budget in 2011/12.

For completeness details of these reserves are provided in **Appendix I**.

- 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 then need to be funded from Prudential Borrowing, either on a short-term or long term basis. This would have an unbudgeted revenue cost.

- 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. Similarly, £125,000 of the capital receipt from disposing of the sale of land for the Steetley Access Road will be required for the provision of facilities to support leisure activities in the central area.
- 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. This position will need to be managed carefully and regular progress reports will be submitted to Cabinet. As reported previously an initial assessment of the phasing of these expenditure commitments has been completed. The initial phasing may change, although the overall costs are a robust assessment of the commitments and future liabilities facing the Council.
- 7.7 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. Individual business cases will be referred to Cabinet and Council for approval. A detailed property acquisition / development strategy report was presented to Cabinet on 23rd January 2012, setting out the principles for delivering this strategy. The report also provided a business case for the first project to purchase the Ambulance Station. This proposal needs to be referred to full Council for approval.
- 7.8 **Furniture Solutions Project**
- 7.9 The Director of Regeneration and Neighbourhoods submitted a comprehensive report to Cabinet on 10 October outlining proposals for development of 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.
- 7.10 Cabinet needs to determine if they wish to include this proposal in the budget proposals to be referred to Council.

8.0 CAPITAL ISSUES 2012/13

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

8.2 Government Capital Allocations

- 8.3 Capital allocations have now been provided by the Government covering the Local Transport Plan, Children's Services and Adult Social Services. These allocations will now all be funded from capital grants, rather from supported Government Prudential borrowing allocations. This avoids a future budget pressure as the Council does not need to make provision for loan repayment costs. The level of funding for these areas for 2011/12 and 2012/13 is detailed below:

	2011/12 £'000	2012/13 £'000	Increase/ (decrease)
Local Transport Plan	1,349	1,410	61
Education Services	2,449	1,700	(749)
Adult Social Services	252	258	6
Total Government Capital Allocations	4,050	3,368	(682)

- 8.4 Detailed proposals for using the above allocations will be approved by the relevant Portfolio Holder to ensure the Government funding conditions are met and the grant can be drawn down by the Council. Proposals for using the Education Capital allocation will be approved by the Schools Forum and the Portfolio Holder.

8.5 Local Capital Allocations

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

8.7 Council Capital Fund £1m

- 8.8 In response to the reductions in revenue grants and the resulting budget deficits Members previously reviewed the sustainability of using prudential borrowing to support a range of local capital priorities. As a result of this review a single capital allocation, to be known as the 'Council Capital Fund' was established. For 2011/12 this was funded using prudential borrowing and the repayment costs were built into the budget forecasts as a commitment against the headroom included for revenue pressures. For 2012/13 this capital allocation has been included in the 'One-off Strategic' costs detailed earlier in the report and a budget provision of £1m allocated. This funding will be released on a priority basis. Detailed proposals for allocating £0.632m of this funding are detailed in **Appendix J, Table 4**. Proposals for allocating the remaining funding will be referred on a case by case basis to Cabinet and Council for approval.

8.9 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. This scheme has been put on hold and Cabinet could therefore remove the capital budget permanently. This would provide a revenue saving of £39,000 as the budget for supporting Prudential Borrowing would not be needed.

Alternatively Cabinet may wish to retain this budget to provide flexibility for future regeneration capital schemes, including opportunities to match fund other capital funding regimes. Individual proposals would be referred to Cabinet and Council for approval.

It is recommended that this capital budget is retained for 2012/13. If this budget is not needed during 2012/13 Members can review whether this provision needs to be maintained for 2013/14 when next year's budget proposals are considered.

8.10 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. It is recommended that this building is demolished as soon as practical at an estimated cost of £0.2m. 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 help manage the financial challenges in that year.

8.11 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.

8.12 Cremators Replacement

It was previously determined to fund this scheme from Prudential Borrowing and to fund the annual repayment costs from an increase in cremation fees. As part of the business case for this scheme the fee increase was implemented in 2010 to provide a contribution towards the overall scheme costs. The business case was based on an initial

assessment of the works which would be needed and also the costs of undertaking these works. Detailed specifications and tendering for the supply of this specialist equipment have now been completed. The total costs are greater than initially anticipated. However, interest rates are now lower than when the initial business case was prepared and as a result the costs of increased borrowing can be funded from the available fee income. The capital programme has been updated to reflect the higher capital costs for this scheme.

9.0 BUDGET RISKS

- 9.1 The previous MTFS report indicated that the Council will need to manage an increasing number of financial and non-financial risks.
- 9.2 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 strategic costs, including redundancy/early retirement costs and Housing Market Renewal commitments;
 - Continuing demand lead and demographic pressures.
- 9.3 Additional risks are beginning to emerge in relation to services provided to schools, which have a total estimated value for 2012/13 of £3.9m. If these services are not bought back the Council will face additional redundancy costs and reductions in anticipated income. Depending on the scale of schools which do not continue to buy back services this could make some services unviable. This is an annual risk, which for 2012/13 has increased as schools will face a tough financial settlement, which at best will be a cash freeze in funding. Against this background and pay freezes for Council staff there will be significant pressure to maintain, or even reduce existing charges, to retain school contracts. This risk will not be removed until schools notify the Council of the services they will buy and schools have until the end of June to respond. No provision has been made to manage this risk and if it arises this will need to be managed in 2012/13 from within the overall budget.
- 9.4 The level of grant cuts for 2013/14 and 2014/15 is only known at a national level and these reductions are reflected in the MTFS. However, the actual grant cuts for Hartlepool could be higher and this would increase the forecast budget deficit. The level of future grant cuts may also be affected by the Government's 1% pay cap, as grant allocations may be scaled back to enable the Government to claw these savings back. It is hoped that if this happens the additional reduction in Hartlepool's grant will be offset by a lower pay increase than was anticipated in the MTFS. This cannot be guaranteed and the position will need updating when more information is available.

Similarly, the Chancellor's Autumn statement suggests that there will be further cuts in funding from 2015/16.

- 9.5 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 (total expenditure around £11m and 15,000 claimants). These proposals mean fundamental changes to 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 issues final proposals. A detailed report on these issues, including the impact on Hartlepool, will be prepared when more information is available.
- 9.6 There are also potential risks from a range of other Government proposals and these are highlighted below to inform Members 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.
- 9.7 On a more positive note the Government recently published the NHS Operating Framework and confirmed that NHS funding for social care services (£1.2m in 2012/13) that support improved healthy outcomes will continue in 2013/14 and 2014/15. The previous guarantee only went up to March 2013. This announcement removes the risk of this national NHS supported funding not continuing beyond 2012/13, although allocations for 2013/14 and 2014/15 have not yet been announced. However, detailed agreements will still need to be reached at a local level with GP's to continue existing use of these resources.
- 9.8 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.

10.0 CONSULTATION

- 10.1 Details of feedback on the budget proposal identified in December from Scrutiny Co-ordinating Committee are provided in a separate report. Cabinet needs to consider these proposals before referring the final budget proposal to Council.
- 10.2 Minutes of the consultation meetings held with the Trade Unions and Representatives of the Business Sector are provided in **Appendix K**.

11.0 EQUALITY IMPACT ASSESSMENTS

- 11.1 Cabinet / Council are reminded that in making financial decisions the Council is required to demonstrate that those decisions are made in a fair, transparent and accountable way, considering the needs and the rights of different members of the community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on different equality groups. The Equality & Human Rights Commission has published a guide for decision-makers which is attached as **Appendix L**.
- 11.2 Equality Impact Assessments (EIA) have therefore been undertaken and reviewed by Officers throughout the proposal, consultation and consideration process to enable Elected Members to satisfy themselves that they are able to consider fully the proposed changes and the likely impact at the point of making decisions. A copy of the template Equality Impact Assessment which has been used is attached as **Appendix M**.
- 11.3 Each EIA has been independently reviewed and subject to internal challenge together with an overall central assessment to determine the cumulative impact on each individual “protected characteristic” to identify where specific consultation requirements are needed. Each EIA has sought to identify whether:
- there is no major change to the service if the proposal is implemented;
 - adjustments or changes should be made to the proposal;
 - the proposal should continue even though there may be an impact, or;
 - the proposal should be stopped or removed.

- 11.4 Although the greatest overall potential impact is in relation to Age and Disability strands it has been assessed that there is no requirement to arrange further corporate consultation in relation to the budget proposals. The EIAs specify actions that will be undertaken to ensure impact is minimised and arrangements are in place to ensure those actions are regularly monitored, reviewed and updated if any adverse impact is identified during monitoring.

12.0 ROBUSTNESS OF BUDGET FORECASTS – CHIEF FINANCE OFFICER'S PROFESSIONAL ADVICE

- 12.1 As indicated in previous years the Local Government Act 2003 introduced a statutory requirement on an Authority's Chief Finance Officer (CFO) to advise Members on the robustness of the budget forecasts and the adequacy of the proposed level of reserves. If Members ignore this advice, the Act requires the Authority to record this position. This latter provision is designed to recognise the statutory responsibilities of the CFO and in practice is a situation that I would not expect to arise for this Authority.
- 12.2 In response to the continuing financial challenges facing councils CIPFA (Chartered Institute of Public Finance and Accountancy) have again written to chief finance officers reminding them and their authorities of the statutory responsibilities when setting budgets. This advice reinforces statutory requirements and provides practical guidance to help chief finance officers discharge their responsibilities.
- 12.3 It is important to view my advice and formal report as the culmination of the budget process in which a lot of detailed work has already taken place with Cabinet, Scrutiny, the Corporate Management Team, senior managers and detailed work undertaken by my own Finance staff. This overall approach enables me to advise Members that in my professional opinion the budget forecasts suggested in this report for 2012/13 are robust. My opinion is based on consideration of the following factors:
- The assumption that Members will approve the proposals for bridging the budget deficit detailed in the report. The proposed savings are the key issue affecting the robustness of the proposed budget. If Members do not approve these proposals the budget forecasts will not be robust as overall expenditure will inevitably exceed available resources;
 - The assessment by the Corporate Management Team of the achievability and sustainability of proposed budget reductions for 2012/13. The assessment of the proposed savings reflects the process adopted for identifying, managing and implementing these measures. This includes action taken in the current year to implement proposals earlier to ensure a full year saving is achieved in 2012/13. It also reflects a risk assessment of

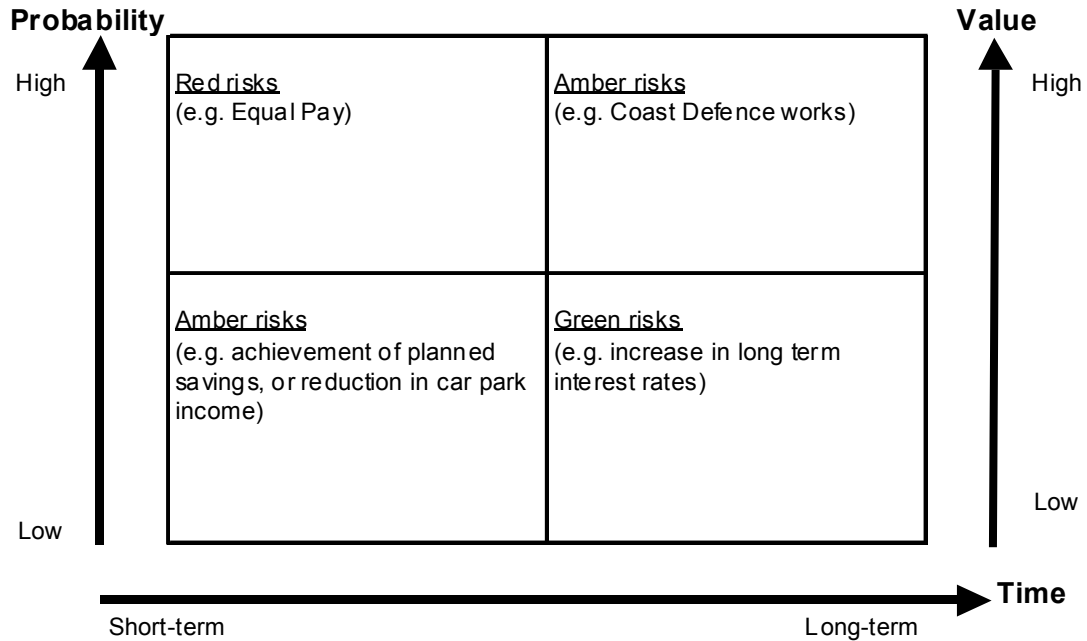
proposed savings based on an assessment of the level of pay, non-pay savings and increased income savings;

- The detailed work undertaken by individual Directors (and their senior managers) in conjunction with my staff regarding the preparation of detailed budget forecasts, including income forecasts;
- Prudent provision for potential pay awards for April 2012;
- A prudent provision for inflation on non pay budgets and income budgets during 2012/2013;
- The identification of specific pressures and inclusion of these commitments within the overall budget requirement;
- An assessment of 'One-off Strategic' costs over the three years 2012/13 to 2014/15 (£14m) and the earmarking of funding (£9.5m) to partly fund these costs and the development of a planned capital receipts strategy to fund the remaining costs (£4.5m);
- A prudent view of the net costs of the Authority's overall cash flow, including the repayment of Prudential Borrowing;
- The maintenance of uncommitted General Fund Reserves of £3.462m, which equates to 3.8% of the 2012/13 budget;

12.4 Further details of the key financial assumptions underpinning the budget are detailed at **Appendix N**.

12.5 The robustness of the budget forecasts also takes account of the main areas of risk affecting the budget for 2012/13 and the specific reserves earmarked to manage these risks. In line with the Council's overall Risk Management Strategy the Authority takes an active and pragmatic approach to the management of risk. This approach acknowledges that the purpose is not to remove all risks, rather it is to ensure that potential "losses" are prevented or minimised. The attached schedule and the corporate Risk Register ensure the Authority has identified areas of risk and developed arrangements for managing these areas.

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



12.7 In addition as detailed early in the report, a comprehensive review of risks identified in previous years and reserves earmarked to manage these issues was completed as part of the 2012/13 budget process. The review identified risks which have reduced and/or no longer exists. This review identified resources which can be released to partly fund the forecast 'One-off Strategic Cost' over the three years 2012/13 to 2014/15, which have also been identified as part of the budget process. The identification of these resources avoids these one-off Strategic commitments significantly increasing the budget deficits to an unmanageable level over the next three years.

13. CONCLUSIONS

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 2011 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 are likely to be higher than currently forecast. The budget forecast for 2013/14 onwards will need to be reviewed when more information is available.

13.3 Addressing ongoing reductions in Government grant 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 For councils 2012/13 is the second year of the Coalition Government's two year detailed settlement for local authorities, which has front loaded grant cuts. For Hartlepool, this has resulted in a cumulative cut in the Formula Grant (the main Government grant) for these two years of 20% - a £10.2 million ongoing funding cut. For the second successive year this is the key factor driving the budget position and the need to make significant budget reductions in 2012/13.
- 13.5 The current MTFs anticipates that the Council will need to make aggregate cuts of between **£13.8m** and **£14.6m** by the start of 2014/15. The lower forecast is based on indicative Council Tax increases of 3.49% (i.e. just below the current Council Tax referendum threshold) for 2013/14 and 2014/15. The higher forecast is based on indicative Council Tax increases of 2.5%, to reflect the impact of the Government reducing the Council Tax referendum thresholds for 2013/14 and 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 to departmental budgets. The proposals also include permanent corporate benefits which do not impact on services. These proposals leave a residual budget deficit for 2012/13 of £29,000, which it is suggested is funded from the 2011/12 outturn.
- 13.7 The cuts in departmental budgets include a range of measures to protect services and jobs, including the re-badging of Adult Social Care services against the social care funding transferred from the PCT. The corporate benefits include the year one saving from the ICT / Revenues and Benefits procurement, which will provide significant increasing annual savings over the 7 years of the contract, protect existing jobs and bring new jobs to Hartlepool. If this contract is not awarded these benefits and savings will not be achieved and alternative cuts will need to be identified. Over the lifetime of the contract significant cumulative savings are anticipated to be achieved, although there will be one-off costs to enable these savings to be realised. Appendix Q provides an analysis of the one off costs and cumulative ICT savings. This item contains exempt information under Schedule 12A of the 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).
- 13.8 The proposals for balancing the 2012/13 budget provide a robust financial base for addressing the significant financial challenges facing the Council in 2013/14 and 2014/15. Based on current forecasts significant additional budget cuts will need to be made in these years. These cuts will become increasingly difficult to achieve given the scale

of cuts implemented over the last 3 years. Inevitably future cuts will have a much greater impact on service levels and staffing numbers.

- 13.9 The report outlines the implications of the level of Council Tax set for 2012/13 and future years on the Council's overall financial position. In particular the report highlights the impact of freezing Council Tax in 2012/13 on the financial position in future years.
- 13.10 The proposal to earmark specific funding for One-off Strategic Costs, which includes Redundancy / Early Retirement costs (which all councils are required to pay to staff age 55 or older who are made redundant) and unfunded Housing Market Renewal commitments, protects the Council's medium term financial position. These proposals also reduce the risk that these costs will need to be funded from the General Fund budget which would increase the level of cuts which will need to be made. There is a risk that a significant element of the one-off Strategic Costs is anticipated to be funded from capital receipts to be achieved over the next three years. This position will need to be managed carefully and regular progress reports will be submitted to Cabinet.
- 13.11 The positive action taken during 2011/12 to achieve planned savings earlier makes the 2012/13 budget more robust and also provides a one off financial benefit in 2011/12. Similarly, action taken during 2011/12 to robustly manage expenditure, including holding posts vacant provides a one-off financial benefit and has also helped reduce the number of compulsory redundancy required for 2012/13 by providing vacant posts which can be deleted or increasing redeployment opportunities. Robust management of budgets will need to continue in future years to help address the significant and sustained financial challenges facing the Council.
- 13.12 The 2011/12 outturn also provides uncommitted resources which it is recommended are carried forward to 2013/14. The report proposes allocating some of these resources to provide a local transitional scheme to help manage the implementation of a localised Council Tax Benefit scheme, which will have to be managed with 10% less funding than is currently provided by the Government. Council will also need to manage a demand lead benefit with a cash limited budget. In addition, the 2011/12 outturn also provides resources which it is proposed are allocated to partly address the impact of the 2012/13 one-off Council Tax freeze grant being withdrawn in 2013/14. A final decision on the use of these monies will be made as part of the 2013/14 budget and this provides more time to consult on these proposals.
- 13.13 In summary the proposals detailed in the report and the recommendation to be referred to Council provide a robust financial base for managing the significant and ongoing financial challenges facing the Council over the next three years. Whilst, the Council has already made significant budget cuts over the last 3 years, further significant cuts still need to be made. Further cuts will become

increasingly difficult to achieve. It is therefore essential that the Council balances the 2012/13 budget on a sustainable basis, earmarks the benefits of the favourable 2011/12 outturn to address future financial risks and begins work early in the new financial year on proposals for addressing the 2013/14 and 2014/15 budget deficits.

14. RECOMMENDATIONS

14.1 It is recommended that the following proposals are referred to Council:

14.2 2011/12 Outturn Strategy

14.3 **General Fund Budget 2011/12 Outturn** – approve the proposal to allocate the net underspend (arising from the robust management of budgets, the early achievement of planned 2012/13 savings and net interest savings) of £4.066m to meet specific commitments and support the 2012/13 and 2013/14 budgets as detailed in **Appendix B**, and refer this proposal to Council to note.

14.4 To note that a final decision on the use of resources allocated within **Appendix B** for Transitional Support to offset Council Tax Benefit Changes of £1.197m and to partly support the loss of the 2012/13 Council Tax freeze grant of £0.727m will be referred to Council in February 2013, as part of the 2013/14 budget process.

14.5 **General Fund Budget 2011/12 Outturn – specific issues** - Cabinet needs to determine if it wishes to support the Scrutiny Co-ordinating Committee proposal to establish a total 'Ward Fund' of £231,000, which will provide £7,000 per Member to address specific Ward issues arising after the election not covered by existing budgets. This proposal could be funded by allocating the underspends from the Acting Chief Executive arrangements (£76,848), the joint Head of HR role (£21,402) and the one-off saving arising from the Industrial Action (estimated value of £50,000), plus the amount identified in Appendix B (£83,000) from the 2011/12 General Fund Outturn.

14.6 **Capital Outturn 2011/12** – approve the proposal for funding the additional Primary Capital Programme costs of £0.670m as detailed in paragraph 4.18.

14.7 **Early Intervention Grant 2011/12 Outturn** – approve the proposal to allocate the £0.276m underspend to create risk reserves as detailed in paragraph 4.21, to support the delivery of the Early Intervention Strategy, and refer this proposal to Council to note.

14.8 Housing Scheme 2011/12 Outturn

14.9 Approve the principle of allocating the in-year underspend of £0.2m, plus the ongoing saving of £60,000 to support Prudential Borrowing of

£1m, plus Section 106 monies secured on the Wynyard development of £1.2m to establish a Housing Capital Investment Fund of £2.2m; and

14.10 To note that a detailed business case will be reported to a future Cabinet and Council for using this funding.

14.11 2012/13 to 2014/15 Capital Programme

14.12 Approve the 2012/13 capital programme proposals as detailed in **Appendix J**, which includes:

1. Details of Capital Grants for the Local Transport Plan, Schools Capital Programme and Adult Social Services and to note that the relevant Portfolio Holders will approve individual schemes which meet Government Grant conditions;
2. Proposal for using the Council Capital Investment Fund, detailed in **Appendix J**, table 4;
3. The proposals to allocate £125,000 of the capital receipt from the sale of land for the Steetley Access Road for the provision of facilities to support leisure activities in the central area;
4. The proposal to allocate £60,000 of the capital receipt from the sale of the Foggy Furze site for the provision of replacement/enhanced bowling facilities if this is required by Sports England;
5. Retention of a Major Regeneration Capital budget of £0.39m to support detailed business cases to be approved by Cabinet and Council which either attract external fund and / or are strategically important for the town.

14.13 Approve the purchase of the Ambulance Station site to facilitate the sale of a larger site and increased capital receipt from the resulting 'marriage value', as detailed in Appendix P. This item contains exempt information under Schedule 12A of the 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).

14.14 Strategy for Funding one-off Strategic Costs

14.15 Approve the proposed strategy for funding One-off Strategic costs of £14m from a combination of:

1. £1.980m contribution from 2011/12 General Fund outturn;
2. £5.944m contribution from existing reserves following a re-assessment of these reserves and the risks they where originally earmarked to address, as detailed in **Appendix G**;
3. £1.500m from Capital Receipts already achieved; and
4. £4.576m from Capital Receipts to be achieved over the next 2 to 3 years.

14.16 2012/13 General Fund budget

14.17 Approve the proposed funding allocations for implementing the Early Intervention Strategy, totalling £7.1m, as detailed in **Appendix C**. Note this expenditure is funded from the Early Intervention Grant

14.18 Approve the proposed pressures detailed in **Appendix D** of £1.730m.

14.19 Approve the strategy for bridging the 2012/13 budget deficit, which reflects the cut in Government and the above pressures, from a combination of:

1. Implementing budget reductions of £1.584m arising from revised planning assumptions detailed in **Appendix E**;
2. Implementing a Council Tax freeze which will mean the Council will receive a one-year Council Tax freeze grant of £997,000 for 2012/13;
3. Implementing budget cuts of £5.376m detailed in **Appendix F** and the proposed saving from the ICT / Revenues and Benefits Procurement;
4. A contribution from the 2011/12 General Fund Outturn of £215,000, consisting of £186,000 to cover the reduction in the Collection Fund Surplus and £29,000 to cover the residual 2012/13 budget deficit.

14.20 Consider the 3 options for funding the one-off costs of achieving the ICT / Revenues and Benefits contract savings detailed in paragraphs 5.20 to 5.25 and reconfirm the Cabinet decision of 19th December 2011 to refer Option 1 (i.e. the reallocation of one-off funding which is no longer needed to fund back-dated Job Evaluation costs) to fund these one-off costs. The residual balance of this reserve will transfer to General Fund Reserves. This funding proposal will maximise the value of the ICT / Revenues and Benefits savings which can be used reduce the budget deficits. These savings will commence in 2012/13 and will continue to increase in each year of the 7 year contract. **Appendix Q provides an analysis of the one off costs and cumulative ICT savings. This item contains exempt information under Schedule 12A of the 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).**

14.21 Approve the allocation of the available Furniture Project reserve of £50,000 to kick start this project.

14.22 Note the budget risk, mitigation strategy and robustness of the budget forecasts advice (sections 9 and 12).

14.23 2013/14 to 2014/15 Indicative Council Tax increases

- 14.24 Approve indicative Council Tax increases for 2013/14 and 2014/15 of 3.49% per year. Note these proposals will be subject to annual review to reflect changes in the Council's financial position and the Government's announcement of annual trigger points for Council Tax Referendum.

4.1
APPENDIX A

Stuart Drummond
Mayor

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Our Ref: CL / EA



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5 January 2012

Secretary of State for Communities and Local Government
c/o Mr Andrew Lock
Zone 5 / J2
Eland House
Bressenden Place
LONDON
SW1E 5DU

Dear Secretary of State,

2012/13 Local Government Finance Settlement

In view of the second successive year of significant grant reductions facing Hartlepool Borough Council my Cabinet and I have decided not to seek a meeting with Ministers regarding the 2012/13 Local Government Finance settlement consultation, as we do not believe it would be appropriate to spend public money sending a delegation (however small) to London.

Whilst, we will not be seeking a meeting with Ministers, there are a number of extremely important issues which we again wish to bring to your attention. In response to the 2011/12 Local Government Finance Settlement I wrote to express my concerns about the 2011/12 settlement and the indicative 2012/13 settlement, in particular:

- The fairness and equity of grant cuts for different areas which generally resulted in higher spending power reductions for more deprived areas of the country. For Hartlepool the 2011/12 spending power cut was 8.8%, compared to a national average of 4.4%.

The relative harshness of Hartlepool's 2011/12 grant settlement was even more stark in comparison to the very low reductions in other areas of the country, for example Kent 1.82%, Essex 1.31%, Hampshire 0.95%, Wokingham 0.63%, and Surrey 0.31% - I could go on;

- The impact of front loading grant reductions.

In my response to last year's settlement I urged the Government to reconsider the proposed 2012/13 spending power cuts and to implement reductions which were fairer

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to all authorities. It is extremely disappointing that the 2012/13 settlement is in line with that first proposed in February 2011. The Government have missed the opportunity to address the disproportionate spending power cuts implemented in 2011/12 for the more deprived areas of the country and seem to have put stability before fairness of distribution.

This decision now locks the grant cuts in for future years and for Hartlepool results in a 2012/13 spending power reduction of £141.98 per dwelling, which is nearly twice the national average of £75.66.

Over the first two years of the Spending Review Hartlepool has suffered cumulative spending power cuts significantly greater than the national average, as summarised below :

Spending Power Reduction	Hartlepool	National Average
2011/12	8.8%	4.4%
2012/13	5.7%	3.3%
Cumulative Spending Power Reduction	14.5%	7.7%

The cumulative spending power cut increases the financial challenges my Council will face managing demographic pressures, the impact of re-localising business rates and changes to the Council Tax Benefit system. In my view it is essential that future changes to the Local Government funding system adequately take account of the higher spending power cuts which have now been implemented in more deprived areas of the country. I believe these areas, including Hartlepool, have made a disproportionate contribution towards the Government's overall deficit reduction plan.

The cuts in the Hartlepool's grant funding also have an adverse economic impact as they reduce spending in the local economy, both directly by the Council and indirectly as a result of cuts in the Council workforce. This makes it more difficult to rebalance the local economy and reduce dependency on public sector employment.

I previously suggested that for 2012/13 the Government should have put more money into the Transitional Funding arrangements to make them fairer and more equitable and also reflect the principles adopted for the old 'floor damping system'.

Under the previous floor damping system Hartlepool Borough Council's 2010/11 Formula Grant was reduced by £2.4 million as a result of the floor damping adjustment. Since 2006/07 the Council has lost approximately £11 million of grant through the floor damping system. Clearly, if these arrangements had not been in place Hartlepool Borough Council and more importantly our residents would have benefitted from higher annual Formula Grant allocations for the last five years. This would have provided a more robust financial foundation for managing cuts in grant funding over the next few years. It seems perverse that in both 2011/12 and 2012/13 Hartlepool continues to contribute to these arrangements, whilst suffering some of the highest spending power cuts in the country. This does not meet the Coalition Government's principle of 'fairness'

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I therefore suggested last year that it seemed appropriate to provide a similar level of protection for Hartlepool people by extending the Transitional Funding for 4 years to all authorities eligible for funding in 2011/12, ideally at the 2011/12 level. Alternatively, I also suggested that Transitional Funding could be provided on a phased basis – 100% in 2011/12, 75% 2012/13, 50% 2013/14 and 25% 2014/15. It is extremely disappointing that the Government have maintained the Transitional Funding arrangements first proposed in February 2011 and reduced the national funding to £20 million for 2012/13. I would ask Ministers to reconsider this position.

It is particularly disappointing that the Government have identified funding to enable councils to freeze their Council Tax in 2012/13, as the Government could have chosen to allocate part of this funding to extend the Transitional Grant arrangements. Whilst, this would have reduced the overall sum available to fund the Council Tax freeze grant it would have still enabled a Council Tax freeze grant of around 2.3% to be paid. Overall this would provide a fairer settlement for all councils.

In the current financial climate I clearly share the Government's desire to help households. However, the proposal to provide a one-year Council Tax freeze grant for 2012/13 is not necessarily the best way of providing this support to households and it does not target this support to those most in need.

Equally importantly, the Council Tax freeze proposal seems to recognise that councils face significant financial challenges in 2012/13, but only provides a one year grant. Councils which choose to freeze Council Tax in 2012/13 will therefore face an additional budget problem in 2013/14 when this grant is removed. This does not seem a sensible way to plan local services, particularly given the financial challenges councils will face from April 2013 from continuing demographic and inflation pressures, re-location of business rates and changes to Council Tax Benefits.

The Government needs to recognise that cuts in grant mean that a greater proportion of council expenditure is being funded from Council Tax. If the Government are committed to localism councils should be free to determine the level Council Tax. If the Government want to freeze Council Tax they should provide permanent additional funding to enable councils to plan effectively in the medium term.

With regard to the proposals for Business Rate Retention I welcome the Government's recent announcement that the 'tariff and top-ups' will be uprated by the business rates multiplier. I am still very concerned that basing the 'tariff and top-ups' on the 2012/13 baseline will lock the disproportionate grant cuts into future funding levels and would ask that the Government looks at this again. Similarly, I am concerned that the proposal for a ten year 'reset' period for tariffs and top-ups will prove difficult given the current economic uncertainties. As the new system is a fundamental change in the funding arrangements for councils I would urge the Government to undertake an earlier reset to address changes in business rate income across the country, demographic pressures and changes in needs and resources.

In relation to the proposals to localise support for Council Tax Benefit I continued to be extremely concerned that this issue is going to have a greater adverse impact on councils serving more deprived communities. These councils have generally suffered significantly higher spending power reductions in 2011/12 and 2012/13. The proposals

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to reduce Council Tax Benefit by 10% will therefore have a disproportionate impact on people living in these areas, including increasing the number of children living in poverty, and will have a knock on impact on the local economy. It seems perverse that the Government can find funding to freeze Council Tax for a second year, which benefits all households irrespective of need, whilst at the same time proposing changes which will reduce support for some of the most vulnerable people in society. I am also concerned that the proposed timescale is unrealistic and would suggest the Government considers delaying these changes until 2013/14 to enable councils to be effectively plan and implement these changes.

In summary I would request that the Government

- Recognises the spending power cuts implemented for 2011/12 and 2012/13 when considering future reductions in Local Government funding;
- Reconsiders the arrangements for Transitional Funding to be applied for 2012/13 to provide a longer period of protection based on spending power cuts for both 2011/12 and 2012/13;
- Addresses the financial impact of only providing the 2012/13 Council Tax freeze for one year.

Yours sincerely



Stuart Drummond
Elected Mayor

2011/12 GENERAL FUND FORECAST OUTTURN

	Cost/(saving) £'M £m	Comment on Forecast Outturn
Table 1 - Position 10.10.11		
Centralised Estimates	(1.350)	Forecast outturn reflects impact of current interest rate structures and continuation of existing Treasury Management Strategy of netting down investments and borrowings. This strategy is not sustainable as reserves will be used up and interest rates will increase. In the current year this strategy is providing a lower net cost and reducing investment counter party risk.
Advance 2012/13 BTP 2 Savings	(0.900)	<p>The BTP 2 programme is planned to deliver total savings of £5.3m towards the £6.6m budget deficit for 2012/13. Owing to the complexity and long lead times for a number of BTP 2 initiatives implementation of some projects has commenced in the current year. This is necessary to ensure the full year savings will be achieved from 1st April 2012. The achievement of these savings is essential if the Council is to set a balanced budget for 2012/13 and has confidence that proposed saving will be achieved and are sustainable.</p> <p>There will be a part year benefit in the current year from implementing these savings earlier. Assuming other areas of the overall 2011/12 budget are on target at the year end these savings will be available as a one-off benefit.</p>
Insurance Renewal Saving (part year)	(0.080)	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 level 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.
New Homes Bonus	(0.270)	Since the 2011/12 budget was set the Government have provided details of how the New Homes Bonus will work and details of the year 1 allocations.
External Audit Fees	(0.090)	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 that these reductions may not be sustainable. This position will need to be kept under review.
Income Shortfall - Building Control and Development Control	0.500	The level of income in the current year is being affected by the continued weakness in the economy and a total shortfall of up to £0.25m is currently expected for these areas. This shortfall will need covering in 2011/12. Further work is needed to assess the ongoing position in 2012/13 and the scope for reducing costs. For planning purposes it would be prudent to earmark £0.25m from the current years outturn to cover these trends continuing into 2012/13. Hopefully, the economy will begin to recover before 2013/14 and avoid this becoming a permanent pressure.
School Meals shortfall	0.070	A total subsidy of £0.14m is needed for this service. It had been hoped to fund this amount from the retained element of the Dedicated Schools Grant (DSG) in 2011/12. However, owing to pressure on this budget it is only possible to make a £70k contribution. Therefore, the remaining cost needs to be funded from the Council's own resources in the current year. As pressure on the DSG will increase in 2012/13 a permanent solution for funding the £0.14m subsidy will need to be developed. This issue is currently being reviewed and details will be reported to a future Cabinet meeting.

Casual Workers Statutory Holiday Pay	0.080	Working time regulations require employers to pay casual workers holiday pay and arrangements have been implemented to comply with these requirements on an ongoing basis. Where these costs arise they will be funded from departmental base budgets. There is a significant risk that the Council will be required to fund holiday back pay claims to 01.10.07 and an assessment of these costs has been made. It would therefore be prudent to set money aside for costs as part of the 2011/12 outturn strategy.
Concessionary Fare	0.060	This pressure covers the tri-annual cost of replacing Concessionary Fare passes. As no provision is included within the base budget for this cost provision needs to be made within the 2011/12 outturn to avoid this being a pressure in 2012/13.
Net Forecast Outturn - October Cabinet Report	(1.980)	
<u>Table 2 - Position 19.12.11</u>		
<u>Local issues</u>		
Forecast Departmental Underspend	(0.181)	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	0.154	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	(0.180)	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	(0.150)	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	(0.050)	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	(0.150)	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	(0.050)	Applicants for discretionary rate relief from businesses is less than expected and this trend is expected to continue.
Benefit Subsidy Income	(0.200)	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	(0.039)	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	0.070	One off costs of holding a referendum.
<u>National Issues</u> April 2011 pay award saving	(0.500)	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.
Net Forecast Outturn - December Cabinet Report	(1.276)	
<u>Table 3 - Position 06.02.12</u>		
Collection Fund	0.186	It is a statutory requirement to review the Collection Fund prior to the 31st January to determine whether there is a surplus or deficit. An initial assessment in January 2011 has forecast a surplus of £0.200m. However, following a detailed assessment on the current position which reflects the impact of the recession the actual surplus is £0.014m, a reduction of £0.186m.
Forecast Departmental Underspend	(0.176)	This reflects the continued robust management of budgets to achieve 2012/13 savings earlier.
Forecast Corporately Underspend	(0.820)	Work has been completed to calculate actual impact on pay budgets of a range of factors covering incremental progression for staff in post, JE appeals, turnover and pay award savings. Where these issues provide an ongoing saving this has been reflected in the 2012/13 budget as part of the strategy to bridge the budget gap without cutting services.
Net Forecast Outturn - February Cabinet Report	(0.810)	
Total Forecast Outturn General Fund	(4.066)	

TABLE 4 : PROPOSED USE OF 2011/12 GENERAL FUND OUTTURN TO SUPPORT THE 2012/13 AND 2013/14 BUDGETS

	Carry Forward to Fund 2012/2013 Commitments £m	Carry Forward to Fund 2013/2014 Commitments £m	Total £m
Strategic One-Off Costs	1.650	0.330	1.980
Works in Default Empty Homes	0.050		0.050
2012/13 Budget Defect	0.029		0.029
Transitional Support to Offset Council Tax Benefit Cuts	-	1.197	1.197
Contribution to Members Ward Issues Budget	0.083		0.083
Support 2013/14 Budget and Loss of 2012/13 Council Tax Freeze Grant		0.727	0.727
	1.812	2.254	4.066

* Subject to review as part of the 2013/2014 budget process.

Early Intervention Grant (EIG) Proposed Budget Allocation for 2012/2013

Function	Proposed Allocation 2012/2013 (£'000)
Central Information Hub	254
2 year old Nursery Placements	210
Early Years Statutory duties	320
Children Centre's and Early Years pathway	1,300
Integrated Locality Teams x 2	1,007
Commissioned Services	1,181
Short Break Provision for disabled children	300
Centralised Functions and Recharges	708
Universal Youth Provision	314
Grant funding to support community initiatives for children and young people	20
Central One Stop Shop Facility	300
Youth Opportunity Fund and Young Inspectors Programme	143
Small Steps SEN support team	173
Communication, Speech and Language Service	120
Cusp of Care Service	300
Unallocated monies to accommodate rising 2 Year old nursery places in 2013/2014	450
Total	7,100

PRESSURES TO BE FUNDED**SCHEDULE OF 2012/13 BUDGET PRESSURES - Corporate items**

Budget Area	Value of Pressure £'000	Description of Pressure	Comment
Income Shortfalls:- - Car Park Income - Shopping Centre - Land Charges	392 146 130	Adverse income trends have now continued for over 2 years for these areas and now need to be recognised as permanent budget pressures.	
Security Arrangements	19	A Health & Safety review of security arrangements in a number of buildings accessed by the public highlighted a specific concern relating to the Civic Centre. Cabinet determined to include a pressure for security arrangements at the Civic Centre.	
	687		

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.	The Schools Forum (11/1/12) have agreed the former Healthy Eating Grant of £0.147m will be allocated to support this service in 2012/13. If this had not been approved there would have been an additional pressure.
Brierton Sports Centre	100	Brierton 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	1,730 (1,000)		
Additional Pressures	730		

SCHEDULE OF CHANGES IN PLANNING ASSUMPTIONS 2012/13

i) 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. The final allocations provided by the Government were higher than anticipated in October and this additional benefit has been included in 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.

- v) Increase in pressures
Pressures identified exceed the headroom included in the MTFS. Further details are provided in Appendix D.
- 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.
- ix) Salary Turnover Savings and Pay Awards – April 2011 and April 2012
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 April 2011 and April 2012, 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.

ix) Removal of Empty Home Council Tax Exemption

There is a 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.

SUMMARY OF CHANGES IN PLANNING ASSUMPTIONS 2012/13

	2012/13 £'M	2013/14 £'M	2014/15 £'M
<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)
<u>New Homes Bonus</u>			
- Year 1 Payment - Actual	(0.278)	(0.278)	(0.278)
- Year 2 Payment - Initial Forecast	(0.280)	(0.280)	(0.280)
- Year 2 Actual increase in Initial Forecast	(0.210)	(0.210)	(0.210)
- Year 3 Payment - Forecast	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
April 2011 Pay Award Saving	(0.500)	(0.500)	(0.500)
Removal of 50% Exemption for Empty Properties	(0.210)	(0.210)	(0.210)
Designated Authority	(0.050)	(0.050)	(0.050)
National Insurance Saving	(0.040)	(0.040)	(0.040)
Car Allowance	(0.030)	(0.030)	(0.030)
Total cost/(reduction) of changes in Planning assumptions	(1.584)	(1.366)	(1.368)

BUSINESS TRANSFORMATION SAVINGS

**4.1
APPENDIX F**

Dept	Projects (Title)	Scrutiny Forum	Date reported to Cabinet	Savings agreed and to be defunded £000
C&A	Education Services & Out of School Activities	Children's Services Scrutiny Forum	5th December	128
C&A	Children's Social Care & Safeguarding	Children's Services Scrutiny Forum	5th December	408
C&A	Support Services	Children's Services Scrutiny Forum	5th December	115
C&A	Transport	Children's Services Scrutiny Forum	5th December	160
C&A	Community Pool Grants	Adults & Community Services Scrutiny Forum	21st November	49
C&A	Community Services Review	Adults & Community Services Scrutiny Forum	5th December	298
C&A	Adult Social Care	Adults & Community Services Scrutiny Forum	5th December	1,600
C&A	Projects Currently Unallocated (not planned to be identified as a number of projects are forecasted to over achieve targets)			
	Total C & A			2,758
R&N	Asset Management	Neighbourhood Services Scrutiny Forum	19th December	277
R&N	Property	Neighbourhood Services Scrutiny Forum	7th November	220
R&N	Traffic	Neighbourhood Services Scrutiny Forum	7th November	524
R&N	Management of Housing/Public Protection	Neighbourhood Services Scrutiny Forum	24th October	584
R&N	Neighbourhood Management/Facilities	Neighbourhood Services Scrutiny Forum	26th September	90
R&N	Waste Management	Neighbourhood Services Scrutiny Forum	10th October	90
R&N	Parks & Recreation	Adults & Community Services Scrutiny Forum	24th October	45
R&N	Community Safety	Regeneration & Planning Services Scrutiny Forum		50
R&N	Projects Currently Unallocated (not planned to be identified as a number of projects are forecasted to over achieve targets)			
R&N	Management Savings (achieved in previous financial year)	Regeneration & Planning Services Scrutiny Forum		75
	Total R & N			1,955
CEX	Customer & Support Services	Scrutiny Co-ordinating Committee	5th December	148
CEX	Benefits, Council Tax and Transactional Shared Services	Scrutiny Co-ordinating Committee	19th December	209
CEX	Corporate Strategy	Scrutiny Co-ordinating Committee	5th December	220
CEX	Training Support Provision	Scrutiny Co-ordinating Committee		27
CEX	Joint HR Services with Darlington	Scrutiny Co-ordinating Committee	30th August	50
CEX	Legal Services			9
	Total CEX			663
	Total Target Savings		Total Savings Achieved	5,376

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 Redundancy Costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
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.	786	186	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 received grant 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
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 should any 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 spend full 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.
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

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 Redundancy Costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
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
21	Adult	Campus Reprovisioning Grant	21	Reserve created from specific received grant 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 Residual balance not required for project	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
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

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 Redundancy Costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
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
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 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.

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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 Redundancy Costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
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.
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.

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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
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	Created to fund the costs of transporting Dyke House pupils to the Brierton Site during the BSF redevelopment of Dyke House School.	0	300	Funding of costs including specialist advisors etc 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

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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
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 school
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 are 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 are 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
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
	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

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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 Redundancy Costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
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
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
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

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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 know claims already received.
394	Corporate	General Fund	3,856	The overall general risk 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 releases consists of £89,000 transfer into this reserves 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	The overall general risk 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 and therefore cannot be released as these costs would then have to be meet 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
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	The Carbon Reduction Commitment is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisation, this reserve is set aside to fund the payment of Carbon Allowances in 2011/12 and 2012/13	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.

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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 2012/12.
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 Mayors 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 in 2010/11 to capture NI and Pension Savings generated by the Salary Sacrifice for Cars scheme to fund future pensions liabilities	0	1	Cabinet agreed to earmark NI savings to offset potential pension liabilities in 2013/14
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.	103	119	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.

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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.
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	Need 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	N/A
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.
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

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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	Need to maintain a separate account to fund the lifecycle costs associated with the 82 properties built.
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.
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 has ceased. Funding was 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.

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 Redundancy Costs £'000	Value of Reserve to be retained £'000	Reason for retention of reserve
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
4,097			25,381		5,944	19,437	

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2012

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

Created 2010/11 as per Outturn Strategy £'000	Reserve	Revised Balance of Reserves 2011/2012 £'000	Reason for/purpose of the Reserve	Planned Use of Reserve					Estimated Balance at 31/03/15 £000
				2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000	
185	Supporting People Reserve	186	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.	(90)	(96)			(186)	0
0	Adult Education	530	Created from LSC (Learning Skills Council) grant fund to address short and long term pressures from within the Adult Education service.	(250)	(115)	(115)		(480)	50
421	Older People - SRR	421	Increased income received in 2010/11. To be held in reserve to fund potential demographic pressures in Older People services similarly to the Children's Placement reserve.			(421)		(421)	0
188	Social Care Reform Grant	188	Reserve created from specific received grant in 2010/11. To be used to fund project slippage in 2011/12 and 2012/13.	(82)	(106)			(188)	0
0	Mill House	146	The reserve arose from a rates rebate following a review of the leisure centre rateable values in 2006/07.					0	146
0	Tall Ships Reserve	139	This reserve has been set aside to support the Tall Ships visit in 2010	(35)	(104)			(139)	0
0	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
100	Reablement Funding	100	PCT income received for reablement of service users.	(100)				(100)	0
0	Respite Provision for Autism	80	Income received from PCT for use to provide capital for creation of specialist housing provision of Autism respite, reserve carried forward to 12/13 and used for specific grants to Disability groups.		(80)			(80)	0
0	CSDP Contribution to capital	68	Reserve created from revenue to increase capital reserve for Adaptations for Disabled people.		(68)			(68)	0
8	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.	(59)				(59)	0
26	Mental Health Capacity Act specific grants	26	Reserve created from a mixture of PCT/grant funding.		(26)			(26)	0
0	Tobacco Control	43	Reserve created owing to grant income provided to carry out work over a 2 year period.	(43)				(43)	0
13	DOH Grant Stroke Care	13	Reserve created from specific grant.		(13)			(13)	0
0	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.	(29)				(29)	0

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2012

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

Created 2010/11 as per Outturn Strategy £'000	Reserve	Revised Balance of Reserves 2011/2012 £'000	Reason for/purpose of the Reserve	Planned Use of Reserve					Estimated Balance at 31/03/15 £000
				2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000	
21	Campus Reprovisioning Grant	21	Reserve created from specific received grant in 2010/11. To be used to fund project slippage in 2011/12.	(21)				(21)	0
12	Archaeology Projects	12	Reserve to be used for specific archaeology projects following SDO reductions.	(12)				(12)	0
0	Renaissance in the Regions	14	Reserve created from unspent grant funding to support the overall HUB shared by all 4 Tees Valley Authorities	(14)				(14)	0
0	Sports Activities - various	14	Underspend on grants for sports & health activities	(14)				(14)	0
0	Grayfields Pitch Improvements	13	Reserve created to complete the pitch improvements at Grayfields.					0	13
11	Library System Improvements	11	Reserve set aside to fund Library System improvements in line with Government requirements for Data Protection and Security.	(11)				(11)	0
0	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	(8)				(8)	0
5	Sports & Recreation - Sports Awards	7	To fund sports coaches training awards	(7)				(7)	0
7	Marketing Reserve	7	Reserve to be used to fund Marketing expenditure in 2011/12 to generate increased income as part of the SDO target.	(7)				(7)	0
0	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	(6)				(6)	0
0	Archaeology - Monograph Series	5	Creation of reserve to ensure completion of project and ensure no loss of external funding for the overall project.	(5)				(5)	0
0	Chief Executive's Department Ring Fenced	196	Created from ring-fenced grant and to be carried forward to fund specific 2011/12 expenditure commitments	(101)	(42)	(53)		(196)	0
0	Financial Inclusion	94	Created to fund the Financial Inclusion Programme	(94)				(94)	0
68	Corporate Strategy - ICT System Development	60	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.	(12)	(48)			(60)	0

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2012

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

Created 2010/11 as per Outturn Strategy £'000	Reserve	Revised Balance of Reserves 2011/2012 £'000	Reason for/purpose of the Reserve	Planned Use of Reserve					Estimated Balance at 31/03/15 £000
				2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000	
0	Finance R & B	45	Created to fund cost of IT equipment / services.	(45)				(45)	0
0	Finance - IT Investment	62	Created to fund a number of IT projects integral to the Corporate IT changes across the Authority.	(62)				(62)	0
0	Contact Centre	38	Created to enable department to manage budget over more than one year.	(38)				(38)	0
25	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.		(50)			(50)	0
50	Finance - Accountancy Section	50	Created to fund temporary appointments to cover maternity leaves during 2011-12.	(30)	(20)			(50)	0
0	Finance - IT Developments R&B	21	Created to fund IT development costs to cope with new DWP Security requirements and further Kirona scripting changes.	(21)				(21)	0
0	Registrars	10	Created for improvements to the Registrars building		(10)			(10)	0
20	Corporate Strategy - Performance Management	15	Created to enable department to manage budget over more than one year.	(2)	(13)			(15)	0
30	Contact Centre	15	Created to fund software integrations including Corporate Workflow and upgrade Queue Management System.		(15)			(15)	0
13	Corporate Strategy - Enhancing Council Profile	15	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.	(3)	(12)			(15)	0
24	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.	(24)				(24)	0
0	Corporate Strategy - Working from Home Surplus	13	Created to manage the costs of homeworking key fobs between financial years		(13)			(13)	0
20	Finance R & B - Atlas Project	20	Created to fund the additional funding required to match DWP Atlas grant received to complete project.		(20)			(20)	0
0	People Framework	18	Created to enable department to manage budget over more than one year.	(1)	(17)			(18)	0
1	Corporate Strategy - Corporate Consultation	16	Created to enable department to manage budget over more than one year.	(8)	(8)			(16)	0

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2012

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

Created 2010/11 as per Outturn Strategy £'000	Reserve	Revised Balance of Reserves 2011/2012 £'000	Reason for/purpose of the Reserve	Planned Use of Reserve					Estimated Balance at 31/03/15 £000
				2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000	
0	Finance R & B - Internal Bailiff Development	16	Created to fund costs associated with Internal Bailiff Development	(16)				(16)	0
15	Registrars	15	Created for redecoration of new marriage/ceremonies room at the Borough Hall and some software integrations/upgrades.	(15)				(15)	0
15	Finance R & B - Council Tax Rebate Development	15	Created for funding towards Council Tax Rebate Scheme Software Development.		(15)			(15)	0
10	Finance R & B - Zipporah Corporate Booking System	10	Created to fund Development work linked to Zipporah Corporate Booking System.	(10)				(10)	0
10	Finance R & B - Software Projects	10	Created for funding towards BACS and DD's Software Project Developments.	(10)				(10)	0
5	Finance R & B - Payment Card Industry	5	Created to fund Payment Card Industry security review.	(5)				(5)	0
5	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.	(5)				(5)	0
0	Finance R & B - FSM System	4	Created to fund costs of FSM System	(4)				(4)	0
0	Resource Investment - HR	3	Created to enable department to manage budget over more than one year.	(3)				(3)	0
0	Chairman's Charity Reserve	1	Chairman's Charity Fund Reserve.	(1)				(1)	0
0	Mayors Charity Fund Reserve	1	Mayor's Charity Fund Reserve.	(1)				(1)	0
267	Looked After Children	1,066	Contribution to the Safeguarding and Specialist Services for the development of Looked After Children in this volatile area.		(474)	(474)	(118)	(1,066)	0
0	Brierton/Dyke House BSF Costs	300	Created to fund the costs of transporting Dyke House pupils to the Brierton site during the BSF redevelopment of Dyke House School.	(220)				(220)	80
0	Think Family	249	2010/11 balance of grant funding to be carried forward into future years to assist with continuation of service following reductions in grant allocations and as part of the Early Intervention Strategy.	(34)	(215)			(249)	0
0	BSF Implementation Costs	242	This is the revenue reserve to fund the revenue costs of the School Transformation Team.	(112)	(130)			(242)	0

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2012

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

Created 2010/11 as per Outturn Strategy £'000	Reserve	Revised Balance of Reserves 2011/2012 £'000	Reason for/purpose of the Reserve	Planned Use of Reserve					Estimated Balance at 31/03/15 £000
				2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000	
0	Ring-Fenced Grants	186	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.	(86)	(100)			(186)	0
0	Youth Offending Reserve	166	Ring-Fenced as YOS is a Partnership Budget. Created from planned underspends in previous years to fund YOS initiatives.					0	166
0	Community Facilities in Schools - Children's Services Funding	100	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.					0	100
0	School Rates	0	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.					0	0
85	Raising Educational Achievement	85	Incorporates funding to ensure the most vulnerable young people are tracked and supported to remain in education.	(27)	(58)			(85)	0
2	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.	(77)				(77)	0
0	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.	(66)				(66)	0
33	Sustainable Travel/Post 16	33	Funding towards Post-16 travel previously funded by government grants.	(6)				(6)	27
	Raising Educational Achievement	32	Incorporates funding to enhance the Educational achievement and experience through Playing for Success.	(32)				(32)	0
15	Educational Psychologists	30	Created to support initiatives at Springwell school during 2011/12 with a further contribution in 2011/12 to fund maternity cover and bursaries.	15	(45)			(30)	0

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2012

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

Created 2010/11 as per Outturn Strategy £'000	Reserve	Revised Balance of Reserves 2011/2012 £'000	Reason for/purpose of the Reserve	Planned Use of Reserve					Estimated Balance at 31/03/15 £000
				2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000	
0	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.	(29)				(29)	0
0	Workforce Development	25	2010/11 balance of grant funding to be carried forward into 2011/12			(25)		(25)	0
0	Child Poverty Local Duties	21	Late Notification of ABG allocation to be carried forward to fund targeted family work in 2011/12	(21)				(21)	0
3	Raising Educational Achievement	9	Incorporates funding to enhance the Educational achievement and experience through Playing for Success.	(2)				(2)	7
0	Care Matters	4	Contribution to the Safeguarding and Specialist Services for the development of Looked After Children in this volatile area.	(4)				(4)	0
2	Youth Opportunity Grants	2	Specific Grant Awards given to the Young People for activities during 2011/12.	(2)				(2)	0
0	Insurance Fund	3,628	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.					0	3,628
394	General Fund	3,462	The overall general risk reserve is held to manage emergency expenditure and any use would need to be repaid to maintain the value of this reserve					0	3,462
874	Strategic Risk Reserve	3,252	The overall general risk reserve has been set up to help fund risks highlighted in the Cabinet report of 8.2.10					0	3,252
0	Incinerator	400	Created to fund one-off costs arising from the temporary closure of the incinerator					0	400
0	Business Transformation Set Up Costs	262	Funds set aside for Implementation costs of Business Transformation Programme					0	262

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2012

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

Created 2010/11 as per Outturn Strategy £'000	Reserve	Revised Balance of Reserves 2011/2012 £'000	Reason for/purpose of the Reserve	Planned Use of Reserve					Estimated Balance at 31/03/15 £000
				2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000	
0	Carbon Reduction	196	The Carbon Reduction Commitment is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisation, this reserve is set aside to fund the payment of Carbon Allowances in 2011/12 and 2012/13	(100)	(96)			(196)	0
0	Area Based Grant	70	ABG carried forward from 2008/09					0	70
0	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
0	Core Strategy Inquiry	55	To fund one-off costs of core strategy enquiry					0	55
0	Civic Chain Reserve	46	Replacement of Mayors chain					0	46
0	NDC Fund	45	Reserve created in 2007/08 to support future expenditure on New Deal for Communities Project					0	45
0	Salary Sacrifice	1	This reserve was created in 2010/11 to capture NI and Pension Savings generated by the Salary Sacrifice for Cars scheme to fund future pensions liabilities					0	1
0	Jobs and the Economy	180	ABG Funding received at the end of 2009/10.	(180)				(180)	0
0	Regeneration & Neighbourhoods MRU	165	Funding set aside to support the ISQ Gateway Project, Vehicle Trackers, works at Tanfield Nursery and a temporary Planning Officer Post.	(78)	(87)			(165)	0
0	Earmarked Grant Funding	118	Mainly balances remaining in 09/10 which relate to funding given for a specific purpose over more than one year.	(109)	(9)			(118)	0
0	Seaside Grant	200	Funding set aside to fund expenditure commitments on a Capital Project		(200)			(200)	0
154	Economic Development	141	Completion of various ongoing commitments including the Employment and Integration Scheme, Training Placements, Connect to Work, Jobsmart.	(141)				(141)	0
144	Selective Licensing	144	Income generated from fees required to fund the scheme over a 5 year period.		(10)	(50)	(84)	(144)	0
132	Community Safety	132	Local Public Service Agreement Phase 2 reward grant for committed projects approved by Safer Hartlepool Partnership - Domestic Violence.	(81)	(51)			(132)	0
112	Licensing	12	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.	(12)				(12)	0
100	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.	(100)				(100)	0

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2012

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

Created 2010/11 as per Outturn Strategy £'000	Reserve	Revised Balance of Reserves 2011/2012 £'000	Reason for/purpose of the Reserve	Planned Use of Reserve					Estimated Balance at 31/03/15 £000
				2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000	
0	Housing Reserve	96	Various housing expenditure including, selective licensing, IT costs and CAD/CAM.	(56)	(40)			(96)	0
0	Empty Homes	80	To implement / match fund a Tees Valley wide pilot to bring Empty homes back into use	(80)				(80)	0
0	Stranton Nursery	70	Expand and improve retail facilities as previously agreed by Members		(70)			(70)	0
0	Baden Street	55	Balance required to fully implement Phase 1 of scheme approved by Members	(29)	(26)			(55)	0
50	Cemetery & Crematoria	50	Planned use of additional income carried forward to partly fund new crematoriums as previously agreed by Members as part of funding strategy for this project.		(50)			(50)	0
0	Allotments	50	Implementation of the Council's Allotment Development Strategy as agreed by Members	(50)				(50)	0
0	Winter Maintenance	50	Purchase of winter maintenance equipment	(50)				(50)	0
0	Furniture Project	50	To implement the findings of the scrutiny review into reduction of child poverty and increasing access to affordable credit.		(50)			(50)	0
46	Community Safety	46	Completion of various contractual/committed projects including 'Target Hardening' & 'Local Volunteering'.	(46)				(46)	0
46	ITU	46	Carry forward of grant set aside to support the running costs of the Integrated Transport Unit (ITU).	(46)				(46)	0
37	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.		(37)			(37)	0
35	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.			(35)		(35)	0
0	Local Plan	32	To part fund the Local Development Framework within Planning			(32)		(32)	0
31	Neighbourhood Management	27	Carry forward of NDC (New Deal for Communities) funding to continue scheme.	(27)				(27)	0
27	Economic Development	14	Carry forward of Income generated by Graffiti Project which is required to meet ongoing running costs associated with future income generation opportunities.	(14)				(14)	0
0	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.	(22)				(22)	0

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2012

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

Created 2010/11 as per Outturn Strategy £'000	Reserve	Revised Balance of Reserves 2011/2012 £'000	Reason for/purpose of the Reserve	Planned Use of Reserve					Estimated Balance at 31/03/15 £000
				2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000	
0	Greatham Community Centre	20	Remedial works necessary upon surrender of lease	(20)				(20)	0
0	H & S Training	20	Legislative requirements for operational staff to be trained to HSE set standards	(20)				(20)	0
18	Property Services and Facilities Management	18	Completion of various commitments under the Invest to Save programme.	(18)				(18)	0
16	Speed Cameras	16	Relates to the funding ring fenced for the Tees Valley Camera Partnership.	(16)				(16)	0
15	Economic Development	10	Managed Revenue Underspend earmarked for development of Hartlepool's Economic Regeneration Strategy	(10)				(10)	0
0	Neighbourhood Community Development Projects	10	With loss of WNF funding needed to support neighbourhood meetings.	(10)				(10)	0
0	Village Green Hearings etc.	10	Fund legal costs associated with public inquiries in relation to village green applications	(10)				(10)	0
0	Equine Enforcement	10	An increasing problem of unregulated tethering of horses on council land	(10)				(10)	0
7	Housing	7	Committed for Housing Condition Survey/Strategic Housing Market Assessment.	(7)				(7)	0
5	Neighbourhood Management	5	NDC (New Deal for Communities) Cohesion project - reserves allocated to complete project in 2011/12.	(5)				(5)	0
0	Strategic Risk Reserve	5,944	This reserve was created following the review of reserves. The funding is earmarked to meet one-off commitments		(2,080)	(1,170)	(2,694)	(5,944)	0
3,957		25,376		(3,351)	(4,718)	(2,374)	(2,896)	(13,339)	12,037

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2012

RESERVES COMMITTED OR HELD IN TRUST

Created 2010/11 as per Outturn Strategy £'000	Reserve	Revised Balance of Reserves 2011/2012 £'000	Reason for/purpose of the Reserve	Planned Use of Reserve					Estimated Balance at 31/03/15 £000
				2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000	
0	Brierton Closure - Salary Protection Fund	48	This reserve was created by the Schools Forum specifically to improve redeployment opportunities for all Brierton School staff following the school closure. It was a negative Reserve in 2009/10 as the up-front costs were greater than the funding however the Forum have agreed measures to repay all this in 2010/11. The salary protection arrangements end in 2012/13.	(48)				(48)	0
0	Transitional Support Fund	75	Ring-fenced Reserve (DSG) - In previous years the Schools Forum have allocated revenue funding towards Transitional Support Fund which is to fund (requiring Schools Forum approval) unforeseen emergency budget issues in schools and/or those under extreme measures. No revenue budget now exists for this as the Forum are happy with the level of Reserve available should the need arise. Schools Forum agreed to utilise this Reserve within the 2011/12 Schools Budget.	(75)				(75)	0
0	Dedicated Schools Grant - LA Underspend from Previous Yrs	687	The Dedicated Schools Grant (DSG) is a ring-fenced grant for use on 'schools' budgets only. The balance arises from under spends in 2010/11 on the local authority elements of the DSG, specifically Home and Hospital teaching, PRU and salary abatements. The balance also includes a 'contingency' element to cover any potential liability arising from changes in the payment of Standards Fund.	(25)	(93)			(118)	569
0	Transitional Support Fund	80	Ring-fenced Reserve (DSG) - In previous years the Schools Forum have allocated revenue funding towards Transitional Support Fund which is to fund (requiring Schools Forum approval) unforeseen emergency budget issues in schools and/or those under extreme measures. No revenue budget now exists for this as the Forum are happy with the level of Reserve available should the need arise. The balance is to be reviewed by Schools Forum in June 2012.	(25)				(25)	55
0	Community Facilities in Schools - Schools Funding	237	This is the net surpluses / deficits from various Schools Community Facilities 'rolled forward' into the next financial year. To enable Community Facilities within Schools to manage their budgets over more than one financial year.					0	237
0	Extended Schools - Out of School Care Balances	155	Ring-Fenced Reserve as Schools Funding. This Reserve consists of the balances of schools 'Out of School Clubs' eg. Breakfast Clubs and former NOF-funded schemes.					0	155
21	Schools Broadband	21	Created to provide a Contingency in case a number of schools withdraw from the Broadband contract which still had a further year to run. New contract to commence in 2012/13 so funding may be required towards this.		(21)			(21)	0
0	Extended Schools - Other Funding School Balances	140	Ring-Fenced Reserve as Schools Funding. This Reserve consists of the balances of schools funding which is outside main budget share eg. NCSL.	(32)				(32)	108
0	Schools	4,417	Ring-Fenced Schools Funding. Underspends against individual school budgets from previous years budgets. To enable individual schools to manage their budgets over more than one financial year in accordance with the implementation of multi-year budgets.	(583)				(583)	3,834

HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2012

RESERVES COMMITTED OR HELD IN TRUST

Created 2010/11 as per Outturn Strategy £'000	Reserve	Revised Balance of Reserves 2011/2012 £'000	Reason for/purpose of the Reserve	Planned Use of Reserve					Estimated Balance at 31/03/15 £000
				2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000	
0	School Loans	(4)	Negative Reserve - This is LA Loans advanced to schools for specific approved purposes which are then repaid (with interest) over a specified period. These loans are offset against School Balances for Statement of Accounts purposes.	1	1	2		4	0
0	School DSO Invoices	(3)	Negative Reserve - This is offset against School Balances for Statement of Accounts purposes.	3				3	0
21	TOTAL SCHOOLS	5,853		(784)	(113)	2	0	(895)	4,958
0	Capital Funding	4,569	This reserve is fully committed to fund rephased capital expenditure.	(4,569)				(4,569)	0
0	Capital Grants Unapplied	2,976	Capital grants received in 2010/11 which will fund capital payments in 2011/12	(2,976)				(2,976)	0
0	TOTAL CAPITAL	7,545		(7,545)	0	0	0	(7,545)	0
0	Civic Lottery	417	The Lotteries Reserve, consists of the proceeds of the civic lottery and donations received. It is used for grants and donations to local organisations.					0	417
0	Maritime Festival	1	To support the bi annual event, next event 2012-13		(1)			(1)	0
0	Museums Acquisition	66	To support the purchase of museums exhibits					0	66
0	TOTAL LOTTERIES AND MUSEUM ACQUISITION RESERVES	484		0	(1)	0	0	(1)	484
161	Budget Support Fund	874	To support the overall budget. Budget strategy anticipates using £7 million as reported previously.	(874)				(874)	0
0	Budget Support Fund 10-11	561	To support the overall budget. Budget strategy anticipates using £7 million as reported previously.	(561)				(561)	0
0	LATS - Budget Support Fund	172	To support the Budget Strategy.	(172)				(172)	0
161	TOTAL BUDGET SUPPORT FUND	1,607		(1,607)	0	0	0	(1,607)	0
182	GRAND TOTAL	15,490		(9,935)	(114)	2	0	(10,047)	5,443

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2012/13 TO 2014/15

TABLE 1 - FORECAST CAPITAL RESOURCES 2012/13 to 2014/15

Total Resources 2011/12		Forecast Resources 2012/2013				Forecast Resources 2013/2014 (Provisional)				Forecast Resources 2014/2015 (Provisional)			
		Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Supported Service Specific Allocations												
1,349	- Local Transport Plan	0	0	1,410	1,410	0	0	1,410	1,410	0	0	1,556	1,556
2,449	- Schools Capital Programme	0	0	1,700	1,700	0	0	1,700	1,700	0	0	1,700	1,700
252	- Adult Social Services	0	0	258	258	0	0	258	258	0	0	258	258
4,050	Total Supported Service Specific Allocations	0	0	3,368	3,368	0	0	3,368	3,368	0	0	3,514	3,514
	Unsupported Corporate Prudential Borrowing												
1,200	Council Capital Fund	0	0	0	0	0	0	0	0	0	0	0	0
1,200		0	0	0	0	0	0	0	0	0	0	0	0
	Unsupported Departmental Prudential Borrowing												
0	Stranton Lodge and Cremators	1,615	0	0	1,615								
45	Replacement Wheelie Bins	45	0	0	45	45	0	0	45	45	0	0	45
1,441	Vehicle Procurement - See Table 3	1,962	0	0	1,962	1,256	0	0	1,256	1,232	0	0	1,232
1,486		3,622	0	0	3,622	1,301	0	0	1,301	1,277	0	0	1,277
	Useable Capital Receipts and RCCO												
628	Schools Capital Programme (Dedicated Schools Grant)	0	628	0	628	0	628	0	628	0	628	0	628
628		0	628	0	628	0	628	0	628	0	628	0	628
	Specifically Funded Schemes												
5,579	Building Schools for the Future - Design & Build	0	0	0	0	0	0	0	0	0	0	0	0
2,214	Building Schools for the Future - ICT	0	0	815	815	0	0	421	421	0	0	0	0
433	Disabled Facilities Grant (DFG) - Indicative Allocation	0	0	433	433	0	0	433	433	0	0	433	433
1,820	Seaton Carew - Coastal Defence	0	0	2,000	2,000	0	0	0	0	0	0	0	0
0	Town Wall - Coastal Defence	0	0	1,200	1,200	0	0	0	0	0	0	0	0
65	Aiming High for Disabled Children	0	0	0	0	0	0	0	0	0	0	0	0
245	Devolved Formula Capital (Schools)	0	0	244	244	0	0	244	244	0	0	244	244
0	Council Capital Fund - See Table 4	0	1,000	0	1,000	0	0	0	0	0	0	0	0
1,019	Tees Valley Bus Network Infrastructure (TVBNI)												
0	- York Road Layout Improvements	0	0	600	600	0	0	0	0	0	0	0	0
0	- Burn Valley Roundabout Re-profiling	0	0	700	700	0	0	0	0	0	0	0	0
0	- Brenda Road/Belle Vue Roundabout Re-profiling	0	0	350	350	0	0	0	0	0	0	0	0
0	- Catcote Road/Elwick Road Junction Widening	0	0	144	144	0	0	0	0	0	0	0	0
0	- To be allocated	0	0	0	0	0	0	972	972	0	0	1,392	1,392
0	Demolition of Brierton School*	0	200	0	200	0	0	0	0	0	0	0	0
0	Foggy Furze Site Replace Bowling Facility*	0	60	0	60	0	0	0	0	0	0	0	0
0	Central Area Leisure Activities	0	125	0	125	0	0	0	0	0	0	0	0
11,375		0	1,385	6,486	7,871	0	0	2,070	2,070	0	0	2,069	2,069
18,739	Total Forecast Resources	3,622	2,013	9,854	15,489	1,301	628	5,438	7,367	1,277	628	5,583	7,488

Note that 2013/2014 and 2014/2015 figures are indicative only and will be reviewed on an annual basis.

Central Area Leisure Activities scheme is to be funded from the sale of the Steetly access road.

* These schemes are included to enable capital receipts from specific land sales to be achieved.

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2012/13 TO 2014/15

TABLE 2 - FORECAST CAPITAL EXPENDITURE COMMITMENTS 2012/13 TO 2014/15

Total Resources 2010/11 £'000		Forecast Expenditure Commitments 2012/2013				Forecast Expenditure Commitments 2013/2014 (Provisional)				Forecast Expenditure Commitments 2014/2015 (Provisional)			
		Non- Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000	Non- Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000	Non- Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000
	<u>Specifically Funded Schemes</u>												
5,579	Building Schools for the Future - Design & Build	0	0	0	0	0	0	0	0	0	0	0	0
2,214	Building Schools for the Future - ICT	0	815	0	815	0	421	0	421	0	0	0	0
433	Disabled Facilities Grant (DFG) - Indicative Allocation	0	433	0	433	0	433	0	433	0	433	0	433
245	Devolved Formula Capital (Schools)	0	244	0	244	0	244	0	244	0	244	0	244
1,820	Seaton Carew - Coastal Defence	0	2,000	0	2,000	0	0	0	0	0	0	0	0
0	Town Wall - Coastal Defence	0	1,200	0	1,200	0	0	0	0	0	0	0	0
65	Aiming High For Disabled Children	0	0	0	0	0	0	0	0	0	0	0	0
1,200	Council Capital Fund - See Table 4	1,000	0	0	1,000	0	0	0	0	0	0	0	0
1,019	Tees Valley Bus Network Infrastructure (TVBNI)												
	- York Road Layout Improvements	0	600	0	600	0	0	0	0	0	0	0	0
	- Burn Valley Roundabout Re-profiling	0	700	0	700	0	0	0	0	0	0	0	0
	- Brenda Road/Belle Vue Roundabout Re-profiling	0	350	0	350	0	0	0	0	0	0	0	0
	- Catcote Road/Elwick Road Junction Widening	0	144	0	144	0	0	0	0	0	0	0	0
	- To be allocated	0	0	0	0	0	972	0	972	0	1,392	0	1,392
0	Demolition of Brierton School	0	200	0	200	0	0	0	0	0	0	0	0
0	Foggy Furze Site Replace Bowling Facility	0	60	0	60	0	0	0	0	0	0	0	0
0	Central Area Leisure Activities	0	125	0	125	0	0	0	0	0	0	0	0
12,575		1,000	6,871	0	7,871	0	2,070	0	2,070	0	2,069	0	2,069
	<u>Misc Schemes</u>												
628	Schools Capital Programme (Dedicated Schools Grant)	628	0	0	628	628	0	0	628	628	0	0	628
628		628	0	0	628	628	0	0	628	628	0	0	628
	<u>Unsupported Departmental Prudential Borrowing</u>												
0	Stranton Lodge and Cremators	0	1,615	0	1,615	0	0	0	0	0	0	0	0
45	Replacement Wheelie Bins	0	45	0	45	0	45	0	45	0	45	0	45
1,441	Vehicle Procurement - See Table 3	0	1,962	0	1,962	0	1,256	0	1,256	0	1,232	0	1,232
1,486		0	3,622	0	3,622	0	1,301	0	1,301	0	1,277	0	1,277
	<u>Supported Service Specific Priorities</u>												
1,349	- Local Transport Plan	1,410	0	0	1,410	1,410	0	0	1,410	1,556	0	0	1,556
2,449	- Schools Capital Programme	0	1,700	0	1,700	0	1,700	0	1,700	0	0	0	1,700
252	- Adult Social Services	0	258	0	258	0	258	0	258	0	0	0	258
4,050		1,410	1,958	0	3,368	1,410	1,958	0	3,368	1,556	0	0	3,514
18,739	Total Forecast Commitments	3,038	12,451	0	15,489	2,038	5,329	0	7,367	2,184	3,346	0	7,488

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2012/13 TO 2014/15**Table 3 - Vehicle Replacement Programme 2012/13 to 2014/15****2012/13 VEHICLE REPLACEMENT PROGRAMME**

User	Type of Vehicle	Replacement Cost £000
Carlton Camp	Transit 17 Seater Minibus	22
Catering	Transit Connect Small Panel Van	11
Corporate	Mayoral Car	20
Cleansing	Sweepers x 5	525
	Medium Van x 2	27
Enforcement	Small Van	11
Fleet	17 Seater Minibus	22
	Vehicle lift, Diagnostics Equipment	25
Highways	7.5 Tonne Tipper	40
	Medium Van	13
Horticulture	Vans x 3	38
	90 HP Tractor with Loader	45
	Mowers x 4	68
	6.5 Tonne Tipper	28
	Tree Shredder	15
	Grave Digger	35
Passenger Transport	Welfare Buses (16 Seat) x 8	480
	Welfare Buses (24 Seat) x 2	160
Property Services	Small Van	11
Economic Development	Medium Van	13
Sports Development	Transit 17 Seater Minibus	22
Street Lighting	12 Tonne Lorry, Mount Lift Platform	60
	5.2 Tonne Van Mount, Access Platforms	90
Waste Management	32 Tonne Hook Loader	110
	Small Van	11
	7.5 Tonne Box Wagon with Tail Lift	40
Bailiffs	Transit Vans x 2	21
		1,962

2013/14 VEHICLE REPLACEMENT PROGRAMME

User	Type of Vehicle	Replacement Cost £000
Car Parking	Small Van	11
Chief Executive	Small Van	11
Cleansing	Small Van x 2	22
	Scarab 15 Tonne Sweeper	98
	3.5 Tonne 6 Seat Tipper	15
	3.5 Tonne Tipper	15
Highways	6.5 Tonne Enclosed Tipper with Side Mounted Bin Lift	42
	Tandem Roller	12
	7.5 Tonne Tipper	111
	15 Tonne Gully Emptier	80
	7.5 Tonne Tipper	37
	3.5 Tonne Tipper	14
Horticulture	90HP Tractor with Loader	38
	42 HP Cemetery Tractor x 2	30
	3.5 Tonne Tipper x 5	76
	Quintuple Ride-on-Mower x 2	87
	Zero Turn Ride-on-Mower x 3	43
Libraries	6 Sear Van	13
Parks & Countryside	Towable Gang Flail Mower x 2	34
	Small Panel Van	11
	Quintuple Ride-on-Mower	23
	Triple cut Ride-on-Mower	23
	25 HP Ride-on-Mower	23
	Zero Turn Ride-on-Mower	14
	3.5 Tonne Transit Van	13
Public Protection	Small Van	11
Sports Development	3.5 Tonne Transit Van	14
Waste Management	Econic Split Body 26 Tonne Refuse Collection Vehicle	158
	26 Tonne Waste Refuse Collection Vehicle 6 x 2 Mid Steer	116
Garage	2 Tonne Panel Van	13
Youth Service	6.5 Tonne Exhibition Bus	48

		1,256
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FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2012/13 TO 2014/15

Table 3 continued - Vehicle Replacement Programme 2012/13 to 2014/15

2014/15 VEHICLE REPLACEMENT PROGRAMME

User	Type of Vehicle	Replacement Cost £000
Cleansing	6.5 Tonne Enclosed Tipper with Side Mounted Bin Lift x 2	77
	3.5 Tonne Jetting Vehicle	22
Client Services	7.5 Tonne Tipper	38
Passenger Transport	17 Seat Welfare Buses x 5	300
Highways	Small panel Van	11
	Demountable Gritter / Saltspreader	27
	18 Tonne Chassis Cab with Linktip Demountable Body System x 4	265
Horticulture	Ride-on-Brush Cutter	15
	4x4 Ride-on-Mower with Grass Collector	22
	Towable Flail	20
	Brouwer Vac	20
Mechanical & Electrical	Small Vans x 4	42
	3.5 Tonne Transit Vans x 3	39
Parks & Countryside	Zero Turn Ride-on-Mower	14
	4x4 Lifeguard Vehicle	14
Public Protection	Small Vans	11
Street Lighting	18 Tonne Chassis Cab with Linktip Demountable Body System	51
Waste Management	3.5 Tonne Box Body with Tail Lift	23
	15 Tonne Back Street Refuse Vehicle	210
Bailiffs	Small Van	11
		1,232

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2012/13 TO 2014/15

Table 4 - Proposed Capital Funding for 2012/13

PROJECT	DESCRIPTION	CAPITAL REQUIREMENT £000	COMMENTS
Disabled Facilities Grant	Increased investment to reduce the waiting list and provide much needed assistance to vulnerable residents. This is a continuation of previous priority of the Council.	100	
Stockton Street Underpass	Filling in of underpass including bringing ramped area up to surface level, paving/landscaping/planting. The underpass to Stockton Street has been closed and temporarily blocked off for some time and presents a health and safety risk and a barrier to future development.	150	
Energy management controls	Phased upgrade of existing energy management hardware/software and outstation provision to ensure they are fit for purpose and to contribute to the Council's energy efficiency programme to reduce costs and carbon emissions.	10	
Access works to meet DDA requirements	Continuation of the removal of barriers to access, to and within council property	50	
Improving School and other Kitchen Facilities	Upgrades to kitchens to meet legal requirements	170	
Civic Centre Concourse	To cover additional costs on this previously approved project arising from tender exercise in the final scope linked with access requirements. This would ensure completion of all required areas of the concourse including improved disabled access.	32	
Lynn Street Garage Roof	Additional costs associated with the previously approved project for roof essential roof replacement	20	
CCTV	Upgrading CCTV cameras and ancillary equipment to address legal requirements and priority community safety issues	50	
	Sub-Total	582	
West View Cemetery Lodge	Upgrade to decent homes standards in line with requirements for tenanted properties	25	These schemes may not proceed pending consideration of the potential to dispose of these tenanted properties currently managed by Housing Hartlepool on the Council's behalf
Northgate/Carnegie House	Upgrade to decent homes standards in line with requirements for tenanted properties	25	
	Total Committed	632	
	Total Uncommitted	368	If West View Cemetery Lodge and Northgate / Carnegie House were not to proceed the total uncommitted would increase to £418k.
	Total	1,000	

NOTE

The Medium Term Financial Strategy proposals to date have allocated £1m as a contingency sum for Council Capital Fund Schemes. This funding could be utilised on a priority basis and approved by Cabinet and Council.

The schemes shown in the table have been highlighted as essential and / or committed requirements. The total of these schemes is £632k (£582k excluding West View Cemetery Lodge and Northgate/Carnegie House) and the remaining £368k (£418k excluding West View Cemetery Lodge and Northgate/Carnegie House) will be retained as a contingency to be used for specific schemes to be approved by Cabinet and Council.

There are a number of potential contingency projects such as mechanical and electrical replacements e.g. boilers, rewiring that may be required as building elements come to the end of their life that have been omitted at this stage but would need to be addressed quickly if there was a need to act.



BUDGET CONSULTATION MEETING WITH TRADE UNION REPRESENTATIVES

**Minutes of Meeting held on 05 January 2012
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
Dave Stubbs, Director of Regeneration and Neighbourhoods
Jill Harrison, Assistant Director Adult Services
Councillor G Hall
Councillor J Brash
Councillor C Simmons
Councillor P Jackson

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
Joanne Machers, Chief Customer & Workforce Services Officer
Councillor C Hill
Councillor R Payne
Councillor H Thompson
Councillor P Hargreaves

Sam Durham, PA to CEMT (Minutes)

1.	Presentation
<p>CL reported on Hartlepool's financial future and sought views from the Trade Unions. A detailed overview of the following issues was provided:</p> <ul style="list-style-type: none"> - Spending Review provided overall financial direction of Government Spending; - Local Government Settlement confirms cuts to Council funding; - Local Impact for 2012/13; - The Council's 2012/13 to 2014/15 Budget; - 2011/12 Forecast outturn; - Localising support for Council Tax; - Proposals for Business Rates Retention. 	
Comments Made	Response
The Trade Union representatives explained that they recognise the current financial position.	
The Northern Echo shows figures that Hartlepool is one of the worst effected Authorities can you confirm?	Figures would need looking into. Hartlepool receives more in Government funding than some areas. Confirmation of figures will be included in February's Cabinet report and circulated for information.
With regards to Business Rates Retention will, or has pressure been applied?	Tariffs and top ups are the best result to help maintain services and the best options for such fundamental changes.
Mayor questioned sharing growth of enterprise zones that other authorities may be interested.	
The Trade Unions Representatives referred to page 11 of the Cabinet report regarding job evaluation, outlining that there is no mention of reduced risks through equal pay. They feel there is a need to review and get money into the core funding.	The report was submitted to Cabinet in December. Significant costs have been paid and some are still awaiting approval. A review will need to take place at this stage next year. Better risk assessments of costs could be provided to Cabinet in the next 12 months; risks are currently unknown.
The Trade Unions Representatives explained that they do not feel we should ignore the Government position but suggest lowering pay freezes in the future. The impact on services and jobs and the next steps to take need to be looked at.	A number of suggestions have been provided in the report for Members to consider. No decisions can be made without paying money out. If Council Tax is not increased then jobs will be lost.
Trade Unions outlined the fact that there will be no pay increase for the next 2 years. As a result the Council may face industrial action.	There is a risk that further grant reductions maybe implemented in future years as the government may wish to claw back savings from the proposed pay cap.
How many jobs are expected to be lost?	Currently there are 42 voluntary / compulsory redundancies. Another 12 are being worked through; this includes all those with contracts coming to an end in March.



BUDGET CONSULTATION MEETING WITH BUSINESS REPRESENTATIVES

**Minutes of Meeting held on 16 January 2012
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
Dave Stubbs, Director of Regeneration and Neighbourhoods
Chris Little, Chief Finance Officer
Andrew Atkin, Assistant Chief Executive
Jill Harrison, Assistant Director Adult Social Care
Antony Steinberg, Economic Development Manager
Councillor C Hill
Councillor J Brash
Councillor G Hall
Councillor H Thompson
Councillor P Hargreaves
Councillor R Payne
Councillor C Simmons

Business Representatives

Peter Olson
Adrian Liddell
Brian Beaumont
Dianne Hitchen
Ray Priestman

Apologies:

John Megson
Joanne Machers

Sam Durham, PA to CEMT (Minutes)

1.	Presentation
<p>CL reported on Hartlepool's financial future following the Local Government Settlement and sought views from the Business Sector. A detailed overview of the following issues was provided:</p> <ul style="list-style-type: none"> - Spending Review provided overall financial direction of Government Spending; - Local Government Settlement confirms cuts to Council funding; - Local Impact for 2012/13; - The Council's 2012/13 to 2014/15 Budget; - 2011/12 Forecast outturn; - Localising support for Council Tax; - Proposals for Business Rates Retention. 	
Comments Made	Response
The Business Partners asked for further clarity on Business Rates referring to Enterprise Zones.	Hartlepool will be a top up Authority when the new Business Rates system is implemented. The Enterprise Zone will not impact on this payment.
Councillor Hall questioned the local impact of spending power cuts recently reported in the press.	These figures only covered the additional spending power reductions for 2012/13 and not the cumulative position for 2011/12 and 2012/13. In general terms both the cumulative figures and the figures for 2012/13 show a disproportionate cut in Hartlepool funding compared to the national average.
What effect will the budget cuts have on business support programmes? With regards to new business in the town and growth of these businesses?	Support to businesses has been reduced but we are hoping to carry forward funding. There has been an impact on the service and support provided by Economic Development to businesses. They aim to continue to source external funding where appropriate.
Is there anything further to the budget that that could change to help support local businesses? A balance is needed between the best deal and that best for business.	Regeneration are currently looking into future projects. The Enterprise Zone is a valuable scheme to help with new businesses. Dave Stubbs commented that thresholds have been raised. One problem with businesses is that they are being told to get the best deal they can. He felt that small companies should get together collectively and bid. Antony Steinberg advised working on support to business, helping with paperwork etc.
What do you think about mentoring schemes? These would be beneficial for old and new businesses.	Mentoring is already available if required.
Is there anything done when tenders are coming up to actively advise small businesses?	Yes, all information is available on the website.

If capital receipts do not happen will there be an implication on future years?	There is a possibility we would have to borrow. Regeneration are currently looking into future bids for land etc. We are confident £4.5m can be achieved.
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The Business Partners thanked the group for the opportunity to come along to the briefing and explained they understand the difficult position the Council are in and are happy with the decisions made.

Making fair financial decisions

This guidance has been updated to reflect the new equality duty which came into force on 5 April 2011. It provides advice about the general equality duty. Advice about the specific duties will be added at a later date when the specific duties regulations for England and Scotland have been finalised.

Introduction

With major reductions in public spending, public authorities in Britain are being required to make difficult financial decisions. This guide sets out what is expected of you as a decision-maker or leader of a public authority responsible for delivering key services at a national, regional and/or local level, in order to make such decisions as fair as possible.

The new public sector equality duty (the equality duty) does not prevent you from making difficult decisions such as reorganisations and relocations, redundancies, and service reductions, nor does it stop you from making decisions which may affect one group more than another group. The equality duty enables you to demonstrate that you are making financial decisions in a fair, transparent and accountable way, considering the needs and the rights of different members of your community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on different protected groups (or protected characteristics under the Equality Act 2010).

Assessing the impact on equality of proposed changes to policies, procedures and practices is not just something that the law requires, it is a positive opportunity for you as a public authority leader to ensure you make better decisions based on robust evidence.

What the law requires

Under the equality duty (set out in the Equality Act 2010), public authorities must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

The protected groups covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination.

The law requires that public authorities demonstrate that they have had 'due regard' to the aims of the equality duty in their decision-making. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can demonstrate that they have had 'due regard'.

It is also important to note that public authorities subject to the equality duty are also likely to be subject to the Human Rights Act. We would therefore recommend that public authorities consider the potential impact their decisions could have on human rights.

Aim of this guide

This guide aims to assist decision-makers in ensuring that:

- The process they follow to assess the impact on equality of financial proposals is robust, and
- The impact that financial proposals could have on protected groups is thoroughly considered before any decisions are arrived at.

We have also produced detailed guidance for those responsible for assessing the impact on equality of their policies, which is available on our website:

http://www.equalityhumanrights.com/uploaded_files/EqualityAct/PSED/equality_analysis_guidance.pdf

The benefits of assessing the impact on equality

By law, your assessments of impact on equality must:

- Contain enough information to enable a public authority to demonstrate it has had 'due regard' to the aims of the equality duty in its decision-making
- Consider ways of mitigating or avoiding any adverse impacts.

Such assessments do not have to take the form of a document called an equality impact assessment. If you choose not to develop a document of this type, then some alternative approach which systematically assesses any adverse impacts of a change in policy, procedure or practice will be required.

Assessing impact on equality is not an end in itself and it should be tailored to, and be proportionate to, the decision that is being made.

Whether it is proportionate for an authority to conduct an assessment of the impact on equality of a financial decision or not depends on its relevance to the authority's particular function and its likely impact on people from the protected groups.

We recommend that you document your assessment of the impact on equality when developing financial proposals. This will help you to:

- **Ensure you have a written record of the equality considerations** you have taken into account.
- **Ensure that your decision includes a consideration of the actions that would help to avoid or mitigate any impacts on particular protected groups.** Individual decisions should also be informed by the wider context of decisions in your own and other relevant public authorities, so that particular groups are not unduly affected by the cumulative effects of different decisions.
- **Make your decisions based on evidence:** a decision which is informed by relevant local and national information about equality is a better quality decision. Assessments of impact on equality provide a clear and systematic way to collect, assess and put forward relevant evidence.
- **Make the decision-making process more transparent:** a process which involves those likely to be affected by the policy, and which is based on evidence, is much more open and transparent. This should also help you secure better public understanding of the difficult decisions you will be making in the coming months.
- **Comply with the law:** a written record can be used to demonstrate that due regard has been had. Failure to meet the equality duty may result in authorities being exposed to costly, time-consuming and reputation-damaging legal challenges.

When should your assessments be carried out?

Assessments of the impact on equality must be carried out at a **formative stage** so that the assessment is an integral part of the development of a proposed policy, not a later justification of a policy that has already been adopted. Financial proposals which are relevant to equality, such as those likely to impact on equality in your workforce and/or for your community, should always be subject to a thorough assessment. This includes proposals to outsource or procure any of the functions of your organisation. The assessment should form part of the proposal, and you should consider it carefully **before** making your decision.

If you are presented with a proposal that has not been assessed for its impact on equality, you should question whether this enables you to consider fully the proposed changes and its likely impact. Decisions not to assess the impact on equality should be fully documented, along with the reasons and the evidence used to come to this conclusion. This is important as authorities may need to rely on this documentation if the decision is challenged.

It is also important to remember that the potential impact is not just about numbers. Evidence of a serious impact on a small number of individuals is just as important as something that will impact on many people.

What should I be looking for in my assessments?

Assessments of impact on equality need to be based on relevant information and enable the decision-maker to understand the equality implications of a decision and any alternative options or proposals.

As with everything, proportionality is a key principle. Assessing the impact on equality of a major financial proposal is likely to need significantly more effort and resources dedicated to ensuring effective engagement, than a simple assessment of a proposal to save money by changing staff travel arrangements.

There is no prescribed format for assessing the impact on equality, but the following questions and answers provide guidance to assist you in determining whether you consider that an assessment is robust enough to rely on:

- **Is the purpose of the financial proposal clearly set out?**

A robust assessment will set out the reasons for the change; how this change can impact on protected groups, as well as whom it is intended to benefit; and the intended outcome. You should also think about how individual financial proposals might relate to one another. This is because a series of changes to different policies or services could have a severe impact on particular protected groups.

Joint working with your public authority partners will also help you to consider thoroughly the impact of your joint decisions on the people you collectively serve.

Example: A local authority takes separate decisions to limit the eligibility criteria for community care services; increase charges for respite services; scale back its accessible housing programme; and cut concessionary travel. Each separate decision may have a significant effect on the lives of disabled residents, and the cumulative impact of these decisions may be considerable. This combined impact would not be apparent if the decisions were considered in isolation.

- **Has the assessment considered available evidence?**

Public authorities should consider the information and research already available locally and nationally. The assessment of impact on equality should be underpinned by up-to-date and reliable information about the different protected groups that the proposal is likely to have an impact on. A lack of information is not a sufficient reason to conclude that there is no impact.

- **Have those likely to be affected by the proposal been engaged?**

Engagement is crucial to assessing the impact on equality. There is no explicit requirement to engage people under the equality duty, but it will help you to improve the equality information that you use to understand the possible impact on your policy on different protected groups. No-one can give you a better insight into how proposed changes will have an impact on, for example, disabled people, than disabled people themselves.

- **Have potential positive and negative impacts been identified?**

It is not enough to state simply that a policy will impact on everyone equally; there should be a more in-depth consideration of available evidence to see if particular protected groups are more likely to be affected than others. Equal treatment does not always produce equal outcomes; sometimes authorities will have to take particular steps for certain groups to address an existing disadvantage or to meet differing needs.

• **What course of action does the assessment suggest that I take? Is it justifiable?**

The assessment should clearly identify the option(s) chosen, and their potential impacts, and document the reasons for this decision. There are four possible outcomes of an assessment of the impact on equality, and more than one may apply to a single proposal:

Outcome 1: No major change required when the assessment has not identified any potential for discrimination or adverse impact and all opportunities to advance equality have been taken.

Outcome 2: Adjustments to remove barriers identified by the assessment or to better advance equality. Are you satisfied that the proposed adjustments will remove the barriers identified?

Outcome 3: Continue despite having identified some potential for adverse impacts or missed opportunities to advance equality. In this case, the justification should be included in the assessment and should be in line with the duty to have 'due regard'. For the most important relevant policies, compelling reasons will be needed. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact, as discussed below.

Outcome 4: Stop and rethink when an assessment shows actual or potential unlawful discrimination.

• **Are there plans to alleviate any negative impacts?**

Where the assessment indicates a potential negative impact, consideration should be given to means of reducing or mitigating this impact. This will in practice be supported by the development of an action plan to reduce impacts. This should identify the responsibility for delivering each action and the associated timescales for implementation. Considering what action you could take to avoid any negative impact is crucial, to reduce the likelihood that the difficult decisions you will have to take in the near future do not create or perpetuate inequality.

Example: A University decides to close down its childcare facility to save money, particularly given that it is currently being under-used. It identifies that doing so will have a negative impact on women and individuals from different racial groups, both staff and students.

In order to mitigate such impacts, the University designs an action plan to ensure relevant information on childcare facilities in the area is disseminated to staff and students in a timely manner. This will help to improve partnership working with the local authority and to ensure that sufficient and affordable childcare remains accessible to its students and staff.

- **Are there plans to monitor the actual impact of the proposal?**

Although assessments of impact on equality will help to anticipate a proposal's likely effect on different communities and groups, in reality the full impact of a decision will only be known once it is introduced. It is therefore important to set out arrangements for reviewing the actual impact of the proposals once they have been implemented.

What happens if you don't properly assess the impact on equality of relevant decisions?

If you have not carried out an assessment of impact on equality of the proposal, or have not done so thoroughly, you risk leaving yourself open to legal challenges, which are both costly and time-consuming. Recent legal cases have shown what can happen when authorities do not consider their equality duties when making decisions.

Example: A court recently overturned a decision by Haringey Council to consent to a large-scale building redevelopment in Wards Corner in Tottenham, on the basis that the council had not considered the impact of the proposal on different racial groups before granting planning permission.

However, the result can often be far more fundamental than a legal challenge. If people feel that an authority is acting high-handedly or without properly involving its service users or employees, or listening to their concerns, they are likely to become disillusioned with you.

Above all, authorities which fail to carry out robust assessments of the impact on equality risk making poor and unfair decisions that could

discriminate against particular protected groups and perpetuate or worsen inequality.

As part of its regulatory role to ensure compliance with the equality duty, the Commission will monitor financial decisions with a view to ensuring that these have been taken in compliance with the equality duty and have taken into account the need to mitigate negative impacts where possible.

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 KEY FINANCIAL ASSUMPTIONS UNDERPINNING THE BUDGET

Budget Assumption	Financial Standing and Management
The treatment of inflation and interest rates	<p>The proposed resource allocations for 2012/13 include 2.5% for anticipated general inflation on non pay expenditure. In addition, where it is anticipated costs will increase by more than inflation these issues have been specifically reflected in the pressures included within the budget requirement.</p> <p>The salary budgets include a reduced allowance for staff turnover to reflect current market conditions.</p> <p>Interest exposure is managed through the Treasury Management Strategy.</p>
The treatment of demand led pressures	Individual Portfolio Holders and Directors are responsible for managing services within the limit of resource allocations and departmental Risk and Strategic Change Provisions. If these resources are inadequate the Council's Managed Under/Overspends Policy provides flexibility to manage the change over more than one financial year. In some specific instances it will not be possible in 2012/2013 to absorb some demand pressures and appropriate provision has been included in the budget requirement for 2012/13, to meet these commitments.
The treatment of planned efficiency savings/productivity gains	All Directors have a responsibility to deliver services within the approved resource allocations. Where departmental efficiencies are planned it is the individual Directors responsibility to ensure they are implemented. Any under achievement would be dealt with on a temporary basis through the managed overspend rules until a permanent efficiency is achieved. The main areas of efficiencies in 2012/13 are part of the Business Transformation Programme. Work undertaken 2011/12 to deliver these savings in advance makes the 2012/13 budget position more robust and sustainable.
The availability of other funding to deal with major contingencies and the adequacy of provisions	<p>The Council's approved Managed Underspend and Strategic Risk and Change initiatives are well understood and provide service departments with financial flexibility to manage services more effectively. These arrangements help to avoid calls on the Council's corporate reserves.</p> <p>The Council's insurance arrangements are a balance between external insurance premiums and internal self insurance. The value of the Council's insurance fund has been assessed and is adequate to meet known reserves on outstanding claims.</p>
The strength of financial reporting arrangements and the Authority's track	The Council's financial reporting arrangements include the identification of forecast outturns for both revenue and capital areas. These arrangements ensure problems are

record of budget monitoring	identified and corrective action taken before the year end, either at departmental or corporate level. These arrangements have worked well and have enabled the Council to strengthen the Balance Sheet over the last few years.
Equal Pay/ Equal Value Claims	<p>The Council has completed the detailed evaluation of all jobs and developed a new pay and grading structure, which was implemented with effect from 1st April 2007. The Council substantially completed Job Evaluation Appeals.</p> <p>The Council is also facing the risk of Equal Value Pay Claims. Accordingly, the Council has set up a Single Risk Reserve to fund such risks.</p>

2012/13 FINANCIAL RISK MANAGEMENT**Risk Rating**

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

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

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

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

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

EXPENDITURE ITEMS**CORPORATE RISKS**

Financial Risk	Risk Rating	2012/13 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Pay	Amber	46,000	52%	The MTFS includes provision for a cost of living pay award from 1st April 2012. There is likely to be downward pressure on this area, owing to the impact of the recession. The allowance included in the budget for staff turnover has been reduced to reflect the current labour market.
Higher costs of borrowing and/ or lower investment returns	Green	7081	0.08	<p>This budget covers annual principal repayments and net interest on the Council's borrowings and investments. Interest payable on Council's borrowings or interest earned on investments could be higher/lower than forecast.</p> <p>The Treasury Management Strategy details how these risks will be managed and establishes an appropriate framework of controls for managing these risks. This strategy is based upon the CFO's assessment of future interest rates, which is itself supported by the detailed interest rate forecasts and market intelligence provided by the Council's Treasury Management Advisors.</p> <p>There is still a risk that LOBO loans maybe recalled. However, as interest rates on these loans are now higher than prevailing market rates this risk has reduced in the short term. In the medium term this risk will increase as interest rates rise and this may be affected by the increase in PWLB rates.</p> <p>The unprecedented low levels of interest rates have resulted in a significant reduction in investment income this change has not had a significant impact on the MTFS as the MTFS takes a prudent approach and only includes investment income on an annual basis.</p>
Planned Maintenance Budget	Amber	221	0.2%	<p>Much of the Council's building stock is in poor condition and the Corporate Risk Register identifies this as a "red" risk. From 2002/03 the Council provided 2.5% real term growth for this budget to start addressing these issues. It was recognised that this would not be sufficient and at some point significant resources would need to be allocated to address these issues.</p> <p>The Revenue Budget Strategy includes provision to support Prudential Borrowing to fund £1.0m of capital priorities.</p>
Failure to comply with relevant local authority financial legislation/regulations, NI and taxation regulations	Amber	N/A	N/A	The Council will take appropriate steps to ensure it keeps up to date with changing legislation and regulations. There is nothing to indicate that the Council faces any specific material risk in these areas.

CHILD & ADULT SERVICES

Financial Risk	Risk Rating	2012/13 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Individual Pupils Budget allocated during the year to schools for high level SEN pupils	Green	1,882	N/A	The Local Authority retains DSG funding to support pupils with special educational needs by agreement with the Schools Forum. This funding is allocated to schools each term to cover their costs of employing Teaching Assistants and rates are reviewed each year as part of the annual budget process. Pressure on this budget is directly influenced by the number of children requiring support in any given year and the SEN manager liaises with schools to share costs with them on an ongoing basis.
Home to School Transport Costs	Amber	1,392	1.6%	The Department's home to school transport contracts are regularly reviewed to ensure competitive prices and best value. Provision of transport is determined by the HTS Transport policy but costs are directly influenced by the needs of pupils which vary from term to term. The highest area of spending relates to the requirement to transport special needs pupils which is demand led, invariably requires escorts and is difficult to control other than to ensure all individual arrangements are procured as economically as possible by the Integrated Transport Unit (ITU).
Carlton Outdoor Education Centre	Red	68	0.1%	Responsibility for operating the Carlton Centre was passed to the LA when the Borough was created in 1996. Since that time running costs have been subsidised and shared via a joint authority service level agreement. Since then all other LA's have withdrawn from the agreement resulting in an increase in the external income target for the Centre. It is likely that the Centre will need to build up a customer base from OLA schools and other types of visitors and a review of the operation and expenditure of the Centre has recently been undertaken.
Increased demand in places at independent schools for pupils with high level of SEN	Amber	650	0.7%	There are various circumstances in which the Department can be faced with unavoidable cost pressures arising from SEN children who may move into the Borough at any time. For example the home LA is responsible for fees at independent special schools which are invariably very expensive. Where it is necessary for Hartlepool children to attend special schools in other Authorities these are invariably high cost and conversely placements in Hartlepool Schools from other LA's may cease resulting in a loss of income. This service is DSG funded.
Increased Demand for Looked After Children Placements	Red	5,003	5.7%	There is a national trend of increasing numbers and increased costs for the placement of children with foster parents or in residential establishments. This particular area is highly volatile and subject to unexpected increases in the numbers of children. A Looked After Children Risk Reserve has been created and is budgeted to be utilised during 2012/13.
Schools Buy-Back Income	Amber	(388)	-0.4%	Buy back income underpins a range of departmental services which are therefore susceptible to loss of income.
Demographic changes in Older People	Amber	9,786	11.1%	<p>Increasing number of elderly people, high percentage of chronic health problems and market pressures on price.</p> <p>The individual nature of contribution towards social care provision is such that the financial circumstances of each individual can differ substantially. The level of the value of people's assets and savings can differ significantly and demographic changes can impact on levels of contribution.</p> <p>Increased pressure on intermediate care services and ensuring discharge from hospital is not delayed. Older people needs becoming more complex due to increased life expectancy</p> <p>Implementation of 'Putting People First' LAs now directed to reconfigure services to include focus on prevention, universal services and early intervention.</p> <p>Ongoing risk in relation to Continuing Health Care (S28A) disputes.</p> <p>Provision in medium term financial plans to minimise impact of increases generated from Independent sector.</p>

Financial Risk	Risk Rating	2012/13 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Demographic changes in Working Age Adults	Red	9,476	10.7%	<p>Increasing numbers of people with learning disabilities surviving into adulthood with increasingly complex needs. High numbers of frail elderly carers requiring increased levels of support and increasing levels of early on-set dementia and old-age; expectations of improved quality of life; long-term effect of closure of long-stay hospitals</p> <p>The individual nature of contribution towards social care provision is such that the financial circumstances of each individual can differ substantially. The level of the value of people's assets and savings can differ significantly and demographic changes can impact on levels of contribution.</p> <p>Investment in medium term identified along with development of alternatives to residential care e.g. Supporting people. Increased number of people coming through transition with autistic spectrum disorders and increasing complex needs.</p> <p>Increasing numbers of people with physical disabilities surviving into adulthood and old age; expectations of improved quality of life; increased choice and control</p> <p>Investment in medium term identified along with development of alternatives to traditional methods of service delivery.</p>
Non-achievement of income targets - Community Services	Amber	(1,409)	-1.6%	The nature of Cultural Services and Sport & Recreations' budgets are such that the majority of income is generated through admissions/usage of the services on offer. If this usage falls below targets then income will be reduced. Budget Forecasts are based on revised charges and trends from previous years which indicate the budget should be achievable. Position will be monitored closely throughout the year.
Non-achievement of income targets - PCT specific Income	Amber	(3,543)	-4.0%	<p>PCT income is received to contribute to cover the costs of packages for individuals with social care needs, to contribute to specific services and most recently to invest in Social Care services that lead to a long term health benefit.</p> <p>Risks exist for joint packages whereby an individuals circumstances can change and the level at which the PCT are liable to contribute can decrease. Investment priorities can change year on year for PCT's and investment can reduce for certain services. Recent funding received is temporary in nature and therefore use to cover existing services can lead to a long term budget pressure.</p>

REGENERATION & NEIGHBOURHOODS

Financial Risk	Risk Rating	2012/13 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Car Parking	Amber	1,811	2.0%	<p>Budget forecasts are based on revised charges and actual income achieved in previous years. There is a risk that the planned level of income may not be achieved.</p> <p>The risk car parking income shortfalls has been addressed by a permanent reduction in this budget.</p>
Fee Income - Planning & Building Control	Amber	706	0.8%	<p>The fee income target must be achieved to fund part of the department's expenditure budget. This income cannot be controlled or easily estimated. Achieving the target depends on sufficient numbers/size of applications being received, national economic conditions such as interest rates being sufficiently favourable to encourage development and, in the case of Building Control, the section being able to successfully compete with the private sector.</p> <p>A specific reserve has been earmarked to address an anticipated shortfall in this income in 2012/13</p>
Rent Income - Economic Development Service	Green	204	0.2%	Rent income is paid by new/growing businesses in the Brougham Enterprise Centre and Industrial Units. Whilst the recent major investment programme for these managed workspace units should help to secure good occupancy levels, factors beyond the department's control, most notably the prevailing national economic conditions, may increase the risk of non-payment and/or under occupancy during 2012/13.

CABINET REPORT

6th February 2012



Report of: Director of Regeneration and Neighbourhoods
and Director of Child and Adult Services

Subject: FAMILIES WITH MULTIPLE PROBLEMS

SUMMARY

1. PURPOSE OF REPORT

To seek approval from Cabinet for the Council to deliver the Department of Work and Pensions (DWP) European Social Fund (ESF) – Families with Multiple Problems programme as a subcontractor of the Wise Group.

2. SUMMARY OF CONTENTS

The report outlines the details of the new DWP ESF – Families with Multiple Problems programme, the opportunity for the Council to become a subcontractor of the Wise Group and the contractual, financial, human resource and risk implications involved in delivering the programme. Confidential information relating to contractual and financial implications is highlighted in **Appendix 1**.

This item contains exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information)(Variation) Order 2006) namely, 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

3. RELEVANCE TO CABINET

The employment and skills and child poverty agenda falls within the Regeneration and Economic Development and Skills and Child and Adult Services Portfolios respectively, however due to the issues arising from the report the matter has been referred to Cabinet for consideration.

4. TYPE OF DECISION

| Key Decision RN71/11 (test (both i and ii) applies).

5. DECISION MAKING ROUTE

To be considered by Cabinet on 6th February 2012.

Previous report submitted to Cabinet on this matter on 19th December 2011.

6. DECISIONS REQUIRED

- i) That Cabinet gives approval for the Council to deliver the ESF programme as a subcontractor of the Wise Group.
- ii) That Cabinet approves that the Chief Solicitor is given delegated power to sign and submit the contract to the Wise Group by no later than Monday 6th February 2012.

Report of: Director of Regeneration and Neighbourhoods and
Director of Child and Adult Services

Subject: FAMILIES WITH MULTIPLE PROBLEMS

1. PURPOSE OF REPORT

- 1.1 To seek approval from Cabinet for the Council to deliver the Department of Work and Pensions (DWP) European Social Fund (ESF) – Families with Multiple Problems programme as a subcontractor of the Wise Group.

2. BACKGROUND

- 2.1 On 10th December 2010, the Prime Minister announced the Government's commitment to try and turn around the lives of the most troubled families in the Country by 2015. The Department for Education estimates that there are around 120,000 troubled families in England, 40 – 50,000 of which include children and young people with behavioural problems or special educational needs. These families have complex needs, the worst prospects and make significant costly demands on local services. In some cases the cost has been estimated in the region of £250,000 to £330,000 per family, per year. This is because up to 20 different agencies can find themselves supporting the same family, a practice which has been shown to be costly.
- 2.2 Between 2011-2013, DWP will invest around £200m nationally of funding it receives from the ESF to help families with multiple problems overcome barriers to employment. This initiative contributes to wider cross-Government programme on families with multiple problems and the emerging community budgets.
- 2.3 On the 30th June 2011, DWP invited organisations from the DWP framework to bid for funding that will make a vital contribution to support families with multiple problems.
- 2.4 This ESF programme must not duplicate what is available locally, but must complement and align with locally available provision. As part of the tendering process, DWP instructed that prime providers must work closely with local Council's who will act as the main referral agency and would ensure that this programme was strategically linked to existing family support and worklessness programmes. Council officers worked with all of the prime providers who showed an interest in submitting an application to DWP to ensure that their delivery model complemented existing Family Intervention Services.

- 2.5 On Monday 17th October 2011, the DWP announced that the Wise Group had successfully tendered for this ESF opportunity and would be the only prime provider who would deliver the programme across the North East region.
- 2.6 On Friday 25th November 2011, the Wise Group contacted Council officers and requested that the Council consider being a subcontractor to deliver end-to-end activity within Hartlepool.
- 2.7 On Monday 28th November 2011, the Wise Group forwarded detailed contractual information to the Council's Human Resource, Legal and Finance Teams so that an informed decision could be made on the staffing, financial and contractual implications of delivering the programme.
- 2.8 On Thursday 30th November 2011, the Wise Group informed Council officers that they had also chosen to subcontract with the Shaw Trust. This would mean that the proposed delivery model would consist of the Wise Group as the accountable body, with the Shaw Trust and the Council each delivering 50% of the overall contract. This delivery model would also incorporate five providers who would deliver specialist services in Hartlepool as part of 'on the spot purchasing'. This means that the following providers will delivery the stated services when requested by the customer as part of the customer's personalised programme to assist individuals to achieve their 3 progress measures.

Specialist Providers	
Name of Provider	Specialist Services Offered
Five Lamps	Financial Inclusion.
Barnardo's	Family support.
DISC	Drug and Alcohol services.
Shelter	Housing advice and information.
Children North East	Young Peoples services.

- 2.9 The Wise Group required the Council to sign a "letter of intent" which they submitted to the Council with the other contractual documents. Legal drafted a letter of intent for this purpose and this was submitted to the Wise Group on Thursday 30th November 2011, as they had to forward all subcontractors letters by this date to DWP.
- 2.10 A report was submitted to Cabinet on Monday 19th December to inform members of the current position regarding the DWP ESF – Families with Multiple Problems programme and to seek approval to continue negotiations with the Wise Group for the Council to deliver this programme. At this meeting, Cabinet approved that negotiations could continue with the Wise Group, subject to a further report coming back setting out the human resource, contractual, financial and risk implications of the Council delivering this programme.

3. OVERVIEW OF THE ESF PROGRAMME

3.1 AIM OF THE ESF PROGRAMME

The aim of the ESF programme is to tackle entrenched worklessness by progressing multi-generational families/family members with multiple problems closer to the labour market, so that they can enter employment or take advantage of employment focused support, such as the Work Programme.

3.2 ELIGIBLE CUSTOMER GROUPS

Eligible families must have at least one family member on out-of-work benefits and a history of worklessness. The programme is voluntary and providers and subcontractors will be paid on delivering Progress Measures and Job Outcome. Eligible customers must not be registered on the DWP Work Programme before commencing on this ESF programme. However, customers can start on the ESF programme and then move onto the Work Programme at a later date.

3.3 DURATION OF THE ESF PROGRAMME - FAMILIES WITH MULTIPLE PROBLEMS

Each individual can be on the programme for up to 12 months and within that time it will be the responsibility of the subcontractor to assist individuals to achieve three Progress Measures and support them into employment. However, a job outcome can be claimed up to 39 to 56 weeks after the individual completes the programme.

4. CURRENT POSITION

4.1 Alongside the Cabinet report being submitted in December 2011, representatives from Child and Adult Services and Economic Development Team continued to work closely with the Wise Group and the Shaw Trust to set out how the delivery model will complement existing Family Intervention and Prevention Services.

4.2 It has been agreed with the Wise Group that families will access this programme through the Family Intervention and Prevention Services via Employment Advisors, who will be placed within the Family Intervention multi-disciplinary teams. There are also ongoing negotiations with the Shaw Trust to deliver joint training which will be cost effective and will provide all customers with a similar standard of service and quality.

4.3 As highlighted within the Cabinet report dated 19th December 2011, the five organisations identified by the Wise Group to deliver

specialist provision include Barnardo's and Disc who currently hold contracts with the Council. There were concerns raised that this arrangement could lead to duplication of services. As a result, officers from Child and Adult Services and Procurement will be meeting with both providers to ensure that their ESF activity adds value to the services that they will deliver for the Council.

- 4.4 Although the Wise Group has received a letter of intent, they have requested that if Cabinet give approval, then the Council submit the contract to their organisation by no later than Monday 6th February 2012.

5. CONTRACTUAL TERMS AND CONDITIONS

5.1 INDICATIVE CUSTOMER VOLUMES FOR HARTLEPOOL

The Wise Group has provisionally offered an indicative allocation to the Council to deliver an estimated 328 starts over the three year period (2011-2013). This is 50% of the starts for the Hartlepool area, with Shaw Trust delivering the remaining 50%.

5.2 COMMENCEMENT DATE OF THE PROGRAMME

The programme officially commenced in December 2011 following a statement from the Minister for Employment, Chris Grayling on the 15th December. However, DWP has written to state that this is not the official launch which has now been timetabled for early in the New Year. DWP has requested that until the official launch, that there are no formal announcements, press releases or launch events.

5.3 PROFILED STARTS

The table below shows the profiled targets for the Council up to October 2012. The Wise Group has not issued any profiled targets beyond this period.

Month	Referral Profile
December 2011	0
January 2012	1
February 2012	2
March 2012	5
April 2012	7
May 2012	13
June 2012	13
July 2012	13
August 2012	13
September 2012	13
October 2012	13

The Wise Group has advised that they have negotiated with DWP to start 1 customer in December 2011 and 2 in January 2012 in Hartlepool. Until a decision has been made by Cabinet, Shaw Trust has agreed to meet this schedule.

5.4 PAYMENT MODEL

The contract is based on indicative volumes and payments will be made to providers based on supporting a proportion of customers achieving:

- **Three Progress Measures (See 5.5 for details) and;**
- **Helping them entering into employment.**

There will be no start payments available when customers enter the programme. There are a wide range of Progress Measures that can be offered to customers as part of their personalised programme to move them closer to the labour market such as those shown within paragraph 5.5

5.5 PROGRESS MEASURES

As a minimum, subcontractors must deliver at least 3 Progress Measures for individuals against the following four categories.

- **Interventions to Overcome Family Related Barriers** this might include support for effective parenting, providing positive role models/peer support, engaging with family stakeholders (for example schools and JCP) and support for needs related to children, where these needs are a barrier to an individual finding work etc;
- **Reducing Social and Economic Isolation** this might include addressing debt and money management, increasing knowledge of the labour market, confidence in dealing with support agencies etc.;
- **Interventions to Tackle Work Related Barriers** this might include developing vocational skills, work related certification and courses, volunteering, involvement in social enterprises, work experience, improved information technology experience / knowledge, self-employment etc.;
- **Addressing Health and Housing Related Barriers** this might include participation in a substance rehabilitation programme, active and constructive engagement with health promotion services, permanent accommodation etc.

5.6 It is important to note that the **Progress Measure Payment** can only be claimed when a customer has successfully achieved 3 Progress Measures and has been on the programme for a minimum of 6 months. This means that no funding will be received for at least 6 months.

5.7 JOB OUTCOME PAYMENT

A Job Outcome Payment – This can be claimed when a customer enters into sustainable employment. The DWP has defined ‘sustainable employment’ and the payment of job outcomes by benefit type as shown below:

Working Age Benefit	Period of employment
Job Seekers Allowance (JSA)	26 weeks (out of 30)
JSA ex Incapacity Benefit (IB) claimant	13 weeks consecutively
Employment Support Allowance (ESA)	13 weeks consecutively
Income Support (IS) and IB	13 weeks consecutively

- 5.8 The Progress Measure and Job Outcome payment will be paid at different rates as defined in the payment schedule - **Appendix 1** - **This item contains exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information)(Variation) Order 2006) namely, 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).**

5.9 MINIMUM PERFORMANCE STANDARDS

As part of the contract, there are minimum performance standards that will need to be achieved. Of the 328 customers starting onto the ESF programme:

- 80% (262 customers) will complete 3 Progress Measures and
- 25% (82 customers) will progress into employment.

6. FINANCIAL AND CONTRACTUAL INFORMATION

- 6.1 Confidential information relating to contractual and financial is highlighted in **Appendix 1**. **This item contains exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information)(Variation) Order 2006) namely, 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).**

7. RISK IMPLICATIONS OF DELIVERING THE PROGRAMME

- 7.1 There are a number of risk implications of delivering this programme that need to be considered including:
1. That in the current economic climate, there are a lack of live vacancies to move customers into sustained employment.
 2. That some customers will have significant barriers to employment such as a lack of work experience, low confidence and motivation and low educational attainment.
 3. That this is a voluntary programme and customers will not be mandated by Jobcentre Plus to attend.
 4. That 82 of the 328 customers have to enter into sustained employment within the period.
 5. That the profiled targets of assisting 80% of customers (equating to 262 individuals) to achieve three Progress Measures is challenging. For each customer to complete three Progress Measures will require each individual to be on a personalised programme of approximately 95 hours.
- 7.2 To reduce this risk, it is proposed that Economic Development will utilise existing core funded staff members. These officers will be responsible for ensuring that the Council meets the contractual requirements. This will include monitoring the performance of the programme and implementing high quality provision that meets OFSTED requirements. Also, existing and experienced staff will deliver the programme as outlined in paragraph 7.3. This may require a relatively small additional staffing cost to be funded from project income.
- 7.3 In addition, the Team has designed a Delivery Model in partnership with Child and Adult Services, the Wise Group and Shaw Trust that will ensure that minimum service requirements, including the profiled targets are achieved.

The Delivery Model is split into six sections.

1. **Initial Engagement and Action Planning:** There will be a dedicated Employment Adviser who will work closely with the Family Intervention Service to identify and engage with eligible customers from this service. Once identified, the customer will complete an eligibility check, initial assessment and personalised action plan. The action plan will identify barriers to employment and the support services that will need to be implemented to assist a customer into sustained employment.
2. **Individualised Support Programme:** Each customer will be given a dedicated and qualified named Employment Adviser who will be responsible for supporting the individual throughout the

lifetime of the programme. This will include regular reviews of progress against the action plan, intensive Information, Advice and Guidance (IAG) and mentoring support to help an individual achieve three Progress Measures and progress into employment.

3. **Pre-Employment Training:** The pre-employment training has been designed so that it incorporates all of the modules set out in the three Progress Measures by offering approximately 95 hours training for each customer. By assisting 80% of the customers to complete their pre-employment programme will allow the Council to claim the Progress Measure payments.

This pre-employment training will be jointly delivered in collaboration with Economic Development and the Shaw Trust which will provide multiple benefits for both organisations and the customer. This includes efficiency savings for both organisations through co-location of premises and reduced tutor costs and each individual customer will be offered the same high quality bespoke programme. As part of the training, each customer will be offered additional intensive IAG sessions, work trials and volunteering which will provide the necessary levels of support to assist an individual to move closer to the labour market. The training has been designed to meet customer's needs and to retain them on the programme. Where a customer is identified as at risk of leaving the programme, they will be offered additional support.

The training will be offered on a roll-on/roll-off basis so that the customer can enter onto the programme throughout the year.

4. **In-Work Support:** To ensure that the customer sustains their employment placement, each individual will be offered in-work mentoring support, such as a continuation of IAG to inform of in-work training that can be sourced to meet the demands of employers.
5. **Employer Engagement:** There will be increased employer engagement by Economic Development to ensure that there are routeways for the customer to work trials, volunteering and ultimately sustained employment and apprenticeship programmes.
6. **Engagement with Post-16 Providers:** Economic Development will work closely with post-16 providers who can offer routeways to sector specific training including apprenticeship programmes. In addition, wrap-around services will be sourced for the customer from providers that remove barriers to work such as counselling services.

8. FINANCIAL IMPLICATIONS OF DELIVERING THE PROGRAMME

8.1 The main financial implication is that the financial model for this Contract is payment on delivery. Therefore, the Council will not be paid until the first customer has achieved three Progress Measures and/or enters into sustained employment. This will mean that there will be no external funding received for this programme from the Wise Group until approximately six months after the programme starts.

8.2 The staffing costs for the Council to deliver the programme will be largely covered as the roles will be picked up using existing funded staff and by utilising existing external funding in the first instance.

8.3 There will be additional costs to the Council for example to cover training, job subsidies, etc. These costs will be borne out of the income highlighted in the table at **Appendix 1**, paragraph 3.1 – 3.3.

This item contains exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information)(Variation) Order 2006) namely, 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

9. HUMAN RESOURCE IMPLICATIONS OF DELIVERING THE PROGRAMME

9.1 If approval is given by Cabinet, the Economic Development Team will utilise existing staff that have the experience and expertise to deliver this programme. Also, as the activity for this programme incorporates the staff's current job roles, there will be no job evaluation implications.

9.2 Please note that for this programme, there are no Transfer of Undertakings (Protection of Employment) TUPE issues.

10. POTENTIAL LEGAL IMPLICATIONS OF DELIVERING THE PROGRAMME

10.1 The Council's Legal Team have reviewed the Contract and they have confirmed that the terms and conditions of the Contract appear to be standard and the obligations on the Council do not appear to be excessively onerous.

11. TRACK RECORD OF THE COUNCIL

11.1 The Council has a significant track record of successfully delivering large scale worklessness programmes. This has included major employability initiatives such as the Future Jobs Fund that assisted 720 young people and long term economically inactive to sustained employment.

- 11.2 Due to the excellent working relationships that have been developed with Child and Adult Services, the Wise Group, the Shaw Trust and through existing collaboration with employers and post-16 providers, the minimum service requirements could be achieved.

12. CONCLUSION

- 12.1 This ESF programme provides a significant opportunity for the Council to deliver a bespoke employability programme for 328 family members over the next three years. This programme will provide significant support for some of the most vulnerable families within Hartlepool and it will contribute to wider Council strategies including:

- Economic Regeneration Strategy
- Early Intervention Strategy
- Child Poverty Strategy

13. RECOMMENDATIONS

- i) That Cabinet gives approval for the Council to deliver the ESF programme as a subcontractor of the Wise Group.
- ii) That Cabinet approves that the Chief Solicitor is given delegated power to sign and submit the contract to the Wise Group by no later than Monday 6th February 2012.
- iii) That if approval is given, that six-monthly update reports are submitted to Cabinet on the progress of this programme, with the first submission in October 2012 and thereafter within the financial reporting periods.

14. REASON FOR RECOMMENDATIONS

- 14.1 The Council has significant experience of successfully delivering similar payment on results worklessness programmes. By working in partnership with Child and Adult Services, the Shaw Trust, post-16 providers and local employers, the profiled outputs are achievable.
- 1.2 That as long as the Council delivers their profiled targets, this programme will provide external funding for the Council.
- 14.3 This provides an excellent opportunity for the Council to continue to deliver programmes that support young people and families with multiple problems to remove barriers to employment.

- 14.4 That as set out in **Appendix 1**, the obligations under the Contract do not appear to be excessively onerous on the Council.

15. BACKGROUND INFORMATION

- 15.1 The Department for Work & Pensions – Information on the ESF Support for Families with multiple problems: <http://www.dwp.gov.uk/supplying-dwp/what-we-buy/welfare-to-work-services/european-social-fund/>
- 15.2 Cabinet Report – 19th December 2011 - http://www.hartlepool.gov.uk/egov_downloads/19.12.11_-

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CABINET REPORT

6th February 2012



Report of: Director of Regeneration & Neighbourhood Services

Subject: VOLUNTARY & COMMUNITY SECTOR STRATEGY
AND COMMUNITY GRANTS POOL - UPDATE

SUMMARY

1. PURPOSE OF REPORT

The purpose of this report is to update Cabinet on the progress being made in the development of the new Hartlepool Voluntary and Community Sector (VCS) Strategy and the Community Grants Pool. The report also seeks Cabinet approval to change the process of awarding category 4 of the Community Grants Pool for Town-wide Specialist Support from a commissioning approach to a grants process.

2. SUMMARY OF CONTENTS

The report contains a summary of the steps taken so far in the development of the Voluntary and Community Sector Strategy and also sets out when the Strategy will be coming to Cabinet for approval as a draft for consultation.

The report also sets out the progress being made with the Community Grants Pool procurement exercise and seeks Cabinet approval to change the process for awarding category 4 of the Community Grants Pool for Town-wide Specialist Support from a commissioning approach to a grants process.

3. RELEVANCE TO CABINET

The report updates on activity which will affect how the Council works with and supports the Voluntary and Community Sector within the Borough.

4. TYPE OF DECISION

Non-Key Decision

5. DECISION MAKING ROUTE

Cabinet 21st November 2011
Cabinet 6th February 2012

6. DECISION(S) REQUIRED

Cabinet is requested to:

- (i) note the update on the preparation of the new Voluntary and Community Sector Strategy;
- (ii) note the progress made on the Community Grants Pool particularly the procurement of categories 1, 2 and 3;
- (iii) agree to change the allocation of category 4 of the Community Grants Pool from a commissioning process to a grants application process for 2012/13 as set out in paragraph 4.3 to 4.5 of the report.

Report of: Director of Regeneration & Neighbourhood Services

Subject: VOLUNTARY & COMMUNITY SECTOR STRATEGY
AND COMMUNITY GRANTS POOL - UPDATE

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Cabinet on the progress being made in the development of the new Hartlepool Voluntary and Community Sector (VCS) Strategy and the Community Grants Pool. The report also seeks Cabinet approval to change the process of awarding category 4 of the Community Grants Pool for Town-wide Specialist Support from a commissioning approach to a grants process.

2. BACKGROUND

- 2.1 At the meeting on 21st November 2011 Cabinet agreed a number of proposals for the future delivery of the Hartlepool Compact, Voluntary Sector Strategy and the Community Grants Pool. These proposals included the timetable for the preparation of a new Voluntary and Community Sector Strategy which would include the principles of the Compact. At the meeting it was also noted that the Housing and Transition Portfolio Holder intended to establish a development group which would include elected members, VCS representatives and Hartlepool Borough Council (HBC) officers to support the review of the VCS Strategy.
- 2.2 At that meeting Cabinet also took a number of decisions on the future of the Community Grants Pool. They agreed the 5 categories that would form the basis of allocating the funding as:

- 1) Universal Welfare & Benefits Advice Support
- 2) Universal Credit Union Support
- 3) Capacity/Resource Building
- 4) Universal Town-wide Specialist and/or Support Organisations
- 5) Development/Investment Support Grants – “Challenge Funding”

At the time it was agreed that categories 1, 2, 3 and 4 would be taken forward through a commissioning process and that further work would be undertaken on category 5 to determine the types of activity that would be supported and how applications in this category would be considered by Grants Committee.

3. UPDATE ON THE VOLUNTARY AND COMMUNITY SECTOR STRATEGY

- 3.1 The draft Hartlepool Voluntary & Community Sector (VCS) Strategy is currently being developed as agreed at Cabinet on 21st November 2011. To date Councillor Brash, Portfolio Holder for Housing and Transition, has held two Development Group meetings with representation from the VCS, Elected Members and HBC Officers representing all departments. A third Development Group meeting is due to take place on the 31st January 2012, where the latest version of the draft strategy will be discussed. It is intended that the draft will be brought to Cabinet on 20th February 2012 for agreement as a draft for consultation.
- 3.2 Consultation on the draft VCS Strategy will take place over a 12 week period and will involve a number of consultation methods, including online consultation an event and focus groups. The consultation process will be diverse giving the VCS and public sector partners plenty of opportunity to get involved in the process and comment on the Strategy and its aims. It is expected that the final Strategy will be brought to Cabinet in May 2012 for approval. Following the approval of the Strategy, the next step will be implementation by both the VCS and Public Sector Partners. It is anticipated that a Group be set up to develop, embed, monitor and take the VCS Strategy and associated action plan forward.

4. UPDATE ON THE COMMUNITY GRANTS POOL

- 4.1 Procurement of Category 1 (Universal Welfare Benefits and Financial Advice), 2 (Universal Credit Union support) and 3 (Capacity / Resource Building) is on track for services to start from 1st April 2012. Scopes for all three categories are currently being advertised on the NEPO portal with a closing date for tenders of 12 noon on Friday 24th February 2012. It is intended that a report will be brought to Cabinet on 19th March 2012 so that the allocations for each of the 5 Categories can be agreed following receipt of the proposals from VCS organisations for categories 1, 2 and 3.
- 4.2 The development of Category 5 (Development/Investment Support Grants) is currently underway and this is taking into consideration the emerging VCS Strategy. This work includes developing the grant application process and establishing the key considerations against which Grants Committee will be assess applications. Again, it is intended that this process will be brought to Cabinet for consideration on 19th March 2012.
- 4.3 On 21st November 2012 Cabinet agreed that Category 4 (Universal Town-Wide Specialist Support Organisations) would also be subject to a commissioning process and would be maintained as:

a proposed series of **specific core funding support grants direct to specialist groups** who provide a service which can be described as universal in offer, subject to need without alienation on the grounds of age, gender or disability, accepting that not all services will be appropriate or required by the population at large at any particular pre-determined point in their lives. These services have the ability to provide personal support to individuals at times of crisis or as part of the social and economic well being of the town.

- 4.4 However, following further investigation it is felt that this category is not suitable for a formal procurement process. Discussions by the relevant Assistant Directors highlighted that a number of the groups previously identified for potential support through this Category were already being funded through formal procurement elsewhere in the council and should therefore not be included within this category. It was also felt that if the groups in this category were felt to be a priority by HBC then they should be commissioned directly on that basis and not reliant on core costs grant funding through this pot. This reflects Cabinet's view that the council should be commissioning based on identified priorities and not just giving out grants year on year.
- 4.5 To allow for a review of the future role of the groups within this Category to be undertaken it is proposed that for 2012/13 Cabinet agree for this pot to be allocated through a grant application process by Grants Committee. This will give the Council time to see which organisations come forward for support and then to consider which of those organisations reflect Council priorities and should therefore form part of our commissioning processes directly in the future.
- 4.6 It is also suggested that beyond 2012/13 Cabinet should give consideration to narrowing the Community Grants Pool to include only Category 5 (Development/Investment Support Grants). While the allocations for the other categories should be given to the relevant commissioners within the Council so that they can commission services according to the Council's priorities as identified through the Categories 1, 2, 3 and 4.
- 4.7 If Cabinet agrees the change for Category 4 from commissioning to a grant application process then further detail on the process will be brought to Cabinet for consideration on 19th March 2012.

5. RECOMMENDATIONS

- 5.1 Cabinet is requested to:
- (i) note the update on the preparation of the new Voluntary and Community Sector Strategy;
 - (ii) note the progress made on the Community Grants Pool particularly the procurement of Categories 1, 2 and 3;

- (iii) agree to change the allocation of Category 4 of the Community Grants Pool from a commissioning process to a grants application process for 2012/13 as set out in paragraphs 4.3 to 4.5 of the report.

6. REASONS FOR RECOMMENDATIONS

- 6.1 Recommendations (i) and (ii) reflect the progress updates provided in the report in paragraphs 3.1, 3.2, 4.1 and 4.2. Recommendation (iii) has been put forward following further discussions on Category 4 of the Community Grants Pool where concerns were noted on the use of a commissioning approach as outlined in paragraphs 4.3 to 4.5.

7. BACKGROUND PAPERS

Item 9.2 from Scrutiny Co-ordinating Committee on 2nd September 2011.
Minutes from Scrutiny Co-ordinating Committee on 2nd September 2011.
Item 5.1 from Grants Committee on 27th September 2011.
Minutes from Grants Committee on 27th September 2011.
Item 9.6 from Scrutiny Co-ordinating Committee on 11th November 2011.
Minutes from Scrutiny Co-ordinating Committee on 11th November 2011.
Item 5.1 from Cabinet on 21st November 2011.
Minutes from Cabinet on 21st November 2011.

8. CONTACT OFFICER

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CABINET REPORT

6th February 2012



Report of: Director of Regeneration & Neighbourhood Services

Subject: REVIEW OF COMMUNITY INVOLVEMENT AND ENGAGEMENT (INCLUDING LSP REVIEW) – VIEW FROM CONSTITUTION / GENERAL PURPOSES WORKING GROUP

SUMMARY

1. PURPOSE OF REPORT

The purpose of this report is to inform Cabinet of the view of Constitution / General Purposes Working Group on the decisions taken by Cabinet on 18th July 2011 on the Review of Community Involvement and Engagement (including LSP Review). The report outlines a number of alternative proposals that have been put forward by the Constitution / General Purposes Working Group. Cabinet are asked to consider the alternative proposals and decide if they wish to make any amendments to their original decisions.

2. SUMMARY OF CONTENTS

This report sets out the view of Constitution / General Purposes Working Group and the alternative proposals suggested by the Working Group for Cabinet to consider against their original decisions of 18th July 2011.

3. RELEVANCE TO CABINET

The report outlines proposals which will affect how the Council engages and involves stakeholders across the Borough.

4. TYPE OF DECISION

Non-Key Decision

5. DECISION MAKING ROUTE

Cabinet 6th June 2011
Cabinet 4th July 2011
Cabinet 18th July 2011
Cabinet 6th February 2012

Some elements will require Council agreement for changes to the Constitution and therefore they will form part of the decision making route.

6. DECISIONS REQUIRED

Cabinet is requested to:

- (i) Note the alternative proposals identified by the Constitution / General Purposes Working Group as set out in Table 1;
- (ii) Consider the alternative proposals identified by Constitution / General Purposes Working Group and decide if they wish to make any amendments to the decisions taken on 18th July 2011;
- (iii) Consider whether the request for individual Ward Member budgets of £7,000 should be included within the budget considerations.

Report of: Director of Regeneration & Neighbourhood Services

Subject: REVIEW OF COMMUNITY INVOLVEMENT AND ENGAGEMENT (INCLUDING LSP REVIEW) – VIEW FROM CONSTITUTION / GENERAL PURPOSES WORKING GROUP

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform Cabinet of the view of Constitution / General Purposes Working Group on the decisions taken by Cabinet on 18th July 2011 on the Review of Community Involvement and Engagement (including LSP Review). The report outlines a number of alternative proposals that have been put forward by the Constitution / General Purposes Working Group. Cabinet are asked to consider the alternative proposals and decide if they wish to make any amendments to their original decisions.

2. BACKGROUND

- 2.1 A review of how the Council interacts and engages with local residents and stakeholders was initiated by Cabinet following the agreement of the budget for 2011/12. The aim of the review was to ensure that Hartlepool had arrangements in place which both maintained a focus on developing the strategic policy direction for the Borough and provided appropriate opportunities for stakeholders including residents and the community, voluntary and business sectors to influence policy development and how services are delivered. The review also considered how the scarce resources, specifically related to the reduction in resources as part of the 2011/12 budget process and likely future reductions, that are available are used in ways which will add the most value. Initial proposals were considered by Cabinet on 6th June 2011 and referred to Council Working Group on 20th June 2011. Cabinet then agreed the future approach of the Local Authority to community and stakeholder involvement and engagement and the Local Strategic Partnership, including theme partnerships at their meeting on 18th July 2011 after considering the views of Council Working Group and partner organisations. This was a Key Decision as test ii applied. Following this meeting none of the decisions taken by Cabinet were subject to Call In.
- 2.2 A number of the decisions taken by Cabinet required changes to the Constitution. While some decisions were not planned to come into effect until the next municipal year there were a number of changes that needed to be made this municipal year in relation to Neighbourhood Consultative Forums, Parish Liaison meetings, Police and Community Safety meetings and the Hartlepool Partnership Board. These changes were taken to Constitution

Committee on 6th October and they were requested to note these changes and commend them to Council for adoption. However, following discussion of the report Constitution Committee came to the conclusion that they were not minded to agree the recommendations outlined in the report. The Committee agreed to present the report to Council but with the recommendation that they did not agree the proposed changes to the Constitution. Constitution Committee did not agree the recommendations outlined in the report as they felt that the representations made by the Council Working Group had not been taken into account by Cabinet when they made their decisions on 18th July 2011.

- 2.3 A report from Constitution Committee to that effect went to Council on 27th October 2011. The Vice-Chair of the Constitution Committee requested that Council refer the matter back to the Constitution Committee to discuss and resolve the issues with the Mayor and this was agreed.
- 2.4 The Mayor attended Constitution Committee on 25th November 2011 and it was agreed that the Constitution Task and Finish Group would work up some alternative proposals to feed into a further discussion by Cabinet with the aim of reaching any formal decisions needed by the end of January 2012.
- 2.5 Alternative proposals have been discussed at a number of meetings of the Constitution Task & Finish Group and subsequently referred for discussion at Constitution / General Purposes Working Group during December and January and the following section outlines those alternative proposals for Cabinet to consider.

3. ALTERNATIVE OPTIONS PROPOSED BY CONSTITUTION / GENERAL PURPOSES WORKING GROUP – FOR CONSIDERATION / DECISION

- 3.1 At their meeting on the 13th January 2012 the Constitution / General Purposes Working Group discussed the new Neighbourhood Management boundaries and the concerns they had with the Council's future approach to community engagement and involvement as agreed by Cabinet on 18th July 2011. In response to those concerns they identified a number of alternative proposals for Cabinet to consider as set below:

Table 1: Cabinet Decisions from 18th July 2011 & Alternative Proposal from Constitution / General Purposes Working Group

	<u>CABINET DECISION 18.7.11</u>	<u>WORKING GROUP ALTERNATIVE PROPOSAL</u>
1	One Borough-wide Forum meeting every 10 weeks with the Chairman of the Council as Chair and a backbench Councillor as Vice Chair.	Two Neighbourhood Forums aligned with the new Neighbourhood Management boundaries, with each having an elected Member Chair and Vice Chair.

	<u>CABINET DECISION 18.7.11</u>	<u>WORKING GROUP ALTERNATIVE PROPOSAL</u>
2	<p>'In principle' a Strategic Partners Group with the following membership and</p> <ol style="list-style-type: none"> 1. Hartlepool Borough Council - Mayor, all Cabinet Members and Chief Executive 2. The Chairs of the theme groups (4) 3. Cleveland Police Authority 4. Cleveland Fire Authority 5. Hartlepool PCT / NHS Hartlepool (until dissolved) 6. Hartlepool GP Commissioning Consortia 7. Director of Public Health (local representative of Public Health England) 8. Job Centre Plus 9. Skills Funding Agency 10. A representative of the Voluntary & Community Sector (VCS) in Hartlepool elected as per the Compact Code of Practice on Representation. 	<p>That both the Chairs and Vice Chairs of the Neighbourhood Forums (4 in total) be members of the Strategic Partners Group.</p> <p>In addition, that the Chairs and Vice Chairs of the Neighbourhood Forums be allowed to co-opt onto a themed partnership arrangement when they felt it would be appropriate.</p>
3	<p>One Neighbourhood Voice per Ward with individuals nominated being a member of a Resident's Association that had been in existence for more than a year.</p>	<p>No Neighbourhood Voice at all – it was felt that proposed ward areas were too big for one unelected Neighbourhood Voice to represent and would prove ineffective. It was noted that all members of the public were more than welcome to attend any council meeting, subject to Access to Information procedure rules, and engage with the decision making process. It was highlighted that there continued to be a role for members of the public throughout the scrutiny process.</p>

	<u>CABINET DECISION 18.7.11</u>	<u>WORKING GROUP ALTERNATIVE PROPOSAL</u>
4	It was noted at Cabinet that proposals for the future use of the Minor Works budget would be brought to a future Cabinet meeting for consideration and agreement.	That a minimum of £7k of funding be allocated to each Member to enable ward issues to be dealt with as previously identified. It was noted that whilst £7k was not a huge amount of money there was always the potential to secure match funding for specific projects using this budget.
5	Meetings to be held twice a year between the Mayor and the Chairs of the Town and Parish Councils with the relevant Neighbourhood Manager and Ward Councillors invited.	Objection was raised to this as it was felt that Parish Councillors would have more access to the Mayor than Members and therefore it should not go ahead.

4. RECOMMENDATIONS

4.1 Cabinet is requested to:

- (i) Note the alternative proposals identified by the Constitution / General Purposes Working Group as set out in Table 1;
- (ii) Consider the alternative proposals identified by Constitution / General Purposes Working Group and decide if they wish to make any amendments to the decisions taken on 18th July 2011;
- (iii) Consider whether the request for individual Ward Member budgets of £7,000 should be included within the budget considerations.

5. REASONS FOR RECOMMENDATIONS

- 5.1 Concerns were raised by Members on a number of the decisions taken by Cabinet on 18th July 2011 following the review of community involvement and engagement (including LSP review). In response to those concerns and following discussion at Constitution Committee, Constitution Task and Finish Group and Constitution / General Purposes Working Group the above recommendations have been prepared.

6. SUMMARY OF CONSTITUTION CHANGES

- 6.1 There are a number of changes to the constitution that need to be made in order to reflect the decisions taken by Cabinet on 18th July 2011 and also any amended decisions taken on 6th February 2012 in response to the alternative proposals identified by Constitution / General Purposes Working Group. These will include references to:
- Neighbourhood Consultative Forums
 - Resident Representatives (co-opted resident members)
 - Parish Liaison
 - Police & Community Safety Forums
 - The Hartlepool Partnership

7. BACKGROUND PAPERS

- Item 5.1 from Cabinet on 6th June 2011 (attached as Appendix A and A1-A8).
- Minutes from Cabinet on 6th June 2011.
- Item 5.1 from Cabinet on 7th July 2011.
- Minutes from Cabinet on 7th July 2011.
- Item 5.1 from Cabinet on 18th July 2011.
- Minutes from Cabinet on 18th July 2011.
- Item 4.1 from Constitution Committee on 6th October 2011.
- Minutes from Constitution Committee on 6th October 2011.
- Item 11 (i) from Council on 27th October 2011.
- Minutes from Council on 27th October 2011.
- Item 4.2 from Constitution Committee 25th November 2011
- Minutes from Constitution Committee 25th November 2011.

8. CONTACT OFFICERS

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CABINET REPORT

6 February 2012



Report of: Assistant Chief Executive, Chief Solicitor

Subject: Constitution Review – Proposed Policy Framework

SUMMARY

1. PURPOSE OF REPORT

The report makes proposals for a revised Policy Framework to form part of a revised Constitution, Article 4.

2. SUMMARY OF CONTENTS

The report sets out:

- the role the Policy Framework plays in the Council's decision making,
- the national regulation which have become outdated, and
- the criteria used to assess what might be included in a revised Policy Framework

The proposed Policy Framework comprises 14 documents. The changes from the national regulations and the current Policy Framework are summarised in **Appendices A and B**.

In summary the proposed Policy Framework includes:

- 6 (out of 12) policies, strategies and plans retained from the current framework
- 4 plans and strategies in the current framework where names have been changed to reflect current processes
- 4 new policies, plans and strategies that have been added to reflect current priorities.

1. Children and Young People's Plan	Retain
2. Vision For Adult Social Care In Hartlepool	Name change
3. Youth Justice Strategic Plan	Name change

4. Child Poverty Strategy	New
5. Health and Wellbeing Strategy	New
6. Council Plan	Name change
7. Sustainable Community Strategy	Retain
8. Crime and Disorder Reduction Strategy	Retain
9. The plans and strategies which together comprise the Development Plan	Retain
10. Housing Strategy	Name change
11. Local Transport Plan	Retain
12. Tees Valley Joint Waste Management Strategy	Retain
13. Economic Regeneration Strategy	New
14. Voluntary Sector Strategy and Compact	New

3. RELEVANCE TO CABINET

The Policy Framework is a key part of the Constitution and influences executive decision making.

4. TYPE OF DECISION

Non key decision

5. DECISION MAKING ROUTE

Following consideration by Cabinet on 6 February the proposed Policy Framework will be referred to Constitution Committee on the 22 March 2012. The final decision will be taken by Council on 12 April 2012.

6. DECISION(S) REQUIRED

Following consideration by Cabinet, refer the proposed Policy Framework to the Constitution Committee on 22 March 2012 to obtain the views of non-executive members prior to a proposal being referred to Council on 12 April 2012.

Report of: Assistant Chief Executive, Chief Solicitor

Subject: CONSTITUTION REVIEW – PROPOSED POLICY
FRAMEWORK

1. PURPOSE OF REPORT

- 1.1 The report makes proposals for a revised Policy Framework to form part of a revised Constitution, Article 4.

2. BACKGROUND

- 2.1 Decision-making is underpinned by a framework of policies, plans and strategies. These are collectively referred to as the Policy Framework and form part of the Council's Constitution.
- 2.2 Full Council is responsible for approving the contents of the Policy Framework, and the Executive (Cabinet) is responsible for implementing it. Full Council is also responsible for amending the Constitution.
- 2.3 Cabinet draws up initial proposals in relation to any policies, plan or strategy within the Policy Framework, the details of which shall be included in the Forward Plan.
- 2.4 Stakeholders are consulted on the plans, including the appropriate Overview and Scrutiny Committee or, in some cases, the relevant Regulatory Committee (e.g. planning).
- 2.5 Council considers the proposals and may adopt them, subject to a simple majority vote.
- 2.6 The national regulations identify three classes of policies, plans and strategies: named policies, plans and strategies that must be included in the Policy Framework; other named policies, plans and strategies where the council can decide whether to include or not; and thirdly any other policies, plans and strategies that the council choose to include in the Policy Framework. The Policy Framework in the Council's first Constitution was based wholly and exclusively on the first two of these. **Appendix A** describes the changes between the original, current and Proposed Policy Framework. **Appendix B** describes the changes between the current Policy Framework and the proposal.
- 2.7 Since then the national guidance and regulations have become outdated and no longer reflect the national policy framework within which local authorities operate. We are not aware that central government has any plans to

comprehensively update the regulations at present although they are asking for comments from Local Authorities as to how to reduce burdens and this is one area which could potentially be identified.

- 2.8 Locally the Policy Framework has been updated to reflect some but not all changes. Some plans included in the national guidance and which are longer required have been dropped already from the local Policy Framework. Where appropriate new plans have been included in the Policy Framework to ensure the relevant issues are still considered by Council.
- 2.9 Corporate Management Team therefore thought it appropriate to review the Policy Framework to ensure it provided a sound basis for decision making and reflected the Council's current priorities.

3. PROPOSED POLICY FRAMEWORK

- 3.1 Departmental Management Teams and the Corporate Management Team have considered what might be included in the Policy Framework and are putting forward the proposal below for consideration.
- 3.2 In making the proposal the following criteria were taken into account:
- The national regulations (as far as it was sensible to do so)
 - Member policy priorities
 - An assessment of the strategic and long term issues facing the town
 - Local partnership arrangements

1. Children and Young People's Plan	Retain
2. Vision For Adult Social Care In Hartlepool	Name change
3. Youth Justice Strategic Plan	Name change
4. Child Poverty Strategy	New
5. Health and Wellbeing Strategy	New
6. Council Plan	Name change
7. Sustainable Community Strategy	Retain
8. Crime and Disorder Reduction Strategy	Retain
9. The plans and strategies which together comprise the Development Plan	Retain
10. Housing Strategy	Name change
11. Local Transport Plan	Retain
12. Tees Valley Joint Waste Management Strategy	Retain
13. Economic Regeneration Strategy	New
14. Voluntary Sector Strategy and Compact	New

- 3.3 In summary the proposed Policy Framework includes:

- 6 (out of 12) policies, strategies and plans retained from the current framework
- 4 plans and strategies in the current framework where names have been changed to reflect current processes
- 4 new policies, plans and strategies that have been added to reflect current priorities.

3.4 Corporate Management Team's view is that the proposed Policy Framework addresses the major strategic issues facing the town and Council and provides a framework for working with all the Council's major delivery partners in the public, private and voluntary sectors.

4. RECOMMENDATIONS

4.1 Refer the proposed Policy Framework for consideration by Constitution Committee on 22 March 2012 to take into consideration views of non-executive members prior to a proposal being referred to Council on 12 April 2012.

5. REASONS FOR RECOMMENDATIONS

To progress agreement on updated Policy Framework.

6. BACKGROUND PAPERS

Hartlepool Borough Council Constitution, Article 4
Local Authorities (Functions and Responsibilities) (England) Regulations 2000

7. CONTACT OFFICER

Andrew Atkin, Assistant Chief Executive
Peter Devlin, Chief Solicitor

Appendix A – Policy Framework – national guidance and current position

Policy Framework List taken from national guidance. 1-11 required. 12-17 optional	Current status within HBC Policy Framework and how addressed in proposal
1. Annual Library Plan;	Not included in current Framework. No longer produced, elements can be included in Department plan which is subject to approval by Cabinet and overview by scrutiny.
2. Best Value Performance Plan	Not included in current Framework. No longer required or produced; relevant issues incorporated in Corporate Plan.
3. Children's Services Plan	Not included in the current Framework; relevant issues addressed in Children and Young People's Plan which is included in the current Framework and the proposal.
4. Community Care Plan	Not included in the current Framework; addressed in the current Framework by the Commissioning Strategies for Vulnerable People and in the proposal by the Vision For Adult Social Care In Hartlepool.
5. Community Strategy	Included in the current Framework as Sustainable Community Strategy and retained in the proposal. Note; Government is considering removing the requirement to produce a Community Strategy.
6. Crime and Disorder Reduction Strategy	Included in current Framework and retained unchanged in the proposal.
7. Plans and alterations which together comprise the Development Plan	Included in current Framework and retained in the proposal but the development plan system has been subject to considerable reform e.g. adoption of Core Strategy, abolition of Regional Spatial Strategies.
8. Early Years Development Plan	Not included in the current Framework; relevant issues addressed in Children and Young People's Plan which is included in the current Framework and the proposal.
9. Education Development Plan	Not included in the current Framework; relevant issues addressed in Children and Young People's Plan which is included in the current Framework and the proposal.
10. Local Transport Plan	Included in current Framework and retained unchanged in the proposal.
11. Youth Justice Plan.	Included in current Framework and retained in proposal but now known as Youth Justice Strategic Plan
12. Food Law Enforcement Service Plan	Included in current Framework and is still produced and proposed to be retained but not in the Policy Framework and approved by portfolio holder.

Policy Framework List taken from national guidance. 1-11 required. 12-17 optional	Current status within HBC Policy Framework and how addressed in proposal
13.the strategy and plan which comprise the Housing Investment Programme	Included in current Framework and retained in proposal but now known as Housing Strategy
14.Local Agenda 21 Strategy;	Not included in current Framework. No longer required or produced; relevant issues can be incorporated in Department Plans and Corporate Plan.
15.Adult Learning Plan;	Not included in current Framework. No longer required or produced; relevant issues can be incorporated in Economic Regeneration Strategy, Department Plans and Corporate Plan.
16.Quality Protects Management Action Plan;	Not included in current Framework. No longer required or produced; relevant issues addressed in Vision For Adult Social Care In Hartlepool.
17.Local authority's Corporate Plan or its equivalent (if the local authority has one).	Included in the current Framework and retained in the proposals as the Council Plan.

Appendix B – Policy Framework as at January 2012 and proposal from Corporate Management Team

List taken from current HBC Constitution Article 4 – para 4.04	Final proposal agreed at Corporate Management Team 9/1/12
1. Children and Young People's Plan	Retain
2. Commissioning Strategies for Vulnerable People	Change: now known as Vision For Adult Social Care In Hartlepool; see Cabinet report 9/1/12.
3. Corporate Plan	Change: rename Council Plan to reflect changes to Council's streamlined performance management framework
4. Crime and Disorder Reduction Strategy	Retain
5. The plans and strategies which together comprise the Development Plan	Retain
6. Food Law Enforcement Service Plan	Drop, but require to be approved by relevant portfolio holder
7. The plan and strategy which comprise the Housing Investment Programme	Change: now known as Housing Strategy
8. Local Transport Plan	Retain
9. Quality Protects Management Action Plan	Drop. No longer required or produced; relevant issues addressed in Vision For Adult Social Care In Hartlepool.
10. Sustainable Community Strategy	Retain
11. Tees Valley Joint Waste Management Strategy	Retain
12. Youth Justice Plan	Change: now known as Youth Justice Strategic Plan

CABINET REPORT

6th February 2012



Report of: Chief Solicitor

Subject: LOCALISM ACT, 2011

SUMMARY

1. PURPOSE OF REPORT

To provide an overview of the provisions contained within the Localism Act, 2011, which will have particular relevance to the Council. This legislation is intended to provide for new freedoms and flexibilities for local government, new rights and powers for communities and individuals as well as the reform of the planning system and a revision to social housing tenure.

2. SUMMARY OF CONTENTS

This report summarises the main aspects of this legislation, which received Royal Assent on 15th November, 2011. Some of the provisions under the Act have been brought into force through various Commencement Orders which also provide for transitional and saving measures, although parts of the Act are still dependent upon secondary legislation and/or statutory guidance being made available.

3. RELEVANCE TO CABINET

The report sets out those duties and powers available to a local authority which has application to the overall functionality of a unitary authority.

4. TYPE OF DECISION

None (for information only)

5. DECISION MAKING ROUTE

Cabinet 6th February, 2012

6. DECISION(S) REQUIRED

Cabinet is asked to note the contents of this report.

Report of: Chief Solicitor

Subject: LOCALISM ACT, 2011

1. PURPOSE OF REPORT

- 1.1 To provide Cabinet with an overview of the main provisions of the Localism Act, 2011 which received Royal Assent on 15th November, 2011.

2. INTRODUCTION

- 2.1 The Localism Bill which was originally introduced into Parliament on 13th December, 2010, indicated that *“it sets out a series of proposals with the potential to achieve a substantial and lasting shift in power away from central government and towards local people”*. The Localism Act, 2011, which received Royal Assent on 15th November, 2011 is therefore intended to provide for new “freedoms and flexibilities” for local government as well as other new rights and powers for communities and individuals including the reform of social housing tenure and the planning system. The main provisions of the legislation can therefore be summarised as follows;

- Local authorities (including Fire and Rescue Authorities) through a “general power of competence” will be provided with the legal capacity to do anything an individual can do that is not specifically prohibited.
- Allowing local authorities to choose a return to a “Committee system” of governance and providing for referendums for elected Mayors in major cities.
- The abolition of the Standards Board for England and the adoption or revision of a Code of Conduct with an emphasis upon local accountability and a criminal sanction of deliberate failure to declare/disclose a pecuniary interest in a matter.
- Giving residents the power to instigate local referendums on neighbourhood planning and the power to veto excessive Council Tax increases.
- Providing new powers to help protect and save local facilities and services threatened with closure, and giving voluntary and community groups the right to challenge the local authority over their services.
- Social housing revisions including a reform of homelessness legislation, social housing tenure reform and that relating to Council housing finance.
- Reform of the planning system including the abolition of the Regional Spatial Strategies, introduction of a Community Infrastructure Levy, local plan reform including the introduction of the concept of neighbourhood planning and a community right to build.

3. GENERAL POWER OF COMPETENCE

- 3.1 The Coalition Government have indicated that this *“new, general power will give Council’s more freedom to work together with others in new ways to drive down costs”*. As public authorities are generally seeking to adopt innovative approaches to service delivery and efficiency savings this new power would provide a discretion to a local authority to do whatever it considered appropriate in the delivery of its functions/objectives. This general power would potentially allow the freedom to do whatever was considered appropriate where the outcome was intended to benefit the delivery of the authority’s functions, and also allows the opportunity to integrate functions with other public service providers. However, authorities would not be able to override existing civic statutory limitations, particularly those relating to taxation and borrowing. The Coalition Government have indicated that this new general power of competence, would potentially allow an authority to enter into commercial joint ventures, undertake greater service delivery and therefore make a greater use of assets and capacity to support the “Big Society”.
- 3.2 Local authorities will therefore be able to exercise this power for a commercial purpose and charge for services provided under it, subject to certain restrictions. It is the Coalition Government’s expectations that the introduction of this general power of competence will provide greater flexibility and overcome what were seen as constraints upon the “wellbeing” powers as introduced under the Local Government Act, 2000. This was highlighted in the London Authorities Mutual case wherein it was decided by the Court of Appeal that it was unlawful for a group of London local authorities set up a mutual insurance company under the powers in the 2000 Act, a situation which had to be remedied through the explicit power to set up such a mutual insurance arrangement as subsequently provided under the Local Democracy Economic Development and Construction Act, 2009. Under the Localism Act, this general power of competence may be exercised;
- anywhere;
 - for a commercial purpose or otherwise;
 - for a charge or without charge;
 - for the benefit of the authority, its area or persons resident or present – or otherwise.
- 3.3 However, such powers (and those introduced under the Local Government Act, 2000) need to be exercised both properly, reasonably and rationally. An authority’s decisions will therefore still be open to judicial review and it is also clear that this new general power of competence does not move away from the obligation to safeguard the financial interests of the authority and its residents.
- 3.4 Section 3 of the Act introduces a power to charge, where a local authority is not under a duty to provide the service and the person has agreed to the service being provided and the circumstances do not fall within any explicit

charging power. Section 93 of the Local Government Act, 2003, already provides for discretionary charging on a “cost recovery” basis. The Localism Act indicates that this power to charge applies separately to the existing power under Section 93 of the 2003 Act. It therefore appears, that this “new” power to charge will relate to those activities a local authority wishes to pursue under the new general power of competence. Section 4 of the Act also provides a power to trade in pursuance of the general power of competence. Again this form of trading needs to be distinguished from that allowed under the Local Authorities (Goods and Services) Act, 1970 and that under Section 95 of the Local Government Act, 2003 which allows trading for a “commercial purpose” although the same must be through a company as defined under the Companies Act, 2006 or a society registered or deemed to be registered under the Co-operatives and Community Benefit Societies or that relating to the Industrial and Provident Societies legislation. However, the detail behind such “trading” is still awaited and previously the Secretary of State (under the Trading Order 2009) required that a local authority prepared a business case before the authority could exercise such a power and also to ensure that the authority does not subsidise the operation of a company, in order to avoid problems under competition law and state aid considerations.

4. GOVERNANCE

- 4.1 The Act also introduces a new Part 1A to the Local Government Act, 2000 (Section 21 and Schedule 2) which reforms the law applying to local authority governance. Such reforms include allowing authorities to operate either by way of an Executive or through a Committee structure. There is also the provision for a new system of directly elected Mayors in major cities. On 5th December, 2011, the Local Authorities (Referendums) (Petitions) (England) Regulations, 2011 were made. These Regulations which became effective on 23rd January, 2012, revoke in their entirety the earlier 2000 Regulations, upon which reports have already been provided to Council in relation to a petition received by the authority requesting the holding of a referendum. These amending Regulations will require a local authority to hold a referendum on whether it should change to a different form of governance ie by way of an Executive model or that relating to the Committee system, if at least 5% of the local government electors in the authority's area petition the authority.

5. STANDARDS

- 5.1 The Localism Act, 2011, sets a framework for the formal abolition of ‘the Standards Board regime’. Following the making of a Commencement Order on the 15th January the regulatory role of the Standards Board for England in handling cases on behalf of local authorities and issuing guidance will cease from 31st January, 2012. From this date Standards for England (formerly known as the Standards Board for England) will no longer have powers to accept new referrals from local Standards Committees or to

conduct investigations into complaints against Members. Any existing referral for investigations that has been unable to be completed by this date will be transferred back to the relevant authority for completion. Although, the “Standard Board regime” will be abolished no later than 31st March, 2012 following government announcements, it has also been stated “*we envisage that the remaining local elements of the current regime, including statutory Standards Committees with the power to suspend Councillors, will be abolished on 1st July, 2012*”. Consequently, from that date forward all complaints will be the responsibility of local authorities and are to be handled under the new “arrangements”.

- 5.2 There is also a new general duty (Section 27 refers) ‘*to promote and maintain high standards of conduct amongst Members and (voting) co-opted Members*’ of an Authority. There will also be a requirement for the adoption of a code which must incorporate the following principles;

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

The above largely replicates the “General Principles” as found within the Relevant Authorities (General Principles) Order, 2001, with the exception of reference to personal judgement, respect for others, duty to uphold the law and stewardship. It would be open to an authority to include such “additional” provisions at its discretion. Consequently, a ‘relevant authority’ may either revise its existing Code of Conduct or adopt a Code of Conduct to replace its existing Code. A Code must also secure by way of provision the registration and disclosure of pecuniary interests and interests other than pecuniary interests. Regulations are awaited as to the definition behind a “*disclosable pecuniary interest*”.

- 5.3 There will also be the introduction of a criminal offence, which will need to proceed through the Director of Public Prosecutions, of failing to notify and disclose such an interest without reasonable excuse. An authority must also have in place “*arrangements*” under which allegations of a breach of the Code can be investigated or through which decisions on allegations can be taken, with or without an investigation or hearing. There will be no sanctions other than censure and the possibility of withdrawal of facilities in some cases. An authority must also appoint an “*Independent Person*” who is to be consulted in relation to investigations and may be consulted on other complaints. As before, the Monitoring Officer must maintain a public register of Members interests and must publicise the same upon the authority’s website. Members who have a “disclosable pecuniary interest” should not participate in any discussion on the matter at any meeting or participate in any vote or further vote taken on a matter at a meeting.

- 5.4 Dispensations from these restrictions can be initiated through an application made to the Monitoring Officer. Further, any “sensitive” interests must also be brought to the attention of the authority’s Monitoring Officer for consideration as to whether or not such details should be included upon a public register.

6. PREDETERMINATION

- 6.1 The Localism Act also attempts to clarify the rules on “predetermination” in that a “prior” indication of a view on a matter, should not amount to predetermination ie that a Member had or appeared to have a closed mind (to any extent) when making a decision. The changes indicate that Councillors have a right to have a preliminary view and can freely discuss and publicise their views and voting intentions as they see fit. However, this is still on the basis that Councillors must be prepared to listen to all of the arguments and evidence before making their decision. The intention behind this particular provision is to mitigate the perceived harshness of the rule against predetermination in relation to those decision makers, particularly where they have been directly elected by a local community, to be a community advocate. Although the Localism Act attempts to provide clarification upon predetermination, it is established that any bias or prejudice which might taint a decision would be open to formal legal challenge and therefore cases appearing upon this particular aspect of the Act are awaited.

7. REFERENDUMS RELATING TO COUNCIL TAX INCREASES

- 7.1 The Localism Act provides the public with the power to approve or veto excessive Council Tax rises relating to any local authority (including a Police and Fire Authority and larger Parishes), in setting an increase above a ceiling set by the Secretary of State and approved by the House of Commons. Consequently, a public authority which sought to increase its Council Tax beyond a specified level, would need to prove a case to the electorate and have the same endorsed through a local referendum.
- 7.2 From correspondence received through the Department for Communities and Local Government dated 16th December, 2011, it is indicated that these provisions will apply in respect of the setting of Council Tax for 2012-13. If an authority proposes to set a Council Tax increase, when compared with the previous year, that exceeds 4% in relation to Police and single purpose Fire and Rescue Authorities and 3.5% for other principal authorities then local authorities would need a mandate through a local referendum. Although the Secretary of State has power to disapply the duty to hold a referendum, this would only be exercised in wholly exceptional circumstances. The results of such a referendum would be binding upon the local authority. The correspondence from the Department also indicates that following consultation with the Electoral Commission, regulations covering the conduct of Council Tax referendums which will “*be long and complex*” would be laid before Parliament for approval. As mentioned, subject to Parliamentary

timetable and all necessary approvals, the government intends the provision for the holding of a referendum relating to Council Tax increases would come into force for authorities setting their Tax for 2012-13. The Government have therefore indicated that as this particular provision commenced on 3rd December, 2011, there is a statutory obligation to hold a Council Tax referendum which would apply “*whether or not Regulations had come into force*”. It is therefore the case, that an “*Information Note*” is to be prepared to outline an authority’s key responsibilities in respect of a Council Tax referendum including the rules which are expected to apply to the conduct of such referendums through regulations.

- 7.3 There will also be local referendums on neighbourhood planning issues, it was the intention for local referendums to be initiated on any local issue, which although the same would be ‘non-binding’, the result of which, would need to be taken into account by a public authority in their decision making. This general provision does not now appear in the Act although it was a prominent feature in the Localism Bill. However, the duty to promote local democracy and that relating to the operation of a petition scheme as introduced under the Local Democracy, Economic Development and Construction Act, 2009, are to be formally repealed.

8. COMMUNITY RIGHT TO CHALLENGE

- 8.1 There will also be a right for voluntary and community groups, social enterprises, Parish Councils and public authority employees delivering a service, to challenge those authorities by expressing an interest in running any service for which they are responsible. This “*community right to challenge*” will require a ‘relevant authority’ to consider and respond to such challenges and provide the initiation of a procurement exercise through a duty to consider expressions of interest. An authority in considering an expression of interest, must consider whether the acceptance of the same, would promote or improve the social, economic or environmental wellbeing of the authority’s area. Although, this ‘right’ relates to local authorities, there is the power of the Secretary of State to extend the definition of ‘relevant authority’.
- 8.2 This right of challenge would trigger a procurement process, which would have to comply with the applicable public procurement requirements. The organisations seeking to operate such a service would then be able to bid to provide the relevant services. On 4th February, 2011 the Government issued a consultation document regarding this community right to challenge and sought views on what should be included in secondary legislation and how this ‘right’ would work in practice. Accordingly, more detailed regulations and guidance is therefore awaited.

9. ASSETS OF COMMUNITY VALUE

- 9.1 There is also a requirement for local authorities to maintain a list of assets of community values. When these assets come up for disposal (either the freehold or on a long leasehold) communities will be given the chance to develop a bid and raise capital to buy the asset when it comes onto the open market. This “*community right to buy*” is designed to help local communities to maintain assets which are believed to be important to a community and which would contribute to tackling social need and building up resources within a particular neighbourhood. If different parts of any land are in different local authority areas, those authorities must co-operate with each other in carrying out their functions in relation to this particular provision. Again, the Secretary of State has retained the power to extend the definition of ‘local authorities’ to other public bodies.
- 9.2 Again, the government through a consultation exercise which commenced on 4th February, 2011, requested views on which elements of the right to buy should be prescribed in regulations. The responses to the consultation indicates that regulations will set out a number of elements for the detailed operation of this right. In August, 2011 the Department for Communities and Local Government published details of some 180,000 assets owned by almost 600 public sector bodies, accompanied by position statements on the Capital and Assets Pathfinder Programme 2010-11, which highlights how local areas can better manage their assets and explains how the government would help. These documents are intended to assist local authorities in making savings and also in assisting communities in exercising these new rights.

10. PAY ACCOUNTABILITY

- 10.1 The Act also introduces the requirement to have a “policy statement” to improve accountability and transparency, which will require approval at Full Council and publication thereafter. This pay policy statement will be required to be followed by authorities when setting senior pay. Where authorities desired to depart from a pay policy, then the same would require reference back to a meeting to be formally voted upon. The duties introduced under the Local Government Act, 1999, which entail that a “best value authority” must make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to the combination of “economy, efficiency and effectiveness”, would require some consultation with representatives of, local tax payers, business rate payers, service users and others with an interest in a particular service area.
- 10.2 The Localism Act, requires a pay policy statement for the financial year 2012-2013 and subsequent financial years. Such a statement may also set out an authority’s policies for the financial year relating to other terms and conditions applying to Chief Officers. This first statement must be prepared and approved before the end of 31st March, 2012. In performing its functions

under these particular provisions the authority must also have regard to any guidance issued by the Secretary of State.

- 10.3 On 17th November, 2011 the Department published draft guidance under Section 40 of the Act on pay policy requirements. The guidance sets out the key principles within the pay accountability provisions. Public authorities across the Tees Valley are therefore working in unison to prepare and adopt a policy statement.

11. PLANNING

- 11.1 The main provisions in the Act relating to plans and strategies include the following;

- **The abolition of Regional Spatial Strategies** – in May, 2010 the Government announced that in line with the Coalition Agreement, Regional Spatial Strategies would be abolished and the provisions upon housing supply and planning would be delivered by local planning authorities. Section 109 and Schedule 8 of the Act therefore formally abolish these regional strategies.
- **A duty to co-operate** -- The Act inserts a new provision within the Planning and Compulsory Purchase Act, 2004, wherein local planning authorities are required to co-operate with each other in relation to sustainable development and the use of land for strategic infrastructure and in the preparation of development plan documents, the preparation of other local development documents and other activities that support the planning of development.
- **Local Development Scheme** – Under the Planning and Compulsory Purchase Act, 2004, local planning authorities must prepare and maintain a local development scheme. This requirement will be amended to provide for authorities to publish up to date information direct to the public and that local development schemes will no longer have to be submitted to the Secretary of State.
- **Adoption and withdrawal of development plan documents** – The power of a Planning Inspector examining a local development document will be amended, wherein the Inspector's recommendations will no longer be binding upon a local planning authority.
- **Monitoring reports** -- local planning authorities are presently required to report annually to the Secretary of State on the implementation of their local development schemes and local development policies. Through amendments, such monitoring reports will be published at least annually but will no longer require a report to go to the Secretary of State.
- **Community infrastructure Levy** – This is a charge on new buildings which local planning authorities may choose to set and which is

designed to help fund local and sub-regional infrastructure. Such a levy is based on a formula that relates to the size and character of developments to the amount to be charged. The Act, provides greater control by local planning authorities over setting such charges although, there will be the requirement for such charging schedules to be reasonable in their terms. There will also be the ability through regulations, requiring some of these levies as made by owners/developers of land to be accessible to neighbourhoods where the development is taking place. The Act also clarifies that the community infrastructure levy can be spent on the ongoing costs of infrastructure as well as the initial costs of new infrastructure.

- Neighbourhood planning** – The government believe that the current planning system is too centralised and bureaucratic and has therefore introduced “new rights” for local communities to shape their local areas through; Neighbourhood Development Orders and Neighbourhood Development Plans. A Neighbourhood Development Order is an Order that grants planning permission in a particular neighbourhood area for development as specified in that Order. Hence, civic planning permission will not be required for the local planning authority for developments granted by such an Order. Any qualifying body (a Parish Council or an organisation or body designated as a Neighbourhood Forum) can request a Neighbourhood Development Order from the local planning authority. A local planning authority must make an Order if more than half of those voting in a referendum vote in favour of the Order, unless the local planning authority considers that it would be incompatible with any EU obligations or any rights under the European Convention and Human Rights. There is also the provision for certain types of development to be excluded from this procedure as set out in legislation. A Neighbourhood Development Plan is a plan which sets out policies in relation to the development and use of land in a particular neighbourhood. Again, the plan will be made by local planning authorities on the initiative of a Parish Council or Neighbourhood Forum and will form part of the Development Plan. The Act also confers a power on the Secretary of State to make regulations for the imposition of charges in relation to development authorised by a Neighbourhood Development Order. This will enable local planning authorities to recover costs incurred in putting such Orders and Neighbourhood Development Plans in place. Mention is also made to the Community Right to Build Order (CRBO) as a particular type of Neighbourhood Development Order. A CRBO will give community organisations the ability to take forward developments in their area without the need to apply for planning permission, subject to certain qualifications. A community organisation is defined within the legislation as a body corporate which is established for the express purpose of furthering ‘the social, economic and environmental wellbeing of individuals living or wanting to live in a particular area’ and meets other prescribed conditions in relation to its establishment or constitution.

- **Pre-application consultation required for certain development** – The Act also amends the provisions of the Town and Country Planning Act, 1990 requiring developers to consult local communities before submitting planning applications for certain developments. The threshold of development will be specified through secondary legislation. However, the Department of Communities and Local Government have stated this requirement will initially apply to major planning applications namely, developments with more than 200 units and other developments that provide 10,000 square metres or more of new floor space. Developers will be required to have regard to any responses received during the consultation process and upon deciding whether or not to make any changes to the proposed developments, before submitting their planning application.
- **Planning enforcement measures** – New enforcement powers include extending the time limit of taking enforcement action against concealed unauthorised development, together with new financial penalties which includes powers to deal with unauthorised advertisements.
- **Nationally significant infrastructure projects** – The Government had earlier announced that the Infrastructure Planning Commission would be abolished and replaced by a new major Infrastructure Planning Unit which would form part of the Planning Inspectorate.
- **Applications for planning permission: local finance consideration** – The Act also makes provision that local planning considerations can become a material consideration when deciding applications for planning permission in England. Local financial considerations cover;
 - Grants or other financial assistance provided by government;
 - Sums a relevant authority receive in payment of community infrastructure levy.

11.2 There has been some controversy in that payments such as the New Homes Bonus (a Government incentive which give the Councils money for any new homes they build) would make the granting of planning permission more likely and that linking planning decisions to payments would effectively taint those decisions to grant permission. However, the Department of Communities and Local Government have indicated that such amendments do not change the legal position on what can be taken into account in the determination of planning applications and that unacceptable development should not be given consent just to unlock such payments. The Government has also been criticised for failing to provide a definition behind “sustainable development” and for the streamlining of national planning policy into a set of priorities under the draft National Planning Policies Framework. This document, which replaces all current planning policy guidance notes and statements (PPGs and PPSs) currently remains in draft form but would require local planning authorities to proactively promote sustainable growth, introducing a presumption in favour of sustainable development. It is also intended to ensure that authorities can meet the demands of a five year

housing supply together with the recommendations that town centres are the heart of the community and therefore requiring retail and leisure developments to look for locations within town centres as an initial consideration. When adopted, the National Planning Policy Framework will introduce rights for local communities to protect green areas of particular importance and encourage development to provide good access to sustainable transport. It will further provide a planning system to protect and enhance biodiversity, with support to energy efficient improvements, reducing noise and light pollution and preventing development in areas of high flood risk. It also seeks to promote growth in the telecoms industry whilst being sensitive to local concerns.

12. HOUSING

12.1 The Act reforms social housing with the following key changes;

- Giving more power over allocation policy to local housing authorities – this will allow greater freedom about who should qualify to access housing waiting lists. A consultation document was only published on 5th January, 2012 and therefore a detailed analysis behind the allocation of such social housing accommodation is awaited.
- Reforming Part 7 of the Housing Act, 1996, which relates to homelessness.
- A requirement for local housing authorities to publish a tenancy strategy.
- Introduction of a new type of “flexible” social housing tenancy that can have a fixed length (minimum two years). Local authorities will have the option to use this type of tenancy and when the term of such a tenancy comes to an end a Court will be obliged to make an Order for possession if satisfied that various conditions (including the requirement for due notice) have been met.
- Reforming the current system of Council housing finance - seeks to implement self-financing for Council housing and introduces changes to the proposed capital finance arrangements.
- Introducing a national Home Swap Scheme.
- Reforming social housing regulation, including the abolition of the Tenants Services Authority.
- Abolition of the Home Information Packs.

12.2 On 21st November, 2011 the Department of Communities and Local Government published a new housing strategy, “Laying the Foundations: A Housing Strategy for England” which outlines the Government’s plans for introducing the changes that the Act will make to the social housing regime.

13. SUMMARY

13.1 Although, further regulations and guidance is awaited, the Localism Act is a pivotal piece of legislation containing some 227 sections and 25 schedules. Whilst it is the Government's stated intention to provide greater flexibilities and freedoms to public authorities as well as community empowerment, the principle emphasis of this legislation is the government's case for decentralisation as set out within the following six "key actions" necessary to achieve the government's overall intentions;

- Lift the burden of bureaucracy;
- Empower communities to do things their way;
- Increase local control of civic finance;
- Diversify the supply of public services;
- Open up government to public scrutiny; and
- Strengthen accountability to local people.

14. RECOMMENDATIONS

1. That the report be noted.

15. CONTACT OFFICER

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CABINET REPORT

6 February 2012



Report of: Director of Child and Adult Services

Subject: THE EDUCATION ACT 2011

SUMMARY

1. PURPOSE OF REPORT

The purpose of this report is to provide Cabinet with an overview of the changes facing the local authority, schools and colleges in implementing the Education Act 2011, which was given royal assent in November 2011.

2. SUMMARY OF CONTENTS

The report details the new Education Act 2011 and highlights implications for the Council in carrying out its statutory functions.

3. RELEVANCE TO CABINET

Education is a statutory service for all children and young people of statutory school age in Hartlepool. The quality of education provided affects all wards and is a major concern to the residents of Hartlepool. There will be changes to implement in all Hartlepool education establishments as a result of the Education Act 2011.

4. TYPE OF DECISION

Non-key

5. DECISION MAKING ROUTE

To be considered by Cabinet

6. DECISION(S) REQUIRED

For Cabinet to note the contents of this report and note changes to the statutory responsibilities of the Council.

Report of: Director of Child and Adult Services

Subject: THE EDUCATION ACT 2011

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Cabinet on the Education Act 2011 and the implications for the local authority, schools and colleges in Hartlepool.

2. BACKGROUND

- 2.1 The Education Act is founded on the principles and proposals in the Department for Education November 2010 White Paper, *The Importance of Teaching* (CM-7980). The Act includes measures to increase the authority of teachers to discipline pupils and ensure good behaviour with a general power to search pupils for items banned under the school's rules, the ability to issue same-day detentions and pre-charge anonymity when faced with an allegation by a pupil of a criminal offence.
- 2.2 The Act removes duties on schools and local authorities to give them greater freedom to decide how to fulfil their functions. The academies programme will be extended, with academies for 16 to 19 year olds and alternative provision academies.
- 2.3 The Act changes school accountability with more focused Ofsted inspections and wider powers to intervene in under-performing schools. Ofqual, the independent qualifications regulator, will be required to secure that the standards of English qualifications are comparable with qualifications awarded outside the UK. The Act will abolish five arm's length bodies with many of their functions ending and those which are to continue being discharged by the Secretary of State, who will be directly accountable to Parliament for them.
- 2.4 The Act also makes provision to give effect to proposals to increase college freedoms giving them greater control over their own governance and dissolution arrangements and make changes to the skills entitlements that were set out in the strategy documents, *Skills for Sustainable Growth* (UNR: 10/1274) and *Further Education – New Horizon* (UNR: 10/1272) published by the Department for Business, Innovation and Skills in November 2010.
- 2.5 The Act enables the Government to introduce an entitlement to free early years provision for disadvantaged two year olds and take forward two elements of the Government's response to the Browne Review on higher education funding, enabling a real rate of interest to be charged on higher education student loans and allowing fees for part-time undergraduate courses to be capped.

- 2.6 The Act makes changes to the enforcement powers of Office of Qualifications and Examinations Regulation (Ofqual) and of Welsh ministers as the regulator of qualifications in Wales.
- 2.7 The Act makes provision regarding direct payments for people with special educational needs or subject to learning difficulty assessment.

Overview of the structure of the Education Act

The Act consists of 10 parts as follows:

Part 1: Early Years Provision

- 2.8 Part 1 of the Act makes it possible to introduce free early years provision for children of two years of age from disadvantaged backgrounds.

Part 2: Discipline

- 2.9 This section of the Act extends the power of members of staff at schools and further education institutions to search pupils without their consent for an item that has been, or is likely to be, used to commit an offence or cause injury to the pupil or another or damage property and to search for items banned under the school rules. It reforms the process for reviews of permanent exclusions. It also repeals the duty on schools to give 24 hours' written notice of a detention to parents and the duty on all schools to enter into a behaviour and attendance partnership with other schools in their area.

Part 3: School workforce

- 2.10 This section of the Act part abolishes three arm's length bodies – the General Teaching Council for England (GTCE), the Training and Development Agency for Schools (TDA) and the School Support Staff Negotiating Body (SSSNB). The Act provides for the relevant functions of the GTCE and the TDA to be undertaken by the Secretary of State and where appropriate by Welsh ministers and gives the necessary powers to make schemes for the transfer of staff from these bodies to the Secretary of State.
- 2.11 In addition Part 3 also introduces restrictions on the public reporting of allegations made against teachers.

Part 4: Qualifications and the Curriculum

- 2.12 This section requires sampled schools to take part in international education surveys when directed by the Secretary of State.
- 2.13 It amends the governance structure of the Office of Qualifications and Examinations Regulation (Ofqual) and revises its standards objective to include international comparison. It makes changes to the enforcement powers of Ofqual and of Welsh ministers – as the regulator of qualifications in Wales.

- 2.14 It also abolishes a further arm's length body, the Qualifications and Curriculum Development Agency (QCDA). The Act provides for the relevant functions of the QCDA to be transferred to the Secretary of State and gives the necessary powers to make schemes for the transfer of staff from this body to the Secretary of State.
- 2.15 It also amends legislation relating to provision of careers education and guidance and repeals the duty on local authorities, schools and governing bodies to secure access to the diploma entitlement for 16 to 18 year olds and pupils in the fourth key stage.

Part 5: Educational institutions : other provisions

- 2.16 This section of the Act repeals certain duties on the governing bodies of maintained schools in England and repeals the duty on local authorities to appoint a school improvement partner for each maintained school.
- 2.17 It also makes changes to the duties of local authorities in relation to school admissions. In addition, the school adjudicator will no longer be able to make modifications to a school's admissions arrangements in response to a complaint or a referral. Any body or person will be able to object to the adjudicator about a school's admission arrangements.
- 2.18 The Act also introduces a cap on the amount local authorities and the governing bodies of maintained schools in England are allowed to charge for the provision of school meals, milk etc.
- 2.19 The Act also makes changes to the arrangements for the establishment of new schools by introducing a presumption that when local authorities set up new schools they will be academies, including free schools.
- 2.20 It makes changes to the composition of school governing bodies and, with the related section in part 6, makes it possible for one or more, but not all, of the schools in a federation to become an academy without first having to go through the statutory process to leave the federation.
- 2.21 The Act provides for changes to the inspections framework for schools and for the exemption of certain categories of school and further education institution from routine inspection by Her Majesty's Inspectorate, the Office for Standards in Education, Children's Services and Skills. Where a school or further education institution asks Ofsted to carry out an inspection in circumstances where such an inspection is not required, and Ofsted agrees to do so, this part allows the Chief Inspector to charge the school or college for the cost of carrying out that inspection. It also makes changes to the inspection of boarding provision.

- 2.22 The Act makes provision for the Secretary of State to direct a local authority to issue a warning notice to a school on grounds of performance or safety concerns and extends the Secretary of State's power to close schools to all schools eligible for intervention, rather than, as at present, only those deemed by Ofsted to be in need of special measures.
- 2.23 The Act repeals the power for parents to make complaints about schools to the local commissioner.
- 2.24 The Act contains measures on school finance and makes changes to what costs can be included in charges made by nursery schools and schools with nursery classes for early years provision that is not funded by the local authority. It enables the Secretary of State to issue directed revisions to local authority schemes for financing schools and requires the Secretary of State to consult local authorities and others before a direction is given. It also allows the governing bodies of maintained schools to fund the costs of premature retirement and dismissal of community staff from their budget shares and allows pupil referral units to be funded by local authorities by way of a budget share in the same way as maintained schools.
- 2.25 This section of the Act repeals and amends a range of duties placed on further education corporations, including the ability of corporations to amend their own instrument and articles of governance, to dissolve themselves and transfer their property, rights and liabilities upon dissolution. This part also contains provisions that provide voluntary sixth form colleges with the same protection afforded through previous legislation or directions.
- 2.26 It also repeals the change of the name of pupil referral units to short stay schools. It amends provisions concerning the financing of pupil referral units.

Part 6: Academies

- 2.27 Part 6 of the Act amends academy legislation. It allows the establishment of 16 to 19 academies and alternative provision academies and removes the requirement for academies to have a specialism.
- 2.28 It makes some changes to the consultation requirements for the setting up of an academy and to the way a school in a federation becomes an academy. This part protects the existing position in relation to discrimination in employment practices for faith schools which convert to become academies but makes provision for this to be changed, by order of the Secretary of State, after conversion.
- 2.29 In addition the Act makes changes to the legislation relating to school land to increase the Secretary of State's ability to make land available for free schools and clarifies the law relating to local authorities' powers to provide financial or other assistance to academies.

- 2.30 It allows for schools' adjudicators to consider and determine objections to academies' admission arrangements. It also makes provision about the remission of fees that may be payable in respect of children attending boarding academies.

Part 7: Post-16 education and training

- 2.31 This part abolishes a further arm's length body, the Young People's Learning Agency for England (YPLA); it provides for the relevant functions of the YPLA to be transferred to the Secretary of State and gives the necessary powers to make schemes for the transfer of staff from this body to the Secretary of State.
- 2.32 The Act part replaces the duty on the Chief Executive of Skills Funding to secure an apprenticeship place for certain young people with a duty to fund apprenticeship training, through securing the provision of proper facilities, for certain groups who have secured an apprenticeship place. It also places a new duty on the Chief Executive of Skills Funding to make reasonable efforts to ensure employers participate in apprenticeship training. This part makes changes to the law relating to the issue of apprenticeship certificates.
- 2.33 Part 7 also retains the commencement of raising the participation age legislation in 2013 – to age 17 – and 2015 – to age 18 – whilst removing the requirement to commence enforcement procedures on young people, parents and employers in relation to raising the participation age on a certain date.

Part 8: Direct payments

- 2.34 This section of the Act makes provision regarding direct payments by local authorities in England for persons with special educational needs or subject to learning difficulty assessment.

Part 9: Student finance

- 2.35 This part includes measures that form part of a package of higher education reforms announced in an oral statement in the House of Commons on 3 November 2010 and later refined in a written statement on 8 December 2010 in response to the Browne Review. It will apply the tuition fees cap for full-time courses on a pro rata basis to part-time courses, and increases the cap on the interest rates that can be charged on new student loans.

Part 10: General

- 2.36 This part contains supplementary provisions about orders and regulations, interpretation of the Act, financial provision, extent, commencement and the short title.

3. RECOMMENDATIONS

- 3.1 That Cabinet should accept the report and note the content of the report in respect of the statutory duties placed upon the local authority to implement the Education Act 2011.

4. REASONS FOR RECOMMENDATIONS

- 4.1 The Act places responsibility on the local authority to implement sections of the Act in respect of provision of services for children and young people.

5. LEGAL AND FINANCIAL CONSIDERATIONS

- 5.1 The local authority must consider both legal and financial considerations relating to the implementation of its statutory duty in the provision for services in Parts 1, 5, 6, 7 and 8 of the Act.

6. RISK IMPLICATIONS

- 6.1 That the local authority fails to provide services for which it has a statutory responsibility and is subject to a legal challenge to enforce the implementation of the services.

7. BACKGROUND PAPERS

The Importance of Teaching, Department for Education, November 2010 (CM-7980).

Skills for Sustainable Growth, Department for Business, Innovation and Skills, November 2010 (UNR: 10/1274).

Further Education – New Horizon, Department for Business, Innovation and Skills, November 2010 (UNR: 10/1272).

Higher Education Funding, 3 Nov 2010; Hansard: Column 924, available at <http://www.parliament.uk/business/publications/>

Higher Education Funding and Student Finance, 8 Dec 2010; Hansard: Column 19WS, available at <http://www.parliament.uk/business/publications/>

Securing a Sustainable Future for Higher Education: An Independent Review of Higher Education Funding & Student Finance, 12 October 2010, available at www.independent.gov.uk/browne-report

8. CONTACT OFFICERS

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CABINET REPORT

6 February 2012



Report of: Scrutiny Co-ordinating Committee

Subject: FORMAL RESPONSE TO THE EXECUTIVE'S
MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2012/13 TO 2014/15 CONSULTATION PROPOSALS

SUMMARY

1. PURPOSE OF REPORT

- 1.1 To inform Members that a report will be circulated in advance of, and for consideration during, this meeting detailing the Scrutiny Co-ordinating Committee's formal response to the Executive's Medium Term Financial Strategy (MtfS) 2012/13 to 2014/15 consultation proposals.

2. SUMMARY OF CONTENTS

- 2.1 The report outlines the Scrutiny Co-ordinating Committee's formal response to the Executive's Medium Term Financial Strategy (MtfS) 2012/13 to 2014/15 consultation proposals.

3. RELEVANCE TO CABINET

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

4. TYPE OF DECISION

- 4.1 Not applicable in this instance.

6. DECISION(S) REQUIRED

- 6.1 Cabinet is requested to consider the Scrutiny Co-ordinating Committee's formal response, as outlined in the report to be circulated in advance of this meeting.

CABINET

6 February 2012



Report of: Scrutiny Co-ordinating Committee

Subject: FORMAL RESPONSE TO THE EXECUTIVE'S
MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2012/13 TO 2014/15 CONSULTATION PROPOSALS

1. PURPOSE OF REPORT

- 1.1 To inform Members that a report will be circulated in advance of, and for consideration during, this meeting detailing the Scrutiny Co-ordinating Committee's formal response to the Executive's Medium Term Financial Strategy (Mtfs) 2012/13 to 2014/15 consultation proposals.

2. BACKGROUND INFORMATION

- 1.1 In December 2011, the Scrutiny Co-ordinating Committee considered the Executive's initial Medium Term Financial Strategy (Mtfs) 2012/13 to 2014/15 Proposals. This resulted in the formulation of a Scrutiny response, which was considered by Cabinet on the 19 December 2011.
- 1.2 With due consideration of the comments and views presented by Scrutiny, Cabinet at its meeting on the 19 December 2011 finalised its Medium Term Financial Strategy (Mtfs) 2012/13 to 2014/15 proposals. These proposals were subsequently considered by the Scrutiny Co-ordinating Committee and the four standing Scrutiny Forums, in a repeat of the process implemented for consideration of the 'initial' budget proposals in December 2011.
- 1.3 The Scrutiny Co-ordinating Committee considered the Executives proposals on the 13 January 2012 and 27 January 2012 and each of the standing Scrutiny Forums consider the proposals in relation to the service areas within their remit, in the week commencing the 16 January 2012. The Forums views / comments were fed back to the Scrutiny Co-ordinating Committee on the 27 January 2012 and utilised to inform the finalisation of the formal Scrutiny response to the Executive's medium term financial strategy (Mtfs) 2012/13 to 2014/15 proposals. The Scrutiny response to be presented to Cabinet on the 6 February 2012.

- 1.4 Given the timescale between completion of Scrutiny consideration of the Executive's proposals and the date of today's Cabinet meeting, it was not possible to include the Scrutiny Co-ordinating Committee's report within the statutory requirements for the despatch of the agenda and papers for today's meeting. In light of this, and in order to progress the matter without delay, arrangements have been made for the Scrutiny Co-ordinating Committee's report to be circulated under separate cover in advance of this meeting.

3. RECOMMENDATION

- 3.1 Cabinet is requested to consider the Scrutiny Co-ordinating Committee's formal response, as outlined in the report to be circulated in advance of this meeting.

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BACKGROUND PAPERS

No background papers were used in the preparation of this report.

CABINET REPORT

6 February 2012



Report of: Scrutiny Co-ordinating Committee

Subject: FORMAL RESPONSE TO THE EXECUTIVE'S
MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2012/2013 TO 2014/2015 CONSULTATION
PROPOSALS

SUMMARY

1. PURPOSE OF REPORT

- 1.1 To provide the formal response of the Scrutiny Co-ordinating Committee in relation to the Executive's Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 consultation proposals.

2. SUMMARY OF CONTENTS

- 2.1 The report provides an overview of Scrutiny's involvement in the Authority's Budget setting process, together with their formal response to the Executive's Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 consultation proposals.

3. RELEVANCE TO CABINET

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

4. TYPE OF DECISION

- 4.1 Not applicable in this instance.

5. DECISION MAKING ROUTE

- 5.1 Cabinet (19 December 2011 and 6 February 2012), Scrutiny Co-ordinating Committee (13 January 2012 and 27 January 2012) and Council (9 February 2012).

6. DECISION(S) REQUIRED

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

CABINET REPORT

6 February 2012



Report of: Scrutiny Co-ordinating Committee

Subject: FORMAL RESPONSE TO THE EXECUTIVE'S
MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2012/13 TO 2014/15 CONSULTATION PROPOSALS

1. PURPOSE OF THE REPORT

- 1.1 To provide the formal response of the Scrutiny Co-ordinating Committee in relation to the Executive's Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 consultation proposals.

2. BACKGROUND INFORMATION

- 2.1 At a meeting of the Scrutiny Co-ordinating Committee held on 15 October 2011, consideration was given to the Executive's Initial Budget and Policy Framework Consultation Proposals for 2012/13.
- 2.2 At this meeting it was agreed that the initial consultation proposals were to be considered on a departmental basis by the appropriate Scrutiny Forum. With any comments/observations being fed back to the meeting of the Scrutiny Co-ordinating Committee held on 2 December 2011 to assist in the formulation of this Committee's formal response, presented to the meeting of the Cabinet held on 19 December 2011.
- 2.3 Following the Cabinet's determination of their finalised Executive's Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 at their meeting on 19 December 2011, further consideration was given to the finalised proposals by the Scrutiny Co-ordinating Committee on 13 January 2012.
- 2.4 The Scrutiny Co-ordinating Committee and the four standing Scrutiny Forums then repeated the same process followed during the consideration of the initial budget consultation during 16 January 2012 to 19 January 2010, with collective feedback being considered on 27 January 2012 to enable a formal response to be determined and presented to the Cabinet on 6 February 2012.

- 2.5 During the consideration of the Executive's initial and finalised Budget and Policy Framework Proposals for 2012/13, the appropriate Cabinet Members were in attendance subject to their availability.

3. FORMAL RESPONSE OF SCRUTINY TO THE EXECUTIVE'S FINALISED MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2012/13 TO 2014/15 CONSULTATION PROPOSALS

- 3.1 As part of the Budget and Policy Framework consultation for 2012/13, Members of the Scrutiny Co-ordinating Committee and the four standing Scrutiny Forums considered the executives finalised medium term financial strategy 2013/13 to 2014/15.
- 3.2 At its meetings on the 13 January 2012 and 27 January 2012, the Scrutiny Co-ordinating Committee considered proposal's in relation to the Chief Executives Departmental budget (pressures and savings) and on a corporate basis considered details of the revised corporate planning assumptions and review of reserves. Comments expressed for consideration by Cabinet are as outlined below.
- 3.3 Early Intervention Strategy – **The Committee supported / approved the content of the strategy.**
- 3.4 Proposed Pressures (Corporate Items) - The Committee expressed concern regarding the continuing pressure in relation to the car park income. **Members noted the ongoing nature of this pressure and supported its inclusion as a corporate pressure. No other comments were made in relation to the propose pressures.**
- 3.5 Revised Corporate Planning Assumptions – **The Committee noted the information provided** and made no specific comments in relation to any of the individual planning assumptions.
- 3.6 Proposed Savings (Chief Executives Department Business Transformation Programme Budget Reductions)
- 3.6.1 The Scrutiny Co-ordinating Committee had during the course of 2011/12 considered and expressed views in relation to proposed savings in relation to the following:
- Review of Service Provision and Potential Divisional Restructure in Corporate Strategy;
 - Bailiff Car Parking Enforcement – Income Generation;
 - Council Tax Class A Exemption Removal – Income Generation;
 - Benefits, Council Tax and Transactional Shared Services;
 - Joint HR Services With Darlington; and
 - Training Support Provision.

- 3.6.2 Scrutiny responses to these proposed savings were considered by Cabinet at its meetings on the 30 August 2011, 5 December 2011 and the 19 December 2011. The Scrutiny Co-ordinating Committee at its meeting on the 27 January 2012 received and **noted the summary of savings identified and expressed no additional comments to those previously made.**
- 3.6.3 The Committee at its meeting on the 13 January 2012 did, however, express concern regarding the absence of 'impact' information in relation to these, and all, proposals as part of the budget consultation process. In response to this, details of the staffing impact of all budget saving proposals were presented and considered by each of the standing Forums and the Scrutiny Co-ordinating Committee. **This information was noted.**
- 3.6.4 In preparation for next years budget process, **the Committee highlighted the need for the provision of clear information from the start in relation to the impact of all saving proposals, in terms of staffing, service delivery, equality and the potential implications on vulnerable areas of the town.**

3.7 Review of Reserves

- 3.7.1 During the course of discussions, the following views were expressed by the Committee:-
- i) Brierton Sports Centre - In relation to the issue of the Brierton Sports Centre, Members expressed concerns at the potential for Dyke House School to need to claim a deficit in running the centre. **Members requested confirmation regarding the situation, as and when it was available.**
 - ii) General Fund - Concern was expressed by some Members in relation to the proposed reduction in the level of the General Fund. However, following clarification of best practice in terms of the retention of the fund at between 3-5% and the Council's strategic approach to managing significant financial risks through the establishment of specific reserves, **Members supported the proposed reduction of the fund to £3.462m (which equates to 3.8%).**
 - iii) Interest Equalisation Reserve - The Committee **noted the proposal.**
 - iv) Business Transformation Set Up Costs – Members expressed concern regarding the level of BT set up costs and the knock on implication of the ICT / Revenues and Benefits contract just let. **The Committee noted that the figure did not include spend against this budget in the last year which had been significant.**
 - v) Budget Consultation – **Members queried the £60,000 identified to fund budget consultation arrangements and noted that the retention of these funds within the budget would be sensible in order to deal with the potential for future consideration of a Council Tax increase above the threshold, triggering the need for a referendum.**

- vi) Financial Inclusion – Members highlighted the £44,000 set aside to fund the Financial Inclusion Manager post and queried if the post was still part of the establishment. Officers indicated that this would be clarified.

3.8 Revised Outturn

- 3.8.1 In considering the revised outturn, the Committee drew attention to the inclusion of £70,000 to cover the one off costs of a Mayoral Referendum. Considerable discussion occurred in relation to the level of these costs and potential for costs to be shared should the referendum be run alongside the election of the Police and Crime Commissioner. The need to set aside the funding for something that was not guaranteed to occur was also discussed. In response to the points raised, **it was recommended that the £70,000 included to cover the costs of a mayoral referendum should be reduced to £35,000 and that should it not be required, the monies should be rolled over to contribute to the costs of the Mayoral election in 2013.**
- 3.8.2 In addition to the information circulated with the agenda, the Chief Finance Officer provided a verbal update in relation to the current outturn. The Committee was advised that as indicated previously further work was needed on the 2011/12 forecast outturn position, including areas which could not be reviewed until December 2011, or January 2012. This work had now been completed and it was anticipated that in overall terms there would be an additional net benefit in the current year of £0.810m. Members noted that this position reflected a number of factors:
- i) Additional under spend on Departmental budgets. This reflected the continued robust management of budgets and action to achieve 2012/13 savings earlier;
 - ii) Corporate budgets. Detailed work had been completed to assess the impact on pay budgets of a range of factors covering incremental progression for staff in post, Job Evaluation appeal costs, actual staff turnover for 2011/12 and pay award savings from the national decision by the Local Government Employers organisation not to pay the £250 flat rate increase for staff earning £21,000 or below for 2011/12 from April 2011. Where these issues provided an ongoing saving, this had been reflected in the 2012/13 budget as part of strategy to bridge the budget gap. This reduced the budget cuts which need to be made in 2012/13;
 - iii) Collection Fund deficit. An initial assessment of the Collection Fund surplus available to support the 2012/13 had been completed in January 2011. This position had recently been reviewed and the anticipated surplus had reduced from £200,000 to £14,000. To avoid this reduction increasing the 2012/13 budget gap it was recommended that this shortfall be funded from the 2011/12 outturn. The budget forecasts for 2013/14 and 2014/15 assumed the Collection Fund position was financially neutral on the General Fund.

3.8.3 It was noted by the Committee that the Net impact of above factors was an additional under spend of £810,000 and it was to be suggested that Cabinet allocate £83,000 of this amount as a contribution towards providing a 'Ward Fund' of £231,000 (i.e. £7,000 per Councillor), as requested by the Constitution/General Purposes Working Group and supported by Scrutiny Co-ordinating Committee. The remaining amount to be carried forward to 2013/14 to address the financial challenges in that year, including the loss of the Council Tax freeze grant.

3.8.4 **Members welcomed the outturn update and the proposal for the allocation of a contribution towards the provision of a 'Ward Fund' of £231,000.** Whilst the Committee made no other comments in relation to the proposals for the revised outturn, Members took the opportunity to reinforce the view that the allocation / utilisation of under spends should be the responsibility of Full Council. On this basis it was **recommended that an amendment needed to be made to the Constitution to allow favourable outturns to be placed in the General Fund for allocation by Full Council, rather than by Cabinet.**

3.9 Proposed Capital Funding for 2012/13

3.9.1 In addition to the documentation provided, the Chief Financial Officer provided further information in relation to proposed capital funding for 2012/13. In considering the additional information provided, the **Committee supported the capital requirements for the following projects, totalling £582,000:**

- Disability Facilities Grant
- Stockton Street Underpass
- Energy Management Controls
- Access works to meet DDA requirements
- Improving Schools and other kitchen facilities
- Civic Centre Concourse
- Lynn Street Garage Roof
- CCTV

3.9.2 Looking specifically at the Disability Facilities Grant, **Members were pleased to note that the authority has cleared the waiting list and emphasised the importance of exploring the identification of partners as a way forward for the future provision of these services.** Regarding the West View Cemetery Lodge and Northgate / Carnegie House, **Members acknowledged that it would be sensible to retain the £50,000 allocated for use should it be required.**

3.9.3 In relation to the identification of capital expenditure, Members reiterated concerns that this is done by Cabinet, with Council approval only sought on those identified. As a way forward with this, **Members suggested that a process needed to be put in place to enable Council involvement in the allocation of capital expenditure.** In order to facilitate this, the **Committee recommended that the £368,000 of capital funding available should be split in to two elements.**

£68,000 – To be allocated to Cabinet, to enable swift decisions to be made on the allocation of funding in the event of emergencies.

£300,000 - To be held in the decision making power of Council. This will enable discussion to take place in both SCC and the Council Working Group and to bring forward recommendations to Full Council on future Capital allocation. This to include discussion on both townwide and neighbourhood initiatives.

3.10 Other questions raised by Cabinet for a Scrutiny Response - The Scrutiny Co-ordinating Committee was also asked by Cabinet to consider a number of other issues / questions and in doing so formulated the following responses:-

- i) 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 - See ii) below.
- ii) The use of the one-off saving arising from the Industrial Action based on an estimated value of £50,000.

Members highlighted the proposal for the removal of the Neighbourhood Forum minor works funds and **supported a recommendation made at the Constitution / General Purposed Working Group that this allocation be replaced by the provision of £7,000 to each individual Member to enable members to respond to Ward initiatives or to work collaboratively with other members to resolve neighbourhood issues.**

This proposal would require the identification of a budget amounting to £231,000. The Committee suggested that the savings identified from the Acting Chief Executive, joint Head of HR role and those resulting from recent industrial action (totalling £148,250) should be utilised to partially fund this budget and that the remaining shortfall of £82,750 should be funded from any under spend identified as part of the budget outturn. The Chief Finance Officer confirmed that the outturn figure had been more favourable than expected and as such funding to cover the identified £82,750 shortfall would be available should Members decide to proceed with the proposal.

- iii) 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).

The Committee expressed great concern regarding the implications of increasing Council Tax in an area with levels of deprivation, as exist in Hartlepool. Members were, however, equally concerned regarding the longer term financial implications of accepting the government grant to

freeze Council Tax. Following great debate, **the Committee noted the position of Cabinet.**

- iv) The proposed strategy for funding the increased costs on the PCP capital schemes.

The Committee noted the strategy and expressed no additional comments.

- v) 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.

The Committee strongly supported the creation of this capital investment fund and recommended that as part of the project ways of tying in opportunities to offer training should be explored.

In addition the Committee recommended that SCC and the Working Group of Council examine the opportunities presented by future Section 106 monies to enhance the development of this initiative and to report their findings to Full Council.

- vi) The allocation of the available Furniture Project reserve of £50,000 to kick start this project.

Supported fully the allocation of these funds to kick start the project.

Whilst the Committee welcomed proposals for the scheme to be used to support the Council's empty homes activities, providing white goods in all homes that are brought back into use, it was highlighted that original intention had been that the scheme would be open to all elements of the community and not restricted. Members were concerned that this would have a detrimental effect on the ultimate ability of the scheme to be self sufficient / funding.

In light of these concerns, it was agreed that further dialogue, in relation to the detail of proposals for the implementation of the scheme, needed to be undertaken and the concerns expressed considered as part of Cabinet consideration of a further report on the issue in March 2012.

- vii) 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.

Following consideration of evidence from the Director of Neighbourhood Services, **the Committee supported the retention of these monies**

within the budget in order to allow Full Council to match fund any projects that may come along. It was, however, recommended that reference to the funds being for 'Church Square Loan Repayment' should be removed and the allocation renamed.

- viii) The proposal to demolish the Brierton 'top site' building and ancillary buildings.

The Committee noted the proposals for the demolition of the site and expressed no additional comments to those already expressed as part of the initial budget consultation process.

- ix) The proposed purchase of the Ambulance Station – **The proposed purchase was noted.**

3.11 Following receipt of the Cabinets response to the issues raised by the Scrutiny Co-ordinating Committee as part of the initial consultation process, Members expressed the following views:-

- i) Members Allowances – Following detailed discussions, **the Committee recommended that the budget allocated for Members allowance should remain the same for this year, pending consideration of the issue by the Independent Remuneration Panel .**
- ii) Council Tax Benefit Arrangements 2013 – Members reiterated their concerns regarding the practical impact of the Coalition Government's proposals to protect low income pensioners whilst placing the full burden of the cuts on low income families with children. Concern was expressed that:
 - In addition to developing a local Council Tax Scheme with 10% less funding than in 2012 the Council would also, given the uncertainty of the impact of the proposals, need to retain a contingency to deal with additional costs which may appear during the year if the number of claimants should increase.
 - There would be a need for the development of information / advice detailing the local process for determination of claims, something that had never been needed in the past.
 - The key risk relates to the timescale for the practical implementation of the proposed changes (i.e. April 2013) especially given that secondary legislation is not expected until September / October 2012.
- iii) New Homes Bonus – **The Scrutiny Co-ordinating Committee requested an annual update report in relation to the issue.**
- iv) Private Sector Housing Services – Member continued to be concerned regarding the impact of staffing reductions on the ability to deliver private housing sector enforcement services. The Committee welcomed an assurance that despite the proposed savings it was expected that the restructure of services would result in a significant improvement in

provision. The Committee also welcomed indications that significant work was ongoing with Housing Hartlepool in relation to the implementation of the Empty Property Strategy. In response to a request from the Committee, officers indicated that all Members would be made aware of what was going on in relation to empty homes in the town and not just those in their respective Wards.

Members emphasised strongly the importance of, and need for, meaningful engagement in the housing sector and that those homes brought back into use, and any new homes built, must be affordable and fit for purpose for Hartlepool families. There also needed to be a requirement for the provision of payments from developers, where affordable housing was not to be provided, which could be utilised for the provision of affordable housing in other locations.

Other issues discussed related to the utilisation of licensing income and the removal of ring fencing arrangements in terms of income by some other local authorities. Members were of the view that licensing income in relation to the provision of private sector housing services should be ring fenced and reinvested to support the provision of enhanced private sector housing services.

- v) Filling of Posts by Temporary Staff – Members expressed concern regarding the filling of permanent posts with temporary staff. It was felt strongly that the Council has a duty to its permanent staff to ensure that they do not unnecessarily face redundancy, when there are posts available. On this basis, **the Committee supported, and requested, that Cabinet look to minimise the number of times temporary staff are appointed to permanent positions when existing permanent staff are available for redeployment.**
- vi) Capital Receipts:
 - Rationalisation of Building Assets – **The Committee reiterated its concerns in relation to the utilisation of accommodation in the Civic Centre by contractors, on the basis that it prevented the utilisation of office space in the building for the provision of council services, and that this in turn could prevent the effective disposal of other surplus Council buildings.**
 - Disposal of Buildings - Members drew attention to the investigation being undertaken through the Children's Services Scrutiny Forum in relation to 'The Provision of Support and Services to Looked after Children / Young People'. Concern was expressed that one of the potential recommendations from the investigation could be the provision of two family type (3/4 bed) children's homes and that consideration must be given to the suitability for existing properties for this purpose. Members were assured that officers were aware of this potential need for accommodation and that an entry was to be included

in the Forward Plan to keep the identification of potentially suitable properties on the radar.

4. FEEDBACK FROM THE STANDING SCRUTINY FORUMS

- 4.1 The Scrutiny Co-ordinating Committee at its meeting on the 27 January 2012, also received feedback from each of the Standing Scrutiny Forums as part of the budget consultation process for inclusion in this report back to Cabinet.

Adult and Community Services Scrutiny Forum – 16 January 2012

- 4.2 Members supported the finalised budget proposals, but reaffirmed their comments/views expressed at the initial budget consultation meeting on 8 November 2011 and hoped that these would be taken forward.

Children's Services Scrutiny Forum – 17 January 2012

- 4.3 Members supported the finalised budget proposals and in relation to the School Catering Pressure, Members were pleased to hear that this pressure had now been resolved at a recent meeting of the Schools Forum and therefore would no longer be a pressure to the Authority.

Neighbourhood Services Scrutiny Forum – 18 January 2012

- 4.4 Following detailed discussions of the finalised budget proposals and the impact of these on and services staffing numbers, Members agreed with the proposals.
- 4.5 However, Members again raised concerns that the unavoidable need for savings would leave services very stretched and commented that the need for further cuts in future years would inevitably have a negative impact on the services provided to the people of the town.

- 4.6 **Members noted that job losses had been kept to an absolute minimum in this area, despite the very large amount of savings required and commended staff within the Regeneration and Neighbourhoods Directorate for continuing to deliver excellent services despite the impact of savings.**

Regeneration and Planning Services Scrutiny Forum – 19 January 2012

- 4.7 Members supported the finalised budget proposals, but were concerned that the public were not aware of the enormity of the cuts that were coming over the next two years and how these would affect the ability of the Council to provide the current level of services. **Members suggested that additional publicity was carried out to ensure that residents are aware of the impact of future budget cuts.**

5. RECOMMENDATION

- 4.1 That Cabinet considers the formal response of the Scrutiny Co-ordinating Committee in relation to the Executive's Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 proposals, as outlined in Sections 3 and 4 of this report.

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

January 2012

Contact:- Joan Stevens – Scrutiny Manager
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BACKGROUND PAPERS

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

- (i) Report of the Scrutiny Co-ordinating Committee entitled 'Formal Response to the Executive's Initial Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 Consultation Proposals' considered by Cabinet on the 19 December 2011.
- (ii) Report of the Chief Finance Officer entitled 'Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 – Consultation Proposals' considered by the Scrutiny Co-ordinating Committee on the 13 January 2012.
- (iii) Report of the Scrutiny Manager entitled 'Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 – Further Consideration of Proposals' considered by the Scrutiny Co-ordinating Committee on the 27 January 2012.
- (iv) Report of the Scrutiny Chairs entitled 'Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 – Budget Consultation: Feedback from the Overview and Scrutiny Committees' considered by the Scrutiny Co-ordinating Committee on the 27 January 2012.
- (v) Minutes of Cabinet held on 19 December 2011.

CABINET

6 February 2012



Report of: Scrutiny Co-ordinating Committee

Subject: REFERRAL RESPONSE – DELIVERY OF SUPPORT TO MEMBERS AND TO THE COUNCIL, EXECUTIVE, NON EXECUTIVE AND SCRUTINY FUNCTIONS

SUMMARY

1. PURPOSE OF REPORT

- 1.1 To inform Members that a report will be circulated in advance of, and for consideration during, this meeting detailing the Scrutiny Co-ordinating Committee's formal response to the referral from Cabinet, on the 7 November 2011, in relation to issues around the delivery of support to Members and to Council, Executive, Non Executive and Scrutiny functions.

2. SUMMARY OF CONTENTS

- 2.1 The report outlines the Scrutiny Co-ordinating Committee's formal response to the referral from Cabinet on the 7 November 2011 in relation to issues around the delivery of support to Members and to Council, Executive, Non Executive and Scrutiny functions.

3. RELEVANCE TO CABINET

- 3.1 To assist Cabinet in its decision making process in relation to the delivery of support to Members and to Council, Executive, Non Executive and Scrutiny functions.

4. TYPE OF DECISION

- 4.1 Non key decision.

5. DECISION MAKING ROUTE

- 5.1 The decision making route is as follows:

CABINET

6 February 2012



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SCRUTINY CO-ORDINATING COMMITTEE

27 January 2012



Report of: Constitution/General Purposes Working Group

Subject: REFERRAL OF DECISION: DELIVERY OF SUPPORT TO MEMBERS AND TO THE COUNCIL, EXECUTIVE, NON EXECUTIVE AND SCRUTINY FUNCTIONS

1. Background

On 25 November 2011, Scrutiny Co-ordinating Committee met to consider 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'. Cabinet had at the same meeting referred a number of issues in relation to this decision to Scrutiny with a clear timetable for response. In relation to this referral, Cabinet at its meeting on 5 December 2011, considered and approved an extension to the proposed timetable and extended the referral to include all elements of the original decision, as detailed below. As part of the process, the decisions (as detailed below) were referred to the Constitution/General Purposes Working Group for further consideration, the outcome of which was to be fed back to the Scrutiny Co-ordinating Committee for consideration in the formulation of its response to the Cabinet referral.

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

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

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

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.

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

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

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.

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

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.

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

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.

2. Issues for Consideration

This Working Group considered the referral at length at meetings held on 25 November, 1 December, 14 December, 21 December 2011 and 13 January 2012. Issues arising from those considerations were also considered at Council Working Group on 23 January 2012. The following provides a summary of Members views and detailed recommendations.

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

Members had several concerns with the proposal to allocate the responsibility of reviewing the Constitution to one officer due to the importance and volume of work involved. There were also a number of concerns expressed by Members at the lack of engagement with the Mayor at Constitution Committee, as his involvement and engagement in the discussions is considered by the Working Group to be pivotal to an effective process. In considering the number of amendments to the Constitution proposed by the Committee and unanimously approved by Council in the past, it was suggested that the Constitution Committee continue to function as it currently operated, with Working Groups of the Committee scheduled to consider specific issues as and when required.

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

In relation to the monitoring of Member attendance at induction and training sessions, it was noted that Members' attendances were already recorded, audited and published on an annual basis and any additional monitoring would be a further drain on resources.

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

A system had been developed to operate the General Purposes (Appeals and Staffing) Committee from within the membership of General Purposes Committee. This system had been operating for some time and had proved an efficient and effective use of Member and officer time, especially in view of the increasing workload of the General Purposes (Appeals and Staffing) Committee. As a result of this, Members were keen to see the General Purposes (Appeals and Staffing) Committee continue to operate this way.

Members were aware that there were ongoing discussions taking place in relation to the involvement of Executive Members on General Purposes (Appeals and Staffing) Committee and noted that this would be subject to further consideration.

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.

It was suggested by Members that Audit Committee continue to operate as it does now with the additional responsibility of monitoring contracts on a sample basis to examine the process undertaken to allocate specific contracts and monitor the subsequent contract arrangements along with procurement policy issues. In addition, a further function to undertake an overview and governance role could be undertaken by the Committee to examine the decision making prior to letting contracts. Members considered that further discussions on the audit, monitoring and governance arrangements of the Council should be undertaken, taking into account the possible inclusion within the Constitution/General Purposes/Audit Committee functions.

In relation to General Purposes Committee, Members considered that the General Purposes Committee should continue to function as currently. However, discussions on the number of Members appointed to the Committee highlighted the difficulties that may be faced convening General Purposes (Appeals and Staffing) Committee should a smaller membership of the main Committee be agreed. In order to facilitate the convening of General Purposes (Appeals and Staffing) Committees and acknowledging that there may be a need to hold meetings concurrently, Members suggested that the General Purposes Committee remain at a membership of 9 Members.

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

Members were inclined to agree that Contract Scrutiny Committee be abolished and the functions relating to the opening and recording of contracts/tenders be undertaken by the Executive in conjunction with the appropriate officer(s), providing they had no previous involvement in any decisions that may affect the contract.

In addition, a further function to undertake an overview and governance role could be undertaken by the Audit Committee relating to contracts.

Following discussions at Council Working Group Members agreed that Contract Scrutiny Committee should be abolished and the functions of opening tenders be undertaken by a sub-committee of Members from within the membership of Audit Committee. The governance and monitoring arrangements relating to the issuing of contracts along with monitoring the subsequent procurement policy issues to also be the responsibility of Audit Committee. This was subject to further discussion relating to the audit and governance arrangements of the Council.

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

To enable the Working Group to have a clear view on how many non-executive Members would be available to participate in back bench responsibilities, clarification had been sought from the Mayor on the number of Executive Members to be appointed post May 2012 elections. However, the Mayor had indicated that he would be unable to make that decision until after the elections had been held. As a result Members based their considerations around the highest possible number of Executive Members being appointed to the Cabinet which resulted in 25 Members being available to participate in back bench responsibilities.

In addition to the current responsibilities of Overview and Scrutiny, the forthcoming election of the Police and Crime Commissioner in November 2012 would result in an additional responsibility being placed with overview and scrutiny. In view of this additional responsibility and the need to consider the budget proposals as well as full work programmes, Members did not feel able to reduce the number of Scrutiny Forums. However, there was an acknowledgement that in view of the reduction in Members from 47 to 33 after the May 2012 elections, the number of Members able to participate in each scrutiny forum should be reduced to 5/6 Members per Forum subject to the requirements of proportionality.

In relation to Regeneration and Planning Services Scrutiny Forum, Members considered that this should remain a stand alone Forum in view of the need to

scrutinise and hold to account the Department leading on increasing the focus and importance placed on reducing the level of deprivation in the town through increasing job opportunities, inviting organisations to start businesses, supporting businesses and generating small business in the town.

Members also considered that the Neighbourhood Services Scrutiny Forum should remain a stand alone Forum in view of the need to continually scrutinise front facing services in line with increasing demands on neighbourhood delivery including refuse collection and street lighting responsibilities.

In view of the additional responsibilities being placed on the Council through the statutory functions of the Health and Well Being Board and additional responsibility for public health, Members considered that a Health Scrutiny Forum should not be merged with any other Scrutiny Forum. This would result in the Adult and Community Services Scrutiny Forum remaining a stand alone forum.

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.

Whilst Members supported the removal of Members' Seminars from the Council diary, it was considered that the scheduling of the ad hoc briefing/training sessions needed further discussion. It was highlighted that immediately in advance of full Council meetings was not practical as the political groups already met immediately prior to Council. In addition to this, extra meetings on the same day as Council and Group meetings was likely to cause problems for Members who had work, carer or other commitments.

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

Any additional Task and Finish/Working Groups were already scheduled around the Council, Member and Officer diaries to ensure they were resourceable and further monitoring of this would put a further strain on officer resources.

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 was considered that to conduct Task and Finish Group in public would involve more officer time through the production and publication of agenda documentation. It was therefore not considered a saving of resources. Further current arrangements enabled a full and frank debate to be undertaken on what were very difficult issues. In addition, as Task and Finish Groups were not subject to Access to Information Rules, they could be held at

short notice. Issues discussed by Task and Finish Group which subsequently required decisions were subject to reports referred to meetings held in accordance with Access to Information Rules.

The Working Group noted that the Chief Solicitor had confirmed that neither Working Groups or Task and Finish Groups were subject to the Access to Information Rules.

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

Members were fully aware of the additional workload that extra meetings incurred both for officers and Members. Therefore additional meetings were only called as and when necessary and no further action on this recommendation was required.

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 conference is justified, the Member attending the Conference is required to feedback to all Members of the Council in both written and verbal form

Members considered that a distinction was required to enable Members to attend conferences and meetings when appointed to that organisation as a Council representative with the necessary resources being made available, as opposed to requests from Members to attend ad hoc conferences. To enable further clarity, Members were fully supportive of an approved list of conferences being re-established.

Members were fully supportive of a review of the outside bodies that the Council appoint to on an annual basis and considered that the reintroduction of approved conference list should be considered in conjunction with the outside body list, and reiterated the importance of Member input/engagement with outside bodies who were in receipt of financial support via the Council.

Members highlighted that previous practice had required that Members submit a verbal report to Full Council in relation to their attendance at Conferences / Seminars. Members expressed concern that this process had proven to be ineffective and time consuming, and drew attention to the effectiveness of informal mechanism already in place for Members to feedback their attendances via appropriate scrutiny forums. On this basis, Members were of the view that an informal reporting mechanism, as implemented through Scrutiny, would be the preferred option and that the re-introduction of a formal written/verbal process at full Council was not supported.

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

Members did not consider the current accommodation provided to be adequate or suitable and welcomed the review of accommodation. It was suggested that Members should be located within the civic suite area. One option would be to relocate the Members' Executive and Non-Executive collective space into the Civic Suite. This would enable a significant section of office space on Level 2 of the Civic Centre to be freed up for use by officers which should help with the rationalisation of Council buildings.

In relation to the remaining offices used by Members such as group offices and scrutiny offices, further discussion would be required should the future use of these rooms be questioned.

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 disappointed with the current level of ICT support given to Members and supported this recommendation and looked forward to an effective solution being identified. It was suggested that alternative ICT arrangements for Members should be explored.

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

Members supported this recommendation.

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

Members did not support the above recommendation as to implement a pro rata reduction in committees/forums in line with the reduction of Elected Members was unworkable. Members considered that the membership of each committee/forum should be looked at individually to ensure the most appropriate level of membership was in place.

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.

As the Mayor had been unable to provide an indication of the number of Executive Members to be appointed to Cabinet post May 2012 elections, Members had based their considerations of the political structure and referral of Cabinet recommendations on 25 Members being available to participate in back bench committees and forums.

3. **Recommendations**

That the following views be considered by the Scrutiny Co-ordinating Committee in the formulation of its response to the Cabinet referral, in line with the agreed timescale:-

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

That the operation of the Constitution Committee continue to operate as it was subject to further discussion around the audit and governance arrangements of the Council, with Working Groups scheduled as and when required.

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

Members noted that Members' attendances were already recorded, audited and published on an annual basis and any additional monitoring would be a further drain on resources.

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

That the General Purposes (Appeals and Staffing) Committee continue to operate as currently with membership from the General Purposes Committee.

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

That General Purposes Committee continue to function as currently with no in the membership numbers. However, it was recommended that the operation of this Committee be subject to further discussion relating to the audit and governance arrangements of the Council.

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

That Contract Scrutiny Committee be abolished and the functions of opening tenders be undertaken by a sub-committee of Members from within the membership of Audit Committee. The governance and monitoring arrangements relating to the issuing of contracts and the subsequent procurement policy arrangements also be the responsibility of Audit Committee. This was subject to further discussion relating to the audit and governance arrangements of the Council.

1 (vi) – That the number of Scrutiny Forums be reduced from six to four through the merging of Neighbourhood Services and Regeneration and Planning Services Scrutiny Forums and Health Scrutiny Forum to be combined with Adult and Community Services Scrutiny Forum to reflect the Council's new public health role.

The continuation of the five Scrutiny Forums as they currently stand, with a reduced membership of 5/6 Members appointed to each Scrutiny Forum depending on the requirements of proportionality. In addition to this, the Chair, Vice Chair and one other Member from the Scrutiny Forums be appointed to the Scrutiny Co-ordinating Committee to enable the full participation of back bench and cross party Members with the Chair appointed by Council resulting in a membership of SCC16.

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.

Whilst Members supported the removal of diaried Members' Seminars, the scheduling of the ad hoc briefing/training sessions needed further discussion.

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

Any additional Task and Finish/Working Groups were already scheduled around the Council Annual Diary, Members and Officers diaries to ensure they were resourceable and further monitoring of this would put a further strain on officer resources.

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.

Advice had been received that Task and Finish Groups were not subject to Access to Information Provision Rules.

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

Members were fully aware of the additional workload that extra meetings incurred both for officers and Members. Therefore additional meetings were only called as and when necessary.

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 conference is justified, the Member attending the Conference is required to feedback to all Members of the Council in both written and verbal form

Members referred to the differentiation between conferences Members were invited to attend as appointed Council representatives as opposed to specific individual requests from Members to attend ad hoc conferences. In view of this, Members suggested that an approved list of conferences be created to take into account conferences of the organisations that Council appoint Members to as Council representatives.

Members were fully supportive of a review of the outside bodies that the Council appoint to on an annual basis and considered that the reintroduction of approved conference list should be considered in conjunction with the outside body list.

The introduction of an informal mechanism, as implemented through Scrutiny, for the reporting of attendance at Conferences / Seminars would be the preferred option and that in the re-introduction of a formal written / verbal process for reports to full Council was not supported.

It was considered that any freeze on conference attendances apply to both officers as well as Members.

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

A review of Members’ accommodation was supported and suggestions were made for the relocation of non Executive and Executive Members collective space to within the Civic Suite.

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 supported this recommendation and looked forward to an effective solution being identified.

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

Members supported this recommendation.

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

Members considered that a pro rata reduction in committees/forums in line with the reduction in Elected Members was unworkable and that each individual committee/forum should be examined separately and on their own merits and required functions.

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

As the Mayor was unable to give an indication of the number of Executive Members likely to be appointed to Cabinet post May 2012 elections, Members has based their consideration of the political structure on 25 Members available to participate in back bench committees.

BACKGROUND PAPERS:

Constitution, Part 3 – Roles and Responsibilities

Cabinet Decision Record – 7 November 2011

Scrutiny Co-ordinating Committee Minutes – 25 November 2011

Constitution/General Purposes Working Group minutes – 1 December, 14

December, 21 December 2011 and 13 January 2012

Council Working Group minutes – 23 January 2012-01-24

5. DECISION MAKING ROUTE

5.1 The decision making route is as follows:

- Cabinet on 7 November 2011;
- Scrutiny Co-ordinating Committee on 2 December 2011;
- Cabinet on 5 December 2011;
- Scrutiny Co-ordinating Committee on 27 January 2012; and
- Cabinet on 6 February 2012.

6. DECISION(S) REQUIRED

6.1 To receive the views expressed by the Scrutiny Co-ordinating Committee in response to the referral from Cabinet on the 7 November 2011.

Report of: Scrutiny Co-ordinating Committee

Subject: REFERRAL RESPONSE – DELIVERY OF SUPPORT TO MEMBERS AND TO THE COUNCIL, EXECUTIVE, NON EXECUTIVE AND SCRUTINY FUNCTIONS

1 PURPOSE OF THE REPORT

- 1.1 To report the Scrutiny Co-ordinating Committee's views in relation to the referral from Cabinet on the 7 November 2011 to Overview and Scrutiny.

2 BACKGROUND INFORMATION

- 2.1 Cabinet, at its meeting held on the 7 November 2011, received a report in relation to the 'Delivery of Support to Members and to the Council, Executive, Non Executive and Scrutiny Functions'. In considering the report, Cabinet split its recommendations into three, these being:
- i) Those referred to Scrutiny for consideration, with a report back to Cabinet required before Christmas 2011;
 - ii) Those for implementation forthwith; and
 - iii) Those for implementation for the 2012/13 Municipal Year.
- 2.2 The Scrutiny Co-ordinating Committee gave initial consideration to the Cabinet referral at its meetings on the 2 December 2011, resulting in the submission of a report to Cabinet, on the 5 December 2011, outlining concerns regarding the duplication of work already being undertaken by the Constitution / General Purposes Committee's Task and Finish Group and the Council Working Group. The report also highlighted concerns regarding the impossible deadline for completion of the call-in, and outlined a proposal for an extended timeframe, which would enable the co-ordination of activities by the Constitution / General Purposes Committee's Task and Finish Group and the Council Working Group to feed into the formulation of a formal Scrutiny response to the referral.
- 2.3 In addition to the Cabinet referral, the Scrutiny Co-ordinating Committee also, at its meeting on the 25 November 2011, considered the outcome of a call-in in relation to the same Cabinet decision. The Call-in relating specifically to those elements which had not been referred to Scrutiny. Both reports in relation to the referral and Call-in were considered by Cabinet on the 5 December 2011, resulting in the decision that:

- The process and timetable for the referral be amended to enable effective consideration of the issues raised as suggested by the Scrutiny Co-ordinating Committee, with a final report to be submitted to Cabinet on 6 February 2011; and
- The referral be expanded to include all elements of the decision taken by Cabinet on the 7 November 2011.

2.4 In line with this decision, the contents of the referral were considered by the Constitution / General Purposes Committee's Working Group and the Council Working Group on the following dates:

- Constitution / General Purposes Committee's Working Group (25 November 2011, 1 December 2011, 14 December 2011, 21 December 2011 and 13 January 2012); and
- Council Working Group (23 January 2012).

2.5 The views and comments formulated by both Working Groups were reported to the Scrutiny Co-ordinating Committee, at its meeting on the 27 January 2012 (a copy of the report attached at **Appendix A**), and went on to be considered by the Committee in the formulation of its response to the Cabinet referral.

2.6 The Scrutiny Co-ordinating Committee, at its meeting on the 27 January 2012, fully supported the views expressed by the Constitution / General Purposes Committee's Working Group, and Council Working Group, as the basis for its response to the Cabinet referral. On this basis, the Scrutiny Co-ordinating Committee's response to the Cabinet referral is as follows:-

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

Scrutiny Co-ordinating Committee response - That the Constitution Committee continues to operate as it is, with Working Groups scheduled as and when required.

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

Scrutiny Co-ordinating Committee response - It was noted that Members' attendances are already recorded, audited and published on an annual basis and any additional monitoring would be a further drain on resources. On this basis, the recommendation was not supported.

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

Scrutiny Co-ordinating Committee response - That the General Purposes (Appeals and Staffing) Committee continue to operate as it currently does, with membership identified from the General Purposes Committee. On this basis, the recommendation was not supported.

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

Scrutiny Co-ordinating Committee response - That General Purposes Committee continue to function as it currently does with no reduction in membership numbers. However, it was recommended that further discussion relating to the governance arrangements of the Council be undertaken by members in the forthcoming municipal year.

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

Scrutiny Co-ordinating Committee response - That Contract Scrutiny Committee be abolished and the functions of opening tenders be undertaken by a sub-committee of 1 or 2 Members from within the membership of the Audit Committee. The governance and monitoring arrangements relating to the issuing of contracts and the subsequent procurement policy arrangements also be the responsibility of the Audit Committee.

1 (vi) – That the number of Scrutiny Forums be reduced from six to four through the merging of Neighbourhood Services and Regeneration and Planning Services Scrutiny Forums and Health Scrutiny Forum to be combined with Adult and Community Services Scrutiny Forum to reflect the Council’s new public health role.

Scrutiny Co-ordinating Committee response - The continuation of the five Scrutiny Forums as they currently stand, with a reduced membership of 5/6 Members appointed to each Scrutiny Forum depending on the requirements of proportionality. In addition to this, the Chair, Vice Chair and one other Member from the Scrutiny Forums be appointed to the Scrutiny Co-ordinating Committee to enable the full participation of back bench and cross party Members with the Chair appointed by Council resulting in a membership of 16 members on SCC.

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.

Scrutiny Co-ordinating Committee response - Whilst Members supported the removal of diared Members' Seminars; the scheduling of the ad hoc briefing/training sessions needed further discussion.

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

Scrutiny Co-ordinating Committee response - Additional Task and Finish/Working Groups are already scheduled around the Council Annual Diary, Members and Officers diaries to ensure they are resourceable. Additional monitoring of this would put a further strain on officer resources.

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.

Scrutiny Co-ordinating Committee response - Advice had been received that Task and Finish Groups are not subject to Access to Information Provision Rules and are therefore private meetings of members and officers.

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

Scrutiny Co-ordinating Committee response - Members were fully aware of the additional workload that extra meetings incurred both for officers and Members. Therefore additional meetings are only called as and when necessary.

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 conference is justified, the Member attending the Conference is required to feedback to all Members of the Council in both written and verbal form

Scrutiny Co-ordinating Committee response - Members referred to the differentiation between conferences Members were invited to attend as appointed Council representatives, as opposed to specific individual requests from Members to attend ad hoc conferences. In view of this, Members suggested that an approved list of conferences be created to take into account conferences of the organisations that Council appoint Members to as Council representatives.

Members were fully supportive of a review of the outside bodies that the Council appoint to on an annual basis and considered that the reintroduction of approved conference list should be considered in conjunction with the outside body list.

The introduction of an informal mechanism, as implemented through Scrutiny, for the reporting of attendance at Conferences / Seminars would be the preferred option and that in the re-introduction of a formal written / verbal process for reports to full Council was not supported. It was considered that any freeze on conference attendances apply to both officers as well as Members.

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

Scrutiny Co-ordinating Committee response - A review of Members’ accommodation was supported and suggestions were made for the relocation of non Executive and Executive Members collective space to within the Civic Suite.

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

Scrutiny Co-ordinating Committee response - Members supported this recommendation and looked forward to an effective solution being identified.

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

Scrutiny Co-ordinating Committee response - Members supported this recommendation.

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

Scrutiny Co-ordinating Committee response - Members considered that a pro rata reduction in committees/forums in line with the reduction in Elected Members was unworkable and that each individual committee/forum should be examined separately and on their own merits and required functions.

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

Scrutiny Co-ordinating Committee response - As the Mayor was unable to give an indication of the number of Executive Members likely to be appointed

to Cabinet post May 2012 elections; Members had based their consideration of the political structure on 25 Members being available to participate in back bench committees.

3 RECOMMENDATION

3.1 That Cabinet:-

- i) Receive the Scrutiny Co-ordinating Committee's formal response to the referral from Cabinet on the 7 November 2011 (extended on the 5 December 2011), as outlined in Section 2.6 above; and
- ii) Consider the Scrutiny Co-ordinating Committee's response to the referral in its reconsideration / reaffirmation of the decision(s) taken on the 7 November 2011, in relation to the delivery of support to Members and to Council, Executive, Non Executive and Scrutiny functions.

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- Cabinet on 7 November 2011;
- Scrutiny Co-ordinating Committee on 2 December 2011;
- Cabinet on 5 December 2011;
- Scrutiny Co-ordinating Committee on 27 January 2012; and
- Cabinet on 6 February 2012.

6. DECISION(S) REQUIRED

- 6.1 To receive the views expressed by the Scrutiny Co-ordinating Committee in response to the referral from Cabinet on the 7 November 2011.

Report of: Scrutiny Co-ordinating Committee

Subject: REFERRAL RESPONSE – DELIVERY OF SUPPORT TO MEMBERS AND TO THE COUNCIL, EXECUTIVE, NON EXECUTIVE AND SCRUTINY FUNCTIONS

1 PURPOSE OF THE REPORT

- 1.1 To report the Scrutiny Co-ordinating Committee's views in relation to the referral from Cabinet on the 7 November 2011 to Overview and Scrutiny.

2 BACKGROUND INFORMATION

- 2.1 Cabinet, at its meeting held on the 7 November 2011, received a report in relation to the 'Delivery of Support to Members and to the Council, Executive, Non Executive and Scrutiny Functions'. In considering the report, Cabinet split its recommendations into three, these being:

- i) Those referred to Scrutiny for consideration, with a report back to Cabinet required before Christmas 2011;
- ii) Those for implementation forthwith; and
- iii) Those for implementation for the 2012/13 Municipal Year.

- 2.2 The Scrutiny Co-ordinating Committee gave initial consideration to the Cabinet referral at its meetings on the 2 December 2011, resulting in the submission of a report to Cabinet, on the 5 December 2011, outlining concerns regarding the duplication of work already being undertaken by the Constitution / General Purposes Committee's Task and Finish Group and the Council Working Group. The report also highlighted concerns regarding the impossible deadline for completion of the call-in, and outlined a proposal for an extended timeframe, which would enable the co-ordination of activities by the Constitution / General Purposes Committee's Task and Finish Group and the Council Working Group to feed into the formulation of a formal Scrutiny response to the referral.

- 2.3 In addition to the Cabinet referral, the Scrutiny Co-ordinating Committee also, at its meeting on the 25 November 2011, considered the outcome of a call-in in relation to the same Cabinet decision. The Call-in relating specifically to those elements which had not been referred to Scrutiny. Both reports in relation to the referral and Call-in were considered by Cabinet on the 5 December 2011, resulting in the decision that:

- The process and timetable for the referral be amended to enable effective consideration of the issues raised as suggested by the Scrutiny Co-ordinating Committee, with a final report to be submitted to Cabinet on 6 February 2011; and

- The referral be expanded to include all elements of the decision taken by Cabinet on the 7 November 2011.
- 2.4 In line with this decision, the contents of the referral were considered by the Constitution / General Purposes Committee's Task and Finish Group and the Council Working Group. The views and comments formulated by both Working Groups were reported to the Scrutiny Co-ordinating Committee, at its meeting on the 27 January 2012, and went on to be considered by the Committee in the formulation of its response to the Cabinet referral.
- 2.5 In accordance with the agreed timetable for completion of the referral, the Scrutiny Co-ordinating Committee's response to the referral will be reported to Cabinet at today's meeting. However, given the tight timescale between completion of Scrutiny consideration of the referral (27 January 2012) and the date of today's Cabinet meeting, it was not possible to include the Scrutiny Co-ordinating Committee's report within the statutory requirements for the despatch of the agenda and papers for today's meeting. In light of this, and in order to progress the matter without delay, arrangements have been made for the Scrutiny Co-ordinating Committee's report to be circulated under separate cover in advance of this meeting.

3 RECOMMENDATION

- 3.1 That Cabinet is requested to consider the Scrutiny Co-ordinating Committee's formal response to the referral from Cabinet, as outlined in the report to be circulated in advance of this meeting.

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